

CORTINA HOLDINGS LIMITED
(Incorporated in the Republic of Singapore)
Co. Registration No. 197201771W

ANNUAL GENERAL MEETING TO BE HELD ON 29 JULY 2025
- RESPONSE TO QUESTIONS FROM SHAREHOLDER RECEIVED BY THE COMPANY

The Board of Directors (“Board”) of Cortina Holdings Limited (“Company”) refers to the questions received by the Company and the Company’s response thereto.

Question 1

According to the Annual reports, from FY2022, 2023, 2024, to 2025, our inventory level continue to go up as 211m, 232m, 309m, and 347m. and the DSI also followed as 160d, 152d, 208d, and 217d accordingly. However, our topline sales are not able to grow as fast as the inventory level.

Would the management be able to share with shareholders the reasons for such concerns and how the management decides the level of inventory for the future sales? Are there any risks of impairment for the inventories?

Company’s response

Over the past decade—and especially in the last five years—the luxury watch market has undergone major transformation, driven by the downstream verticalization of several leading brands. This has disrupted long-established supply chains and market dynamics.

In response, our Group has recalibrated its strategies to ensure long-term sustainability. Rebalancing the brand portfolio has involved significant investment in branding, marketing, and sales engagement. Despite market challenges, the Group is gaining momentum with a growing lineup of partner brands.

Amid ongoing macroeconomic uncertainty and geopolitical tensions, the Board and Management have maintained selected expansion plans to support medium- to long-term growth. FY2024 was a landmark year with notable expansion in retail footprint and the introduction of several new brands. This growth continues in FY2025 with further investment in brand partnerships and infrastructure.

Inventory levels have risen as part of the Group’s deliberate growth strategy. The increase in Days Sales in Inventory (DSI) over the past two years reflects both the investment phase and changing market conditions. While inventory impairment is a normal aspect of retail operations, the Group continues to manage inventory levels prudently and regularly reviews for obsolescence or overstock in line with its strategic goals.

The retail network grew from 52 outlets to 58 by end-FY2025. Strategic approaches differ across the industry—while some focus on a narrow brand portfolio, others, like our Group, pursue broader growth potential with longer-term returns. DSI levels among listed peers vary widely, depending on their business models, growth strategies, and brand mix.

Question 2

In the financial year 2025, we had an operating cost of S\$194m, and Revenue is 862m, GP is 280m, meaning that the cost is 22.5% of the revenue, and 69% of the GP. It is quite high if we compare with the No.1 competitor in Singapore. Would the management able to shed some light on this? And if possible, please guide us on the future improvement plans on the cost management.

Company's response

Thank you for the observation. While headline expense-to-revenue ratios offer a convenient comparison, they do not fully capture the underlying strategic and structural differences between companies. Variations in business models, accounting treatments, market positioning, and the maturity of business segments—whether in a growth or consolidation phase—can materially affect cost ratios and should be considered when making comparisons.

Our focus remains on long-term, sustainable profitability. We invest in brand equity, customer engagement, and capabilities that strengthen customer lifetime value. That said, we are also committed to driving operating efficiency and cost discipline. Management continues to review our cost structure regularly and has identified specific areas for process streamlining and productivity enhancement, which will contribute to improved cost leverage over time.