
FINANCIAL INFORMATION OF THE TARGET GROUP

Unless the context otherwise requires, “we,” “us” or “our” refers to Target Company and its subsidiaries, and all references to “our Directors” refers to the directors of the Target Company.

You should read the following discussion and analysis with the audited consolidated financial information, including the notes thereto, included in the Accountants’ Report of the Target Group 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 and April 30, 2024 refer to the Target Group’s financial years ended December 31, 2021, 2022 and 2023 and the four months ended April 30, 2024, respectively. Unless the context otherwise requires, financial information described in this section is presented on a consolidated basis.

OVERVIEW

We are a data-driven digital solutions platform in Southeast Asia. We were among the top ten digital solutions providers in Southeast Asia with a market share of approximately 3.0% in terms of revenue in 2023, according to CIC. We provide integrated digital solutions to our brand partners, where under our direct-to-brands (“**D2B**”) business model we provide data-driven digital solutions to brands covering all aspects of e-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 solutions platform, the Synagie Platform, utilizing advanced 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

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partners unify their consumers’ experience across all major digital touchpoints under our D2B business model. We have established relationships with various major e-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 smooth e-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 large data lake that empowers comprehensive suite of digital 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 large 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 catalog, 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

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and update our technologies to meet the changing needs of brands, consumers and channels, and to proactively adapt to the emerging trends in the e-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 carbon neutral 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. As of the Latest Practicable Date, we were one of the few carbon neutral digital solutions providers in Southeast Asia certified by TÜV Rheinland, a trusted global technical inspection association, based on ISO14064-1, ISO14064-2 and PAS2060 standards.

We have maintained long-term relationships with many global premium brands. We are also backed 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 e-commerce industry and the digital 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.

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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 of the Target Group 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 solutions industry and the e-commerce 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 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 solutions in Southeast Asia; and
- Governmental regulations, policies and initiatives affecting the digital solutions industry in Southeast Asia.

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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 brand stores we served directly affects our revenue under D2B business model. In 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, the number of active brand stores we served was 299, 324, 350, 335 and 357, 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 online stores, convert more online 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.
- ***Our ability to enhance cooperation with e-commerce channels.*** We generate a substantial portion of our revenue under our D2C business model through product sales on e-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 e-commerce channels and establish relationships with emerging channels, in particular live streaming and live selling platforms.
- ***Our ability to innovate and effectively invest in our technology.*** Our ability to innovate and continue to strategize new value-added digital 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 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.

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- ***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 inventories 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, e-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 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.

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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 of the Target Group included in Appendix I to this circular.

Revenue recognition

D2B — Digital Solutions

We provide a series of digital solutions across all aspects of the e-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

We sell a wide range of branded consumer merchandise and products. 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 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.

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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 and April 30, 2024, the carrying amounts of our goodwill were S\$49.3 million, S\$49.3 million, S\$49.3 million and S\$49.3 million, respectively. See Note 18 to the Accountants’ Report of the Target Group 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 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.

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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 of the Target Group included in Appendix I in this circular for details.

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RESULTS OF OPERATIONS

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

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	S\$'000	S\$'000	S\$'000	S\$'000 (unaudited)	S\$'000
Revenue	85,933	112,647	126,595	31,505	36,454
Cost of sales	(62,257)	(82,008)	(94,851)	(23,629)	(26,945)
Gross profit	23,676	30,639	31,744	7,876	9,509
Other income.	698	527	379	160	44
Other gain and loss	(256)	(893)	(1,788)	(396)	1,356
Selling and distribution expenses.	(15,125)	(19,257)	(20,668)	(5,400)	(6,752)
General and administrative expenses . . .	(20,745)	(24,208)	(26,009)	(8,221)	(7,846)
Finance costs.	(62)	(568)	(1,658)	(506)	(456)
Loss before income tax	(11,814)	(13,760)	(18,000)	(6,487)	(4,145)
Income tax credit	802	633	690	224	228
Loss for the year/period	(11,012)	(13,127)	(17,310)	(6,263)	(3,917)
Other comprehensive (expense) income					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translation of foreign operations	(81)	137	24	338	227
Total comprehensive expense for the year/period	(11,093)	(12,990)	(17,286)	(5,925)	(3,690)
(Loss) profit for the year/period attributable to:					
Owners of the Target Company	(11,016)	(13,118)	(17,310)	(6,263)	(3,917)
Non-controlling interests	4	(9)	—	—	—
	(11,012)	(13,127)	(17,310)	(6,263)	(3,917)
Total comprehensive (expense) income for the year/period attributable to:					
Owners of the Target Company	(11,097)	(12,981)	(17,286)	(5,925)	(3,690)
Non-controlling interests	4	(9)	—	—	—
	(11,093)	(12,990)	(17,286)	(5,925)	(3,690)
Loss per share					
— Basic and diluted (<i>Singapore cents</i>).	(1.48)	(1.76)	(2.32)	(0.84)	(0.52)

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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 period by adding back certain items, including (i) depreciation and amortization expenses, (ii) income tax credit, (iii) share-based payment expenses, (iv) net finance costs, and (v) fair value loss/gain on convertible loan notes. The table below reconciles our adjusted EBITDA (a non-IFRS measure) presented to loss for the periods.

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)	
Reconciliation of loss for the					
year/period and adjusted EBITDA					
(a non-IFRS measure)					
Loss for the year/period	(11,012)	(13,127)	(17,310)	(6,263)	(3,917)
Add:					
Depreciation and amortization expenses .	4,889	4,957	5,511	1,537	1,537
Income tax credit	(802)	(633)	(690)	(224)	(228)
Net finance costs	58	563	1,651	504	450
EBITDA	(6,867)	(8,240)	(10,838)	(4,446)	(2,158)
Share-based payment expenses	174	284	726	243	—
Fair value loss (gain) on convertible loan					
notes	—	514	940	313	(1,667)
Adjusted EBITDA					
(a non-IFRS measure)	(6,693)	(7,442)	(9,172)	(3,890)	(3,825)

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

- (i) share-based payment expenses represent primarily non-cash employee benefit expenses incurred in connection with our Target Company Existing ESOP. Such expenses in any specific period are not expected to result in future cash payments; and
- (ii) fair value loss/gain 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 solutions to help our brand clients manage all aspects of the e-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 through online stores owned by us and operated under the name of our brand partners across various e-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.

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

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
	(unaudited)									
D2B	15,287	17.8	20,091	17.8	26,643	21.0	6,724	21.3	8,059	22.1
D2C	70,646	82.2	92,556	82.2	99,952	79.0	24,781	78.7	28,395	77.9
Total	85,933	100.0	112,647	100.0	126,595	100.0	31,505	100.0	36,454	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.

The table below sets forth a breakdown of our D2C revenue generated through e-commerce channels for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
	(unaudited)									
Lazada ⁽¹⁾	49,069	69.5	74,450	80.4	83,215	83.3	20,411	82.4	23,574	83.0
Shopee	15,125	21.4	13,063	14.1	11,148	11.2	2,972	12.0	3,439	12.1
Others	6,452	9.1	5,043	5.5	5,589	5.5	1,398	5.6	1,382	4.9
Total	70,646	100.0	92,556	100.0	99,952	100.0	24,781	100.0	28,395	100.0

Note:

(1) Lazada is a subsidiary of Alibaba, our controlling shareholder.

During the Track Record Period, our revenue generated through Lazada accounted for the largest portion of our revenue under D2C business model, which was 69.5%, 80.4%, 83.3%, 82.4% and 83.0% in 2021, 2022, 2023 and the four months ended April 30, 2023 and 2024, respectively. See “Business of the Target Group — Customers and Suppliers — Suppliers — Our Relationship with Lazada” for details regarding our relationship with Lazada. See “Risk Factors — Risks

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Relating to The Target Group’s Business — We rely on the success of certain e-commerce channels. Material disruptions to such e-commerce channels could adversely affect demand for, and our ability to provide, our solutions and services.”

The table below sets forth a breakdown of our D2C revenue by product categories for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
	(unaudited)									
Fashion and apparel	21,593	30.6	47,562	51.4	63,141	63.2	15,517	62.6	19,191	67.6
Beauty and wellness	41,695	59.0	37,892	40.9	28,582	28.6	7,635	30.8	7,243	25.5
Lifestyle and living	7,358	10.4	7,102	7.7	8,229	8.2	1,629	6.6	1,961	6.9
Total	70,646	100.0	92,556	100.0	99,952	100.0	24,781	100.0	28,395	100.0

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 periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
	(unaudited)									
Regions										
Singapore	41,399	48.2	38,992	34.6	20,970	16.6	7,049	22.4	4,099	11.2
The Philippines	24,829	28.9	47,345	42.0	70,562	55.7	15,708	49.9	23,672	64.9
Indonesia	8,924	10.4	14,001	12.4	15,068	11.9	4,242	13.5	2,591	7.1
Vietnam	4,896	5.7	5,694	5.1	11,310	8.9	2,275	7.2	3,825	10.5
Malaysia	4,701	5.5	4,759	4.2	4,461	3.5	1,383	4.4	1,265	3.5
Others ⁽¹⁾	1,184	1.3	1,856	1.7	4,224	3.4	848	2.6	1,002	2.8
Total	85,933	100.0	112,647	100.0	126,595	100.0	31,505	100.0	36,454	100.0

Note:

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

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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. In particular, our increased revenue from the Philippines during the Track Record Period was primarily due to the increase in our revenue generated under our D2C business model, reflecting strong consumer demand in the Philippines, in line with the rapidly growing e-commerce market in the Philippines. Our revenue generated from Singapore decreased during the Track Record Period, primarily because many brands required an outright purchase model in Singapore where we would need to purchase more inventories upfront, while we strategically changed to the on-demand inventory model under our D2C business since 2022 and such brands were not prepared to change from the outright purchase model to the on-demand inventory model, leading to our decreased sales in Singapore. The brands that we cooperated with in Singapore and other regions where we operate in were not entirely the same, and we generally adopt the same model with the same brand even in different geographical locations. Therefore, such a switch did not have a material impact on our revenue generated from regions other than Singapore. This change was in line with our strategy to switch to on-demand inventory model, where we can reduce our upfront capital investments, lower our inventory risks, improve our operating cash position, and achieve better cash conversion cycle, thereby enabling us to operate a more scalable business, as compared to the outright purchase model where a large amount of upfront capital investments is required.

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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 and nature for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	<i>S\$'000</i>	%	<i>S\$'000</i>	%	<i>S\$'000</i>	%	<i>S\$'000</i>	%	<i>S\$'000</i>	%
	(unaudited)									
D2B										
Platform operation costs ⁽¹⁾ . . .	2,633	4.2	6,594	8.0	7,319	7.7	1,980	8.4	2,016	7.5
Talent, traffic and content costs ⁽²⁾	2,223	3.6	1,131	1.4	1,328	1.4	210	0.9	476	1.7
Sub-total	4,856	7.8	7,725	9.4	8,647	9.1	2,190	9.3	2,492	9.2
D2C										
Product costs ⁽³⁾	53,523	86.0	69,374	84.6	80,976	85.4	20,071	84.9	22,921	85.1
Channel costs ⁽⁴⁾	3,878	6.2	4,909	6.0	5,228	5.5	1,368	5.8	1,532	5.7
Sub-total	57,401	92.2	74,283	90.6	86,204	90.9	21,439	90.7	24,453	90.8
Total.	62,257	100.0	82,008	100.0	94,851	100.0	23,629	100.0	26,945	100.0

Notes:

- (1) Represent costs in relation to the operations of our Synagie Platform and other infrastructure system.
- (2) Represent (i) manpower and traffic costs in relation to providing digital solutions; and (ii) content production costs in relation to digital marketing and content solutions.
- (3) Represent costs of products paid to our brand suppliers.
- (4) Represent traffic costs, channel costs and other affiliated costs paid to e-commerce channels.

Our cost of sales under D2B business model increased during the Track Record Period, in line with the increased number of active 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.

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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 periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	<i>Gross</i>		<i>Gross</i>		<i>Gross</i>		<i>Gross</i>		<i>Gross</i>	
	<i>Gross</i>	<i>Profit</i>	<i>Gross</i>	<i>Profit</i>	<i>Gross</i>	<i>Profit</i>	<i>Gross</i>	<i>Profit</i>	<i>Gross</i>	<i>Profit</i>
	<i>Profit</i>	<i>Margin</i>	<i>Profit</i>	<i>Margin</i>	<i>Profit</i>	<i>Margin</i>	<i>Profit</i>	<i>Margin</i>	<i>Profit</i>	<i>Margin</i>
	<i>S\$'000</i>	<i>%</i>	<i>S\$'000</i>	<i>%</i>	<i>S\$'000</i>	<i>%</i>	<i>S\$'000</i>	<i>%</i>	<i>S\$'000</i>	<i>%</i>
	(unaudited)									
D2B	10,431	68.2	12,366	61.5	17,995	67.5	4,534	67.4	5,567	69.1
D2C	13,245	18.7	18,273	19.7	13,749	13.8	3,342	13.5	3,942	13.9
Total	23,676	27.6	30,639	27.2	31,744	25.1	7,876	25.0	9,509	26.1

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 margin increased from 25.0% in the four months ended April 30, 2023 to 26.1% in the four months ended April 30, 2024, primarily due to our strategy to further expand our D2B business, which has a high gross profit margin.

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. Targeted marketing services allow marketers to focus their advertising efforts on specific, well-defined audience segments based on detailed criteria. This approach aims to deliver highly relevant content to the most appropriate audience, resulting in more effective marketing campaigns with enhanced advertising performance. As a result, traffic costs for targeted marketing paid to e-commerce channels generally has a higher price than that of traditional marketing. Our gross profit margin under D2B business model increased from 61.5% in 2022 to 67.5% in 2023, and from 67.4% in the four months ended April 30, 2023 to 69.1% in the four

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months ended April 30, 2024, primarily as the growth of our revenue under D2B business model outpaced that of our costs under D2B business model, as a result of economies of scale achieved from business expansion.

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 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. Our gross profit margin under D2C business model remained stable at 13.9% in the four months ended April 30, 2024, as compared to 13.5% in the four months ended April 30, 2023.

The table below sets forth a breakdown of our gross profit and gross profit margin under D2C business model generated through e-commerce channels for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	Gross		Gross		Gross		Gross		Gross	
	Gross Profit	Profit Margin	Gross Profit	Profit Margin	Gross Profit	Profit Margin	Gross Profit	Profit Margin	Gross Profit	Profit Margin
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
	(unaudited)									
Lazada ⁽¹⁾	9,436	19.2	15,007	20.2	11,630	14.0	2,853	14.0	3,345	14.2
Shopee	2,488	16.5	2,382	18.2	1,364	12.2	345	11.6	402	11.7
Others	1,321	20.5	883	17.5	754	13.5	144	10.3	195	14.1
Total	13,245	18.7	18,273	19.7	13,748	13.8	3,342	13.5	3,942	13.9

Note:

(1) Lazada is a subsidiary of Alibaba, our controlling shareholder.

The respective channel fees charged by Lazada, Shopee and other channels are standard market rates and at normal commercial term. Our gross profit margin generated through Lazada in each period during the Track Record Period was higher than that generated through Shopee in the same periods, respectively, primarily because Lazada generally charged lower channel costs, as a

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percentage of gross sales, than those of Shopee. Our product costs for any given brand do not vary across e-commerce channels. The difference in the channel fees charged by the different e-commerce channels was due to their respective different business strategies and pricing policies, all of which are beyond our control.

The table below sets forth a breakdown of our gross profit and gross profit margin based on the location of our operations for the periods indicated:

	Year ended December 31,						Four months ended April 30,			
	2021		2022		2023		2023		2024	
	Gross		Gross		Gross		Gross		Gross	
	Gross	Profit	Gross	Profit	Gross	Profit	Gross	Profit	Gross	Profit
	Profit	Margin	Profit	Margin	Profit	Margin	Profit	Margin	Profit	Margin
	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%	S\$'000	%
	(unaudited)									
Regions										
Singapore	11,109	26.8	12,404	31.8	7,856	37.5	2,156	30.6	2,018	49.2
The Philippines	6,699	27.0	11,562	24.4	15,620	22.1	3,676	23.4	5,319	22.5
Indonesia.	489	5.5	793	5.7	1,020	6.8	231	5.5	141	5.4
Vietnam	2,084	42.6	2,194	38.5	3,077	27.2	761	33.4	908	23.7
Malaysia	2,770	58.9	2,870	60.3	2,456	55.1	665	48.1	663	52.4
Others ⁽¹⁾	525	44.4	816	43.9	1,715	40.6	387	45.6	460	46.0
Total	23,676	27.6	30,639	27.2	31,744	25.1	7,876	25.0	9,509	26.1

Note:

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

Our gross profit margin generated from Singapore increased during the Track Record Period, primarily due to the increase in the provision of digital solutions to our brand partners in Singapore, which has a higher margin than that of our sales of brands’ products. Our relatively high gross profit margin generated from Singapore during the Track Record Period was primarily due to the larger revenue contribution of our digital solutions business. Our gross profit margins generated from the Philippines and Vietnam decreased during the Track Record Period, primarily due to our adoption of on-demand inventory model in 2022 where we earned lower margin than that under an outright purchase model. Our business operations in Malaysia recorded a high margin during the Track Record Period, primarily because a majority of our business in Malaysia was the provision of digital solutions, which has a high margin.

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Other Income

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

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	S\$'000	S\$'000	S\$'000	S\$'000 (unaudited)	S\$'000
Government grants	560	450	237	152	15
Bank interest income	4	5	7	2	6
Others ⁽¹⁾	134	72	135	6	23
Total.	698	527	379	160	44

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.

Other Gain and Loss

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

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	S\$'000	S\$'000	S\$'000	S\$'000 (unaudited)	S\$'000
Impairment (loss) reversal under ECL model, net of reversal	(68)	18	2	—	—
Exchange (loss) gain, net	(44)	88	(343)	(31)	(292)
Fair value (loss) gain on convertible loan notes	—	(514)	(940)	(313)	1,667
Others	(144)	(485)	(507)	(52)	(19)
Total⁽¹⁾	(256)	(893)	(1,788)	(396)	1,356

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Note:

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

Our impairment (loss)/reversal 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 on convertible loan notes represented the increase in our valuation while our fair value gain related to Lazada’s commitment to not exercise its conversion rights upon the consummation of the De-SPAC Transaction. See note 27 to the Accountants’ Report of the Target Group included in this circular for details.

Selling and Distribution Expenses

Our selling and distribution expenses represented our sales and promotional expenses, fulfillment expenses and last-mile logistics expenses paid to third-party service providers. Our selling and distribution expenses was S\$15.1 million, S\$19.3 million, S\$20.7 million, S\$5.4 million and S\$6.8 million in 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively, which accounted for 17.6%, 17.1%, 16.3%, 17.1% and 18.5% of our revenue in 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively. The table below sets forth a breakdown of our selling and distribution expenses for the periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)	
Sales and promotional expenses	5,556	10,377	13,571	3,163	4,562
Fulfillment expenses	6,746	6,565	4,923	1,650	1,466
Last-mile logistics expenses	2,823	2,315	2,174	587	724
Total	15,125	19,257	20,668	5,400	6,752

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.

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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 expenses decreased from 2021 to 2023, primarily because we had an increasing volume of sales in the geographies where local last-mile logistics service providers charged relatively low fees. Our last-mile logistics expenses remained relatively stable in the four months ended April 30, 2023 and 2024.

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%, 20.5%, 26.1% and 21.5% of our revenue in 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024, respectively. This decreasing trend during the Track Record Period reflected our overall 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 periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)	
Compensation and benefits expenses . . .	11,844	15,707	16,009	5,205	4,960
Depreciation and amortization expenses .	4,889	4,957	5,511	1,537	1,537
Share-based payment expenses	174	284	726	243	—
Others ⁽¹⁾	3,838	3,260	3,763	1,236	1,349
Total.	20,745	24,208	26,009	8,221	7,846

Note:

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

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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 from 2021 to 2023 was primarily due to the overall increase in our headcount and general salary level. Our compensation and benefits expenses decreased from the four months ended April 30, 2023 to the four months ended April 30, 2024, primarily due to a decrease in the number of our employees.

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 Target Company Existing ESOP. 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.

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 periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)	
Interest on convertible loan notes	—	445	1,026	327	366
Interest on bank and other borrowings . .	18	89	500	174	58
Interest on lease liabilities.	44	34	132	5	32
Total.	62	568	1,658	506	456

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.

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Our interest on bank and other borrowings increased from 2021 to 2023, 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 periods.

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, S\$ 0.7 million, S\$0.2 million and S\$0.2 million, respectively, in 2021, 2022 and 2023 and the four months ended April 30, 2023 and 2024. 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.

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

Four Months Ended April 30, 2024 Compared with the Four Months Ended April 30, 2023

Revenue

Our revenue increased by 15.7% from S\$31.5 million in the four months ended April 30, 2023 to S\$36.5 million in the four months ended April 30, 2024, reflecting our continuous efforts to grow our business.

Our revenue under D2B business model increased by 19.9% from S\$6.7 million in the four months ended April 30, 2023 to S\$8.1 million in the four months ended April 30, 2024, primarily due to an increase in the number of active brand stores we served.

Our revenue under D2C business model increased by 14.6% from S\$24.8 million in the four months ended April 30, 2023 to S\$28.4 million in the four months ended April 30, 2024, primarily due to an increase in the sales of our brand suppliers’ products as a result of our greater digital marketing efforts and strong consumer demand in the Philippines.

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Cost of Sales

Our cost of sales increased by 14.0% from S\$23.6 million in the four months ended April 30, 2023 to S\$26.9 million in the four months ended April 30, 2024, in line with our efforts to grow our business.

Our cost of sales under D2B business model increased by 6.3% from S\$2.3 million in the four months ended April 30, 2023 to S\$2.5 million in the four months ended April 30, 2024, in line with the growth trend of our revenue under D2B business model.

Our cost of sales under D2C business model increased by 14.9% from S\$21.3 million in the four months ended April 30, 2023 to S\$24.5 million in the four months ended April 30, 2024, 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 20.7% from S\$7.9 million in the four months ended April 30, 2023 to S\$9.5 million in the four months ended April 30, 2024, consistent with the growth of our revenue and reflecting our efforts to grow our business. Our gross profit margins increased from 25.0% in the four months ended April 30, 2023 to 26.1% in the four months ended April 30, 2024, primarily due to the further expansion of our D2B business, which has a high gross profit margin.

Our gross profit under D2B business model increased by 22.8% from S\$4.5 million in the four months ended April 30, 2023 to S\$5.6 million in the four months ended April 30, 2024, in line with our strategy to further grow our D2B business. Our gross profit margin under D2B business model increased from 67.4% in the four months ended April 30, 2023 to 69.1% in the four months ended April 30, 2024, primarily as the growth of our revenue under D2B business model outpaced that of our costs under D2B business model, as a result of economies of scale achieved from business expansion.

Our gross profit under D2C business model increased by 18% from S\$3.3 million in the four months ended April 30, 2023 to S\$3.9 million in the four months ended April 30, 2024, primarily as a result of our rapid growth in the Philippines. Our gross profit margin under D2C business model remained relatively stable at 13.9% in the four months ended April 30, 2024, as compared to 13.5% in the four months ended April 30, 2023.

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Other Income

Our other income decreased by 72.5% from S\$0.2 million in the four months ended April 30, 2023 to S\$44,000 in the four months ended April 30, 2024, primarily due to a decrease of S\$0.1 million in government grants as a result of reduced post-COVID government subsidies.

Other Gain and Loss

We recorded other loss of S\$0.4 million in the four months ended April 30, 2023 and other gain of S\$1.4 million in the four months ended April 30, 2024. This change was mainly due to our fair value gain on convertible loan notes of S\$1.7 million, as a result of Lazada’s commitment to not exercise its conversion rights upon the consummation of the De-SPAC Transaction.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 25.0% from S\$5.4 million in the four months ended April 30, 2023 to S\$6.8 million in the four months ended April 30, 2024, primarily due to an increase of S\$1.4 million in sales and promotional expenses, in line with our further business expansion.

General and Administrative Expenses

Our general and administrative expenses decreased by 4.6% from S\$8.2 million in the four months ended April 30, 2023 to S\$7.8 million in the four months ended April 30, 2024, primarily due to a decrease of S\$0.2 million in compensation and benefits expenses, as a result of decreased headcount.

Finance Costs

Our finance costs remained stable at S\$0.5 million in the four months ended April 30, 2023 and 2024, respectively.

Income Tax Credit

We recorded income tax credit of S\$0.2 million in the four months ended April 30, 2023 and 2024, relating to the amortization of customer relationships intangible assets.

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Loss for the Period

Our net loss decreased by 37.5% from S\$6.3 million in the four months ended April 30, 2023 to S\$3.9 million in the four months ended April 30, 2024, primarily due to (i) a significant increase in our gross profit generated from the Philippines, as a result of our rapid growth in the Philippines, and (ii) our decreased general and administrative expenses as a result of a decrease in our compensation and benefit expenses, partially offset by our increased selling and distribution expenses as a result of our increased sales and promotional activities to attract more brand partners and consumers.

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 active 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.

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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.

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 as the growth of our revenue under D2B business model outpaced that of our costs under D2B business model, as a result of economies of scale achieved from business expansion.

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.

FINANCIAL INFORMATION OF THE TARGET GROUP

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 development of our Synagie Platform and other technologies; (ii) an increase of S\$0.3 million in compensation and benefits expenses, as a result of the overall increase in our 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 our finance costs, in relation to the interest on our convertible loan notes issued in May 2022; (ii) an increase in our selling and distribution expenses, as a result of our increased 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 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.

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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 active 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.

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 million 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 e-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.

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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.

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.

FINANCIAL INFORMATION OF THE TARGET GROUP

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 primarily due to (i) an increase in our selling and distribution expenses, as a result of our increased sales and promotional activities to attract more brand partners and consumers; and (ii) 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.

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 of the Target Group included in Appendix I to this circular:

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	S\$'000	S\$'000	S\$'000	S\$'000
Total non-current assets	61,085	58,713	57,132	56,142
Total current assets	34,259	38,268	36,449	24,477
Total assets	95,344	96,981	93,581	80,619
 Total non-current liabilities	3,811	12,892	14,049	12,222
Total current liabilities	30,618	35,880	47,883	40,438
Total liabilities	34,429	48,772	61,932	52,660
 Net current assets/(liabilities)	3,641	2,388	(11,434)	(15,961)
Net assets	60,915	48,209	31,649	27,959
Share capital	74,679	74,679	74,679	74,679
Reserves	(13,754)	(26,451)	(43,011)	(46,701)
Equity attributable to owners of the Target Company	60,925	48,228	31,668	27,978
Non-controlling interests	(10)	(19)	(19)	(19)
Total equity	60,915	48,209	31,649	27,959

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,	As of August 31,
	2021	2022	2023	2024	2024
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
					(unaudited)
Current assets					
Inventories	4,483	3,172	861	656	690
Trade and other receivables	16,662	20,084	20,490	17,542	17,798
Contract assets.	5,982	1,706	1,680	1,336	1,711
Cash and cash equivalents.	7,132	13,306	13,418	4,943	5,945
Total current assets	34,259	38,268	36,449	24,477	26,144
Trade and other payables	29,535	34,255	45,271	38,847	26,872
Lease liabilities	706	434	1,207	910	743
Bank and other borrowings	374	1,191	1,403	678	2,086
Income tax payable	3	–	2	3	2
Total current liabilities	30,618	35,880	47,883	40,438	29,703
Net current assets (liabilities).	3,641	2,388	(11,434)	(15,961)	(3,559)

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, S\$16.0 million and S\$3.6 million as of December 31, 2023 and April 30 and August 31, 2024, respectively.

Our net current liabilities increased from S\$11.4 million as of December 31, 2023 to S\$16.0 million as of April 30, 2024, primarily due to (i) a decrease of S\$2.9 million in trade and other receivables, reflecting our stricter receivables collection practice; and (ii) 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\$6.4 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\$2.3 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\$11.0 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.

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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\$4.7 million in trade and other payables, in line with our increased revenue and expanded business, as partially offset by (i) an increase of S\$6.2 million in cash and cash equivalents in relation to the proceeds from the convertible loan notes; and (ii) a decrease of S\$4.3 million in contract assets, primarily due to our shortened billing cycle to better manage our cash position.

See “Business of the Target Group — Path to Profitability — Improve Our Liquidity Position” for details regarding our measures to improve our liquidity position.

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, to S\$0.9 million as of December 31, 2023, and further to S\$0.7 million as of April 30, 2024, 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 and April 30, 2024, 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 periods indicated:

	Year ended December 31,			Four months ended April 30,
	2021	2022	2023	2024
Inventory turnover days ⁽¹⁾	22.4	17.0	7.8	3.4

Note:

- (1) Inventory turnover days for a period 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 period, being 365 days for each year and 120 days for four months.

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Our inventory turnover days decreased from 22.4 days in 2021 to 17.0 days in 2022, to 7.8 days in 2023 and further to 3.4 days in the four months ended April 30, 2024, primarily due to the significant decreases in our inventory balance during the Track Record Period, reflecting our efforts to strategically change to on-demand inventory model, where we generally purchase minimal inventories upfront.

As of July 31, 2024, S\$0.4 million or approximately 63.8% of our inventories as of April 30, 2024, had been subsequently utilized.

Trade and Other Receivables

Our trade and other receivables comprised primarily (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; and (iii) deposits, representing cash deposits with certain brand clients, which is fully refundable upon termination of the relevant agreements.

The table below sets forth the breakdown of our trade and other receivables 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
Trade receivables	15,630	18,209	17,012	13,924
Less: allowance for credit losses	(88)	(70)	(68)	(68)
	15,542	18,139	16,944	13,856
Other tax receivables	275	777	1,987	2,358
Deposits	502	611	703	664
Other receivables	266	541	660	483
Prepayments	77	145	280	265
Total trade and other receivables . . .	16,662	20,213	20,574	17,626

Our trade receivables were primarily related to our digital solutions provided to our brand partners. Our trade receivables increased from S\$15.6 million as of December 31, 2021 to S\$18.2 million as of December 31, 2022, in line with the continuous growth of our revenue during the Track Record Period. Our trade receivables decreased from S\$18.2 million as of December 31, 2022 to S\$17.0 million as of December 31, 2023, and further to S\$13.9 million as of April 30, 2024, reflecting our efforts to implement stricter collection practice. We typically provide a credit period ranging from 30 to 60 days to our brand clients.

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The table below sets forth the aging analysis of our trade receivables, net of allowance for credit losses, based on invoice date 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
Within 60 days	11,440	12,527	10,270	10,582
61 days to 90 days	972	658	3,143	955
Over 90 days	3,130	4,954	3,531	2,319
	15,542	18,139	16,944	13,856

Our Directors are of the view that there is no recoverability issue for trade receivables aged over 90 days, and sufficient provision has been made, by taking into account our comprehensive credit risk management measures, historical experience in transacting with relevant brand clients and their financial position. See “— Qualitative and Quantitative Disclosure about Financial Risks — Credit Risks — Trade receivables and Contract Assets” for more details regarding our credit risk management measures.

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

	Year ended December 31,			Four months ended April 30,
	2021	2022	2023	2024
Trade receivables turnover days ⁽¹⁾	53.0	54.8	50.8	50.9

Note:

- (1) 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 period by our revenue in the same period and multiplied by the number of days in the relevant period, which is 365 days for each year and 120 days for four months.

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 and remained stable at 50.9 days in the four months ended April 30, 2024. The decrease in 2023 reflected our efforts to implement stricter collection practice.

As of July 31, 2024, S\$7.9 million or approximately 56.9% of our trade receivables as of April 30, 2024 had been subsequently settled.

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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, to S\$2.0 million as of December 31, 2023, and further to S\$2.4 million as of April 30, 2024, 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.

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 2023, respectively, and further to S\$1.3 million as of April 30, 2024, primarily due to our shortened billing cycle to better manage our cash position.

As of July 31, 2024, S\$1.0 million or approximately 74.6% of our contract assets as of April 30, 2024, had been subsequently settled.

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,			As of April 30,
	2021	2022	2023	2024
	S\$'000	S\$'000	S\$'000	S\$'000
Software development-in-progress	545	1,889	1,200	1,728
Software	422	348	2,082	1,875
Customer relationship	9,255	5,669	2,393	1,595
Total	10,222	7,906	5,675	5,198

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

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balance of our software development-in-progress increased from S\$1.2 million as of December 31, 2023 to S\$1.7 million as of April 30, 2024, primarily due to the development of data migration for our 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. The balance of our software decreased from S\$2.1 million as of December 31, 2023 to S\$1.9 million as of April 30, 2024, primarily due to amortization of software assets.

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 and Corporate Structure of The Target Group — Incorporation of the Target Company and the Synagie Acquisition” for details regarding the Synagie Acquisition.

Impairment testing on goodwill and Software development in-progress

Goodwill and software development in-progress are tested for impairment at least annually. We estimate the recoverable amount of the groups of cash generating units (“CGUs”) to which they belong for annual impairment testing.

For the purposes of impairment testing, goodwill and software development in-progress have been allocated to two groups of CGUs. The carrying amounts of goodwill and software development in-progress (net of accumulated impairment losses) allocated to these units are as follows:

	Goodwill				Software development in-progress			
	As of December 31,			As of	As of December 31,			As of
	2021	2022	2023	April 30,	2021	2022	2023	April 30,
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
CGUs in D2C segment . .	27,626	27,626	27,626	27,626	305	1,058	672	968
CGUs in D2B segment . .	21,706	21,706	21,706	21,706	240	831	528	760
Total	49,332	49,332	49,332	49,332	545	1,889	1,200	1,728

In addition to goodwill and software development in-progress, other non-financial assets (including property, plant and equipment, right of use assets and other intangible assets) are allocated to these two groups of CGUs for impairment testing purpose.

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The recoverable amount of the two group of CGUs has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period, and pre-tax discount rate of 21.0%, 22.0%, 23.0% and 23.0% as of December 31, 2021, 2022, 2023 and April 30, 2024, respectively. The two group of CGUs’ cash flows beyond the 5-year period are extrapolated using a steady 1.5% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry. Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin. Such estimation is based on the past performance and management’s expectations for the market development. During the Track Record Period, we determined that there was no impairment on the goodwill and software development in-progress.

The headroom of each group of CGUs (i.e., by how much the recoverable amount would exceed the carrying amount of the groups of CGUs when the key parameters have been applied in the impairment testing during the Track Record Period) is summarized in the following table:

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	S\$'000	S\$'000	S\$'000	S\$'000
Headroom				
CGUs in D2C segment	77,699	75,639	67,086	67,641
CGUs in D2B segment	61,050	59,431	52,711	53,146

Based on the impairment test results, there was no impairment of goodwill, intangible assets and other non-financial assets as of the end of each of the Track Record Period.

We conducted sensitivity analyses of the parameters applied in the base version of the impairment test to confirm whether a reasonably possible change in key parameters (discount rate increased by 5%) would cause the carrying amount of the groups of CGUs to exceed its recoverable amount. The results of the sensitivity analyses on the pre-tax discount rate are summarized in the following table:

	As of December 31,			As of April 30,
	2021	2022	2023	2024
	S\$'000	S\$'000	S\$'000	S\$'000
Headroom				
CGUs in D2C segment	45,289	44,582	38,633	39,188
CGUs in D2B segment	35,584	35,028	30,355	30,790

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On the basis of the analyses done, our management has not identified a reasonable possible change in the key parameters that could cause the carrying amount of the groups of CGUs to exceed the recoverable amount as of the end of each of the Track Record Period.

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; (iv) other tax payables, relating to output VAT payables and withholding tax payables; and (v) 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,			As of April 30,
	2021	2022	2023	2024
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables	21,566	27,902	39,000	32,965
Other payables	2,452	515	232	364
Accruals	4,243	4,110	3,493	3,031
Other tax payables	516	962	1,887	1,687
Contract liabilities	758	766	659	800
	7,969	6,353	6,271	5,882
Total	29,535	34,255	45,271	38,847

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 in the same periods. Our trade payables decreased from S\$39.0 million as of December 31, 2023 to S\$33.0 million as of April 30, 2024, primarily due to an increased number of supplier billings and settlement around the year end. Our suppliers typically grant us a credit period ranging from 60 to 90 days.

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The table below sets forth the aging analysis of our trade payables based on invoice date 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
Within 60 days	20,651	24,717	26,567	17,135
61 to 90 days	707	864	6,948	7,295
Over 90 days	208	2,321	5,485	8,535
	21,566	27,902	39,000	32,965

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

	Year ended December 31,			Four months ended April 30,
	2021	2022	2023	2024
Trade payables turnover days ⁽¹⁾	94.4	110.1	128.7	160.2

Note:

- (1) Trade payables turnover days were calculated based on the average of opening and closing balance of trade payables for the relevant period, divided by the cost of sales for the same period and multiplied by the number of days in the relevant period, which is 365 days for each year and 120 days for four months.

Our trade payables turnover days increased from 94.4 days in 2021 to 110.1 days in 2022, to 128.7 days in 2023, and further to 160.2 days in the four months ended April 30, 2024. 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 July 31, 2024, S\$26.7 million or approximately 81.0% of our trade payables as of April 30, 2024 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 other payables increased from S\$0.2 million as of December 31, 2023 to S\$0.4 million as of April 30, 2024.

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Our accruals remained relatively stable at S\$4.2 million and S\$4.1 million as of December 31, 2021 and 2022, respectively. Our accruals decreased from S\$4.1 million as of December 31, 2022 to S\$3.5 million as of December 31, 2023, and further to S\$3.0 million as of April 30, 2024, primarily due to our suppliers’ shortened billing cycle.

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 in the same periods. Our other tax payables decreased from S\$1.9 million as of December 31, 2023 to S\$1.7 million as of April 30, 2024, primarily due to the settlement of our output VAT after the year end.

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 periods indicated:

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
				(unaudited)	
Net cash (used in) from operating activities	(7,629)	(671)	3,842	(8,780)	(6,522)
Net cash used in investing activities.	(788)	(2,104)	(1,663)	(630)	(546)
Net cash from (used in) financing activities	1,327	8,949	(2,067)	1,360	(1,407)
Net (decrease) increase in cash and cash equivalents.	(7,090)	6,174	112	(8,050)	(8,475)
Cash and cash equivalents at beginning of the year/period	14,222	7,132	13,306	13,306	13,418
Cash and cash equivalents at end of the year/period.	7,132	13,306	13,418	5,256	4,943

FINANCIAL INFORMATION OF THE TARGET GROUP

Operating Activities

In the four months ended April 30, 2024, our net cash used in operating activities was S\$6.5 million, primarily due to loss before income tax of S\$4.1 million, and adjusted to reflect non-cash items of (i) amortization of intangible assets of S\$1.0 million; and (ii) fair value gain on convertible loan notes of S\$1.7 million. This net cash outflow was further adjusted by changes in working capital which primarily consisted of a decrease of S\$6.0 million in trade and other payables, as a result of an increased number of supplier billings and settlement around the year end, as partially offset by a decrease of S\$2.7 million in trade and other receivables, reflecting our efforts to implement stricter collection practice.

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 on convertible loan notes of S\$0.9 million; and (iv) finance costs of S\$1.7 million. This net cash inflow was further adjusted by changes in working capital which 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 on 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.

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We intend to improve our net operating cash outflow position as of April 30, 2024 through optimized management of our working capital including the following measures:

- we will collect our trade receivables in a more efficient manner and with relevant measures, such as by continually monitoring the credit profiles and operating and financial conditions of our brand clients, and proactively following up on our trade receivables to ensure they are paid as scheduled;
- we plan to negotiate shorter credit terms with our brand clients, leveraging our market leadership, reputation and successful track record. In the future, we also plan to develop relationships with more brand clients that have stronger credit profiles;
- we expect to enhance our bargaining power over our suppliers as our business continues to scale up, and plan to negotiate extended payment cycles and better credit terms with our suppliers. We expect to be able to gradually enjoy economics of scale arising from our further business expansion, which will improve our cash position; and
- we will control our budget and optimize our operations to further reduce our operating expenses, including selling and distribution expenses and general and administrative expenses. By improving our operational efficiencies, we expect to improve our profit margin and thus enhance our cash position.

Investing Activities

In the four months ended April 30, 2024, our net cash used in investing activities was S\$0.5 million, primarily attributable to due to purchase of intangible assets of S\$0.5 million in relation to the development of data migration for our Synagie Platform.

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.

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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.

Financing Activities

In the four months ended April 30, 2024, our net cash used in financing activities was S\$1.4 million, primarily attributable to (i) repayment of borrowings of S\$0.9 million, mainly relating to facilities provided by third party financial institutions and (ii) repayment of lease liabilities of S\$0.4 million.

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 S\$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 Sufficiency

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,	As of August 31,
	2021	2022	2023	2024	2024
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
					(unaudited)
Bank and other borrowings					
Bank and other borrowings					
Unsecured and unguaranteed	1,909	1,535	1,146	1,013	4,879
Other borrowings					
Secured and unguaranteed	—	806	1,037	270	2,972
	<u>1,909</u>	<u>2,341</u>	<u>2,183</u>	<u>1,283</u>	<u>7,851</u>
Principal of convertible loan notes					
Unsecured and unguaranteed	—	9,390	9,234	9,522	9,231
Principal of loan from PIPE Investors					
Unsecured and unguaranteed	—	—	—	—	10,600
Lease liabilities					
Secured and unguaranteed	1,014	617	1,654	1,238	795
Unsecured and unguaranteed	12	9	6	5	4
	<u>1,026</u>	<u>626</u>	<u>1,660</u>	<u>1,243</u>	<u>799</u>
Total	<u>2,935</u>	<u>12,357</u>	<u>13,077</u>	<u>12,048</u>	<u>28,481</u>

Bank and Other Borrowings

Our balance for bank and other borrowings was S\$1.9 million, S\$2.3 million, S\$2.2 million, S\$1.3 million and S\$7.9 million as of December 31, 2021, 2022 and 2023 and April 30 and August 31, 2024, respectively. Our other borrowings of S\$0.8 million, S\$1.0 million, S\$0.3 million and S\$7.0 million as of December 31, 2022 and 2023 and August 31, 2024, respectively, from a financial institution are secured by trade receivables of the same amounts as of the same dates, respectively. The outstanding principal and accrued interest incurred by the relevant borrowings is expected to be repaid with part of the net proceeds from the De-SPAC Transaction. See “Future Plans and Use of Proceeds — Use of Proceeds.” Our bank and other borrowings as of December 31, 2021, 2022 and 2023 and April 30 and August 31, 2024, had fixed-rate carrying interest ranging from 1% to 3.75% per annum. As of August 31, 2024, we had unutilized credit facilities of S\$4.7 million.

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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 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 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. The outstanding principal and accrued interest of such convertible loan notes is expected to be repaid with part of the net proceeds from the De-SPAC Transaction. See “Future Plans and Use of Proceeds — Use of Proceeds.”

PIPE Investments

In May 2024, five PIPE Investors entered into certain Investment Agreements with us, pursuant to which such PIPE Investors provided an investment loan facility to us for an aggregate principal amount of S\$10,600,000 and which further provided that such PIPE Investors could subscribe for shares as a PIPE Investor where we participated in a de-SPAC transaction. The rate of interest on the principal amount under the Investment Agreements is 1.25% per month, and the principal amount and the accrued interest will be repaid within 37 months from the respective date of the investment agreements. In June 2024, these PIPE Investors signed their respective PIPE Investment Agreements with us, which provide that the payment obligations of the investment amount of each of the PIPE Investors under the PIPE Investment Agreements shall be deemed to be satisfied upon the assignment of the principal and all accrued interest (regardless whether the closing will occur within nine months from the date of the investment agreements) owed by us to these PIPE Investors, effective upon closing of the PIPE Investments Agreements.

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, S\$0.5 million and S\$0.05 million as of December 31, 2021, 2022 and 2023 and August 31, 2024, respectively.

FINANCIAL INFORMATION OF THE TARGET GROUP

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 and August 31, 2024. Except as disclosed above, as of August 31, 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 there had been no material change in our indebtedness since August 31, 2024 and up to the Latest Practicable Date.

CONTRACTUAL OBLIGATIONS

As of December 31, 2021, 2022 and 2023 and April 30, 2024, 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, S\$0.1 million and S\$0.5 million, respectively.

For details of capital commitments, see Note 37 to the Accountants’ Report of the Target Group included in Appendix I to this circular.

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.”

FINANCIAL INFORMATION OF THE TARGET GROUP

KEY FINANCIAL RATIOS

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

	Year ended December 31,			Four months ended April 30,	
	2021	2022	2023	2023	2024
				(unaudited)	
Gross profit margin	27.6%	27.2%	25.1%	25.0%	26.1%
Trade receivables turnover days	53.0	54.8	50.8	56.5	50.9
Trade payables turnover days	94.4	110.1	128.7	116.7	160.2
Gearing ratio ⁽¹⁾	4.8%	25.6%	41.3%	32.6%	43.1%

Note:

(1) Gearing ratio equals indebtedness divided by total equity and multiplied by 100%.

See “— Description of Key Components of Our Results of Operations — Gross Profit and Gross Profit Margin” for details.

See “— Discussion of Certain Key Balance Sheet Items — Trade and Other Receivables” for details.

See “— Discussion of Certain Key Balance Sheet Items — Trade and Other Payables” for details.

Our gearing ratio increased during the Track Record Period, primarily due to our increased bank and other borrowings, in line with our business expansion.

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.

FINANCIAL INFORMATION OF THE TARGET GROUP

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 of the Target Group included in Appendix I to this circular was conducted in the ordinary course of business on an 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 and April 30, 2024. 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.

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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 advances to subsidiaries, trade and other receivables, contract assets 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 and Contract Assets

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 receivables and contract assets.

We always recognize lifetime ECL for trade receivables. We determine the expected credit losses on these items based on historical credit loss experience and 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 and April 30, 2024, we provided S\$88,000, S\$70,000, S\$68,000 and S\$68,000 impairment allowance for credit-impaired trade receivables, respectively.

Advances to subsidiaries/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 and April 30, 2024, we assessed that the ECL for advances to subsidiaries, 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

FINANCIAL INFORMATION OF THE TARGET GROUP

12-month ECL model. Our management consider the risk of default is regarded as low based on the average loss rate by reference to credit ratings assigned by international credit-rating agencies. As of December 31, 2021, 2022 and 2023 and April 30, 2024, we assessed that the ECL for bank balances were insignificant.

Liquidity Risks

As of April 30, 2024, we recorded net current liabilities of S\$16.0 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 of the Target Group included in Appendix I to this circular.

DIVIDEND

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. We did not have a formal dividend policy during the Track Record Period. 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.”

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DISTRIBUTABLE RESERVES

The Target Company was incorporated in Singapore as a private limited company. As of April 30, 2024, we did not have any distributable reserves.

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 April 30, 2024, being the end of the period reported in the Accountants’ Report of the Target Group 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.