

OSSIA INTERNATIONAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No: 199004330K)

**RESPONSE TO SGX QUERIES ON THE COMPANY'S FINANCIAL STATEMENTS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024 ("FS2024")**

The Board of Directors (the "Board") of Ossia International Limited (the "Company") wishes to announce the following in response to the query raised by the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 27 June 2024 in relation to the announcement of the Company's financial statement for the financial period ended 31 March 2024 ("FS2024").

SGX Query 1

Please provide the reason(s) for the borrowings of S\$1,770,000 by the Group when the Group recorded a cash and cash equivalent of S\$11,358,000 as at 31 March 2024.

Company's Response

As disclosed in the full-year announcement on page 21, The Group's bank borrowing increased to \$1.77 million. This was to fund upcoming spring-summer purchases and manage the daily operational cash flow needs. Securing a short-term loan is to achieve a positive cash flow and eliminate or avoid a cash flow crisis.

SGX Query 2

It is noted that the Company has a net cash outflow from operating activities of S\$939,000 and a net profit of S\$6,589,000 for the financial year ended 31 March 2024. Please explain why the Company is unable to generate net cash inflow from its operating activities, despite the Company's net profit position for the financial period/year.

Company's Response

The Company is unable to generate net cashflow from its operating activities despite the Company's net profit position for FY2024 because Ossia (Company) is an investment holding company and the Group's cash generated from operating activities is mainly from dividend and management fees from its subsidiaries and associated company and excludes non-cash item which is the share of results of the associated company. The Group's cash outflow from operating activities is mainly for the subsidiary company's purchase of inventories and increase in payment to trade and other payables. In addition, there is a payment of income tax during the period.

SGX Query 3

We refer to the Company's first half year results for the 6 months ended 30 September 2023 ("1H FY2024") and the second half results for the 6 months ended 31 March 2024 ("2H FY2024").

It is noted that the share of results of its associated company for 1H FY2024 and 2H FY2024 is S\$593,000 and S\$2,503,000 respectively (i.e., the share of results of the associated company for the full year would be \$3,096,000). However, the share of results of associated company under the 12 months ended column in the income statement for FY2024 indicates the amount of S\$5,065,000, which is a significant discrepancy from the sum of the 1H FY2024 and 2H FY2024 figures totaling S\$3,096,000. It is further noted that the discrepancy in the share of results of associated company line item also caused a discrepancy in the Group's profit before tax ("PBT") figures (between the sum of 1HFY2024 PBT and 2HFY2024 PBT totaling S\$6.267m with the PBT under the column for 12 months ended 31 March 2024 of S\$8.174m) ("collectively the "Discrepancies").

Please clarify the following:

- (i) Please provide reason(s) for the Discrepancies.
- (ii) In respect of the decline in the associated company's contribution for 1H FY2024, it is noted that the Company has disclosed that, "The Group's share of results of the associated company has decreased from \$3.74 million to \$0.59 million. There has been a significant decline in the share of result of the associate. The management is looking into this matter". Please provide an update on the findings by the management in relation to the significant decline in the share of result of the associate for 1H FY2024.
- (iii) In respect of the decline in the associated company's contribution for FY2024, please provide the nature of the additional expenses relating to brand licensing agreements which have resulted in a reduction of the group's share

SGX Query 3 (continued)

Company's Response

- (i) The difference is mainly due to the revised management account from the associated company received after the 1H FY2024, in relation to the reversal of a provision made in 1H FY2024. The reversal was not reflected in the 2H FY2024 but in the full-year results.
- (ii) As disclosed in the full-year announcement on page 21, the associated company has provided for additional expenses relating to brand licensing agreements, which impacts its profitability and subsequently reduces the group's share of results.
- (iii) The brand licensing agreement is mainly for licensing fees paid for the brand name used by the associated company.

BY ORDER OF THE BOARD

Lotus Isabella Lim Mei Hua
Company Secretary

01 July 2024