
FINANCIAL INFORMATION OF THE TARGET GROUP

Unless the context otherwise requires, all references in this section to “we,” “us” or “our” refer to Synagistics Pte. Ltd. (the “Target Company”) and its subsidiaries (together, the “Target Group”).

You should read the following discussion and analysis with the audited consolidated financial information, including the notes thereto, included in the Accountants’ Report in Appendix I to this circular. Target Group’s consolidated financial information has been prepared in accordance with IFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis may contain forward-looking statements that reflect our current views with respect to future events and financial performance. These statements are based on our assumptions and analysis in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties many of which we cannot control or foresee. In evaluating our business, you should carefully consider the information provided in this circular, including the sections headed “Risk Factors” and “Business of the Target Group.”

For the purpose of this section, unless the context otherwise requires, references to 2021, 2022 and 2023 refer to the Target Group’s financial years ended December 31 of such years. Unless the context otherwise requires, financial information described in this section is presented on a consolidated basis.

OVERVIEW

We are a leading data-driven digital commerce solutions platform in Southeast Asia. We ranked second among all digital commerce solutions platforms in Southeast Asia in terms of revenue in 2023, according to CIC. We provide integrated digital commerce solutions to our brand partners, where under our direct-to-brands (“D2B”) business model we provide data-driven digital commerce solutions to brands covering all aspects of digital commerce, and meanwhile under our direct-to-consumers (“D2C”) business model we sell brands’ products to consumers directly. We have built a proprietary data-driven digital commerce platform, the Synagie Platform, utilizing cutting-edge technology that collects, analyzes and deploys large data sets to fulfill the needs of our brand partners and consumers. As of the Latest Practicable Date, we had helped over 600 brand partners unify their consumers’ experience across all major digital touchpoints under our

FINANCIAL INFORMATION OF THE TARGET GROUP

D2B business model. We have established relationships with almost all the major digital commerce channels in Southeast Asia, including online marketplaces, such as Lazada, and social media platforms, among others.

Our business was founded by three entrepreneurial founders in Singapore in late 2014, as a D2C business focusing on the beauty, body and baby sector. As more consumers in Southeast Asia started to shop online, brands and market players in the changing retail industry were seeking new solutions to meet the fast-changing habits of their customers. We started to rethink the evolution of the retail industry and sought to provide innovative data-driven solutions for brands to benefit from digital transformation with minimal disruption, including meaningful insights generated from big data analytics for brands to improve operational efficiency and optimize sales performance.

Our Synagie Platform was thus developed to provide integrated and unified solutions to streamline, enhance and transform traditional commerce practices for brands and a seamless digital commerce experience for consumers in Southeast Asia. We have since accumulated substantial amount of data that helps us better and more deeply understand brand and consumer needs and leading industry trends, which in turn enabled us to successfully expand our business to cover a variety of sectors, including fashion and apparel sector, the premium beauty and wellness sector, and the premium lifestyle and living sector. Our geographical presence covers the six main economies in Southeast Asia, namely Singapore, Malaysia, Philippines, Vietnam, Thailand and Indonesia. We have also been strategically expanding our global footprint outside of Southeast Asia, such as in Hong Kong and Spain.

Through almost ten years’ operations in various geographies, our Synagie Platform has evolved into a data-driven platform with a massive data lake that empowers comprehensive suite of digital commerce solutions, covering digital transformation and technology, channel development and management, digital supply chain, brand development, customer engagement, digital marketing and content, account support, supply and demand planning, sustainability and climate management, and big data analytics, to empower a broad and diverse range of brands to increase their sales and grow their business. Our Synagie Platform is able to acquire large volumes of data across various digital touchpoints, store data in a massive data-lake that is capable of maintaining and manipulating large data sets, analyze and visualize data in real-time to help brands make data-driven decisions on strategies of marketing, logistics, manufacturing, and supply chain, and deliver comprehensive and holistic insights on consumer interests and behaviors. Our Synagie Platform can also support our brand partners by unifying the operations of our digital supply chain network, comprising logistics, warehousing and fulfillment partners, managing product merchandizing and catalogue, tailoring specific product description to enhance search optimization and customize pricing strategies for different commerce channels, driving digital marketing effectiveness, and processing and fulfilling large order volumes across various commerce channels. We continuously innovate and update our technologies to meet the changing needs of brands,

FINANCIAL INFORMATION OF THE TARGET GROUP

consumers and channels, and to proactively adapt to the emerging trends in the digital commerce industry. We leverage our Synagie Platform, technologies, data, and solutions to help our brand partners with the following key aspects, among others:

- collect and analyze data across all major digital touchpoints;
- develop strategies for data-driven digital marketing campaign and online sales, and produce digital marketing content;
- automate consumer order fulfillment and logistics via our digital supply chain network;
- improve consumer experience through customer relationship management and customer experience solutions;
- measure and neutralize carbon footprint and emissions for online orders; and
- make data-driven decisions from product to manufacturing and supply chain.

We are a sustainable net zero emissions company and are committed to promoting an eco-friendly mindset across our operations and to reducing our carbon footprint wherever possible, which also helps our brand partners achieve their ESG goals by providing our sustainability and climate management solutions, including green packaging, carbon tracking, and offsetting solutions. According to CIC, as of the Latest Practicable Date, we are one of the few Net Zero digital commerce solutions providers in Southeast Asia certified by TÜV Rheinland, a trusted global technical inspection association, based on ISO14061 and PAS2060 standards.

We have well-established and long-lasting relationships with many global premium brands. We are also backed up by leading investors, including Alibaba, a global technology conglomerate specializing in e-commerce, cloud computing, digital media and entertainment, payment and financial services, and innovation initiatives, and Gobi Partners, a leading Asia-focused venture capital firm. We believe that our prominent brand partner base and blue-chip shareholder base are testament to our capabilities and prospects.

We have benefited from the rapidly evolving market opportunities in the digital commerce solutions industry in Southeast Asia, and have been able to capture the huge market opportunities with our deep understanding of the needs of various types of brands as well as consumer trends.

FINANCIAL INFORMATION OF THE TARGET GROUP

BASIS OF PRESENTATION AND PREPARATION

Our historical financial information has been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) as issued by the International Accounting Standards Board. The preparation of the historical financial information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our Target Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the historical financial information are disclosed in Note 4 to the Accountants’ Report included in Appendix I to this circular. All IFRSs, which are effective beginning on January 1, 2024, have been consistently applied by us in the preparation of the historical financial information throughout the Track Record Period.

FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

General Factors

Our business and operating results are affected by general factors affecting the digital commerce solutions industry in Southeast Asia, including:

- The overall economic growth in Southeast Asia;
- The number of international brands that enter the Southeast Asia market;
- The expansion level of the various commerce channels in Southeast Asia;
- The advancements in technology applied in the digital commerce solutions, particularly artificial intelligence (“**AI**”), robotic automation, and data analytics;
- The trust and confidence level of online retail consumers, especially the mass-affluent population in Southeast Asia;
- Changes in consumers’ demographics, tastes and preferences in Southeast Asia;
- User base and penetration rate of digital commerce solutions in Southeast Asia; and
- Governmental regulations, policies and initiatives affecting the digital commerce solutions industry in Southeast Asia.

FINANCIAL INFORMATION OF THE TARGET GROUP

Unfavorable changes in any of the above industry conditions could negatively affect demand for our solutions and materially and adversely affect our results of operations.

Specific Factors Affecting Our Results of Operations

Our results of operations, financial condition, and the period to period comparability of our financial results have been, and are expected to continue to be, more directly affected by company-specific factors, including the following major factors:

- ***Our ability to retain and attract brand partners.*** The number of our brand partners and premium brand stores we served directly affects our revenue under D2B business model. In 2021, 2022 and 2023, the number of premium brand stores we served was 299, 324 and 350, respectively. In addition, the diversity and number of our brand partners also affect the number and variety of products that we sell to consumers under our D2C business model. As a result, we would need to continue to expand our brand partner base to grow our revenue.
- ***Our ability to increase revenue and manage pricing.*** Increase in revenue under our D2C business model depends on our ability to attract higher visitor traffic to brands’ online stores, convert more store visitors into consumers, increase consumers’ order values, grow repeat customer base, provide superior experience to consumers and expand product offerings. Increase in revenue also depends on our ability to manage pricing of products sold to consumers under our D2C business model and maintain the level of service fees charged to our brand partners under our D2B business model. The AOV from our consumers under our D2C business model, which is a key indicator of consumer premiumization, was S\$31.7, S\$37.1 and S\$35.5 in 2021, 2022 and 2023, respectively.
- ***Our ability to enhance cooperation with digital commerce channels.*** We generate a substantial portion of our revenue under our D2C business model through product sales on digital commerce channels in Southeast Asia, including online marketplaces, such as Lazada, and social media platforms. Our future growth depends on our ability to enhance cooperation with these digital commerce channels and establish relationships with emerging channels, in particular live streaming and short video platforms.
- ***Our ability to innovate and effectively invest in our technology.*** Our ability to innovate and continue to strategize new value-added digital commerce solutions through improved technologies, especially data analytics and marketing know-how, is key to better serving our brand partners and helping them enhance their business performance. This will in turn contribute to our ability to retain and attract brand partners, sell more

FINANCIAL INFORMATION OF THE TARGET GROUP

solutions and generate more revenue under our D2B business model. Our ability to invest in our technology infrastructure cost-effectively also affects our results of operations.

- ***Our strategic move to asset-light model.*** We have strategically evolved from an asset-heavy to an asset-light model across various aspects of our operations since 2022, which has enabled us to more easily improve our inventory management, scale our business, strengthen our ecosystem of partnerships, and drive revenue growth without the need for tremendous upfront capital investment. During the Track Record Period, we have focused on and will continue to focus on expanding our D2B business, which has a higher gross profit margin than that of our D2C business. In addition, under our D2C business, we further shifted towards an on-demand inventory model since 2022, where our brand suppliers store their products in third-party warehouses provided by our digital supply chain network. For products purchased under the on-demand inventory model, the brand suppliers charge us at a higher unit price, which led to a decrease in the gross profit margin of our D2C business. Nevertheless, by eliminating capital outlay for significant upfront inventory purchases, we not only benefit from low inventory risk, but we have also been able to improve our cash flow position throughout the Track Record Period. In 2021, 2022 and 2023, our inventory turnover days decreased from 22.4 days in 2021 to 17.0 days in 2022 and further to 7.8 days in 2023.
- ***Our ability to manage growth, control costs and manage working capital.*** Our expansion has resulted and will result in substantial demands on our management, operational, technological, financial and other resources. Our ability to control costs and manage working capital is key to our success. Our continued success also depends on our ability to leverage our scale to obtain more favorable terms, including better credit terms, from our brand partners, digital commerce channels, and warehouses, fulfillment and logistics service providers. Our ability to gain better insight into inventory turnover and sales patterns, which allows us to better optimize our working capital, also affects our results of operations.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Some of our accounting policies require us to apply estimates and assumptions as well as complex judgments related to accounting items. The estimates and assumptions we use and the judgments we make in applying our accounting policies have a significant impact on our financial position and operational results. Our management continuously evaluates such estimates, assumptions and judgments based on past experience and other factors, including industry practices and expectations of future events which are deemed to be reasonable under the circumstances. There has not been any material deviation from our management’s estimates or

FINANCIAL INFORMATION OF THE TARGET GROUP

assumptions and actual results, and we have not made any material changes to these estimates or assumptions during the Track Record Period. We do not expect any material changes to these estimates and assumptions in the foreseeable future.

Set forth below are accounting policies that we believe are of critical importance to us or involve the most significant estimates, assumptions and judgments used in the preparation of our financial statements. Our material accounting policies, estimates, assumptions and judgments, which are important for understanding our financial condition and results of operations, are set forth in further details in Notes 3 and 4 to the Accountants’ Report included in Appendix I to this circular.

Revenue recognition

D2B — Digital Commerce Solutions

We provide a series of digital commerce solutions across all aspects of the digital commerce value chain from digital transformation and technology, channel development and management, digital supply chain, brand development, customer engagement, digital marketing and content, account support, supply and demand planning, sustainability and climate management to big data analytics. Revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation. The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognize revenue on the basis of our efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict our performance in transferring control of solutions.

D2C — Sale of Products via Online and Offline channels

We sell a wide range of branded consumer merchandise and products via both online and offline channels. Revenue from the sale of products is recognized when control of the goods has transferred, being when the goods have been shipped to the customer’s location (delivery).

Under our standard contract terms, customers have a right of return within 14 days. At the point of sale, a refund liability and a corresponding adjustment to revenue are recognized for those products expected to be returned. At the same time, we are entitled to recover the product when customers exercise their right of return so consequently recognizes a right to returned goods asset and a corresponding adjustment to the cost of inventories recognized in profit or loss. We use our

FINANCIAL INFORMATION OF THE TARGET GROUP

accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognized will not occur given the consistent level of returns over previous years.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a weighted average method. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which we must incur to make the sale.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated, which is the higher of the value in use or fair value less costs of disposal. The value in use calculation requires our management to estimate the future cash flows expected to arise from the cash-generating unit (or a group of cash-generating units) and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further impairment loss may arise.

As of December 31, 2021, 2022 and 2023, the carrying amounts of our goodwill were S\$49.3 million, S\$49.3 million and S\$49.3 million, respectively. See Note 18 to the Accountants’ Report included in Appendix I in this circular for details.

Share-based payments

We granted share options to our employees. Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on our estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share options reserve). At the end of each reporting period, we revise the estimate of the number of equity instruments expected to vest based on

FINANCIAL INFORMATION OF THE TARGET GROUP

assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share options reserve.

When share options are exercised, the amount previously recognized in share options reserve will be transferred to accumulated losses. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in share options reserve will be transferred to accumulated losses.

Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial liabilities at fair value through profit or loss (“FVTPL”)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

See “Financial Instruments” in Note 3 to the Accountants’ Report included in Appendix I in this circular for details.

FINANCIAL INFORMATION OF THE TARGET GROUP

RESULTS OF OPERATIONS

The table below sets forth our consolidated statements of profit or loss and other comprehensive income for the years indicated:

	Year ended December 31,		
	2021	2022	2023
	S\$'000	S\$'000	S\$'000
Revenue	85,933	112,647	126,595
Cost of sales	(62,257)	(82,008)	(94,851)
Gross profit	23,676	30,639	31,744
Other income	698	527	379
Other gain and loss	(256)	(893)	(1,788)
Selling and distribution expenses	(15,125)	(19,257)	(20,668)
General and administrative expenses	(20,745)	(24,208)	(26,009)
Finance costs	(62)	(568)	(1,658)
Loss before income tax	(11,814)	(13,760)	(18,000)
Income tax credit	802	633	690
Loss for the year	(11,012)	(13,127)	(17,310)
Other comprehensive income/(loss)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations	(81)	137	24
Total comprehensive expenses for the year	<u>(11,093)</u>	<u>(12,990)</u>	<u>(17,286)</u>
(Loss)/profit for the year attributable to:			
Owners of the Target Company	(11,016)	(13,118)	(17,310)
Non-controlling interests	4	(9)	—
	<u>(11,012)</u>	<u>(13,127)</u>	<u>(17,310)</u>
Total comprehensive (expense) income for the year attributable to:			
Owners of the Target Company	(11,097)	(12,981)	(17,286)
Non-controlling interests	4	(9)	—
	<u>(11,093)</u>	<u>(12,990)</u>	<u>(17,286)</u>
Loss per share			
— Basic and diluted	<u>(1.48)</u>	<u>(1.76)</u>	<u>(2.32)</u>

FINANCIAL INFORMATION OF THE TARGET GROUP

NON-IFRS MEASURE

To supplement our consolidated financial statements presented in accordance with IFRSs, we use adjusted EBITDA (a non-IFRS measure) as additional financial measure, which is not required by, or presented in accordance with IFRSs. We believe that adjusted EBITDA (a non-IFRS measure) provides useful information to investors in understanding and evaluating our consolidated results of operations in the same manner as they help our management. However, presentation of adjusted EBITDA (a non-IFRS measure) may not be comparable to similarly titled measures presented by other companies. The use of adjusted EBITDA (a non-IFRS measure) has limitations as an analytical tool, and investors should not consider it in isolation from, or as substitute for analysis of, our results of operations or financial conditions as reported under IFRSs.

We define adjusted EBITDA (a non-IFRS measure) as loss for the year by adding back certain items, including (i) depreciation and amortization expenses, (ii) income tax credit, (iii) share-based payment expenses, (iv) finance costs, (v) inventory provision and obsolescence, (vi) retirement benefits expenses, and (vii) fair value loss on convertible loan notes. The table below reconciles our adjusted EBITDA (a non-IFRS measure) presented to loss for the year.

	Year ended December 31,		
	2021	2022	2023
	S\$'000	S\$'000	S\$'000
Reconciliation of loss for the year/period and adjusted EBITDA (a non-IFRS measure)			
Loss for the year	(11,012)	(13,127)	(17,310)
Add:			
Depreciation and amortization expenses . . .	4,889	4,957	5,511
Income tax credit	(802)	(633)	(690)
Share-based payment expenses	174	284	726
Finance costs	62	568	1,658
Inventory provision and obsolescence	144	485	507
Fair value loss on convertible loan notes. . .	—	514	940
Adjusted EBITDA (a non-IFRS measure)	(6,545)	(6,952)	(8,658)

FINANCIAL INFORMATION OF THE TARGET GROUP

Except for depreciation and amortization expenses, income tax credit, and finance costs, which are part of EBITDA, we made adjustments of certain items to loss for the years presented because our management considers that:

- (i) share-based payment expenses represent primarily non-cash employee benefit expenses incurred in connection with our 2022 Share Option Scheme. Such expenses in any specific period are not expected to result in future cash payments;
- (ii) inventory provision and obsolescence is non-cash item; and
- (iii) fair value loss on convertible loan notes mainly represent changes in the fair value of the convertible loan notes issued by us and relate to changes in our valuation. We do not expect to record any further fair value loss on convertible loan notes after the Listing as we will repay outstanding convertible loan notes after the Listing.

DESCRIPTION OF KEY COMPONENTS OF OUR RESULTS OF OPERATIONS

Revenue

We generate revenue through the following two reportable segments: (i) direct-to-brands (“**D2B**”); and (ii) direct-to-consumers (“**D2C**”).

D2B

We provide comprehensive digital commerce solutions to help our brand clients manage all aspects of the digital commerce process and create a unified experience for consumers throughout the entire consumer journey, and generate revenue directly from our brand clients through a unique and efficient pricing structure, comprising fixed service fees for the solutions that our brand clients subscribe for and/or commission-based service fees, calculated based on a percentage of the sales revenue generated by the brand clients empowered by the solutions offered through our Synagie Platform.

D2C

We purchase products from brands and sell them directly to consumers across various digital commerce channels. Therefore, consumers are deemed as our direct customers and brands are deemed as our suppliers under our D2C business model. We generate revenue from the sales of our brand suppliers’ products and pay our brand suppliers for purchasing their products under this model.

FINANCIAL INFORMATION OF THE TARGET GROUP

The table below sets forth a breakdown of our revenue by business segment for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	<i>S\$'000</i>	<i>%</i>	<i>S\$'000</i>	<i>%</i>	<i>S\$'000</i>	<i>%</i>
D2B	15,287	17.8	20,091	17.8	26,643	21.0
D2C	70,646	82.2	92,556	82.2	99,952	79.0
Total	85,933	100.0	112,647	100.0	126,595	100.0

During the Track Record Period, our revenue under both D2B and D2C business models increased, as we continuously strived to grow our business, in particular in emerging markets in Southeast Asia. Our revenue generated under D2B business model contributed to an increasing portion of our total revenue during the Track Record Period, as we strategically focused on expanding our D2B business segment, which has a higher margin than that of our D2C business segment.

We primarily operate in Singapore, the Philippines, Indonesia, Vietnam and Malaysia. The table below sets forth a breakdown of our revenue based on the location of our operations for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	<i>S\$'000</i>	<i>%</i>	<i>S\$'000</i>	<i>%</i>	<i>S\$'000</i>	<i>%</i>
Regions						
Singapore	41,399	48.2	38,992	34.6	20,970	16.6
The Philippines	24,829	28.9	47,345	42.0	70,562	55.7
Indonesia	8,924	10.4	14,001	12.4	15,068	11.9
Vietnam	4,896	5.7	5,694	5.1	11,310	8.9
Malaysia	4,701	5.5	4,759	4.2	4,461	3.5
Others ⁽¹⁾	1,184	1.3	1,856	1.7	4,224	3.4
Total	85,933	100.0	112,647	100.0	126,595	100.0

Note:

(1) Others primarily included Thailand, Hong Kong and Spain.

FINANCIAL INFORMATION OF THE TARGET GROUP

Our revenue generated from each of the Philippines, Indonesia, Vietnam, Malaysia, and other regions increased during the Track Record Period, reflecting our efforts to continuously grow our business in these regions. Our revenue generated from Singapore decreased during the Track Record Period, primarily because many brands required upfront inventory purchases in Singapore, while we strategically changed to the on-demand inventory model under our D2C business since 2022, leading to our decreased sales in Singapore.

Cost of Sales

Our cost of sales consisted primarily of the value of goods and services incurred to generate our revenue. The table below sets forth a breakdown of our cost of sales by business segment for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	<i>S\$'000</i>	<i>%</i>	<i>S\$'000</i>	<i>%</i>	<i>S\$'000</i>	<i>%</i>
D2B	4,856	7.8	7,725	9.4	8,647	9.1
D2C	57,401	92.2	74,283	90.6	86,204	90.9
Total	62,257	100.0	82,008	100.0	94,851	100.0

Our cost of sales under D2B business model increased during the Track Record Period, in line with the increased number of premium brand stores we served and more generally our expanded D2B business.

Our cost of sales under D2C business model increased during the Track Record Period, in line with the increased volume of consumers and transactions and more generally the expansion of our D2C business.

FINANCIAL INFORMATION OF THE TARGET GROUP

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales. Our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage. The table below sets forth a breakdown of our gross profit and gross profit margin by business segment for the years indicated:

	Year ended December 31,					
	2021		2022		2023	
	<i>Gross Profit</i>		<i>Gross Profit</i>		<i>Gross Profit</i>	
	<i>Gross Profit</i>	<i>Margin</i>	<i>Gross Profit</i>	<i>Margin</i>	<i>Gross Profit</i>	<i>Margin</i>
	<i>S\$'000</i>	<i>%</i>	<i>S\$'000</i>	<i>%</i>	<i>S\$'000</i>	<i>%</i>
D2B	10,431	68.2	12,366	61.5	17,996	67.5
D2C	13,245	18.7	18,273	19.7	13,748	13.8
Total	23,676	27.6	30,639	27.2	31,744	25.1

Our gross profit increased during the Track Record Period, in line with the continuous increase in our revenue and reflecting our continuous efforts to grow our business. Our gross profit margin decreased from 27.6% in 2021 to 27.2% in 2022, primarily due to the decrease in our gross profit margin under D2B business model. Our gross profit margin further decreased from 27.2% in 2022 to 25.1% in 2023, primarily due to the decrease in our gross profit margin under D2C business model, which contributed more than 75% of our total revenue during the Track Record Period.

Our gross profit under D2B business model increased during the Track Record Period, in line with our strategy to further grow our D2B business. Our gross profit margin under D2B business model decreased from 68.2% in 2021 to 61.5% in 2022, primarily due to the expansion of our targeted marketing services which incurred more traffic costs on digital commerce channels than traditional marketing services. Our gross profit margin under D2B business model increased from 61.5% in 2022 to 67.5% in 2023, primarily due to an increase in the number of premium brand stores we served which paid higher solutions fees.

Our gross profit under D2C business model increased from S\$13.2 million in 2021 to S\$18.3 million in 2022, in line with the expansion of our D2C business. Our gross profit under D2C business model decreased from S\$18.3 million in 2022 to S\$13.7 million in 2023, primarily as a result of our strategic change to on-demand inventory model, where we pay brands for higher unit price in order to lower risks associated with substantial upfront inventory purchases. Our gross profit margin under D2C business model increased from 18.7% in 2021 to 19.7% in 2022, primarily due to an increase in the volume of premium brand products we sold in 2022. Our gross

FINANCIAL INFORMATION OF THE TARGET GROUP

profit margin under D2C business model decreased from 19.7% in 2022 to 13.8% in 2023, primarily due to the higher unit price we paid to brands arising from our strategic change to on-demand inventory model.

Other Income

Our other income comprised primarily government grants. The table below sets forth a breakdown of our other income for the years indicated:

	Year ended December 31,		
	2021	2022	2023
	S\$'000	S\$'000	S\$'000
Government grants	560	450	237
Bank interest income	4	5	7
Others ⁽¹⁾	134	72	135
Total	698	527	379

Note:

(1) Others primarily represented refunds from suppliers and allowances for inventory shrinkage from warehouse providers.

Our government grants comprised primarily (i) one-off subsidies from the Singapore government as part of the government’s measures to support businesses impacted by COVID-19 pandemic; and (ii) other governmental subsidies to support and encourage employment, including the progressive wage credit scheme in Singapore.

FINANCIAL INFORMATION OF THE TARGET GROUP

Other Gain and Loss

Our other gain and loss comprised (i) impairment loss under ECL model, net of reversal; (ii) exchange (loss) gain, net; and (iii) fair value loss on convertible loan notes. The table below sets forth a breakdown of our other gain and loss for the years indicated:

	Year ended December 31,		
	2021	2022	2023
	S\$'000	S\$'000	S\$'000
Impairment loss under ECL model, net of reversal	(68)	18	2
Exchange (loss) gain, net	(44)	88	(343)
Fair value loss on convertible loan notes. . .	—	(514)	(940)
Others	(144)	(485)	(507)
Total⁽¹⁾	(256)	(893)	(1,788)

Note:

- (1) Others primarily represented our inventory obsolescence arising from the loss, expiration and damages of our inventories.

Our impairment loss under ECL model, net of reversal related mainly to our trade receivables.

We recorded exchange (loss) gain, net because we operate in various geographies, each of which has its own legal currency different from our reporting currency, and the transactions in these different geographies are denominated in local currencies.

Our fair value loss of convertible loan notes represented the increase in our valuation. See “— Indebtedness — Convertible Loan Notes” for details.

FINANCIAL INFORMATION OF THE TARGET GROUP

Selling and Distribution Expenses

Our selling and distribution expenses represented our sales and promotional expenses, fulfillment expenses and last-mile logistics costs paid to third-party service providers. Our selling and distribution expenses was S\$15.1 million, S\$19.3 million and S\$20.7 million in 2021, 2022 and 2023, respectively, which accounted for 17.6%, 17.1% and 16.3% of our revenue in 2021, 2022 and 2023, respectively. The table below sets forth a breakdown of our selling and distribution expenses for the years indicated:

	Year ended December 31,		
	2021	2022	2023
	S\$'000	S\$'000	S\$'000
Sales and promotional expenses	5,556	10,377	13,571
Fulfillment expenses	6,746	6,565	4,923
Last-mile logistics costs	2,823	2,315	2,174
Total	15,125	19,257	20,668

Our sales and promotional expenses related to our marketing campaigns to attract more brand partners and consumers. The increases in our sales and promotional expenses during the Track Record Period were in line with the growth of our revenue and our business expansion in various geographies.

Our fulfillment expenses mainly related to warehousing and logistics expenses. The decreases in our fulfillment expenses during the Track Record Period was primarily because we had an increasing volume of sales in the geographies where local fulfillment service providers charged relatively low fees.

Our last-mile logistics costs decreased during the Track Record Period, primarily because we had an increasing volume of sales in the geographies where local last-mile logistics service providers charged relatively low fees.

General and Administrative Expenses

Our general and administrative expenses consisted primarily of compensation and benefits expenses, depreciation and amortization expenses, and share-based payment expenses. Our general and administrative expenses accounted for 24.1%, 21.5% and 20.6% of our revenue in 2021, 2022 and 2023, respectively. This decreasing trend during the Track Record Period reflected our overall

FINANCIAL INFORMATION OF THE TARGET GROUP

cost savings efforts with the intention of improving our operational efficiency. Nonetheless, we expect to incur additional expenses as a result of operating as a public company and to meet the increased compliance requirements associated with our expansion.

The table below sets forth a breakdown of our general and administrative expenses by nature for the years indicated:

	Year ended December 31,		
	2021	2022	2023
	S\$'000	S\$'000	S\$'000
Compensation and benefits expenses	11,896	15,732	16,027
Depreciation and amortization expenses . . .	4,889	4,957	5,511
Share-based payment expenses	174	284	726
Others ⁽¹⁾	3,786	3,235	3,745
Total	20,745	24,208	26,009

Note:

(1) Others comprised primarily professional services fees and office rental expenses.

Our compensation and benefits expenses represented salaries, allowances, retirement benefits and other benefits paid to our employees. The increases in our compensation and benefits expenses during the Track Record Period was primarily due to the overall increase in our headcount and general salary level.

Our depreciation and amortization expenses related to our fixed assets and intangible assets used in general and administrative functions, such as our computers and IT equipment, and development of our technologies and customer relationships. The increases in our depreciation and amortization expenses during the Track Record Period was primarily due to the increases in the balance of our plant and equipment and the development of our Synagie Platform and other technologies.

Our share-based payment expenses represented the share options we granted under our 2022 Share Option Scheme. The increases in our share-based payment expenses during the Track Record Period were primarily due to an increase in the number of share options we granted.

FINANCIAL INFORMATION OF THE TARGET GROUP

Finance Costs

Our finance costs comprised (i) interest on convertible loan note; (ii) interest on bank and other borrowings; and (iii) interest on lease liabilities. The table below sets forth a breakdown of our finance costs for the years indicated:

	Year ended December 31,		
	2021	2022	2023
	S\$'000	S\$'000	S\$'000
Interest on convertible loan notes	—	445	1,026
Interest on bank and other borrowings	18	89	500
Interest on lease liabilities	44	34	132
Total	62	568	1,658

Our interest on convertible loan notes increased from S\$0.4 million in 2022 to S\$1.0 million in 2023, because such notes were issued in May 2022 and we recorded seven months’ interest on such notes in 2022 as compared to 12 months’ interests in 2023.

Our interest on bank and other borrowings increased during the Track Record Period, primarily as a result of the increase in other borrowings, relating to facilities provided by third party financial institutions.

Our interest on lease liabilities increased during the Track Record Period, primarily as a result of lease renewals in the relevant years.

Income Tax Credit

Our income tax credit represents our deferred tax liability arising from the recognition of our intangible assets in customer relationships representing the present value of our key customer contracts. We recorded income tax credit of S\$0.8 million, S\$0.6 million and S\$ 0.7 million, respectively, in 2021, 2022 and 2023. During the Track Record Period, our subsidiaries incorporated in Singapore, Indonesia and the Philippines were subject to the domestic statutory corporate tax rate of 17%, 22% and 25%, respectively. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

FINANCIAL INFORMATION OF THE TARGET GROUP

YEAR-TO-YEAR COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2023 Compared with the Year Ended December 31, 2022

Revenue

Our revenue increased by 12.4% from S\$112.6 million in 2022 to S\$126.6 million in 2023, reflecting our continuous efforts to grow our business.

Our revenue under D2B business model increased by 32.6% from S\$20.1 million in 2022 to S\$26.6 million in 2023, primarily due to an increase in the number of premium brand stores that we provided solutions to, as a result of our business expansion efforts.

Our revenue under D2C business model increased by 8.0% from S\$92.6 million in 2022 to S\$100.0 million in 2023, primarily due to an increase in the sales of our brand suppliers’ products as a result of our greater digital marketing efforts.

Cost of Sales

Our cost of sales increased by 15.7% from S\$82.0 million in 2022 to S\$94.9 million in 2023, in line with our efforts to grow our business.

Our cost of sales under D2B business model increased by 11.9% from S\$7.7 million in 2022 to S\$8.6 million in 2023, in line with the growth trend of our revenue under D2B business model.

Our cost of sales under D2C business model increased by 16.0% from S\$74.3 million in 2022 to S\$86.2 million in 2023, in line with the growth trend of our revenue under D2C business model.

Gross Profit and Gross Profit Margin

Our overall gross profit increased by 3.6% from S\$30.6 million in 2022 to S\$31.7 million in 2023, consistent with the growth of our revenue and reflecting our efforts to grow our business. Our gross profit margins decreased from 27.2% in 2022 to 25.1% in 2023, as a result of the decreased gross profit margin under D2C business model, which contributed to a larger portion of our revenue.

FINANCIAL INFORMATION OF THE TARGET GROUP

Our gross profit under D2B business model increased by 45.5% from S\$12.4 million in 2022 to S\$18.0 million in 2023, in line with our strategy to further grow our D2B business. Our gross profit margin under D2B business model increased from 61.5% in 2022 to 67.5% in 2023, primarily due to an increase in the number of premium brand stores we served which paid higher solutions fees.

Our gross profit under D2C business model decreased by 24.8% from S\$18.3 million in 2022 to S\$13.7 million in 2023, primarily as a result of our strategic change to on-demand inventory model, where we pay brands for higher unit price in order to lower risks associated with substantial upfront inventory purchases. Our gross profit margin under D2C business model decreased from 19.7% in 2022 to 13.8% in 2023, primarily due to the higher unit price we paid to brands arising from our strategic change to on-demand inventory model.

Other Income

Our other income remained relatively stable at S\$0.5 million in 2022, as compared to S\$0.4 million in 2023.

Other Gain and Loss

We recorded other loss of S\$0.9 million in 2022 and S\$1.8 million in 2023. This change was mainly due to an increase in fair value loss on convertible loan notes, reflecting our increased valuation from 2022 to 2023.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 7.3% from S\$19.3 million in 2022 to S\$20.7 million in 2023, primarily due to an increase of S\$3.2 million in sales and promotional expenses, in line with the growth of our revenue and our business expansion in various geographies, as partially offset by a decrease of S\$1.6 million in fulfillment expenses, primarily because we had an increasing volume of sales in the geographies where local fulfillment service providers charged relatively low fees.

General and Administrative Expenses

Our general and administrative expenses increased by 7.4% from S\$24.2 million in 2022 to S\$26.0 million in 2023, primarily due to (i) an increase of S\$0.6 million in depreciation and amortization expenses, as a result of the increased balance of our plant and equipment and the

FINANCIAL INFORMATION OF THE TARGET GROUP

development of our Synagie Platform and other technologies; (ii) an increase of S\$0.7 million in compensation and benefits expenses, as a result of the overall increase in our headcount and general salary level; and (iii) an increase of S\$0.4 million in our share-based payment expenses.

Finance Costs

Our finance costs increased by 191.9% from S\$0.6 million in 2022 to S\$1.7 million in 2023, primarily attributable to (i) an increase of S\$0.6 million in interest on convertible loan notes, because such notes were issued in May 2022 and we recorded seven months’ interest on such notes in 2022 as compared to 12 months’ interests in 2023 and (ii) an increase of S\$0.4 million in interest on bank and other borrowings, as a result of additional borrowings to further grow our business.

Income Tax Credit

We recorded income tax credit of S\$0.6 million in 2022 and S\$0.7 million in 2023, relating to the amortization of customer relationships intangible assets.

Loss for the year

Our net loss increased by 31.9% from S\$13.1 million in 2022 to S\$17.3 million in 2023, primarily due to (i) an increase in other loss, as a result of an increase in fair value loss on convertible loan notes, reflecting our increased valuation; (ii) an increase in selling and distribution expenses, as a result of our increase sales and promotional activities to attract more brand partners and consumers; and (iii) an increase in general and administrative expenses, as a result of the overall increase in our headcount and general salary level, as partially offset by an increase in our gross profit, reflecting our efforts to continuously grow our business.

Year Ended December 31, 2022 Compared with the Year Ended December 31, 2021

Revenue

Our revenue increased by 31.1% from S\$85.9 million in 2021 to S\$112.6 million in 2022, reflecting our continuous efforts to grow our business.

Our revenue under D2B business model increased by 31.4% from S\$15.3 million in 2021 to S\$20.1 million in 2022, primarily due to (i) an increase in the number of premium brand stores that we provided solutions to, as a result of our business expansion efforts; and (ii) an increase in the purchases of digital marketing solutions by our brand clients expanding their business in Southeast Asia.

FINANCIAL INFORMATION OF THE TARGET GROUP

Our revenue under D2C business model increased by 31.0% from S\$70.6 million in 2021 to S\$92.6 million in 2022, primarily due to our greater digital marketing efforts that led to more consumers and transactions.

Cost of Sales

Our cost of sales increased by 31.7% from S\$62.3 million in 2021 to S\$82.0 million in 2022, in line with our efforts to grow our business.

Our cost of sales under D2B business model increased by 59.1% from S\$4.9 million in 2021 to S\$7.7 million in 2022, in line with the growth trend of our revenue under D2B business model.

Our cost of sales under D2C business model increased by 29.4% from S\$57.4 million in 2021 to S\$74.3 million in 2022, in line with the growth trend of our revenue under D2C business model.

Gross Profit and Gross Profit Margin

Our overall gross profit increased by 29.4% from S\$23.7 million in 2021 to S\$30.6 million in 2022, consistent with the growth of our revenue and reflecting our efforts to grow our business. Our gross profit margin decreased from 27.6% in 2021 to 27.2% in 2022, primarily due to the decrease in our gross profit margin under D2B business model.

Our gross profit under D2B business model increased by 18.6% from S\$10.4 million in 2021 to S\$12.4 in 2022, in line with our strategy to further grow our D2B business. Our gross profit margin under D2B business model decreased from 68.2% in 2021 to 61.5% in 2022, primarily due to the expansion of our targeted marketing services which incurred more traffic costs on digital commerce channels than traditional marketing services.

Our gross profit under D2C business model increased by 38.0% from S\$13.2 million in 2021 to S\$18.3 million in 2022, in line with the expansion of our D2C business. Our gross profit margin under D2C business model increased from 18.7% in 2021 to 19.7% in 2022, primarily due to an increase in the volume of premium brand products we sold.

Other Income

Our other income decreased by 24.5% from S\$0.7 million in 2021 to S\$0.5 million in 2022, primarily due to a decrease of S\$0.1 million in one-off government grants supporting local businesses.

FINANCIAL INFORMATION OF THE TARGET GROUP

Other Gain and Loss

We recorded other loss of S\$0.3 million in 2021 and S\$0.9 million in 2022. This change was mainly because we recorded fair value loss on convertible loan notes, which were issued in May 2022, reflecting our increased valuation.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 27.3% from S\$15.1 million in 2021 to S\$19.3 million in 2022, primarily due to an increase of S\$4.8 million in sales and promotional expenses, in line with the growth of our revenue and our business expansion in various geographies.

General and Administrative Expenses

Our general and administrative expenses increased by 16.7% from S\$20.7 million in 2021 to S\$24.2 million in 2022, primarily due to an increase of S\$3.9 million in compensation and benefits expenses, as a result of an overall increase in our headcount and general salary level.

Finance Costs

Our finance costs increased from S\$0.1 million in 2021 to S\$0.6 million in 2022, primarily because we incurred interest on convertible loan notes of S\$0.4 million, which were issued in May 2022.

Income Tax Credit

We recorded income tax credit of S\$0.8 million in 2021 and S\$0.6 million in 2022, relating to the amortization of customer relationships intangible assets.

Loss for the year

Our net loss increased by 19.2% from S\$11.0 million in 2021 to S\$13.1 million in 2022.

FINANCIAL INFORMATION OF THE TARGET GROUP

DISCUSSION OF CERTAIN KEY BALANCE SHEET ITEMS

The table below sets forth selected information from our consolidated balance sheets as of the dates indicated, which has been extracted from the Accountants’ Report included in Appendix I to this circular:

	As of December 31,		
	2021	2022	2023
	S\$'000	S\$'000	S\$'000
Total non-current assets	61,085	58,713	57,132
Total current assets	34,259	38,268	36,449
Total assets	95,344	96,981	93,581
Total non-current liabilities	3,811	12,892	14,049
Total current liabilities	30,618	35,880	47,883
Total liabilities	34,429	48,772	61,932
Net current assets/(liabilities)	3,641	2,388	(11,434)
Net assets	60,915	48,209	31,649
Share capital	74,679	74,679	74,679
Reserves	(13,754)	(26,451)	(43,011)
Equity attributable to owners of the Target			
Company	60,925	48,228	31,668
Non-controlling interests	(10)	(19)	(19)
Total equity	60,915	48,209	31,649

FINANCIAL INFORMATION OF THE TARGET GROUP

Net Current Assets/(Liabilities)

The table below sets forth our current assets and liabilities as of the dates indicated:

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)
Current assets				
Inventories	4,483	3,172	861	656
Trade and other receivables	16,662	20,084	20,490	19,316
Contract assets	5,982	1,706	1,680	1,263
Cash and cash equivalents	7,132	13,306	13,418	4,943
Total current assets	34,259	38,268	36,449	26,178
Trade and other payables	29,535	34,255	45,271	40,177
Lease liabilities	706	434	1,207	954
Bank and other borrowings	374	1,191	1,403	654
Income tax payable	3	–	2	3
Total current liabilities	30,618	35,880	47,883	41,788
Net current assets (liabilities)	3,641	2,388	(11,434)	(15,610)

We had net current assets of S\$3.6 million and S\$2.4 million, respectively, as of December 31, 2021 and 2022, and net current liabilities of S\$11.4 million and S\$15.6 million as of December 31, 2023 and April 30, 2024, respectively.

Our net current liabilities increased from S\$11.4 million as of December 31, 2023 to S\$15.6 million as of April 30, 2024, primarily due to a decrease of S\$8.5 million in cash and cash equivalents used to settle trade payables in the year end, as partially offset by a decrease of S\$5.1 million in trade and other payables.

We had net current assets of S\$2.4 million as of December 31, 2022 and net current liabilities of S\$11.4 million as of December 31, 2023, primarily due to (i) a decrease of S\$1.8 million in inventories as we continued to implement our asset-light model and on-demand inventory model, which effectively reduced our inventories level; (ii) an increase of S\$11.1 million in trade and other payables, in line with our increased revenue and expanded business; and (iii) an increase of S\$0.8 million in lease liabilities as a result of lease renewals.

FINANCIAL INFORMATION OF THE TARGET GROUP

Our net current assets decreased from S\$3.6 million as of December 31, 2021 to S\$2.4 million as of December 31, 2022, primarily due to (i) a decrease of S\$1.3 million in inventories as we began to adopt our asset-light model and on-demand inventory model in 2022, which effectively reduced our inventories level; (ii) a decrease of S\$4.3 million in contract assets, primarily due to our shortened billing cycle to better manage our cash position; and (iii) an increase of S\$2.0 million in trade and other payables, in line with our increased revenue and expanded business, as partially offset by an increase of S\$6.2 million in cash and cash equivalents in relation to the proceeds from the convertible loan notes.

Inventories

Our inventories comprised our stock of finished goods under our D2C business model, i.e. brands’ products. Our inventories decreased from S\$4.5 million as of December 31, 2021 to S\$3.2 million as of December 31, 2022, and further to S\$0.9 million as of December 31, 2023, reflecting our efforts to implement our asset-light model and on-demand inventory model, which was adopted in 2022.

As of December 31, 2021, 2022 and 2023, the age of the vast majority of our inventories was less than one year. The table below sets forth our inventory turnover days for the years indicated:

	Year ended December 31,		
	2021	2022	2023
Inventory turnover days ⁽¹⁾	22.4	17.0	7.8

Note:

- (1) Inventory turnover days for a year equals the average opening and closing inventory balance divided by cost of sales for the relevant period and multiplied by the number of days in the relevant year, being 365 days.

Our inventory turnover days decreased from 22.4 days in 2021 to 17.0 days in 2022 and further to 7.8 days in 2023, reflecting our efforts to strategically change to on-demand inventory model, where we generally purchase minimal inventories upfront.

As of April 30, 2024, approximately 23.8% of our inventories as of December 31, 2023 had been utilized.

FINANCIAL INFORMATION OF THE TARGET GROUP

Trade and Other Receivables

Our trade and other receivables comprised (i) trade receivables, mainly arising from our brand clients under our D2B business model; (ii) other tax receivables, mainly related to input VAT receivables and withholding tax receivables; (iii) deposits, representing cash deposits with certain brand clients, which is fully refundable upon termination of the relevant agreements; and (iv) prepayments, representing advances made to suppliers primarily for insurance and IT subscriptions.

The table below sets forth the breakdown of our trade and other receivables as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Trade receivables	15,630	18,209	17,012
Less: allowance for credit losses	(88)	(70)	(68)
	15,542	18,139	16,944
Other tax receivables	275	777	1,987
Deposit	768	1,152	1,363
Prepayments	77	145	280
Total trade and other receivables	16,662	20,213	20,574

Our trade receivables were primarily related to our digital commerce solutions provided to our brand partners. Our trade receivables increased from S\$15.6 million in 2021 to S\$18.2 million in 2022, in line with the continuous growth of our revenue during the Track Record Period. Our trade receivables decreased from S\$18.2 million in 2022 to S\$17.0 million in 2023, reflecting our efforts to implement stricter collection practice. We typically provide a credit period ranging from 30 to 60 days to our brand clients.

FINANCIAL INFORMATION OF THE TARGET GROUP

The table below sets forth the ageing analysis of our trade receivables, net of allowance for credit losses, based on invoice date as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	S\$'000	S\$'000	S\$'000
Within 60 days	11,440	12,527	10,270
61 days to 90 days	972	658	3,143
Over 90 days	3,130	4,954	3,531
	15,542	18,139	16,944

The following table sets forth the number of our trade receivables turnover days for the years indicated:

	Year ended December 31,		
	2021	2022	2023
Trade receivables turnover days ⁽¹⁾	53.0	54.8	50.8

Note:

- (i) Calculated as dividing the average of the opening and the closing balance of trade receivables (before deduction of allowance for credit losses) for the relevant year by our revenue in the same year and multiplied by 365 days.

Our trade receivables turnover days remained relatively stable at 53.0 days in 2021 and 54.8 days in 2022, while decreased to 50.8 days in 2023. Such decrease in 2023 reflected our efforts to implement stricter collection practice.

As of April 30, 2024, approximately 85.0% of our trade receivables as of December 31, 2023 had been subsequently settled.

Our other tax receivables increased from S\$0.3 million as of December 31, 2021 to S\$0.8 million as of December 31, 2022 and further to S\$2.0 million as of December 31, 2023, primarily due to the increases in payments to the local tax authorities as withholding tax, in line with the growth of our revenue during the Track Record Period.

Our deposits increased from S\$0.5 million in 2021 to S\$0.6 million in 2022 and further to S\$0.7 million in 2023, in line with the increases in the number of premium brand stores we served during the Track Record Period.

FINANCIAL INFORMATION OF THE TARGET GROUP

Contract assets

Our contract assets related to our right to receive payments under our D2B business model for work completed but not billed, which are conditional upon the milestones and payments schedules specified in the relevant service contracts with brands. Our contract assets are transferred to trade receivables when the rights become unconditional. Our contract assets decreased from S\$6.0 million as of December 31, 2021 to S\$1.7 million as of December 31, 2022, and remained stable at S\$1.7 million as of December 31, 2023, primarily due to our shortened billing cycle to better manage our cash position.

Intangible Assets

Our intangible assets comprised software development-in-progress, software and customer relationship. The table below sets forth the breakdown of our intangible assets as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	S\$'000	S\$'000	S\$'000
Software development-in-progress	545	1,889	1,200
Software	422	348	2,082
Customer relationship	9,255	5,669	2,393
Total	10,222	7,906	5,675

The balance of our software development-in-progress increased from S\$0.5 million as of December 31, 2021 to S\$1.9 million as of December 31, 2022, primarily due to the development of our Synagie Platform. The balance of our software development-in-progress decreased from S\$1.9 million as of December 31, 2022 to S\$1.2 million as of December 31, 2023, primarily due to the capitalization of the completed milestone developments of the Synagie Platform.

The balance of our software remained relatively stable at S\$0.4 million as of December 31, 2021 and S\$0.3 million as of December 31, 2022. The balance of our software increased from S\$0.3 million as of December 31, 2022 to S\$2.1 million as of December 31, 2023, primarily due to the completion of the milestone development of our Synagie Platform.

Our customer relationships represented the present value of Synagie’s key customer contracts determined in the Synagie Acquisition, which are amortized over its useful lives. See “History, Reorganization and Corporate Structure of The Target Group — Incorporation of the Target Company and the Synagie Acquisition” for details regarding the Synagie Acquisition.

FINANCIAL INFORMATION OF THE TARGET GROUP

Trade and Other Payables

Our trade and other payables comprised primarily (i) trade payables, representing primarily payables to our brand suppliers in the ordinary course of business under our D2C business model; (ii) other payables, representing non-trade payables to suppliers, such as fulfillment service providers, professional service providers and IT vendors; (iii) accruals, related to completed service provided by suppliers that have not been billed; (iii) other tax payables, relating to output VAT payables and withholding tax payables; and (iv) contract liabilities, representing deposits by customers as upfront payment in accordance with the payment schedules specified in the relevant contracts. The table below sets forth the breakdown of our trade and other payables as of the dates indicated:

	As of December 31,		
	2021	2022	2023
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Trade payables	21,566	27,902	39,000
Other payables	2,452	515	232
Accruals	4,243	4,110	3,493
Other tax payables	516	962	1,887
Contract liabilities	758	766	659
	7,969	6,353	6,271
Total	29,535	34,255	45,271

Our trade payables increased from S\$21.6 million as of December 31, 2021 to S\$27.9 million as of December 31, 2022, and further to S\$39.0 million as of December 31, 2023, in line with our business expansion during the Track Record Period. Our suppliers typically grant us a credit period ranging from 60 to 90 days.

The table below sets forth the aging analysis of our trade payables based on invoice date as of the dates indicated.

FINANCIAL INFORMATION OF THE TARGET GROUP

	As of December 31,		
	2021	2022	2023
	S\$'000	S\$'000	S\$'000
Within 60 days	20,651	24,717	26,567
61 days to 90 days	707	864	6,948
Over 90 days	208	2,321	5,485
	21,566	27,902	39,000

The following table sets forth the number of our trade payables turnover days for the years indicated:

	Year ended December 31,		
	2021	2022	2023
Trade payables turnover days ⁽¹⁾	94.4	110.1	128.7

Note:

- (1) Trade payables turnover days were calculated based on the average of opening and closing balance of trade payables for the relevant year, divided by the cost of sales for the same year and multiplied by 365 days.

Our trade payables turnover days increased from 94.4 days in 2021 to 110.1 days in 2022 and further to 128.7 days in 2023. The increases in our trade payables turnover days during the Track Record Period was primarily due to longer credit periods granted by our suppliers and brand partners.

As of April 30, 2024, approximately 70.9% of our trade payables as of December 31, 2023 had been subsequently settled.

Our other payables decreased significantly from S\$2.5 million as of December 31, 2021 to S\$0.5 million as of December 31, 2022, and further to S\$0.2 million as of December 31, 2023, primarily due to the decreases in payables to fulfillment service providers, as in certain geographies where we had rapid business growth, local fulfillment service providers charged relatively low fees.

Our accruals remained relatively stable at S\$4.2 million and S\$4.1 million as of December 31, 2021 and 2022, respectively, and decreased to S\$3.5 million as of December 31, 2023, primarily due to our suppliers' shortened billing cycle.

FINANCIAL INFORMATION OF THE TARGET GROUP

Our other tax payables increased from S\$0.5 million as of December 31, 2021 to S\$1.0 million as of December 31, 2022, and further to S\$1.9 million as of December 31, 2023, primarily due to the increases in the balance of output VAT in the year end, in line with the growth of our revenue during the Track Record Period.

LIQUIDITY AND CAPITAL RESOURCES

We have historically funded our cash requirements principally from cash generated from our operations, bank and other borrowings, and capital contributions from shareholders. After the De-SPAC Transaction, we intend to finance our future capital requirements through cash generated from our operations, bank and other borrowings, and net proceeds from the Listing, as well as equity financing activities and debt financing activities in a balanced manner. We do not anticipate any changes to the availability of financing to fund our operation in the future.

The table below sets forth a summary of our cash flows for the years indicated.

	As of December 31,		
	2021	2022	2023
	S\$'000	S\$'000	S\$'000
Net cash (used in)/generated from			
operating activities.	(7,629)	(671)	3,842
Net cash used in investing activities	(788)	(2,104)	(1,663)
Net cash generated from/(used in)			
financing activities.	1,327	8,949	(2,067)
Net (decrease)/increase in cash and cash			
equivalents.	(7,090)	6,174	112
Cash and cash equivalents at the beginning			
of the year.	14,222	7,132	13,306
Cash and cash equivalents at the end of			
the year	7,132	13,306	13,418

Operating Activities

In 2023, our net cash generated from operating activities was S\$3.8 million, primarily due to loss before income tax of S\$18.0 million, and adjusted to add back non-cash items of (i) amortization of intangible assets of S\$3.8 million; (ii) depreciation of right-of-use assets of S\$1.3 million; (iii) fair value loss of convertible loan notes of S\$0.9 million; and (iv) finance cost of S\$1.7 million. This net cash inflow was further adjusted by changes in working capital which

FINANCIAL INFORMATION OF THE TARGET GROUP

primarily consisted of (i) an increase in trade and other payables of S\$11.1 million, in line with our business expansion; and (ii) a decrease in inventories of S\$1.8 million, reflecting the strategic move to our asset-light model and on-demand inventory model under our D2C business segment.

In 2022, our net cash used in operating activities was S\$0.7 million, primarily due to loss before income tax of S\$13.8 million, and adjusted to add back non-cash items of (i) amortization of intangible assets of S\$3.9 million; and (ii) fair value loss of convertible loan notes of S\$0.5 million. This net cash outflow was further adjusted by changes in working capital which primarily consisted of an increase of S\$1.1 million in trade and other receivables, in line with our increased revenue, as partially offset by (i) a decrease of S\$4.3 million in contract assets, primarily due to our shortened billing cycle to better manage our cash position; and (ii) an increase of S\$2.5 million in trade and other payables, in line with our business expansion.

In 2021, our net cash used in operating activities was S\$7.6 million, primarily due to loss before income tax of S\$11.8 million, and adjusted to add back non-cash items of amortization of intangible assets of S\$4.1 million. This net cash outflow was further adjusted by changes in working capital which primarily consisted of (i) an increase in inventories of S\$1.5 million, in line with our increased revenue under D2C business model; (ii) an increase in trade and other receivables of S\$14.6 million, in line with our increased revenue, as partially offset by (i) a decrease of S\$2.2 million in contract assets, primarily due to our shortened billing cycle to better manage our cash position; and (ii) an increase of S\$12.8 million in trade and other payables, in line with our business expansion.

Investing Activities

In 2023, our net cash used in investing activities was S\$1.7 million, primarily attributable to (i) purchase of intangible assets of S\$1.6 million in relation to software and the development of our technologies; and (ii) purchase of plant and equipment of S\$0.1 million for computers, office equipment, and leasehold improvements.

In 2022, our net cash used in investing activities was S\$2.1 million, primarily attributable to purchase of intangible assets of S\$1.6 million in relation to the development of our Synagie Platform.

In 2021, our net cash used in investing activities was S\$0.8 million, primarily attributable to (i) purchase of plant and equipment of S\$0.5 million for computers, office equipment, and leasehold improvements and (ii) purchase of intangible assets of S\$0.3 million in relation to the development of our Synagie Platform.

FINANCIAL INFORMATION OF THE TARGET GROUP

Financing Activities

In 2023, our net cash used in financing activities was S\$2.1 million, primarily attributable to (i) repayment of borrowings of S\$2.9 million; (ii) repayment of lease liabilities of S\$1.3 million; and (iii) interest paid of S\$0.6 million on bank and other borrowings, as partially offset by proceeds from borrowings of S\$2.8 million.

In 2022, our net cash generated from financing activities was S\$8.9 million, primarily attributable to (i) proceeds from issuance of convertible loan notes of S\$9.4 million and (ii) proceeds from borrowings of 1.8 million, as partially offset by repayment of borrowings of S\$1.3 million and (ii) repayment of lease liabilities of S\$0.8 million.

In 2021, our net cash generated from financing activities was S\$1.3 million, primarily attributable to (i) proceeds from borrowings of S\$2.0 million, as partially offset by repayment of lease liabilities of S\$0.5 million.

Working Capital

Directors of the Successor Company are of the opinion that taking into account the estimated net proceeds from the De-SPAC Transaction and the expected cash generated from operating activities, the Successor Company has sufficient working capital for its present requirements and for the next 12 months from the date of this circular.

FINANCIAL INFORMATION OF THE TARGET GROUP

INDEBTEDNESS

The table below sets forth a breakdown of our indebtedness as of the dates indicated:

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)
Bank and other borrowings				
Bank borrowings				
Unsecured and unguaranteed	1,909	1,535	1,146	1,013
Other borrowings				
Secured and unguaranteed	—	806	1,037	270
	1,909	2,341	2,183	1,283
Principal of convertible loan notes . .	—	9,412	9,412	9,412
Lease liabilities	1,026	626	1,660	1,542
Total	2,935	12,379	13,255	12,237

Bank and Other Borrowings

Our balance for bank and other borrowings was S\$1.9 million, S\$2.3 million and S\$2.2 million as of December 31, 2021, 2022 and 2023, respectively. Our other borrowings of S\$0.8 million and S\$1.0 million as of December 31, 2022 and 2023, respectively, from a financial institution are secured by trade receivables of the same amounts as of the same dates, respectively. Our bank and other borrowings as of December 31, 2021, 2022 and 2023, respectively, had fixed-rate carrying interest ranging from 1% to 3.75% per annum.

Convertible Loan Notes

On May 27, 2022, we and Lazada Services Holding Pte. Ltd. (“**Lazada Services**”) entered into a convertible loan agreement, pursuant to which Lazada agreed to grant to us a convertible loan facility in an aggregate amount not exceeding US\$7,000,000. See “History, Reorganization and Corporate Structure of the Target Group” for details. Lazada Services shall have the right (but not the obligation) to convert all or any part of the loan into our shares on the repayment date of the loan, the date of the completion of any future financing round, the listing date (in the case of an initial public offering). The conversion price is 75% of the fair market value of our shares per share as determined in our future equity financing, initial public offering and liquidity event. The

FINANCIAL INFORMATION OF THE TARGET GROUP

convertible loan notes contain two components, debt component and derivative (including conversion options) component. We designated the convertible loan notes as financial liabilities at FVTPL as a whole.

Lease Liabilities

Our lease liabilities related to our lease of office premises, office equipment, motor vehicles and warehouse premises during the Track Record Period. Our lease contracts for premises were entered into for fixed term of one to five years, without any extension nor termination options. We recorded non-current lease liabilities of S\$0.3 million, S\$0.2 million and S\$0.5 million as of December 31, 2021, 2022 and 2023, respectively.

Our Directors confirm that as of the Latest Practicable Date, the agreements under our borrowings did not contain any covenant that would have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future. Our Directors further confirm that we had no defaults in bank and other borrowings, nor did we breach any covenants (that were not waived) during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in obtaining credit facilities, or withdrawal of facilities or requests for early repayment.

CONTINGENT LIABILITIES

We did not have any material contingent liabilities as of December 31, 2021, 2022, 2023 and April 30, 2024, respectively. Except as disclosed above, as of April 30, 2024, being the most recent practicable date for the purpose of the indebtedness statement, we did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities. Our Directors have confirmed that, except for the investment loan facility provided in the Investment Agreements, there is no material change in our indebtedness since April 30, 2024 and up to the Latest Practicable Date.

CONTRACTUAL OBLIGATIONS

As of December 31, 2021, 2022 and 2023, we had capital expenditure in respect of the acquisition of property and equipment contracted for but not provided in our consolidated statements of profit or loss of S\$0.4 million, S\$0.5 million and S\$0.1 million, respectively.

For details of capital commitments, see Note 36 to the Accountants’ Report included in Appendix I to this circular.

FINANCIAL INFORMATION OF THE TARGET GROUP

We expect to finance our capital expenditures through cash generated from operations, bank and other borrowings, and the Listing in the future. Our current capital expenditure plans for any future period are subject to change, and we may adjust our capital expenditures according to our future cash flows, results of operations and financial condition, our business plans, market conditions and various other factors. See “Future Plans and Use of Proceeds—Use of Proceeds.”

KEY FINANCIAL RATIOS

The table below sets forth the key financial ratios for the years or as of the dates indicated:

	Year ended December 31,		
	2021	2022	2023
Gross profit margin	27.6%	27.2%	25.1%
Trade receivables turnover days	53.0	54.8	50.8
Trade payables turnover days	94.4	110.1	128.7

Notes:

- (1) See “— Description of Key Components of Our Results of Operations — Gross Profit and Gross Profit Margin” for details.
- (2) See “— Discussion of Certain Key Balance Sheet Items — Trade and Other Receivables” for details.
- (3) Our revenue-to-staff had a general increasing trend during the Track Record Period, reflecting our strong revenue-making capability.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

We have not entered into any financial guarantees or other commitments to guarantee the payment obligations of any third parties. In addition, we have not entered into any derivative contracts that are indexed to our shares and classified as shareholder’s equity or that are not reflected in our consolidated financial statements. Furthermore, we do not have any retained or contingent interest in assets transferred to an unconsolidated entity that serves as credit, liquidity or market risk support to such entity. We do not have any variable interest in any unconsolidated entity that provides financing, liquidity, market risk or credit support to us or engages in leasing, hedging or product development services with us.

RELATED PARTY TRANSACTIONS AND BALANCES

We enter into transactions with our related parties from time to time. Our Directors are of the view that each of the related party transactions set out in Note 31 to the Accountants’ Report included in Appendix I to this circular was conducted in the ordinary course of business on an

FINANCIAL INFORMATION OF THE TARGET GROUP

arm’s length basis and with normal commercial terms between the relevant parties. Our Directors are also of the view that our related party transactions during the Track Record Period would not distort our track record results or cause our historical results to become non-reflective of our future performance.

QUALITATIVE AND QUANTITATIVE DISCLOSURE ABOUT FINANCIAL RISKS

Our activities expose us to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Our management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Currency risk

Several subsidiaries of the Target Company have sales and purchases and convertible loan notes denominated in currencies other than the functional currency of the group entity, which expose the Target Group to foreign currency risk for the Track Record Period.

The Target Group currently has a hedging policy against its foreign exchange exposure to local currencies but has not used any hedging instruments. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Interest rate risk

We exposed to fair value interest rate risk in relation to our fixed-rate lease liabilities, and bank and other borrowings as of December 31, 2021, 2022 and 2023. We currently do not have interest rate risk hedging policy. However, our management closely monitors the exposure to future cashflow interest rate risk as a result of change on market interest rate and will consider hedging changes in market interest rates should the need arise.

Our directors consider that the overall interest rate risks for bank balances, bank and other borrowing, lease liabilities and convertible loan notes are not significant, and therefore no sensitivity analysis is disclosed.

FINANCIAL INFORMATION OF THE TARGET GROUP

Credit Risks

Credit risk refers to the risk that our counterparties default on their contractual obligations resulting in financial losses to us. Our credit risk is primarily attributable to trade and other receivables and bank balances. We do not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

We performed impairment assessment for financial assets under ECL model. Information about our credit risk management, maximum credit risk exposures and the related impairment assessment are summarized as below:

Trade receivables

In order to minimize the credit risk on trade receivables, our management has delegated a team responsible for monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, our management reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate provisions for impairment losses are made for irrecoverable amounts on trade receivable.

We always recognize lifetime ECL for trade receivables. We determine the expected credit losses on these items based on historical credit loss experience, past due status, and adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

As of December 31, 2021, 2022 and 2023, we provided approximately S\$88,000, S\$70,000 and S\$68,000 impairment allowance for credit-impaired trade receivables, respectively.

Other receivables and deposits

Our management make periodic individual assessment on the recoverability of significant balances based on historical settlement records, past experience, and also available reasonable and supportive forward-looking information. As of December 31, 2021, 2022 and 2023, we assessed that the ECL for other receivables and deposits was insignificant.

Bank balances

The credit risk for bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. There has been no history of default in relation to these banks. We perform impairment assessment on the bank balances under 12-month ECL model. Our management consider the risk of default is regarded as low based on

FINANCIAL INFORMATION OF THE TARGET GROUP

the average loss rate by reference to credit ratings assigned by international credit-rating agencies. As of December 31, 2021, 2022 and 2023, we assessed that the ECL for bank balances were insignificant.

Liquidity Risks

As of December 31, 2023, we recorded net current liabilities of approximately S\$11.4 million. In the management of the liquidity risk, we monitor and maintain a level of cash and cash equivalents deemed adequate by the management to finance our operations and mitigate the effects of fluctuations in cash flows.

For more information about our financial risks, see the Accountants’ Report included in Appendix I to this circular.

DIVIDEND POLICY

All dividends we declare must be approved by an ordinary resolution of our shareholders at a general meeting, except that our board of directors may declare interim dividends without the approval of our shareholders. We are not permitted to pay dividends in excess of the amount recommended by our board of directors. Any dividends we pay will be out of our profits as permitted under Singapore law. Even if our board of directors recommends the payment of dividends, the form, frequency and amount will depend upon various factors, including our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that the board of directors may deem relevant. No dividend was declared or paid by us during the Track Record Period, nor do we have any present plan to pay any cash dividends on our ordinary shares in the foreseeable future.

We also receive dividends from our local subsidiaries in Southeast Asia to satisfy part of our cash requirements, including the funds necessary to pay dividends to our shareholders or cash distributions for services of any debt we may incur. The distribution of dividends to us from the subsidiaries in certain geographic markets in which we operate may be subject to restrictions imposed by the applicable laws and regulations in these markets. See “Risk Factors — Risks Relating to Doing Business in Southeast Asia — We may rely on dividends and other distributions on equity paid by our local subsidiaries, which may be subject to restrictions under the laws of certain countries in which we operate.”

DISTRIBUTABLE RESERVES

The Target Company was incorporated in Singapore as a private limited company. As of December 31, 2023, we did not have any distributable reserves.

FINANCIAL INFORMATION OF THE TARGET GROUP

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, as of the date of this circular, there has been no material adverse change in our financial or trading position since December 31, 2023, the end of the period reported on the Accountants’ Report included in Appendix I to this circular.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

We confirm that, as of the Latest Practicable Date, there were no circumstances that would give rise to disclosure required under Rules 13.13 to 13.19 of the Listing Rules.