



LS 2 HOLDINGS LIMITED
(Registration. No. 202016972G)
(Incorporated in Singapore)

**UNAUDITED CONDENSED INTERIM
FINANCIAL STATEMENTS**

**For the six months and full financial year
ended 31 December 2023**

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A. Condensed interim consolidated statements of comprehensive income

	The Group			The Group			
	Note	6 months ended		Change %	12 months ended		
		31 Dec 23	31 Dec 22		31 Dec 23	31 Dec 22	
		(Unaudited)	(Unaudited)		(Unaudited)	(Audited)	
	S\$	S\$	S\$	S\$			
Revenue	E4	31,994,294	30,038,148	6.5	61,433,328	59,905,417	2.6
Other income		140,599	247,401	(43.2)	253,432	393,519	(35.6)
Expenses:							
- Purchases and related costs		(7,132,668)	(9,049,624)	(21.2)	(15,417,964)	(16,896,619)	(8.8)
- Employee benefits		(17,956,222)	(14,758,018)	21.7	(33,563,634)	(31,373,912)	7.0
Direct operating costs		(25,088,890)	(23,807,642)	5.4	(48,981,598)	(48,270,531)	1.5
- Depreciation of property, plant and equipment		(1,517,981)	(1,208,682)	25.6	(2,777,840)	(2,206,628)	25.9
- Other expenses		(4,460,131)	(3,970,676)	12.3	(7,990,131)	(8,590,439)	(7.0)
- Finance costs		(94,103)	(112,097)	(16.1)	(189,428)	(278,125)	(31.9)
Total expenses		(31,161,105)	(29,099,097)	7.1	(59,938,997)	(59,345,723)	1.0
Profit before income tax	E6	973,788	1,186,452	(17.9)	1,747,763	953,213	83.4
Income tax expense	E7	(28,021)	(186,340)	N.M	(231,087)	(317,121)	(27.1)
Total comprehensive income, representing net profit for the financial period/year		945,767	1,000,112	(5.4)	1,516,676	636,092	138.4
Total comprehensive income, representing net profit/(loss) attributable to:							
- Equity holders of the Company		956,821	1,020,591	(6.2)	1,556,395	669,391	132.5
- Non-controlling interests		(11,054)	(20,479)	(46.0)	(39,719)	(33,299)	19.3
		945,767	1,000,112	(5.4)	1,516,676	636,092	138.4
Earnings per share ("EPS") for net profit attributable to equity holders of the Company:							
Basic (in cents) ^{*1}		0.52	0.56	(7.1)	0.84	0.37	127.0
Diluted (in cents) ^{*2}		0.51	0.56	(8.9)	0.84	0.37	127.0

Notes:

- The earnings per share have been calculated based on the net profit attributable to equity holders of the Company over the weighted average share capital of 185,000,000 shares (FY2022: 181,046,575 shares).
- The earnings per share have been calculated based on the net profit attributable to equity holders of the Company the weighted average diluted share capital of 186,375,000 shares (FY2022: 181,046,575 shares). The fully diluted earnings per share and basic earnings per share are the same because there is no material weighted average dilutive share.

N.M defines as Not Meaningful

B. Condensed interim statements of financial position

Note	The Group		The Company		
	As at		As at		
	31 Dec 23 (Unaudited)	31 Dec 22 (Audited)	31 Dec 23 (Unaudited)	31 Dec 22 (Audited)	
	S\$	S\$	S\$	S\$	
ASSETS					
Current assets					
	Cash and bank balances	7,856,584	7,572,892	3,188,059	4,227,445
	Trade and other receivables	17,115,735	17,936,524	830,163	150,315
	Inventory	60,235	-	-	-
		<u>25,032,554</u>	<u>25,509,416</u>	<u>4,018,222</u>	<u>4,377,760</u>
Non-current assets					
	Investment in subsidiary corporations	-	-	313,111	165,624
E9	Property, plant and equipment	7,234,693	6,583,696	3,886	5,439
	Deferred tax assets	153,237	54,373	77,515	36,129
		<u>7,387,930</u>	<u>6,638,069</u>	<u>394,512</u>	<u>207,192</u>
	Total Assets	<u>32,420,484</u>	<u>32,147,485</u>	<u>4,412,734</u>	<u>4,584,952</u>
LIABILITIES					
Current liabilities					
	Trade and other payables	9,357,449	9,350,304	211,125	260,489
E10	Borrowings	2,234,910	2,018,056	-	-
	Current income tax liabilities	318,490	153,932	-	-
		<u>11,910,849</u>	<u>11,522,292</u>	<u>211,125</u>	<u>260,489</u>
Non-current liabilities					
E10	Borrowings	2,174,197	3,919,405	-	-
	Deferred tax liabilities	317,638	262,178	-	-
		<u>2,491,835</u>	<u>4,181,583</u>	<u>-</u>	<u>-</u>
	Total liabilities	<u>14,402,684</u>	<u>15,703,875</u>	<u>211,125</u>	<u>260,489</u>
	Net assets	<u>18,017,800</u>	<u>16,443,610</u>	<u>4,201,609</u>	<u>4,324,463</u>
EQUITY					
Capital and reserves attributable to equity holders of the Company					
E11	Share capital	5,363,897	5,363,897	5,363,897	5,363,897
	Merger reserve	3,000,001	3,000,001	-	-
E12	Share option reserve	27,514	-	27,514	-
	Retained profits/(Accumulated losses)	9,598,426	8,042,031	(1,189,802)	(1,039,434)
		<u>17,989,838</u>	<u>16,405,929</u>	<u>4,201,609</u>	<u>4,324,463</u>
	Non-controlling interests	27,962	37,681	-	-
		<u>18,017,800</u>	<u>16,443,610</u>	<u>4,201,609</u>	<u>4,324,463</u>

D. Condensed interim consolidated statement of cash flows

Note	The Group	
	12 months ended	
	31 Dec 23 (Unaudited)	31 Dec 22 (Audited)
	S\$	S\$
Cash flows from operating activities		
	1,747,763	953,213
Profit before income tax		
Adjustment for:-		
	2,777,840	2,206,628
	9,096	3,166
E6	51,415	(51,819)
E6	-	(383)
	27,514	-
	(72,447)	(11,656)
E6	189,428	278,125
	4,730,609	3,377,274
Change in working capital:		
	(60,235)	-
	595,413	4,406,438
	7,145	1,112,318
Cash generated from operations		
	5,272,932	8,896,030
	(109,934)	(176,559)
	-	(117)
Net cash provided by operating activities		
	5,162,998	8,719,354
Cash flows from investing activities		
	27,544	58,828
E9	(1,102,665)	(2,162,662)
E9		
Net cash used in investing activities		
	(1,075,121)	(2,103,834)
Cash flows from financing activities		
	-	5,550,000
E11	-	(186,104)
E11		
	30,000	70,980
	(1,746,048)	(1,479,427)
	-	3,003,174
	(1,971,156)	(3,595,916)
	-	(5,234,299)
	(189,428)	(278,007)
	72,447	11,656
Net cash used in financing activities		
	(3,804,185)	(2,137,943)
Net increase in cash and bank balances		
	283,692	4,477,577
Cash and bank balances		
	7,572,892	3,095,315
Beginning of the financial year		
	7,856,584	7,572,892
End of the financial year		

D. Condensed interim consolidated statement of cash flows (Cont'd)

Reconciliation of liabilities arising from financing activities

	1 January 2023	Proceeds from borrowings	Principal and Interest expenses	←-----Non-cash changes-----→			31 December 2023
				Interest expense	Additions	Lease modification	
Bank borrowings	4,283,656	-	(2,072,779)	101,623	-	-	2,312,500
Trade receivables factoring	-	1,650,000	(1,654,582)	4,582	-	-	-
Lease liabilities	1,653,805	-	(1,829,091)	83,043	1,582,027	606,823	2,096,607

	1 January 2022	Proceeds from borrowings	Principal and Interest expenses	←-----Non-cash changes-----→			31 December 2022
				Interest expense	Additions	Effect of lease termination	
Bank borrowings	4,876,398	3,003,174	(3,768,766)	172,850	-	-	4,283,656
Trade receivables factoring	5,234,299	-	(5,278,886)	44,587	-	-	-
Lease liabilities	1,977,877	-	(1,539,997)	60,570	1,181,072	(25,717)	1,653,805

E. Notes to the condensed interim consolidated financial statements

1. General Information

1.1 The Company

The Company was incorporated in Singapore on 18 June 2020 as an exempt private company limited by shares. The address of its registered office is at 1 Bukit Batok Crescent, #04–11 WCEGA Plaza, Singapore 658064.

The Company was successfully listed on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 24 February 2022.

The principal activity of the Company is an investment holding and provide management services to its subsidiary corporations. The principal activities of the Company’s main subsidiary corporation, LS 2 Services Pte Ltd, are those of cleaning services, landscape care and maintenance service activity.

2. Basis of Preparation

The condensed interim financial statements for the six months and full financial year ended 31 December 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the financial year ended 31 December 2022.

The accounting policies adopted are consistent with those adopted in the Group’s audited financial statements for the financial year ended 31 December 2022 which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note E2.1.

The condensed interim financial statements are presented in Singapore Dollar (S\$), except when otherwise indicated.

The condensed interim consolidated financial statements have been prepared on a going concern basis, since management has verified that there are no financial, operating or other types of indicators that might cast significant doubt upon the Group’s ability to meet its obligations in the foreseeable future and particularly within the 12 months from the end of the financial period.

2.1 New and amended standards adopted by the Group

On 1 January 2023, the Group has adopted the new or amended SFRS(I)s and Interpretations of SFRSs (“INT SFRS(I)s”) that are mandatory for application for the financial period.

The adoption of these new or amended SFRS(I)s and INT SFRS(I)s did not result in substantial changes to the accounting policies of the Group and the Company and had no material effect on the amounts reported for the current or prior financial period.

E. Notes to the condensed interim consolidated financial statements (Cont'd)

2. Basis of Preparation (Cont'd)

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2022.

Estimates and underlying assumptions were reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there were no significant judgements made in applying the accounting policies in the condensed interim financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

Expected credit losses ("ECL") on trade receivables

ECL are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward-looking information, including significant changes in external market indicators which involved significant estimates and judgements.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to these receivables in estimating the probability of default of each of other receivables.

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. No loss allowances on trade receivables are recognised by the Group for the six months and full financial year ended 31 December 2023.

E. Notes to the condensed interim consolidated financial statements (Cont'd)

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

Operating segments are aggregated into a single operating segment if they have similar economic characteristics. The Group's reportable operating segments under SFRS(I) 8 *Operating Segments* are as follows:

- a) The cleaning services include conservancy services, facilities cleaning services, and pandemic disinfection services. This reportable segment has been formed by aggregating various cleaning services which are regarded by management to exhibit similar economic characteristics.
- b) Machinery relates to equipment manufacturing and assemblies.
- c) Others relate to ad-hoc services (such as pest control services), investment activities and provision of treasury and administrative services.

Except as indicated above, no operating segments have been aggregated to form the above operating segment.

The management monitors the operating results of its reporting segments for the purpose of making decisions in order to assess the respective reporting segments' performances. This is evaluated based on operating profit or loss which in certain respects, as explained in the table below and is measured differently from operating profit or loss in the interim consolidated statement of comprehensive income. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to reporting units.

E. Notes to the condensed interim consolidated financial statements (Cont'd)

4. Segment and revenue information (Cont'd)

4.1. Reportable segments

The following table present revenue and profit information for the Group's business segments for the six months ended 31 December 2023 and 2022, respectively:

	<u>1 Jul 23 to 31 Dec 23</u>				<u>1 Jul 22 to 31 Dec 22</u>			
	<u>Cleaning</u>	<u>Machinery</u>	<u>Others</u>	<u>Total</u>	<u>Cleaning</u>	<u>Machinery</u>	<u>Others</u>	<u>Total</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
Revenue	31,556,048	4,925	433,321	31,994,294	29,648,059	-	390,089	30,038,148
Other income	124,139	-	16,460	140,599	97,487	-	149,914	247,401
Purchases and related costs	(6,699,704)	(8,964)	(424,000)	(7,132,668)	(8,820,160)	-	(229,464)	(9,049,624)
Employee benefits	(17,623,198)	-	(333,024)	(17,956,222)	(14,118,205)	-	(638,813)	(14,758,018)
Depreciation of property, plant and equipment	(1,152,738)	(18,540)	(346,703)	(1,517,981)	(1,146,930)	(12,837)	(48,915)	(1,208,682)
Other expenses	(3,390,946)	(21,734)	(1,047,451)	(4,460,131)	(3,238,163)	(44,728)	(687,785)	(3,970,676)
Finance costs	(4,686)	-	(89,417)	(94,103)	(6,262)	-	(105,835)	(112,097)
Segment profit/(loss) before income tax	2,808,915	(44,313)	(1,790,814)	973,788	2,414,826	(57,565)	(1,170,809)	1,186,452
Income tax expense				(28,201)				(186,340)
Net profit				945,767				1,000,112
Segment assets	24,828,900	160,828	7,430,756	32,420,484	23,687,193	161,636	8,298,656	32,147,485
Addition to:								
- Property, plant and equipment	2,769,413	-	742,042	3,511,455	3,097,893	113,521	30,673	3,242,087
Segment liabilities	10,553,405	4,860	3,844,419	14,402,684	10,257,112	16,046	5,430,717	15,703,875

E Notes to the condensed interim consolidated financial statements (Cont'd)

4. Segment and revenue information (Cont'd)

4.1. Reportable segments (Cont'd)

The following table present revenue and profit information for the Group's business segments for the full financial year ended 31 December 2023 and 2022, respectively:

	<u>1 Jan 23 to 31 Dec 23</u>				<u>1 Jan 22 to 31 Dec 22</u>			
	<u>Cleaning</u>	<u>Machinery</u>	<u>Others</u>	<u>Total</u>	<u>Cleaning</u>	<u>Machinery</u>	<u>Others</u>	<u>Total</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
Revenue	60,652,418	24,518	756,392	61,433,328	59,180,272	-	725,145	59,905,417
Other income	223,772	-	29,660	253,432	242,034	-	151,485	393,519
Purchases and related costs	(14,707,594)	(33,980)	(676,390)	(15,417,964)	(16,411,306)	-	(485,313)	(16,896,619)
Employee benefits	(32,985,472)	-	(578,162)	(33,563,634)	(30,697,184)	-	(676,728)	(31,373,912)
Depreciation of property, plant and equipment	(2,275,754)	(37,080)	(465,006)	(2,777,840)	(1,989,817)	(13,037)	(203,774)	(2,206,628)
Other expenses	(5,691,476)	(93,322)	(2,205,333)	(7,990,131)	(5,830,183)	(87,261)	(2,672,995)	(8,590,439)
Finance costs	(9,575)	-	(179,853)	(189,428)	(58,875)	-	(219,250)	(278,125)
Segment profit/(loss) before income tax	5,206,319	(139,864)	(3,318,692)	1,747,763	4,434,941	(100,298)	(3,381,430)	953,213
Income tax expense				(231,087)				(317,121)
Net profit				1,516,676				636,092
Segment assets	24,828,900	160,828	7,430,756	32,420,484	23,687,193	161,636	8,298,656	32,147,485
Addition to:								
-Property, plant and equipment	2,769,413	-	742,042	3,511,455	3,097,893	113,521	30,673	3,242,087
Segment liabilities	10,553,405	4,860	3,844,419	14,402,684	10,257,112	16,046	5,430,717	15,703,875

E Notes to the condensed interim consolidated financial statements (Cont'd)

4 Segment and revenue information (Cont'd)

4.1. Reportable segments (Cont'd)

4.2. A Breakdown of sales

	The Group		
	FY2023	FY2022	Change
	S\$	S\$	%
Sales reported for first-half year	29,439,034	29,867,269	(1.4)
Net profit/(loss) attributable to equity holder of the Company after tax expenses for first-half year	599,574	(351,200)	N.M
Sales reported for second-half year	31,994,294	30,038,148	6.5
Net profit attributable to equity holder of the Company after tax expenses for second-half year	956,821	1,020,591	(6.2)

N.M – Not Meaningful

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities as at 31 December 2023 and 2022 respectively:

	The Group		The Company	
	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22
	S\$	S\$	S\$	S\$
<u>Financial assets</u>				
At amortised cost:				
- Cash and bank balances	7,856,584	7,572,892	3,188,059	4,227,445
- Trade receivables	15,485,303	16,430,348	163,292	-
- Other receivables	432,316	287,238	664,996	128,347
	23,774,203	24,290,478	4,016,347	4,355,792
<u>Financial liabilities</u>				
At amortised cost:				
- Borrowings	4,409,107	5,937,461	-	-
- Trade and other payables	8,337,189	8,624,917	190,850	242,207
	12,746,296	14,562,378	190,850	242,207

6. Profit before income tax

6.1 Significant items

	The Group			
	6 months ended		12 months ended	
	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22
	S\$	S\$	S\$	S\$
<u>Expenses / (Income)</u>				
IPO expenses	-	-	-	759,870
Loss/(Gain) on disposal of property, plant and equipment	51,415	(54,203)	51,415	(51,819)
Interest expenses	94,103	112,097	189,428	278,125
Property, plant and equipment written off	8,650	-	9,096	3,166
Employee share option scheme – value of employee service	-	-	27,514	-

E. Notes to the condensed interim consolidated financial statements (Cont'd)

6.2 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

	The Group			
	6 months ended		12 months ended	
	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22
	S\$	S\$	S\$	S\$
(a) Purchase of Services				
- Training courses ⁽¹⁾	219,127	33,002	230,190	90,963

(1) The Group's subsidiary corporation, LS 2 Services Pte Ltd engaged Integrated Training Consultants Pte Ltd, an associate company of our Chief Executive Officer and Executive Director, Mr. Ong Khong Weng, Alvin, to provide training services to the Group.

(b) The remuneration of the Group's executive directors and other members of key management during the respective financial periods as follows:

	The Group			
	6 months ended		12 months ended	
	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22
	S\$	S\$	S\$	S\$
Salaries and bonuses	884,026	801,900	1,667,070	1,528,423
Employer's contribution to Central Provident Fund	62,658	59,239	116,988	104,685
	946,684	861,139	1,784,058	1,633,108

Comprised of amounts paid to:

- Executive directors	578,744	554,060	1,167,284	1,026,020
- Other key management personnel	367,940	307,079	616,774	607,088
	946,684	861,139	1,784,058	1,633,108

7. Income tax

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	The Group			
	6 months ended		12 months ended	
	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22
	S\$	S\$	S\$	S\$
Tax expense / (credit) attributable to profit is made up of:				
Current income tax	143,618	79,022	351,437	170,242
Deferred income tax	(60,650)	113,520	(65,403)	153,081
	82,968	192,542	286,034	323,323
(Over) / under provision in prior financial years:				
Current income tax	(76,948)	(2,040)	(76,948)	(2,040)
Deferred income tax	22,001	(4,162)	22,001	(4,162)
	(54,947)	(6,202)	(54,947)	(6,202)
	28,021	186,340	231,087	317,121

E. **Notes to the condensed interim consolidated financial statements (Cont'd)**

8. **Net asset value**

	The Group		The Company	
	31 Dec 23	31 Dec 22	31 Dec 23	31 Dec 22
Net assets per ordinary share (cents)	9.74	8.89	2.27	2.34

Net assets per ordinary share is calculated based on number of issued 185,000,000 ordinary shares (excluding treasury shares) as at 31 December 2023 (31 December 2022: 185,000,000). The Company has no treasury shares as at 31 December 2023 and 31 December 2022.

9 **Property, plant and equipment (“PPE”)**

During the reported financial year ended 31 December 2023, the Group acquired PPE amounting to S\$3,511,455 (31 December 2022: S\$3,242,087) and net book value of disposed assets amounting to S\$78,959 (31 December 2022: S\$7,009).

The reconciliation of purchase of PPE and proceeds from disposal of PPE are presented below:

	The Group	
	31 Dec 23	31 Dec 22
	S\$	S\$
<u>Purchase of PPE</u>		
Total additions in the financial year	3,511,455	3,242,087
Less: Acquired under lease liabilities	(2,188,850)	(1,181,071)
(Less)/Add: Movement in down-payment to supplier of PPE	(8,492)	163,786
(Less)/Add: Movement in receivables grants	(211,448)	(62,140)
Net cash outflow	<u>1,102,665</u>	<u>2,162,662</u>
<u>Proceed from disposal of PPE</u>		
Total net book value of disposal in the financial year	78,959	7,009
Add: Gain on disposal of PPE	(51,415)	51,819
Net cash inflow	<u>27,544</u>	<u>58,828</u>

10. **Loans and borrowings consist of bank loans and lease liabilities**

	The Group	
	31 Dec 23	31 Dec 22
	S\$	S\$
<u>Secured borrowing</u>		
Amount repayable in one year or less, or on demand	845,085	1,015,857
Amount repayable after one year	<u>1,633,841</u>	<u>3,575,124</u>
	<u>2,478,926</u>	<u>4,590,981</u>
<u>Unsecured borrowing</u>		
Amount repayable in one year or less, or on demand	1,389,825	1,002,199
Amount repayable after one year	<u>540,356</u>	<u>344,281</u>
	<u>1,930,181</u>	<u>1,346,480</u>
Analyses as:		
Current		
- Bank loans	750,000	874,958
- Leases liabilities	<u>1,484,910</u>	<u>1,143,098</u>
	<u>2,234,910</u>	<u>2,018,056</u>
Non-current		
- Bank loans	1,562,500	3,408,698
- Leases liabilities	<u>611,697</u>	<u>510,707</u>
	<u>2,174,197</u>	<u>3,919,405</u>
	<u>4,409,107</u>	<u>5,937,461</u>

E. Notes to the condensed interim consolidated financial statements (Cont'd)

10 Loans and borrowings consist of bank loans and lease liabilities (Cont'd)

Details of any collaterals.

As at the end of the financial year, the Group's secured lease liabilities and bank term loans are secured as follows:

- a) Secured lease liabilities amounting to S\$166,426 (31 December 2022: S\$307,325) are secured by the production equipment and motor vehicles of subsidiary corporations and
- b) Bank term loan amounting to S\$2,312,500 (31 December 2022: S\$4,283,656) are secured by property, plant and equipment.

11. Share capital

Issued and fully paid	The Group		The Company	
	No. of shares	S\$	No. of shares	S\$
Beginning and end of financial year	185,000,000	5,363,897	157,250,000	5,363,897

Issued and fully paid	31 Dec 2022		31 Dec 2022	
	No. of shares	S\$	No. of shares	S\$
Beginning of financial year	157,250,000	1	157,250,000	1
Issuance of new shares <i>(Note 1)</i>	27,750,000	5,550,000	27,750,000	5,550,000
Share issuance expenses <i>(Note 2)</i>	-	(186,104)	-	(186,104)
End of financial year	185,000,000	5,363,897	185,000,000	5,363,897

Note 1. On 15 February 2022, the Company distributed the Placement Shares Application Form in respect of 27,750,000 Placement Shares at S\$0.20 for each share by way of placement, payable in full on application and all 27,750,000 Placement Shares have been subscribed on 21 February 2022 and application monies received for these Placement Shares amounted to S\$5,550,000.

Note 2. Pursuant to the IPO on 23 February 2022, IPO expenses after Grant for Equity Market Singapore (GEMS) incurred amounted to S\$945,974 of which S\$186,104 has been capitalised against share capital while the remaining amount of S\$759,870 has been included in other expenses in the consolidated statement of profit or loss and other comprehensive income.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the respective companies. All ordinary shares rank equally with regards to the respective companies' residual assets.

E. Notes to the condensed interim consolidated financial statements (Cont'd)

12 Employee Share Option Scheme

On 27 May 2022, the Company obtained the shareholders' approval on the adoption of the LS 2 Employee Share Option Scheme ("LS2 ESOS") at the annual general meeting.

On 2 Oct 2023, the Company announced that it had granted 5,500,000 Share Options pursuant to the LS2 ESOS.

The scheme is administered by the Remuneration Committee. Options are exercisable at the agreed exercise price. The details of the share options outstanding during the financial year are as follows:

	Number of share options	Exercise price
Granted during the financial year ^{*1}	5,500,000	S\$0.20
Outstanding at the end of the financial year	5,500,000	S\$0.20
Exercisable at the end of the financial year	5,500,000	S\$0.20

The options outstanding at the end of current financial year have a weighted average remaining contractual life of 5.75 years

**1 The options were granted on 2 Oct 23. The estimated fair value of the options granted to selected employees on that day was S\$0.02 per share.*

These fair values for share option granted on 2 Oct 2023 were calculated using the Black-Scholes pricing model. The inputs into the model were as follows:

	Selected employees
Share price as at valuation date	: S\$0.076
Option exercise price	: S\$0.20
Vesting period	: 12 months after the date of grant
Maturity period upon vesting	: 6 years after the date of grant
Average expected life of the Share Options	: 3.5 years
Historical volatilities	: 68.0%
Singapore risk free rate	: 3.43%

Expected volatility was determined by calculating the historical volatility of the Company's share price over the most recent period that is commensurate with the contractual life of the Share Options. As there is limited trading history of the Company, we had made reference to the historical volatiles of Comparable Companies.

The Group and the Company recognized total expenses of S\$27,514 (2022:S\$ Nil) related to ESOS during the financial year.

13 Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements as of the reported date.

E. Other Information Required by Appendix 7C of the Catalyst Rules

1. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The condensed interim statements of financial position of LS 2 Holdings Limited and its subsidiary corporations as at 31 December 2023 and the related condensed interim consolidated statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

1A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- a) Updates on the efforts taken to resolve each outstanding audit issue.**
- b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

Revenue

The Group's revenue increased by S\$1.5 million or 2.6% from S\$59.9 million in FY2022 to S\$61.4 million in FY2023. The increase was attributable to a higher revenue from public sector; S\$1.1 million from cleaning services rendered to education institution, and private sector; S\$0.4 million from conservancy services to private residential estates.

Other income

Other income decreased by S\$0.1 million from S\$0.4 million in FY2022 to S\$0.3 million in FY2023. This was mainly due to a one-time personnel protective supplies subsidy received from a client and gain on disposal of PPE in FY2022, and a lesser insurance claim obtained from work injury compensation insurance in FY2023.

Direct operating costs

Direct operating costs marginally increased by S\$0.7 million or 1.5% from S\$48.3million in FY2022 to S\$49.0 million in FY2023. Direct operating costs comprised of: (i) purchases and related costs which decreased by S\$1.5 million from S\$16.9 million in FY2022 to S\$15.4 million in FY2023; and (ii) employee benefits which increased by S\$2.2 million from S\$31.4 million in FY2022 to S\$33.6 million in FY2023. The decrease in purchases and related costs and the increase in employee benefits were mainly due to changes in the contract mix of the Group's order book, where the Group secured more contracts from educational institutions which require a greater workforce rather than a higher amount of purchases and related costs.

Depreciation expenses

Depreciation expenses relating to property, plant and equipment ("PPE") increased by S\$0.6 million from S\$2.2 million in FY2022 to S\$2.8 million in FY2023. This increase was mainly due to depreciation of right-of-use assets capitalised in PPE which has increased by S\$0.4 million from S\$1.2 million in FY2022 to S\$1.6 million in FY2023, as more accommodation leases were secured by the Group in FY2023 (refer to Note 9).

F. Other Information Required by Appendix 7C of the Catalyst Rules (Cont'd)

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (Cont'd)

- a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (Cont'd)**

Other expenses

Other expenses decreased by S\$0.6 million from S\$8.6 million in FY2022 to S\$8.0 million in FY2023. The decrease was mainly due to the absence of a one-time IPO listing expenses of S\$0.8 million recognised in FY2022 and offset against a decrease in foreign worker levy of S\$0.4 million as there were lesser foreign workers employed during the year.

Finance costs

Finance costs decreased by S\$0.1 million from S\$0.3 million in FY2022 to S\$0.2 million in FY2023 mainly due to a lower carried amount of term loan principal after a full settlement made to properties term loan in FY2023.

Income tax expense

Income tax expense decreased by S\$0.1 million from S\$0.2 million in FY2022 to S\$0.3 million in FY2023, mainly due to an accelerated tax depreciation arising from the origination and reversal of temporary differences (refer to Note 7).

- b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Non-current assets

Total non-current assets increased by S\$0.8 million from S\$6.6 million as at 31 December 2022 to S\$7.4 million as at 31 December 2023 mainly due to \$1.3 million of additional property plant and equipment acquired and S\$2.2 million capitalisation of right-of-use assets during the financial year before charging out its depreciation with total amount of S\$2.8 million during the financial year and additional S\$0.1 million deferred tax asset recognised as of 31 December 2023.

Trade and other receivables

Trade and other receivables decreased by S\$0.8 million from S\$17.9 million as at 31 December 2022 to S\$17.1 million as at 31 December 2023. The decrease was mainly due to fluctuation arising from timing of payments made by customers.

Trade and other payables

Trade and other payables remained relatively constant with total payables amounting to S\$9.3 million in FY2022 and FY2023.

Borrowing

The Group's total loans and borrowings decreased by S\$1.5 million from S\$5.9 million as at 31 December 2022 to S\$4.4 million as at 31 December 2023. This decrease was mainly due to a full settlement made to properties term loan and scheduled repayment for working capital loan of S\$2.0 million and repayment of lease liabilities with total amount of S\$1.7 million before the offset against S\$2.2 million new lease liabilities and lease modification (refer note D) recognised during the financial year.

Deferred tax liabilities

Deferred tax liabilities remained relatively constant with total payables amount of S\$0.3 million in FY2022 and FY2023.

F. Other Information Required by Appendix 7C of the Catalist Rules (Cont'd)

- 2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (Cont'd)**
- b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.(Cont'd)**

Statement of cash flows of the Group

The Group recorded a net cash provided by operating activities of S\$5.1 million in FY2023; S\$4.7 million cash flows from operating activities and S\$0.5 million net cash inflow in working capital before offset against S\$0.1 million tax amount paid.

Net cash used in investing activities was S\$1.1 million in FY2023 mainly due to additions to property, plant and equipment in FY2023.

Net cash used in financing activities was S\$3.8 million in FY2023 which comprising of total net proceeds of S\$0.1 million interest received from cash deposit placements before offset against total net repayment of lease liabilities, term loan borrowings and its interest of S\$3.9 million during FY2023.

- 3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

- 4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Environmental Services ("ES") industry provides essential services in keeping Singapore clean and liveable. The industry comprises some 1,700 establishments and has a workforce of over 71,000¹ who are involved in diverse activities from waste collection and treatment, material recovery, to cleaning and disinfection, as well as pest management services.

The Group aims to be the forerunner in cleaning innovation and serve as a role model for companies in the ES industry to revolutionise mechanical and digital solutions. The Group seeks to drive efficiency through a collaborative effort with strategic business partners who have the relevant expertise, to conduct research on and to develop in-house digital capabilities and develop a core team to drive the Group's digital transformation plans that support business expansion vertically and/or horizontally.

The Group endeavours to build a digital platform, technologies, and a team to strategically sustain its business growth by transforming a traditional operating model to a new ecosystem that deliver end-to-end integrated services to our customers by vertically integrating our business to provide the full suite of environmental services.

Note:

1. <https://www.nea.gov.sg/media/news/news/index/environmental-services-industry-transformation-map-2025-to-strengthen-innovation-improve-productivity-and-create-quality-jobs>.

F. Other Information Required by Appendix 7C of the Catalist Rules (Cont'd)

5. If a decision regarding dividend has been made:

- a) **Whether an interim (final) ordinary dividend has been declared (recommended): and**
None.
- b) (i) **Amount per share:** Not applicable.
(ii) **Previously corresponding period:** Not applicable.
- c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**
Not applicable.
- d) **The date the dividend is payable**
Not applicable.
- e) **The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**
Not applicable.

6. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the financial period ended 31 December 2023. The available fund will be retained for working capital use.

7. If the group has obtained a general mandate from shareholders for Interested Parties Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company has not obtained a general mandate from shareholders for Interested Person Transaction ("IPT"). The Group's subsidiary corporations, LS 2 Services Pte Ltd and LS 2 Management Pte Ltd engaged Integrated Training Consultants Pte Ltd, an associate company of our Chief Executive Officer and Executive Director, Mr Ong Khong Weng, Alvin to provide trainings services to the Group and the total transaction amount was more than S\$100,000 and not more than 3% of the Group's latest audited net tangible assets.

8. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirmed that it has procured undertakings from all of its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

9. Use of IPO Proceeds

As at the date of this announcement, the utilization of net proceeds from the IPO are as follows:

Use of Proceeds	Net IPO Proceeds (\$'000)	Utilization (\$'000)	Balance (\$'000)
Business expansion (including strengthening our market position in Singapore, expanding the scope of our service offerings, engaging in strategic acquisitions and joint venture partnerships and investing in equipment and technology)	3,000	(2,728)	272
Working capital	1,356	-	1,356
Total	4,356	(2,728)	1,628

F. Other Information Required by Appendix 7C of the Catalist Rules (Cont'd)

10. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiary corporations who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Tan Wei Ying	28	Daughter of our Executive Chairman and Executive Director, Mr Roger Tan	Chief operating officer and is responsible for, among others, implementing customer and business development strategies and managing clients relationship.	Appointed as corporate service director in July 2019 and re-designated as chief operating officer in September 2021.
Tan Wei Li	28	Daughter of our Executive Chairman and Executive Director, Mr Roger Tan	Group finance manager and is responsible for, among others, preparation of management reports and performing analyses of company performance and ensure a compliance with internal controls policies, financial reporting standards and others relevant required compliances, governance and regulations.	Appointed as financial, planning and analysis manager in January 2021 and re-designated as group finance manager in September 2021.
Tan Wei Qin	30	Son of our Executive Chairman and Executive Director, Mr Roger Tan	Facilities manager and is responsible for, among others; assist operations director to ensure all projects and maintenance works carried out as planned and oversee resources planning and management.	Appointed as facilities executive in April 2023 and re-designated as facilities manager in Oct 2023

BY ORDER OF THE BOARD

On Behalf of LS 2 Holdings Limited

Tan Hoo Kiat
Executive Chairman and Executive Director
29 February 2024

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd., ("**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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