SHOPPER360 LIMITED
(Company Registration Number: 201634929Z)
(Incorporated in the Republic of Singapore)

RESPONSES TO SUBSTANTIAL AND RELEVANT QUESTIONS RECEIVED FROM THE SECURITIES INVESTORS ASSOCIATION (SINGAPORE) ("SIAS") AND SHAREHOLDERS IN RELATION TO THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MAY 2025

The Board of Directors (the "**Board**") of shopper360 Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the questions raised by the SIAS and shareholders in relation to its Annual Report for the financial year ended 31 May 2025 ("**FY2025**"), which was issued on 8 September 2025.

The Company has consolidated the questions submitted and has set out responses to the questions in **Annex A** of this announcement.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company. When in doubt as to the action they should take, shareholders and potential investors are advised to consult their stockbrokers, bank managers, accountants, solicitors or other professional advisers.

By order of the Board

Chew Sue Ann

Executive Chairman and Group Managing Director

24 September 2025

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*This announcement has been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "**Sponsor**").*

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**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.*

The contact person for the Sponsor is Ms. Leong Huey Miin, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone: +65 6636 4201.

ANNEX A

Question 1

For the financial year ended 31 May 2025, the group reported revenue of RM184.2 million, up 2% from RM180.7 million. Gross profit decreased by RM8.4 million, or 22%, from RM37.8 million to RM29.4 million. Gross profit margin was significantly lower at 15.9% in FY2025 (2024: 20.9%). Prior to the pandemic, the group's average gross profit margin for FY2018- FY2019 was 26.6%.

Revenue from the Sales Execution and Distribution segment rose RM10.4 million or 7.3% in FY2025, driven by expanded services for existing customers. Revenue from Advertising and Marketing fell RM6.8 million or 17.4% primarily due to the boycott movement towards global brands linked to geopolitical tensions which led to cautious expenditure by clients, and the cessation of operations in shopperplus Myanmar on 31 January 2025.

i. Can management provide a detailed breakdown to show gross margins across its business units of advertising, marketing, sales execution and distribution activities individually, and identify the key drivers impacting margins?

The Company will not be providing a detailed breakdown of gross margins, as such information is commercially sensitive and confidential.

In relation to the above business segments, the Company sets out below the key drivers:

Advertising and Marketing

- Service mix
  - Activation and contest management services generally yield lower margins.
  - Creative & design ("**C&D**") services typically yield higher margins, as they are primarily driven by personnel costs, which are accounted for under fixed overheads.
- Manpower cost
  - Manpower costs are treated as fixed costs, C&D staff effective capacity planning and charging out their time at profitable rates drives margins.
- Project scale & complexity
  - Larger or recurring projects offer better economies of scale and greater flexibility in spreading fixed costs.
  - In contrast, smaller one-off events tend to incur relatively higher set-up and coordination costs, that lead to lower margins.
- Technology & tools
  - Use of design software, automation tools, and event management systems can reduce manpower intensity.

Sales Execution

- Service mix – Payroll projects generally yield lower margins compared to full field force projects.

- Ad hoc and festive projects tend to have higher margins due to their seasonal nature.
- Technology & Tools - Use of automation tools, and project management systems can reduce manpower intensity. Incorporating Artificial Intelligence ("**AI**") further enables the Company to deliver value added services such as data analysis.

Distribution (discontinued)

The distribution business segment has been discontinued with effect from May 2025.

The management of the Company ("Management") has attributed the decline in gross profit margin to changes in service mix and higher cost structures. Staff costs increased by over RM10 million or 7.3% from RM138.8 million to RM149.0 million while revenue increased by only 2%.

ii. How is management restructuring its cost base to address the disproportionate increase in staff costs relative to revenue, and what productivity metrics or efficiency initiatives are being implemented to ensure scalability and operating leverage?

The increase of RM10 million is mainly contributed by the expansion of payroll & recruitment projects under the sales and execution segment.

Management is working with Avinity Analytics Pte. Ltd., the Group's associated company, to leverage on its business analytics and AI tools within the Group. The implementation of these tools will allow for scalability and increased speed to market. Where possible, team members will multi-task and hiring will be deferred to maximise resource utilisation.

iii. How successful has the group been in delivering growth in its higher-margin service lines, and is the board satisfied with the pace and scale of progress achieved?

In the last 18 months, the higher-margin service lines were impacted by the closure of the operations in Myanmar and the adverse impact from multiple armed conflicts that has dampened advertising and marketing expenditures. Additionally, the boycott movement towards global brands linked to geopolitical tensions led to cautious expenditure by clients. The Board is focused on driving growth in this segment by expanding services to existing customers and acquiring new customers for the higher-margin service lines.

iv. What are management's operational and financial priorities for the next 18 to 24 months to rebuild gross profit margins to 26% and higher?

Management is focused on increasing revenue across all business services, with particular emphasis on advertising and marketing services. Efforts are concentrated on acquiring new customers while expanding service offerings to our existing customer base.

From an operational efficiency perspective, as mentioned above, the Group is investing in automation and using AI tools to accelerate processes and reduce additional hiring as the business grows.

Question 2

Since the financial year ended 31 May 2022, the group streamlined its segment reporting from four to three core segments:

- Advertising and marketing (consolidating "In-store advertising and digital marketing" with "Sampling activities and events management")
- Sales execution and distribution (previously "Field force management")
- Others

i. Given recent corporate developments, how strategically important is distribution in the group's long-term plans?

By the end of FY2025, Management decided to exit the distribution business by selling a majority stake of the business as distribution is not aligned with the Group's long-term strategic plans.

ii. Has the board conducted a review of past investments into Marvel Distribution, PB Grocery, Troopers Innovation, Boostorder, Lapasar etc and have these investments create long-term sustainable shareholder value? Does management's involvement in these investments potentially divert attention from the core business? Would management's time be better allocated towards driving growth and optimising operations in the core business?

The Board has reviewed the Group's investments. Troopers Innovation, Boostorder and Lapasar have demonstrated positive realised and unrealised fair value growth, whilst investments in PB Grocery and Marvel Distribution had not.

Management's role in these investments is primarily limited to facilitating access to the Group's network to create mutually beneficial opportunities and drive value accretion. In addition, the Group, where appropriate, also utilise the services of investee companies to strengthen the Group's proposition to its clients and business partners.

With the exit from Myanmar and Marvel Distribution, Management's key focus is on optimising the core business.

30 **Segment information (cont'd)**

The segment information provided to management for the reportable segments are as follows:

2025 *Segment revenue*	Advertising and marketing RM	Sales execution and distribution RM	Others RM	Eliminations RM	Consolidation total RM
Sales to external customers	32,364,631	151,881,841	–	–	184,246,472
Intersegment sales	1,998,333	28,820	7,880,912	(9,908,065)	–
Total revenue	34,362,964	151,910,661	7,880,912	(9,908,065)	184,246,472
Tax (credit)/expense	(412,448)	1,360,020	606,194	–	1,553,766
Segment (loss)/profit	(4,519,483)	4,100,032	(13,413,151)	–	(13,832,602)

2024 *Segment revenue*	Advertising and marketing RM	Sales execution and distribution RM	Others RM	Eliminations RM	Consolidation total RM
Sales to external customers	39,167,504	141,512,062	–	–	180,679,566
Intersegment sales	1,185,212	65,250	8,269,489	(9,519,951)	–
Total revenue	40,352,716	141,577,312	8,269,489	(9,519,951)	180,679,566
Tax expense	447,690	1,544,305	191,342	–	2,183,337
Segment profit	328,747	1,080,036	576,900	–	1,985,683

(Source: company annual report; emphasis added[1])

iii. Would management consider reinstating standalone reporting for advertising, marketing and field force management to enhance transparency, improve benchmarking against peers, and allow investors to better evaluate capital allocation effectiveness across these activities?

As Distribution services have ceased during FY2025, the Sales Execution and Distribution segment only has Field Force Management. Management sees the advertising and marketing services as an integrated segment.

Would the audit committee review the potential benefits of standalone reporting for improved shareholder insights into management's capital allocation and business performance?

The Audit Committee will review the segment reporting in the upcoming reporting cycle.

iv. Separately, can management provide an update on the progress made by shopperplus Singapore, which has been operating for nearly 2 years? How does the sale of a major Singapore supermarket chain to Macrovalue affect the group's strategy and growth trajectory in Singapore?

shopperplus Singapore continues to partner with NTUC FairPrice to provide advertising services and has recently begun offering merchandising services to several brand owners albeit on a small scale. The Singapore business remains unprofitable.

We have not been able to add the supermarket chain now owned by Macrovalue to the Group's landbank in Singapore hence affected the growth of shopperplus Singapore.

Question 3

Mr Carl Thong Chia Lin was appointed as independent director of the company on 29 November 2024. The director will be retiring pursuant to Regulation 116 of the company's constitution and will be seeking his re-election at the annual general meeting.

i. Can the board provide greater clarity on the rationale, selection criteria and search and nomination process that led to the appointment of the new independent director, as required under the SGX appointment announcement template?

When identifying a new independent director, the Nominating Committee ("**NC**") first reviews the existing Board composition, the Group's strategic and operational needs, and its diversity objectives. Upon review by the Board, the NC will then evaluate potential candidate.

The NC assessed Mr Thong's candidacy based on his skills, experience, knowledge, business, finance and management skills, and how these attributes would complement and strengthen the Board, before making a recommendation of his appointment to the Board.

It is observed that the director has two principal commitments as managing director and serves as director/chairman of over 30 other entities. Prior to his appointment to the board, Mr Carl Thong Chia Lin has no experience serving as a director on a SGX-listed company.

ii. To facilitate shareholders' informed decision making, can the director share his knowledge and experience in retail, and explain how his skills strengthen the board's collective expertise while actively supporting the company's long-term strategy and enhancing the board's effectiveness?

As Founder and CEO of Incontech group, Mr Thong built a consumer healthcare products company with over 100 Store Keeping Units distributed through leading modern trade and chain retailers such as Watsons and Guardian, spanning across seven countries. Beyond healthcare, Mr Thong has extensive experience in retail formats, having developed TV shopping businesses in Japan by exporting U.S. consumer goods for television and retail sales, including placement in Logos retail chains. He also pioneered online e-commerce retailing initiatives, gaining end-to-end exposure across offline and digital retail ecosystems. This breadth of retail and consumer distribution experience enables Mr Thong to contribute practical insights on shopper behaviour, channel strategy, and international expansion.

Mr Thong also provides strategic advisory and training for companies including multinational corporations.

By bringing this expertise to shopper360's Board, Mr Thong can help strengthen collective decision-making, actively support the Company's long-term growth strategy, and enhance the board's overall effectiveness in guiding the Company.