PEGASUS ASIA

(Company Registration Number: 382031)
(Incorporated in the Cayman Islands on 13 October 2021)

Unaudited condensed financial statements
Period from 13 October 2021 (Date of Incorporation) to 31 December 2022

Table of content **Page**

Condensed statement of financial position	1
Condensed statement of Profit or loss and other comprehensive income	2
Condensed statement of changes in equity	3
Condensed statement of cash flows	4
Notes to the financial statements	5
Other information required by Listing Rule Appendix 7.2	34

CONDENSED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	December 31, 2022 $'000
Assets		
Current assets		
Cash and cash equivalents	5	246
Restricted cash	5	154,232
Other assets	6	1,244
		155,722
Total assets		**155,722**
Liabilities		
Current liabilities		
Amount due to related corporation	7	86
Other payables	8	4,839
Derivative financial liabilities	16	1,174
Redeemable shares	11	123,709
		129,808
Total liabilities		**129,808**
Equity		
Share capital	9	*
Class A (Full consideration founder units)	10	20,814
Class B founder shares	12	6,945
Class B founder warrants	12	289
Share-based payment reserves	12	7,583
Accumulated losses		(9,717)
		25,914
Total equity and liabilities		**155,722**
Net assets value per ordinary share (S$)		**5.89**

*amount less than S$,1000

The accompanying notes form an integral part of these condensed financial statements.

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

PERIOD FROM 13 OCTOBER 2021 (DATE OF INCORPORATION) TO 31 DECEMBER 2022

	Note	For the six months ended 31 December 2022 $'000	For the period from 13 October 2021(date of incorporation) to 31 December 2022 $'000
Revenue			-
Other income	13	2,232	2,613
Fair value (loss)/gain on derivative financial liabilities		(3,135)	2,697
Expenses			
- Administrative	14	(4,205)	(12,305)
- Finance		2,244	(2,722)
Loss before income tax		(2,864)	(9,717)
Income tax expense	20	-	-
Loss for the year / Total comprehensive income		(2,864)	(9,717)
Earnings per ordinary share	15		
- Basic and diluted		0.001	0.002

The accompanying notes form an integral part of these condensed financial statements.

CONDENSED STATEMENT OF CHANGES IN EQUITY

PERIOD FROM 13 OCTOBER 2021 (DATE OF INCORPORATION) TO 31 DECEMBER 2022

		Class A (Full consideration founder shares)			Class B					
					Founder shares					
	Note	**Share capital $'000**	**Nominal Share Price $'000**	**Share Premium $'000**	**Nominal Share Price $'000**	**Share Premium $'000**	**Founder warrants $'000**	**Share based payment reserves $'000**	**Accumulated losses $'000**	**Total equity $'000**
At 13 October 2021 (date of incorporation)		*	-	-	-	-	-	-	-	*
Total comprehensive loss										
Loss for the period		-	-	-	-	-	-	-	(9,717)	(9,717)
Total comprehensive loss		**-**	**-**	**-**	**-**	**-**	-	-	(9,717)	(9,717)
Transactions with owners, recognised directly in equity										
Re-designated to Class A Full Consideration Founder units	9	(*)	*	*	-	-	-	-	-	-
Issuance of shares	9,10	-	*	21,516	-	-	-	-	-	21,516
Units surrendered	9,10	-	(*)	(*)	-	-	-	-	-	(*)
Founder shares and warrants	12									
- Issuance		-	-	-	*	7,752	323	-	-	8,075
- Repurchase		-	-	-	(*)	(807)	(34)	-	-	(841)
- Transaction costs		-	-	(702)	-	-	-	-	-	(702)
Share-based payment	12	-	-	-	-	-	-	7,583	-	7,583
Total contributions by and distributions to owners		-	*	20,814	*	6,945	289	7,583	-	35,631
At 31 December 2022		-	-	20,814	*	6,945	289	7,583	(9,717)	25,914

*amount less than $1,000

The accompanying notes form an integral part of these condensed financial statements

CONDENSED STATEMENT OF CASH FLOWS

PERIOD FROM 13 OCTOBER 2021 (DATE OF INCORPORATION) TO 31 DECEMBER 2022

	Note	For the period from 13 October 2021(date of incorporation) to 31 December 2022 $'000
Cash flows from operating activities		
Loss before income tax		(9,717)
Adjustments:		
Interest accretion	11	2,722
Fair value gain on derivative financial liabilities	16	(2,697)
Interest income	13	(1,624)
Grant income	13	(1,000)
Equity settled share-based payment transaction	12	7,583
Operating cashflow before changes in working capital		(4,733)
Changes in working capital:		
- Other assets		1,379
- Other payables		873
Net cash used in operating activities		(2,481)
Cash flows from financing activities		
Proceeds from issuance of Offering units		148,000
Payments on repurchase of Offering units		(17,706)
Proceed from issuance of Full consideration founder units		22,000
Proceeds from issuance of founder shares		7,752
Payments on repurchase of founder shares		(807)
Proceeds from issuance of founder warrants		323
Payments on repurchase of founder warrants		(34)
Amount due to related corporation		86
Payment of transaction costs		(2,655)
Net cash generated from financing activities		156,959
Cash flows from investing activities		
Restricted cash held in Escrow Account	5	(154,232)
Net cash used in from investing activities		(154,232)
Net increase in cash and cash equivalents		246
Cash and cash equivalent at date of incorporation		-
Cash and cash equivalents at end of period	5	246

The accompanying notes form an integral part of these condensed financial statements.

Notes to the financial statements

These notes form an integral part of the financial statements.

1. General information

Pegasus Asia (the “Company”) is incorporated and domiciled in the Cayman Islands on 13 October 2021. The address of its registered office is at the offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

On the date of incorporation, 100% of the shares of the Company are held by Bellerophon Financial Sponsor 3, incorporated in France as incorporator of the Company. The Company’s intermediate holding corporation is Tikehau Investment Management, and the ultimate holding corporation is Tikehau Capital SCA, both incorporated in France.

On 21 January 2022 (the “listing date”), Pegasus Asia has started trading on the Singapore Exchange. Subsequent to the listing date, Bellerophon Financial Sponsor 3 holds only 9% of the shares of the Company, accordingly, Bellerophon Financial Sponsor 3, Tikehau Investment Management and Tikehau Capital SCA ceased to be the holding corporations of the Company.

The Sponsors of the Company (the “Founders”). are Tikehau Capital SCA through a subsidiary Bellerophon Financial Sponsor 3 SAS, Financière Agache SA through a subsidiary Poseidon Asia Financial Sponsor SAS, Diego De Giorgi, and Jean Pierre Mustier.

As at the financial period end, the number of Class A units that remained in issuance is 26,058,900 comprising of a share and half a warrant for a price of $5 per unit (“Offering Units”); 4,400,000 Class A units to the Founders comprising of a share and half a warrant at a price of $5 per unit (“Full Consideration Founder Units”); 7,614,725 Class B shares to the Founders at $0.912 per share (“Founder shares”) and 14,467,977 warrants to the Founders for a price of $0.02 per warrant (“Founder warrants”).

The Company is a special purpose acquisition company (“SPAC”) incorporated for the purpose of effecting a business combination with one or more target businesses within 24 months from the Listing Date.

These condensed financial statements cover the period from 13 October 2021 (date of incorporation) to 31 December 2022.

2. Going concern

The financial statements have been prepared on a going concern basis notwithstanding the net loss of $9.7m and negative operating cashflow of $2.5 million for the current year, and the Company has less than 12 months to effect a business combination prior to the regulatory timeline in January 2024.

In analyzing the going concern position of the Company, the directors of the Company have considered the following factors:

(i) The Company notes that it has a regulatory timeline to complete a business combination by 21 January 2024 (assuming no extension is obtained) and the Company is currently in preliminary discussions with regard to a potential business combination;

(ii) The Company has grant income of $1million and shareholder loan facility not drawn down of up to $2 million. The Company assessed that there are sufficient funds to meet the Company's projected ongoing operating expenses up to January 2024;

If the Company is unsuccessful in its effort in identifying a suitable target and obtaining relevant approval from directors and shareholders for a business combination prior to the regulatory timeline of January 2024 and has not entered into a legally binding agreement for a business combination by then to avail itself of a 12 months extension to complete the transaction (subject to compliance with applicable law and requirements of the listing manual of the Singapore Exchange Securities Trading Limited relating to such extension), the Company may, in applicable circumstances, seek an extension that is subjected to regulatory and shareholders' approval. These are material uncertainties which may cast significant doubt on the Company's ability to continue as a going concern, and, therefore consistent with the regulatory structure of a Special Purpose Acquisition Corporation, if the above does not materialize, the Company will have no alternative but to liquidate the Company.

3. Basis of preparation

3.1 Statement of compliance

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") on the historical cost basis, except as disclosed in the accounting policies below.

3.2 Functional and presentation currency

The financial information is presented in Singapore dollars ("$") which is Pegasus Asia's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

3. Basis of preparation (continued)

3.3 Use of estimates and judgements (continued)

The preparation of the financial statements in conformity with SFRS(I)s requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual result may differ from these estimates.

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 12 – Share based payment arrangements
- Note 16 – Derivatives financial liabilities

4 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

4.1 Financial instruments

(i) Recognition and initial measurement

<u>Non-derivative financial assets and liabilities</u>

Other receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue. A other receivable without a significant financing component is initially measured at the transaction price.

4 Significant accounting policies (continued)

4.1 Financial instruments (continued)

(ii) **Classification and subsequent measurement** (continued)

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI-debt investment; FVOCI-equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortized cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is manage and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

4 Significant accounting policies (continued)

4.1 Financial instruments (continued)

(iii) **Classification and subsequent measurement** (continued)

Transfer of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest Income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

4 Significant accounting policies (continued)

4.1 Financial instruments (continued)

(iii) **Classification and subsequent measurement** (continued)

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

The Company assesses whether the financial instrument is equity or liability classified taking into consideration:

- if there is contractual obligation:
  - to deliver cash or other financial assets; or
  - to exchange financial assets or financial liabilities with another party under potentially unfavourable conditions; or

- a contract that will or may be settled in the entity's own equity instrument:
  - a non-derivative that comprises an obligation for the entity to deliver a fixed or variable number of its own equity instruments; or
  - a derivative that will or may be settled by the entity exchanging a fixed or variable amount of cash or other financial assets for a fixed or variable of its own equity instruments, e.g. whether it meets the "fixed-for-fixed" test.

For a puttable instrument or an instrument (or a component of that instrument) that imposes an entity an obligation only on liquidation to be equity classified, the Company assesses if it meets all of the following considerations:

- the holder of instruments entitles to pro rata shares of entity's net assets in the event of entity's liquidation;
- the instrument belongs to class of instrument that is subordinate to all other classes of instruments issued by the entity;
- all financial instruments in the most subordinated class have identical terms;
- apart from obligation of the issuer to repurchase or redeem instrument, the instrument does not include any other contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities under potentially unfavourable conditions;
- total expected cash flows attributable to the instrument over its life are based substantially on profit or loss, change in recognised net assets or change in fair value of (un)recognised net assets of the entity; and
- the issuer has no other financial instrument or contract that has:
  - total cash flows based substantially on profit or loss, change in recognised net assets or change in fair value of (un)recognised net assets of the entity; and
  - effect of substantially restricting or fixing residual returns to puttable instrument holders.

If the puttable instrument does not meet any of the criteria above, the puttable instrument will be liability classified.

4 Significant accounting policies (continued)

4.1 Financial instruments (continued)

(iii) **Classification and subsequent measurement** (continued)

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains or losses, including any interest expense, are recognized in profit or loss. Directly attributable transaction costs are recognised n profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method Interest expense and foreign exchange gains and losses are recognized in profit or loss.

(iii) **Derecognition**

Financial assets

The Company derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Company derecognizes financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

4 Significant accounting policies (continued)

4.1 Financial instruments (continued)

(iv) **Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liabilities simultaneously.

(v) **Derivative financial instruments**

A derivative financial instrument is initially recognised at its fair value on the date of issue and any directly attributable transaction costs are recognized in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in profit or loss.

4.2 Share-based Payment

The Company determines if a transaction falls within the scope of SFRS(I) 2- Share based payment where the Company receives services from a counterparty in exchange for consideration in the form of equity instruments, or cash, or other assets for amounts that are based on the price (or value) of equity instruments of the entity.

We assess whether the transaction is an equity or cash settled share-based payment and assess if the transaction is an employee or non-employee settled share-based payment.

In determining the recognition and measurement of the share-based payment award, we assess the terms of the award to determine if the award is service or non-service related and vesting or non-vesting conditions. For vesting conditions, the Company further determines:

- vesting period;
- grant date;
- service or performance vesting condition (s); and
- for performance vesting conditions, if it is market or non-market performance vesting condition.

The grant date fair value of the equity settled share-based payment awards granted is recognised as a share-based payment expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which service and non-market performance conditions are expected to be met, such that the amounts ultimately recognised as an expense is based on the number of awards that meet the service and non-market performance conditions at vesting date.

4 Significant accounting policies (continued)

4.3 Income tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit and loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Company has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets.*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, measured using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purpose. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on tax rates and tax laws that have been enacted or substantively enacted by the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

4 Significant accounting policies (continued)

4.3 Income tax (continued)

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for the Company. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

4.4 Currency translation

Transactions in a currency other than the functional currency (“foreign currency”) are translated into the functional currency using the exchange rates at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are generally recognised in profit or loss.

4.5 Cash and cash equivalents

Cash and cash equivalents comprise cash balances that are subject to insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

For cash subjected to restriction, assessment is made on the economic substance of the restriction and whether they meet the definition of cash and cash equivalents.

4.6 Share capital and treasury shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

When the Company purchases the Company’s ordinary shares (“treasury shares”), the carrying amount which includes the consideration paid and any directly attributable transaction cost is presented as a component within equity attributable to the Company’s equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained profits of the Company if the shares are purchased out of profits of the Company.

4 Significant accounting policies (continued)

4.6 Share capital and treasury shares (continued)

When treasury shares are subsequently sold or reissued pursuant to an employee share option scheme, the cost of treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised and presented in the non-distributable capital reserve.

4.7 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the years during which related services are rendered by employees.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

4.8 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

4.9 Finance income and finance cost

Finance income comprises interest income on bank accounts that are recognised in profit or loss. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings that are recognised in profit or loss. Interest expense is recognised as it accrues in profit or loss, using the effective interest method.

4 Significant accounting policies (continued)

4.10 Earnings per share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted -average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

4.11 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

The Company is an operating segment by itself that engages in business activities from which it may earn revenues and incur expenses. The results are reviewed regularly by the CEO (the chief operating decision maker) to assess its performance, and for which discrete financial information is available. Accordingly, no segment information has been presented in the financial statement.

4.12 Government grants

Cash grants received from the government are recognised in profit and loss as other income when there is reasonable assurance that they will be received. Grants that compensate the Company for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

4.12 New standards and interpretations not adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 13 October 2021, with earlier application permitted. The Company has adopted the new or amended SFRS(I)s that are mandatory for application for the financial period.

New standards issued but not yet effective

The Company has not adopted new SFRS(I)s, interpretations and amendments to SFRS(I)s that have been issued but not yet effective. The management expect that the adoption of the standards will not have any material impact on the financial statements in the year of initial application.

5. Cash and cash equivalents and Restricted cash

	December 31, 2022 $'000
Cash and bank balances	246
Cash balances held in Escrow account[1]	154,232
	154,478
Less: Cash balances held in Escrow account[1]	(154,232)
Cash at cash equivalents in the financial statements	246

[1] In accordance with the Listing Rules, the Company has opened an escrow account (the “Escrow Account”) with and appointed a financial institution licensed and approved by the MAS, being Citibank, N.A., Singapore Branch, to act as escrow agent (the “Escrow Agent”) to operate the Escrow Account in accordance with the Escrow Agreement.

The Listing Rules provide that at least 90% of the gross proceeds from the Offering, being the gross proceeds from the Offering Units, must be deposited into the Escrow Account. The Company has deposited 100% of the gross proceeds of the Offering and from the sale of the Offering Units and Full Consideration Founder Units in the Escrow Account. The gross proceeds from the sale of the Founder Shares and Founder Warrants are not deposited in the Escrow Account.

The funds in the Escrow Account may be invested in certain cash equivalent instruments until completion of a business combination, subject to compliance with Rule 210(11)(i)(iv) of the Listing Rules.

These proceeds held in the Escrow Account will not be released until the earliest of (i) the completion of an initial Business Combination; (ii) the redemption of shares of those Shareholders who validly elect to redeem their Shares upon completion of an initial Business Combination; and (iii) the redemption of shares in the event a Liquidation Event occurs.

The Company’s exposure to credit risk related to cash and cash equivalents is disclosed in Note 19.

6. Other assets

	December 31, 2022 $'000
Prepayments	244
Grant receivables (Note 13)	1,000
	1,244

6. Other assets (continued)

The Company has been awarded grant for equity market Singapore by Monetary Authority of Singapore (MAS). The grant was introduced to support listings and expand the equity research ecosystem in Singapore's public equity market. The grant was recognised in profit and loss as 'other income' during the financial period.

The Company's exposure to credit risk related to other assets is disclosed in Note 19.

7. Amount due to related corporation

Amount due to related corporation is non-trade in nature, unsecured, interest-free and repayable on demand.

8. Other payables

	December 31, 2022 $'000
Current:	
Other payables – third party	431
Accruals of operating expenses	440
Deferred underwriting commission	3,968
	4,839

Upon and concurrently with the completion of the initial Business Combination, a Deferred Underwriting Commission of S$3,968,000 will be paid to the Joint Issue Managers and Global Coordinators and the Joint Bookrunners and Underwriters from the funds held in the Escrow Account.

9. Share capital

	Ordinary shares	
	No. of shares	$'000
At 13 October 2021 (date of incorporation)	1	*
Issuance of ordinary shares	999	*
	1,000	*
Shares re-designated to full consideration founder units	(1,000)	*
At 31 December 2022	-	*

**amount less than S$,1000*

9. Share capital (continued)

On 13 October 2021 (date of incorporation), the issued share capital of the Company is 1 ordinary shares at $0.0001 per share. Subsequently, the Company has issued 999 ordinary shares at $0.0001 per share in October 2021.

On 5 January 2022, the 1,000 ordinary shares issued prior to listing date was re-designated to full consideration founder units. Following the issuance of the offering units on 21 January 2022, the 1,000 shares was surrendered with no consideration (Note 10).

Capital Management

The Company's primary objective when managing capital is to safeguard the Company's ability to continue as a going concern. The Company's capital comprises its share capital, Class A full consideration founder units, Class B founder shares and warrants, shared based payment reserves and accumulated losses.

The Company is not subject to externally imposed capital requirements. The Company's capital structure is regularly reviewed and managed in accordance with the capital management practices of the Company.

10. Class A (Full consideration founder shares)

	Full consideration founder shares	
	No. of units/ shares	**December 31, 2022 $'000**
At 13 October 2021 (date of incorporation)	-	-
Ordinary shares re-designated to Class A (Full consideration founder units) (Note 9)	1,000	*
Surrendered (Note 9)	(1,000)	*
Issuance of Full consideration founder units	4,400,000	22,000
Less: ½ warrants included per units (Note 16)	-	(484)
	4,400,000	21,516
Less: Transaction cost	-	(702)
As at 31 December 2022	4,400,000	20,814

**amount less than S$,1000*

On 21 January 2022, the Company has issued 4,400,000 Full Consideration Founder Units at a price of $5.00 per unit to the founders. The Full Consideration Founder Units are not redeemable in connection with the completion of initial business combination.

On 7 March 2022, the 45th day from the listing date, the shares and warrants constituting the Full Consideration Founder Units were separated.

11. Redeemable shares

		December 31, 2022
	No. of units/ shares	**$'000**
At 13 October 2021 (date of incorporation)	-	-
Issuance of Offering Units	29,600,000	148,000
Less: ½ warrants included per unit (Note 16)	-	(3,388)
	29,600,000	144,612
Repurchase of shares	(3,541,100)	(17,706)
Less: Transaction costs		(5,919)
Interest accretion	-	2,722
As at 31 December 2022	26,058,900	123,709

On 21 January 2022, the Company has issued 29,600,000 Offering Units at a price of $5.00 per unit.

On 7 February 2022, the Company has repurchased 3,541,100 units at the offering price of $5.00 in respect of the exercise of the Put Option by the Stabilising Manager and the repurchase by the Company pursuant to the Private Placement Agreements.

The shares and whole warrants constituting the Offering Units began separate trading from the 45th calendar day from the Listing Date.

The shares of the Offering Units ("Public shares") requires an initial investment which is not considered to be nominal and are not intended to be settled other than by cash in the event of redemption or a liquidation event. Furthermore, the value does not change in response to an underlying variable and is redeemable in the event of business combination and redeemable in a liquidation event. Accordingly, the Class A shares are classified as a financial liability and measured at amortised cost.

Shareholders of Public shares were provided the opportunity to redeem all or a portion of their Shares upon the completion of the initial Business Combination at a per-Share price, payable in cash, equal to the aggregate amount then on deposit in the Escrow Account, including interest earned on the Escrow Account (which interest shall be net of taxes payable), on the date of the Business Combination.

Interest accretion is classified as finance expenses in the statement of profit or loss and other comprehensive income.

12. Share based payment arrangement

On listing date, the Company issued 8,500,000 Founder shares for a price of $0.912 per share and issued 16,150,000 Founder warrants for a price of $0.02 per warrant. On 7 February 2022, the Company repurchased 885,275 Founder shares and 1,682,023 Founder warrants at their respective issuance price in respect of the exercise of the Put Option by the Stabilising Manager and the repurchase by the Company pursuant to the Private Placement Agreements

Founder shares cannot be redeemed in connection with the completion of initial business combination and are not entitled to participate in any distributions upon liquidation of the Company. The Founder shares will be converted to Class A shares following completion of a business combination in accordance to the Promote Schedule.

Founder warrants have the same exercise price and exercise period as warrants from the Offering units.

Management assessed that the Company will receive professional services from the founders in exchange for issuance of Founder shares and Founder warrants for a consideration which is less than the fair value of respective instruments, hence the issuance of Founder shares and Founder warrants falls within the scope of SFRS(I) 102 and will be recognised as share-based payment at the grant date. Since the Company is receiving services as consideration for its own equity instruments, they are assessed to be equity-settled share-based payment transactions.

Fair value of equity-settled share-based payments need not be remeasured. The Company needs to estimate the number of units expected to vest over the vesting period.

Vesting and non-vesting conditions

Founder shares and Founder warrants are granted to compensate for services associated with the identification of a suitable target and perform due diligences. Such services are considered to be rendered between grant date and the date of successful business combination. Therefore, it has been assessed that there are service conditions associated with the grant of Founder shares and Founder warrants as at a nominal price. Also, the share-based payment will vest upon successful business combination. The requirement for a successful business combination (with an associated service condition) is a performance condition rather than a non-vesting condition on the basis that the business combination is by reference to the Company's own operations. The condition associated with the grant date are therefore assessed to be vesting condition and the expense is to be recognised over the vesting period.

12. Share based payment arrangement (continued)

	Founder shares	
	No. of shares	**$'000**
As of 13 October 2021 (date of incorporation)	-	-
Issuance	8,500,000	7,752
Repurchase	(885,275)	(807)
As at 31 December 2022	7,614,725	6,945

	Founder warrants	
	No. of shares	**$'000**
As of 13 October 2021 (date of incorporation)	-	-
Issuance	16,150,000	323
Repurchase	(1,682,023)	(34)
As at 31 December 2022	14,467,977	289

The nominal share price for founder shares is $0.0001 which amounted to $761.

On 7 February 2022, the Company has repurchased 885,275 Founder shares and 1,682,023 Founder warrants at the offering price of $0.912 and $0.02 respectively in respect of the exercise of the Put Option by the Stabilising Manager and the repurchase by the Company pursuant to the Private Placement Agreements.

Measurement of fair value

The fair value of the Founder shares and Founder warrants has been measured using the Monte Carlo and The Binomial Tree method. The Monte Carlo and The Binomial Tree simulation considers the model behavior of the respective tranches of founder shares.

The key inputs used in the valuation of the Founder shares and Founder warrants are summarised in the table below.

	Founder shares	**Founder warrants**
	$	$
Fair value at grant date	2.54	0.24
Expected volatility	41.9%	41.9%
Expected life	2 years	5 years
Risk-free interest rate (based on government bonds)	1.61%	1.61%
Discount for lack of marketability	5.4%	5.4%
Probability of default	40%	40%

12. Share based payment arrangement (continued)

The Company entitles the employee to receive 50,000 units resulting from the conversion of Founder Units, to be delivered by the Sponsors upon completion of the Business Combination.

	No. of units	$'000
Entitlement granted	50,000	250

Fair value of Founder shares and Founder warrants at grant date were recognised as a share-based payment expenses over the vesting period in profit or loss and a corresponding increase in share-based payment reserves.

	For the six months ended 31 December 2022 $'000	13 October 2021 (date of incorporation) to 31 December 2022 $'000
As of 13 October 2021 (date of incorporation)		-
Share based payments expenses during the period:		
- Founder shares	4,258	5,940
- Founder warrants	813	1,525
- Employee share-based payment	62	118
As at 31 December 2022	5,133	7,583

13. Other income

	For the six months ended 31 December 2022 $'000	13 October 2021 (date of incorporation) to 31 December 2022 $'000
Interest income	1,249	1,624
Foreign exchange loss	(17)	(11)
Grant income (Note 6)	1,000	1,000
	2,232	2,613

14. Administrative expenses

	Note	For the six months ended 31 December 2022 $'000	13 October 2021 (date of incorporation) to 31 December 2022 $'000
Audit fees paid to:			
- auditor of the Company		169	389
Audit related and assurance fees paid to:			
- auditor of the Company		-	65
Bank charges		1	2
Independent directors' fees		193	382
Employee compensation			
- Salaries and wages		62	149
- Contributions to defined contribution plans		11	15
- Equity-settled share-based payment	12	62	118
Founder shares – share-based payments	12	4,258	5,940
Founder warrants – share-based payments	12	813	1,525
Insurance expense		101	212
Professional fees		98	3,398

15. Earnings per share

Basic and Diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the following loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

	For the six months ended 31 December 2022		13 October 2021 (date of incorporation) to 31 December 2022	
	Basic $'000	Diluted $'000	Basic $'000	Diluted $'000
Loss for the period	(2,684)	(2,684)	(9,717)	(9,717)
Weighted average number of shares	3,155,652	3,155,652	5,916,847	5,916,847
Earnings per share	(0.001)	(0.001)	(0.002)	(0.002)

15. Earnings per share (continued)

Basic and Diluted earnings per share (continued)

The weighted average number of shares were determined considering the number of founders shares of 7,614,725 (collectively "original shares") over the period from the date of listing, 21 January 2022 to 31 December 2022.

16. Derivatives financial liabilities

The warrants of Full Consideration Founder Units ("Full consideration founder warrants") and warrants of Offering Units ("Public warrants" have no contractual obligation to deliver cash because it is not redeemable in the event of a business combination and in a liquidation event, and they do not meet the fixed-for-fixed criteria. Accordingly, the Full consideration founder warrants and Public warrants are classified as derivative financial liability.

	December 31, 2022 Public warrants	**December 31, 2022 Full consideration founder warrants**	**December 31, 2022 Total**
Number of units in issue	13,029,450	2,200,000	15,229,450
	$'000	**$'000**	**$'000**
At issuance date	3,387	484	3,871
Fair value gains	(2,345)	(352)	(2,697)
Derivative financial liabilities	1,042	132	1,174

16. Derivatives financial liabilities (continued)

The fair value of the Full consideration founder warrants and Public warrants has been measured using both the Monte Carlo method, which enable the value of these warrants to be approached statistically, and Binomial Tree method.

The key inputs used in the valuation of the Full consideration founder warrants and Public warrants are summarised in the table below.

	Public warrants	Full consideration founder warrants
	$	$
Fair value at grant date	0.26	0.22
Expected volatility	41.9%	41.9%
Expected life	5 years	5 years
Risk-free interest rate (based on government bonds)	1.61%	1.61%
Exercise price	5.75	5.75
Probability of default	40%	40%

17. Accounting classification and fair values

The fair value of financial instruments traded in active markets are determined based on quoted current bid prices at the balance sheet date. These instruments are included in Level 1 fair value measurement hierarchy.

The fair value of financial instruments that are not traded in an active market are determined based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). These instruments are included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

17. Accounting classification and fair values (continued)

The table below presents financial assets and liabilities measured and carried at fair value and classified by level of the following fair value measurement hierarchy:

	Carrying amount				Fair value			
	Mandatorily at FVTPL	**Amortised cost**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 31 December 2022								
Financial assets not measured at fair value								
Petty cash	-	*	-	*				
Cash at bank	-	154,478	-	154,478				
Other assets (excluding prepayments)	-	1,000	-	1,000				
	-	155,478	-	155,478				
Financial liabilities not measured at fair value								
Amount due to related corporation	-	-	86	86				
Other payables and accruals	-	-	4,839	4,839				
	-	-	4,926	4,926				
Financial liabilities measured at fair value								
Derivative financial liabilities	1,174	-	-	1,174	-	1,042	132	1,174
Redeemable shares	-	-	123,709	123,709	-	-	-	-
	1,174	-	123,709	124,883	-	1,042	132	1,174

The derivative financial liabilities are made of public warrants and founder warrants which are catergorised in level 2 and level 3 respectively. There were no transfers between levels during the financial period (Note 16).

The following table show the valuation techniques used in measuring Level 2 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Derivative financial liabilities	Using the Binomial Tree Method and the Monte Carlo Method as valuation model:		
	Expected volatility	Non- Applicable	The estimated fair value would increase/decrease if the expected volatility is higher/lower.
	Discount for lack of marketability	Non- Applicable	The estimated fair value would decrease/increase if the discount for lack of marketability is higher/lower.
	Probability of default	Non- Applicable	The estimated fair value would decrease/increase if the probability of default is higher/lower.

18. Related parties

<u>Transactions with key management personnel</u>
Key management personnel compensation

The Company provides both cash and non-cash benefit to employee and contributes to post-employment defined benefit on their behalf. The Company granted the executive 50,000 shares from the conversion of Founder Shares, to be delivered by the Sponsors upon completion of the Business Combination (Note 12).

	For the six months ended 31 December 2022 $'000	13 October 2021 (date of incorporation) to 31 December 2022 $'000
Remuneration	62	149
Employer's contribution to defined contribution plans	11	15
Share-based payments	62	145
	135	309

<u>Transaction with related corporations</u>

	For the six months ended 31 December 2022 $'000	13 October 2021 (date of incorporation) to 31 December 2022 $'000
Payments made on behalf by related corporation	-	156
Recharged of employee cost	-	50
Service fee	-	100

Service fee relates to services provided in connection with on-going and the launch of the initial public offering and admission.

19. Financial risk management

Overview

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The management has overall responsibility for the compliance and oversight of the Company's risk management framework. The management oversees the monitoring compliance with the Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Risks and uncertainties are expected to persist in the near term with the continued impact of the geopolitical tensions, uneven global economic recovery, rising inflation and interest rate environment. In response, the management has increased the monitoring of the economic environment, operational risk and impact on the SPAC being able to identify target businesses with the stipulated timeframe.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's cash and cash equivalents and restricted cash.

Exposure to credit risk

The maximum exposure to credit risk is represented by the carrying amount of each of the financial asset in the statement of financial position.

	Note	**31 December 2022 $'000**
Other assets	6	1,000
Cash and cash equivalents	5	246
Restricted cash	5	154,232
		155,478

19. Financial risk management (continued)

Credit risk (continued)

Management has a credit policy in place and the exposure to the credit risk is monitored on an ongoing basis. Cash and cash equivalents and restricted cash are placed with banks and financial institutions which are regulated.

The Company's primary exposure to credit risk was mainly concentrate on its restricted cash.

Other assets

The Company considers the other financial assets to have low credit risk, taking into consideration the credit standing of the counterparties. The amount of expected credit loss is expected to be insignificant.

Cash and cash equivalents and restricted cash

The Company held cash and cash equivalents and of S$246,000 and restricted cash of S$154,232,000 as at reporting date. Cash and restricted cash are placed with financial institutes which are regulated. At the reporting date, the Company's cash and cash equivalents and restricted cash are placed with two financial institutions with credit rating of A-1+ and A-1. Impairment on cash and cash equivalents and restricted cash has been measured on the 12-month expected loss basis reflects the short maturities of the exposures. The Company considers that its cash and cash equivalents and restricted cash to have low credit based on the external credit ratings of the counterparties. The amount of expected loss allowance is expected to be insignificant.

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company manages its liquidity through funding a sponsor loan agreement signed by the Company and the founders for a loan of up to $2 million, and existing funds held outside of Escrow Account as the "At-Risk-Capital" contributed by the founders, the Company has sufficient funds to meet ongoing working capital needs until consummation of business combination.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the management of finance the Company's operations and to mitigate the effects of the fluctuations in cash flow.

19. Financial risk management (continued)

Exposure to liquidity risk (continued)

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted and include contractual payments and exclude the impact of nettings agreements.

	Carrying amount	Contractual cash flows	Within 1 year
	$'000	**$'000**	**$'000**
31 December 2022			
Non-derivative financial liabilities			
Other payables	4,839	4,839	4,839
Amount due from related corporation	86	86	86
Redeemable shares	123,709	130,294	130,294
	128,634	135,219	135,219

In the event that the Company does not consummate a business combination and liquidates, the full consideration founder warrants and public warrants will expire and not redeemable in cash. In the event that the Company successfully consummate a business combination, the holder of the full consideration founder warrants and public warrants have a choice to exercise these warrants at the exercise price within the exercise period. As such, the Company does not have a contractual obligation to deliver cash to the holder of full consideration founder warrants and public warrants.

19. Financial risk management (continued)

Market risk

Market risk is the risk that the changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising return on risk.

Currency risk

As at balance sheet date, the Company is not exposed to significant currency risks.

Interest rate risk

The Company's exposure to non-derivate financial assets as at 31 December 2022 is restricted cash unit indexed to Singapore Overnight Rate Average (SORA).

	Note	Carrying amount 31 December 2022 $'000
Variable rate instruments		
Restricted cash	**5**	154,232
		154,232

Cash flow sensitivity analysis for variable rate instruments

An increase/(decrease) of SORA at the reporting date would have an increase/(decrease) to the equity and profit or loss. This analysis assumes that all other variables remain constant.

20. Income tax expense

Pegasus Asia is domiciled in the Cayman Islands. Under the current tax law of Cayman Islands, there is no income, corporation, capital gains or other taxes payable by the Company.

	For the six months ended 31 December 2022 $'000	13 October 2021 (date of incorporation) to 31 December 2022 $'000
Income tax expense	–	–

	For the six months ended 31 December 2022 $'000	13 October 2021 (date of incorporation) to 31 December 2022 $'000
Reconciliation of effective tax rate		
Loss before income tax	(2,864)	(9,717)
Income tax using Singapore tax rate of 17%	(487)	(1,652)
Current – year losses for which no deferred tax asset was recognised	487	1,652
	–	–

21. Subsequent Events

There are no known subsequent events which require adjustments or disclosure to this set of condensed financial statements.

Other Information Required by Appendix 7.2 of the Listing Manual of the SGX-ST (“Listing Manual”)

OTHER INFORMATION

1. Review

The condensed statement of financial position of Pegasus Asia (the "Company") as at 31 December 2022 and the related condensed statement of profit or loss and other comprehensive income, condensed statement of changes in equity and condensed statement of cash flows from 21 October 2021 (date of incorporation) to 31 December 2022 and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Company

a) Explanatory Notes to the statement of profit or loss and other comprehensive income (Please refer to page 2)

i) Other income

The Company derived interest income amounted to $1.6 million from its funds placed in the Escrow Account as well as grant income of $1 million attributable to grant for equity market Singapore by MAS.

ii) Unrealised fair value gain on derivative financial liabilities

The Company recognised unrealised fair value gain of $2.7 million during the period as a result of a decline in fair value of its derivative financial liabilities. Should the fair value of these derivative financial liabilities increase in the next reporting period/year, this unrealised fair value gain will be reversed and the Company will recognise unrealised fair value loss if the fair value exceeds the initial recognition value of the derivative financial liabilities.

iii) Administrative expense

The administrative expenses incurred for the period ended 31 December 2022 are mainly attributable to professional fees amounted to $3.4 million for initial and annual listing fees for the Company's IPO offering, legal and underwriting fees; and share based payment expense amounted to $7.5 million attributable to the fair value of founder shares and founder warrants.,

b) Explanatory Notes to Statement of Financial Position (Please refer to page 1)

i) Restricted cash

Comprised of $154.5 million cash placed in Escrow account arising from IPO proceeds and interest income earned for the period.

ii) Redeemable shares

Ordinary shares which constitute the shares of the Offering Units are classified as a financial liability on the statement of financial position as there is a contractual obligation by the Company to deliver cash to the holders of these shares who elect to have such shares redeemed by the Company upon the completion of the Company's initial business combination.

iii) Derivative financial liabilities

Full consideration founder warrants and public warrants are classified as derivative financial liabilities and are measured at fair value. This is subject to re-measurement at each reporting date.

c) Explanatory Notes to Statement of Cash Flows (Please refer to page 4)

Net cash used in operating activities was $2.5 million mainly due to legal underwriting fees incurred for the Company's IPO and other operating costs offset by the interest income received from funds placed in Escrow account.

Net cash used in investment activities was $154.2 million. This relates to the escrowed funds placed in the Escrow Account.

Net cash from financing activities was $157.0 million. This was attributable to the Company's IPO proceeds from the issuance of Offering Units, Full Consideration Founder Units and Private Placement to the Sponsor.

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

The Company has not disclosed any forecast to the market.

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

The Company has been active with building and advancing a pipeline of potential business combination targets that are consistent with the investment profile of the Company's IPO offering, focusing on businesses in technology-enabled, disruptive, new-economy sectors that have operations primarily centred in Asia Pacific, where a combination with the Company can build lasting business value in close partnership with management teams.

The activities to identify an optimal business combination target are ongoing and the Company does not report any material updates at present. As at the date of this Announcement, the Company has not identified a conclusive business combination target and has not entered into any written binding acquisition agreement in relation to a potential Business Combination. Other than as disclosed in this Announcement, there are no material changes to the objective, strategy, status and capital of the Company.

5. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared. There is no intention to pay dividend until the initial business combination is completed as disclosed in our Prospectus dated 13 January 2022.

6. Interested Person Transactions

The Company has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

7. Seasonal operations

Not applicable. The Company was incorporated as a Special Purpose Acquisition Company to be listed on the Singapore Stock Exchange (“SGX”) for the purpose of entering into a business combination within the next 24 months upon listing date. It does not have seasonal operations.

8. Segmental results

Not applicable. The Company was incorporated as a Special Purpose Acquisition Company to be listed on the Singapore Stock Exchange (“SGX”) for the purpose of entering into a business combination within the next 24 months upon listing date. It does not have segmental operations.

9. A breakdown of revenue and net income

There is no revenue for the year ended 31 December 2022. The Company recognised non-operating income of $2.61 million, attributed to MAS grant income of $1.0 million and interest income of $1.61 million for the year ended 31 December 2022.

10. A breakdown of total annual dividend for the current full year and previous full year

Not applicable. No dividend has been declared.

11. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 of the Listing Manual of the SGX-ST (the “Listing Manual”), as required by Rule 720(1) of the Listing Manual.

12. Confirmation pursuant to Rule 704(13) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual, the Company confirms that there is no person occupying a managerial position in the Company who is a relative of a director, chief executive officer, substantial shareholder of the Company.

13. Use of IPO Proceeds

99.9% of the IPO proceeds are deposited in the Escrow Account as at 31 December2022.

a) The utilisation of proceeds (from the issue of Private Placement) is in line with the disclosure of the intended use of proceeds in the prospectus. The IPO proceeds placed in the Escrow account are not used for the expenses incurred by the Company to date.

b) There is no utilisation of any interests and income derived from the amounts placed in the Escrow account.

By Order of the Board
Pegasus Asia

Neil Parekh
Director/ Chief Executive Officer
1 March 2023