

OIO HOLDINGS LIMITED

Company Registration No. 201726076W

Unaudited Condensed Interim Financial Statements

For the Six Months Period Ended 30 June 2021

Background

OIO Holdings Limited (the “**Company**”) was incorporated in Singapore on 13 September 2017 under the Companies Act (Chapter 50) of Singapore as a company limited by shares under the name of “DLF Holdings Pte Ltd”. The Company was converted into a public company and changed its name to “DLF Holdings Limited” on 19 June 2018. The Company, its subsidiaries and (the “**Group**”) were formed pursuant to a restructuring exercise (the “**Restructuring Exercise**”) implemented in October 2017 which was prior to the Initial Public Offering and listing on the Catalist of the SGX-ST on 25 July 2018. The Restructuring Exercise was completed on 20 October 2017. Please refer to the Company’s Offer Document dated 17 July 2018 for further details on the Restructuring Exercise.

As approved at the Extraordinary General Meeting (“**EGM**”) dated 26 June 2020, the Company has diversified its business to blockchain related business and changed its name to “OIO Holdings Limited” on 2 July 2020. The Company aims to create additional revenue stream and steady growth from the blockchain agency and related business on top of its mechanical and electrical (“**M&E**”) engineering business.

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INFORMATION REQUIRED FOR ANNOUNCEMENT OF HALF YEAR RESULTS

A. Condensed Interim Consolidated Income Statement and Other Comprehensive Income

| | Note | Group | | |
|--|------|------------------------------------|------------------------------------|--------|
| | | Six Months Ended | | Change |
| | | 30 June 2021 (Unaudited) S\$ | 30 June 2020 (Unaudited) S\$ | |
| Revenue | 4 | 1,641,113 | 677,825 | 142.1 |
| Cost of sales | | (405,912) | (274,979) | 47.6 |
| Gross profit | | 1,235,201 | 402,846 | 206.6 |
| Other operating income | | 93,419 | 229,584 | (59.3) |
| Selling and distribution expenses | | (464,676) | (46,212) | N.M. |
| Administrative expenses | | (1,179,034) | (862,431) | 36.7 |
| Other operating expenses | | (227,311) | (49,393) | N.M. |
| Result from operation | | (542,401) | (325,606) | (66.6) |
| Finance costs | | (1,377) | (47,175) | (97.1) |
| Loss before taxation | 5 | (543,778) | (372,781) | (45.9) |
| Income tax expense | 6 | (94,904) | (5,893) | N.M. |
| Loss for the financial period | | (638,682) | (378,674) | (68.7) |
| Other comprehensive income | | | | |
| <u>Items that may be reclassified to profit or loss in subsequent periods (net of tax)</u> | | | | |
| Currency translation differences on consolidation of entities (net) | | 39,615 | - | N.M. |
| Total other comprehensive loss for the period | | (599,067) | (378,674) | (58.2) |
| Loss attributable to: | | | | |
| Owners of the Company | | (618,872) | (378,674) | (63.4) |
| Non-Controlling interests ("NCI") | | (19,810) | - | N.M. |
| | | (638,682) | (378,674) | (68.7) |
| Total comprehensive loss attributable to: | | | | |
| Owners of the Company | | (599,067) | (378,674) | N.M. |
| Non-Controlling interests ("NCI") | | - | - | - |
| | | (599,067) | (378,674) | N.M. |

N.M. denotes not meaningful

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B. Condensed Interim Statements of Financial Position

| | Note | Group | | Company | |
|---|------|---------------------------------------|---|---------------------------------------|---|
| | | 30 June 2021 (Unaudited) S\$ | 31 December 2020 (Audited) S\$ | 30 June 2021 (Unaudited) S\$ | 31 December 2020 (Audited) S\$ |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Investment in subsidiaries | 7 | - | - | 9,124,111 | 1 |
| Intangible assets | 8 | 10,126,458 | - | - | - |
| Property, plant and equipment | 9 | 16,584 | 30,188 | 3,738 | 3,198 |
| Right-of-use assets | | 32,188 | 57,850 | - | - |
| Deferred tax assets | | - | 96,489 | - | - |
| Total non-current assets | | 10,175,230 | 184,527 | 9,127,849 | 3,199 |
| Current assets | | | | | |
| Trade and other receivables | | 271,409 | 111,629 | 223,961 | 20,257 |
| Cash and bank balances | | 5,279,646 | 338,369 | 2,885,390 | 94,084 |
| Total current assets | | 5,551,055 | 449,998 | 3,109,351 | 114,341 |
| Total assets | | 15,726,285 | 634,525 | 12,237,200 | 117,540 |
| EQUITY AND LIABILITIES | | | | | |
| Equity attributable to equity holders of the Company | | | | | |
| Share capital | 14.1 | 19,873,017 | 9,499,017 | 19,873,017 | 9,499,017 |
| Reserves | | (2,823,739) | (2,621,264) | (242,090) | - |
| Accumulated losses | | (11,275,714) | (10,656,842) | (14,681,636) | (13,878,917) |
| Total equity attributable to owners of the Company | | 5,773,564 | (3,779,089) | 4,949,291 | (4,379,900) |
| Non-controlling interests | | (64,181) | (44,371) | - | - |
| Total equity | | 5,709,383 | (3,823,460) | 4,949,291 | (4,379,900) |
| LIABILITIES | | | | | |
| Non-current liabilities | | | | | |
| Trade and other payables | | 850,000 | 850,000 | 850,000 | 850,000 |
| Provision for contingent liability | 11 | 1,564,244 | - | - | - |
| Lease liabilities | | 31,967 | 38,047 | - | - |
| Loan from shareholders | 13 | 3,388,800 | 700,000 | 3,388,800 | 700,000 |
| Total non-current liabilities | | 5,835,011 | 1,588,047 | 4,238,800 | 1,550,000 |
| Current liabilities | | | | | |
| Trade and other payables | | 2,438,268 | 1,795,286 | 2,649,109 | 2,447,440 |
| Deferred revenue | 10 | 859,211 | - | - | - |
| Lease liabilities | | 18,130 | 36,583 | - | - |
| Loan from shareholders | 13 | 400,000 | 500,000 | 400,000 | 500,000 |
| Current tax liabilities | | 466,282 | 538,069 | - | - |
| Total current liabilities | | 4,181,891 | 2,869,938 | 3,049,109 | 2,947,440 |
| Total liabilities | | 10,016,902 | 4,457,985 | 7,287,909 | 4,497,440 |
| Total equity and liabilities | | 15,726,285 | 634,525 | 12,237,200 | 117,540 |

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C. Condensed Interim Consolidated Statement of Cash Flows

| | | Group | |
|---|--|------------------|-------------------------|
| | | Six Months Ended | |
| | | 30 June 2021 | 30 June 2020 |
| | | (Unaudited) | (Unaudited) |
| Note | | S\$ | S\$ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| | Loss before income tax | (543,778) | (372,781) |
| | Adjustments for: | | |
| | Amortisation of software development | 36,752 | - |
| | Crypto assets received as revenue | (853,325) | - |
| | Crypto asset payments for expenses | 237,123 | - |
| | Depreciation of property, plant and equipment | 17,467 | 27,667 ⁽¹⁾ |
| | Depreciation of right-of-use assets | 25,662 | 36,236 ⁽¹⁾ |
| | Early loan redemption charges | - | 9,795 |
| | Impairment loss on crypto assets | 147,768 | - |
| | Impairment loss on trade receivables | 642 | - |
| | Interest expense | 1,377 | 37,380 |
| | Reversal of impairment on right-of-use assets | - | (54,320) |
| | Loss on disposal of crypto assets | 78,901 | - |
| | Reversal of impairment on trade receivables | - | (141,433) |
| | Loss on disposal of right-of-use assets | - | 49,393 |
| | Operating loss before working capital changes | (851,411) | (408,063) |
| | Change in contract work-in-progress | - | 112,000 |
| | Change in trade and other receivables | (87,482) | 321,091 |
| | Change in trade and other payable | 17,231 | 945,679 |
| | Net cash (used in)/ generated from operations | (921,662) | 970,707 |
| | Income tax paid | (71,787) | - |
| | Net cash (used in)/ generated from operating activities | (993,449) | 970,707 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| | Cash acquired via acquisition of subsidiaries settled in consideration shares ⁽³⁾ | 98,386 | - |
| | Disposal of crypto assets | 67,007 | - |
| | Proceeds from disposal of right-of-use assets | - | 233,352 |
| | Purchase of property, plant and equipment | (3,863) | (4,124) |
| | Net cash generated from investing activities | 161,530 | 229,228 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| | Early loan redemption charges | - | (9,795) |
| | Interest paid | (1,377) | (36,746) |
| | Proceeds from issuance of convertible notes | 3,229,420 | - |
| | Proceeds from shareholder's loan | 2,694,400 | 500,000 |
| | Repayment of bank borrowings | - | (576,756) |
| | Repayment of lease liabilities | (26,028) | (81,442) ⁽²⁾ |
| | Repayment of loan from shareholder | (100,000) | - |
| | Net cash generated from/ (used in) financing activities | 5,796,415 | (204,739) |
| | Net increase in cash and cash equivalents | 4,964,496 | 995,196 |
| | Cash and cash equivalents at beginning of financial period | 338,369 | (397,514) |
| | Effects of exchange rate changes on cash and cash equivalents | (13,259) | - |
| | Cash and cash equivalents at end of the financial period | 5,279,646 | 597,682 |
| | Cash and bank balances | 5,279,646 | 1,140,468 |
| | Less: Bank overdraft | - | (542,786) |
| | Net cash and bank balances | 5,279,646 | 597,682 |

⁽¹⁾ Depreciation of right-of-use asset were reclassified from depreciation of property, plant and equipment during financial year-end audit for FY2019.

⁽²⁾ Finance lease liabilities were reclassified to lease liabilities during financial year-end audit for FY2019.

⁽³⁾ Acquisition of the entire share capital of Moonstake Pte Ltd was fully satisfied by issuance of the consideration shares by the Company. Refer to Note 12 and Note 14.1 for further details.

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D. Condensed Interim Statements of Changes in Equity

| Group (Unaudited) | Note | Share capital | Other reserves | Foreign currency reserves | Accumulated losses | Equity attributable to owners of the parent | Non-controlling interests | Total equity |
|--|------|-------------------|--------------------|---------------------------|---------------------|---|---------------------------|--------------------|
| | | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ | S\$ |
| 1H2021 | | | | | | | | |
| Balance as at 1 January 2021 | | 9,499,017 | (2,888,997) | 267,733 | (10,656,842) | (3,779,089) | (44,371) | (3,823,460) |
| Loss for the period | | - | - | - | (618,872) | (618,872) | (19,810) | (638,682) |
| Capital reserve from acquisition of subsidiaries | | - | (242,090) | - | - | (242,090) | - | (242,090) |
| Foreign currency translation differences | | - | - | 39,615 | - | 39,615 | - | 39,615 |
| Total comprehensive loss for the period | | - | (242,090) | 39,615 | (618,872) | (821,347) | (19,810) | (841,157) |
| Distribution to shareholders | | | | | | | | |
| Issuance of new ordinary shares | 14.1 | 10,374,000 | - | - | - | 10,374,000 | - | 10,374,000 |
| Balance as at 30 June 2021 | | 19,873,017 | (3,131,087) | 307,348 | (11,275,714) | 5,773,564 | (64,181) | 5,709,383 |
| 1H2020 | | | | | | | | |
| Balance as at 1 January 2020 | | 9,499,017 | (2,888,997) | 267,733 | (9,817,924) | (2,940,171) | 26,100 | (2,914,071) |
| Loss for the period | | - | - | - | (378,674) | (378,674) | - | (378,674) |
| Total comprehensive loss for the period | | - | - | - | (378,674) | (378,674) | - | (378,674) |
| Balance as at 30 June 2020 | | 9,499,017 | (2,888,997) | 267,733 | (10,196,598) | (3,318,845) | 26,100 | (3,292,745) |
| Company | | | | | | | | |
| (Unaudited) | Note | Share capital | Other reserves | Accumulated losses | Total equity | | | |
| | | S\$ | S\$ | S\$ | S\$ | | | |
| 1H2021 | | | | | | | | |
| Balance as at 1 January 2021 | | 9,499,017 | - | (13,878,917) | (4,379,900) | | | |
| Loss for the period | | - | - | (802,719) | (802,719) | | | |
| Capital reserve from acquisition of subsidiaries | | - | (242,090) | - | (242,090) | | | |
| Total comprehensive loss for the period | | - | (242,090) | (802,719) | (1,044,809) | | | |
| Distribution to shareholders | | | | | | | | |
| Issuance of new ordinary shares | 14.1 | 10,374,000 | - | - | 10,374,000 | | | |
| Balance as at 30 June 2021 | | 19,873,017 | (242,090) | (14,681,636) | 4,949,291 | | | |
| 1H2020 | | | | | | | | |
| Balance as at 1 January 2020 | | 9,499,017 | - | (12,283,903) | (2,784,886) | | | |
| Loss for the period | | - | - | (351,295) | (351,295) | | | |
| Total comprehensive loss for the period | | - | - | (351,295) | (351,295) | | | |
| Balance as at 30 June 2020 | | 9,499,017 | - | (12,635,198) | (3,136,181) | | | |

E. Notes to The Condensed Interim Consolidated Financial Statements

1. Corporate information

The Company is incorporated as a private company and domiciled in the Republic of Singapore. The Company was listed on 25 July 2018 in the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”). These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Group are:-

- (a) Mechanical and electrical engineering services segment relates to provision of solutions and services in fire protection systems, plumbing and sanitary systems, and heating, ventilation and air-conditioning systems. Our customers include main contractors, property developers, luxury hotels, statutory boards, listed companies and government bodies;
- (b) Management services segment relates to provision of contract work management and fulfilment services;
- (c) Blockchain agency and consulting services relates to sales agency services to blockchain companies in respect of their blockchain-related products and services, software development outsource agency services to blockchain companies in respect of their software development projects, consultancy services to blockchain companies in respect of the strategy, sales and marketing, technology and operation of their blockchain-related businesses, products and services and commercialisation of blockchain-related products, which are conducted by OIO Singapore Pte Ltd; and
- (d) Staking¹ services relate to provision of digital wallets and staking services to retail customers as well as research and development services to enterprise customers in relation to their staking and decentralized finance businesses, which are conducted by Moonstake Pte Ltd and Moonstake Limited acquired by the Group on 31 May 2021. Moonstake Pte Ltd and its subsidiary shall collectively be referred to as the “**MS Group**”.

¹ Staking is a technical feature of blockchain technologies which utilises Proof of Stake (“PoS”) as a validation mechanism by rewarding token holders who had staked their tokens for the validation process. A staking pool aggregates digital assets from multiple token holders to increase the token holders’ likelihood of receiving the blockchain validation rewards under the PoS system. The MS Group provides a proprietary software platform, including a user-friendly web wallet and mobile wallet services, in order to provide a full range of staking functions, and to serve a larger pool of tokens for holders to stake the cryptocurrencies they hold.

Proof of Stake produces and validates new blocks in blockchains through the process of staking, allowing new blocks to be produced without relying on specialised mining hardware. While mining requires a significant investment in hardware, under staking, holders participate in generating a block by delegating the cryptocurrencies they already hold.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2021 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 year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim consolidated financial statements are presented in Singapore Dollar which is the Company's functional currency.

2.1. New and amended standards adopted by the Group

The Group and the Company have adopted the new and revised SFRS(I)s, and Interpretations of SFRS(I) ("SFRS(I) INTs") that are effective for the annual period beginning on 1 January 2021. The adoption of these SFRS(I)s and SFRS(I) INTs did not have any significant effect on the financial statements of the Group and the Company.

2.2 Use of judgement 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 and liabilities, income and expense. 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 2020.

Estimates and underlying assumptions are 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.

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:

2.2 Use of judgement and estimates (Cont'd)

(a) Determination of operating segments

Management will first identify the Chief operating decision maker (“CODM”). Then it should identify their business activities (which may not necessarily earn revenue or incur expenses). Management will further determine whether discrete financial information is available for the business activities and whether that information is regularly reviewed by the CODM. Judgment is applied by management of the aggregation criteria to operating segments.

(b) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management’s assessment of the economic environment in which the entities operate and the entities’ process of determining sales prices.

(c) Income tax

Significant judgement is involved in determining the Group provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issue based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(d) Revenue recognition

(i) Mechanical and electrical engineering works

With regard to projects for which performance obligations are satisfied over time, the Group recognises revenue as the project progresses using the percentage-of-completion method. The percentage of completion is estimated by reference to the stage of completion based on the value of the contract sum as certified by third party quantity surveyors and the estimated total project value to complete. Significant judgement is required in determining the estimated total contract value which include contracts awarded, estimation of variation works, if any, and the experience of qualified project managers.

(ii) Blockchain agency and consulting services²

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, usually on delivery of goods and acceptance by customers. Revenue from services is recognised when services are rendered and accepted by customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated cost or the possible return of goods.

² Conducted by OIO Singapore Pte Ltd.

2.2 Use of judgement and estimates (Cont'd)

*(iii) Staking services*³

For digital wallets and staking services, revenue is recognized at the point when the block creation or validation is complete and the rewards are available for transfer. Revenue is measured based on the number of tokens received and the fair value of the token at the date of recognition.

For research and development services, revenue is recognised when services are rendered and accepted by customers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated cost or the possible return of goods.

(e) Impairment of financial assets

The Group uses a provision matrix to calculate ECL for the trade receivables. The provision matrix is based on the Group's historical default rates taking into consideration reasonable and supportable forward-looking information that is available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables which are credit impaired are assessed for ECL individually. The provision of ECL is sensitive to changes in estimates.

(f) Depreciation of property, plant and equipment and right-of-use assets

Property, plant and equipment and right of use assets are depreciated on a straight-line basis over their estimated useful lives. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(g) Impairment of non-financial assets

Property, plant and equipment, investments in subsidiaries, right-of-use assets and goodwill on acquisition of subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets and, where applicable, cash generating units, have been determined based on the higher of fair value, reflecting market conditions less costs to sell and value-in-use. Estimating the recoverable amount requires the Group to make estimates of the expected future cash flows from the cash-generating unit and use estimates and assumptions such as future market growth, forecast revenue and costs, utilisation period of the assets, discount rates and other factors. The determination of the fair value less cost to sell of the Group's property, plant and equipment include use of unobservable inputs. Because of the inherent valuation uncertainty, those estimated fair values may differ significantly from actual results, and those differences could be material.

³ Conducted by Moonstake Pte Ltd and Moonstake Limited.

2.2 Use of judgement and estimates (Cont'd)

(h) Determination of incremental borrowing rate for leases

The Group recognises a lease liability at the present value of the remaining lease payments using the Group's incremental borrowing rate for the underlying lease asset; and recognises a right-of-use asset, on a lease-by-lease basis at an amount equal to the lease liability. Management applies significant estimates and assumptions in determining the incremental borrowing rate, with key inputs to the computation comprising the term of the lease, nature and quality of the security, economic environment and credit spread.

(i) Acquisition of subsidiary: The fair value of the consideration transferred and the fair value of the assets acquired and liabilities assumed, measured on a provisional basis

The Group completed the acquisition of MS Group on 31 May 2021. Purchase price allocation exercise requires a significant amount of management estimation, particularly in relation to the identification and valuation of the fair value of the assets acquired and liabilities assumed. The disclosure of the above is set out in Note 12.

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

The Group is organised into the following main business segments in 1H2021:-

- Segment 1: Mechanical and electrical engineering services;
- Segment 2: Management services;
- Segment 3: Blockchain technology services; and
- Segment 4: Unallocated.

These operating segments are reported in a manner consistent with internal reporting provided to management who are responsible for allocating resources and assessing performance of the operating segments.

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4.1. Reportable segments

| <u>1H2021</u> | Mechanical and electrical engineering services | Management services | Blockchain technology services ⁽¹⁾ | Unallocated | Total |
|---|---|--------------------------------|--|--------------------|--------------|
| | S\$ | S\$ | S\$ | S\$ | S\$ |
| Revenue | 339,602 | - | 1,301,511 | - | 1,641,113 |
| Segment results | 3,018 | (2,560) | 259,862 | (802,721) | (542,401) |
| Profit/ (Loss) before tax | 1,641 | (2,560) | 259,862 | (802,721) | (543,778) |
| Segment assets | 263,082 | - | 12,632,346 | 2,830,857 | 15,726,285 |
| Segment liabilities | 1,384,973 | 27,280 | 2,936,193 | 5,668,456 | 10,016,902 |
| <i>Other information</i> | | | | | |
| Finance costs | (1,377) | - | - | - | (1,377) |
| Realised foreign exchange (loss)/ gain, net | - | - | (1,364) | 3,035 | 1,671 |
| Unrealised foreign exchange gain, net | - | - | 2,791 | 7,169 | 9,960 |
| Amortisation of software development | - | - | (36,752) | - | (36,752) |
| Purchase of property, plant and equipment | - | - | (2,525) | (1,338) | (3,863) |
| Depreciation of right-of-use assets | (25,662) | - | - | - | (25,662) |
| Depreciation of property, plant and equipment | (16,247) | - | (421) | (799) | (17,467) |
| Impairment loss on trade receivables | (642) | - | - | - | (642) |
| Impairment loss on crypto assets | - | - | (147,768) | - | (147,768) |
| Loss on disposal on crypto assets | - | - | (78,901) | - | (78,901) |

(1) This segment includes blockchain agency and consulting services and staking services.

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4. Segment and revenue information (Cont'd)

4.1. Reportable segments (Cont'd)

The Group is organised into the following main business segments in 1H2020:-

- Segment 1: Mechanical and electrical engineering services;
- Segment 2: Turnkey contracting services;
- Segment 3: Management services;
- Segment 4: Blockchain technology services; and
- Segment 5: Unallocated.

| 1H2020 | Mechanical and electrical engineering services S\$ | Turnkey contracting Services ⁽²⁾ S\$ | Management services S\$ | Blockchain technology services ⁽³⁾ S\$ | Unallocated S\$ | Total S\$ |
|---|---|--|--|--|----------------------------|----------------------|
| Revenue | 331,284 | - | - | 346,541 | - | 677,825 |
| Segment results | 31,280 | (3,513) | - | 346,541 | (699,914) | (325,606) |
| Profit/ (Loss) before tax | (15,895) | (3,513) | - | 346,541 | (699,914) | (372,781) |
| Segment assets | 1,681,570 | 17,137 | 526,489 | 1,145,336 | - | 3,370,532 |
| Segment liabilities | 2,319,548 | 869,740 | 64,272 | 3,399,162 | 10,555 | 6,663,277 |
| <i>Other information</i> | | | | | | |
| Finance costs | (34,375) | - | - | - | - | (34,375) |
| Unrealised foreign exchange gain, net | 169 | - | - | - | - | 169 |
| Purchase of property, plant and equipment | - | - | - | (4,124) | - | (4,124) |
| Depreciation of right-of- use assets | (36,236) | - | - | - | - | (36,236) |
| Depreciation of property, plant and equipment | (27,429) | - | - | (238) | - | (27,667) |
| Reversal of Impairment loss on right-of-use assets | 54,320 | - | - | - | - | 54,320 |
| Reversal of Impairment loss on trade and other receivables, net | 141,433 | - | - | - | - | 141,433 |

(2) Turnkey contracting services have been placed under creditor voluntary liquidation since November 2020.

(3) This segment includes blockchain agency and consulting services.

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4.2. Disaggregation of Revenue

| | Mechanical and electrical engineering services | Blockchain technology services | Total |
|--------------------------------------|---|---|------------------|
| | S\$ | S\$ | S\$ |
| 1H2021 | | | |
| Rendering of services | 339,602 | 1,301,511 | 1,641,113 |
| Timing of revenue recognition | | | |
| At a point in time | - | 1,207,912 | 1,207,912 |
| Over time | 339,602 | 93,599 | 433,201 |
| | <u>339,602</u> | <u>1,301,511</u> | <u>1,641,113</u> |
| Geographical segments | | | |
| Singapore | 339,602 | 1,091,781 | 1,431,383 |
| Others | - | 209,730 | 209,730 |
| | <u>339,602</u> | <u>1,301,511</u> | <u>1,641,113</u> |
| 1H2020 | | | |
| Rendering of services | 331,284 | 346,541 | 677,825 |
| Timing of revenue recognition | | | |
| At a point in time | - | - | - |
| Over time | 331,284 | 346,541 | 677,825 |
| | <u>331,284</u> | <u>346,541</u> | <u>677,825</u> |
| Geographical segments | | | |
| Singapore | 331,284 | 346,541 | 677,825 |
| | <u>331,284</u> | <u>346,541</u> | <u>677,825</u> |

4.3 Revenue

| | Group | |
|---|-------------------------|---------------------|
| | Six Months Ended | |
| | 30 June 2021 | 30 June 2020 |
| | S\$ | S\$ |
| Mechanical and electrical services | 339,602 | 331,284 |
| Blockchain agency and consulting services | 102,967 | 346,541 |
| Staking services | 1,198,544 | - |
| Total revenue | <u>1,641,113</u> | <u>677,825</u> |

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5. Loss before taxation

5.1 Significant items

Loss for the financial period is stated after (charging)/ crediting the following:-

| | Note | Group | | |
|---|-------------|------------------|-------------------------|--------|
| | | Six Months Ended | | Change |
| | | 30 June 2021 | 30 June 2020 | |
| (Unaudited) | (Unaudited) | | | |
| S\$ | S\$ | | % | |
| Amortisation of software development | 8 | (36,752) | - | N.M. |
| Depreciation on property, plant and equipment | | (17,467) | (27,667) ⁽¹⁾ | (36.9) |
| Depreciation on right-of-use assets | | (25,662) | (36,236) ⁽¹⁾ | (29.2) |
| Early loan redemption charges | | - | (9,795) | N.M. |
| Realised foreign exchange gain, net | | 1,671 | - | N.M. |
| Unrealised foreign exchange gain, net | | 9,960 | 169 | N.M. |
| Government grants | | 81,788 | 33,661 | N.M. |
| Impairment loss on trade receivables | | (642) | - | N.M. |
| Impairment loss on crypto assets | 8 | (147,768) | - | N.M. |
| Interest expenses on bank borrowings | | - | (34,375) | N.M. |
| Interest expenses on lease liabilities | | (1,377) | (3,005) | (54.2) |
| Loss on disposal of right-of-use assets | | - | (49,393) | N.M. |
| Loss on disposal of crypto assets | | (78,901) | - | N.M. |
| Reversal of impairment on right-of-use assets | | - | 54,320 | N.M. |
| Reversal of impairment on trade receivables | | - | 141,433 | N.M. |

N.M. - Not meaningful

Note:-

⁽¹⁾ Depreciation of right-of-use asset were reclassified from depreciation of property, plant and equipment during the year-end audit for FY2020.

5.2. Related party transactions

There were no material related party transactions apart from those disclosed elsewhere in the condensed interim financial statements.

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6. Taxation

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:-

| | Group | |
|--------------------|-------------------------|---------------------|
| | Six Months Ended | |
| | 30 June 2021 | 30 June 2020 |
| | (Unaudited) | (Unaudited) |
| | S\$ | S\$ |
| Income tax expense | 94,904 | 5,893 |

7. Investment in subsidiaries

| | Note | Company | |
|--|-------------|-------------------------|---------------------|
| | | Six Months Ended | |
| | | 30 June 2021 | 30 June 2020 |
| | | (Unaudited) | (Unaudited) |
| | | S\$ | S\$ |
| <u>Unquoted equity investments, at cost</u> | | | |
| At 1 January 2021 | | 1,246,914 | 1,246,914 |
| Acquisition of subsidiaries ⁽¹⁾ | 12 | 6,939,910 | - |
| Additions ⁽²⁾ | | 2,184,200 | - |
| At 30 June 2021 | | 10,371,024 | 1,246,914 |
| Less: Impairment of investment in subsidiaries (At 1 January 2021 and 30 June 2021) | | (1,246,913) | (1,246,913) |
| Investment in subsidiaries - Net | | 9,124,111 | 1 |

(1) On 31 May 2021, the Company acquired Moonstake Pte Ltd (which in-turn owns the entire share capital of Moonstake Limited) with the fair value of the purchase consideration of S\$6,939,910.

(2) In June 2021, the Company increased its investment in Moonstake Pte Ltd by S\$1,984,200 and OIO Singapore Pte Ltd by S\$200,000 respectively.

8. Intangible Assets

| Note | Group | | | |
|----------------------------------|-------------------------|--------------------|----------------------|--------------------|
| | Goodwill on Acquisition | Crypto Assets | Software Development | Total |
| | (Unaudited) S\$ | (Unaudited) S\$ | (Unaudited) S\$ | (Unaudited) S\$ |
| 1H2021 | | | | |
| Cost | | | | |
| At 1 January 2021 | - | - | - | - |
| Acquisition of subsidiaries | 6,884,888 | 3,582,916 | 2,205,142 | 12,672,946 |
| Additions | - | 873,300 | - | 873,300 |
| Disposal | - | (2,972,764) | - | (2,972,764) |
| Currency translation differences | - | 57,217 | 36,008 | 93,225 |
| At 30 June 2021 | 6,884,888 | 1,540,669 | 2,241,150 | 10,666,707 |
| Accumulated Amortisation | | | | |
| At 1 January 2021 | - | - | - | - |
| Acquisition of subsidiaries | - | - | (347,049) | (347,049) |
| Additions | 5.1 | - | (36,752) | (36,752) |
| Currency translation differences | - | - | (6,267) | (6,267) |
| At 30 June 2021 | - | - | (390,068) | (390,068) |
| Accumulated Impairment | | | | |
| At 1 January 2021 | - | - | - | - |
| Additions | 5.1 | (147,768) | - | (147,768) |
| Currency translation differences | - | (2,413) | - | (2,413) |
| At 30 June 2021 | - | (150,181) | - | (150,181) |
| Carrying Amount | | | | |
| At 30 June 2021 | 6,884,888 | 1,390,488 | 1,851,082 | 10,126,458 |

8.1 Goodwill on Acquisition

The Group recognised a goodwill of S\$6,884,888 following the acquisition of new subsidiaries, Moonstake Pte Ltd and Moonstake Limited, on 31 May 2021. Please refer to Note 12 for the details of the acquisition.

8.2 Crypto Assets

The crypto assets held by the Group are accounted for as intangible assets with indefinite useful lives, and are initially measured at cost. Crypto assets accounted for as intangible assets are not amortised, but assessed for impairment annually, or more frequently, when events or changes in circumstances occur indicating that it is more likely than not that the infinite-lived asset is impaired. Impairment exists when the carrying amount exceeds its fair value, which is measured using the quoted price of the crypto asset at the time its fair value is being measured. Impairment expense is reflected in other operating expenses in the consolidated statements of operations. The Group assigns costs to transactions on a first-in, first-out basis.

8. Intangible Assets (Cont'd)

8.3 Software Development

Software development relates to software development costs capitalised for MS Group's staking pool protocol and blockchain nodes setup and implementation, staking services management system and digital wallet solutions.

Software development is stated at cost less accumulated amortisation and impairment losses, if any. The cost is amortised using the straight-line method over the estimated useful life of 5 years.

9. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to S\$3,863 (30 June 2020: S\$4,124).

10. Deferred revenue

Deferred revenue comprises an agency service fee collected in advance. The Group recognizes the deferred revenue to profit or loss over the remaining period of the agreement.

11. Provision for contingent liability

In 2020, a lender (the "**Lender**") extended loans totalling approximately S\$1.6 million to Moonstake Pte Ltd and Moonstake Limited (the "**Original Loans**"). The provision for contingent liability of approximately S\$1.6 million relates to contingent liability arose from the Deed of Novation entered into by Moonstake Pte Ltd, Moonstake Limited, the Lender and a third party as part of the conditions precedent to be fulfilled, with terms and conditions being satisfactory to the Company prior to the completion of the acquisition of Moonstake Pte Ltd.

The entry into the Deed of Novation is to transfer fully the loan liabilities of approximately S\$1.6 million to a third party with a consideration to share 2.2% of Moonstake Limited's revenue with the transferee for the period from 1 June 2020 to 31 December 2026. The Lender continued to have loan receivables which had the same principle amounts with the Original Loans from the third party. The revenue sharing obligations are recognised as the provision for contingent liability.

12. Acquisition of subsidiaries

On 31 May 2021, the Company acquired the entire issued share capital in Moonstake Pte Ltd for an aggregate consideration of S\$7,182,000. Moonstake Pte Ltd in-turn owns the entire issued share capital of its subsidiary, Moonstake Limited. The aggregate consideration was arrived at an arm’s length basis between the vendor and Company after an assessment of the MS Group’s financial position. Roma Appraisals Limited (the “**Independent Valuer**”), was commissioned by the Company to provide an independent valuation of the MS Group.

The aggregate consideration of S\$7,182,000 was satisfied by the issuance of 40,348,314 ordinary shares in the Company to the vendor at an issue price of S\$0.178 per consideration share. The fair valuation of the consideration share was assessed to be S\$6,939,910, or S\$0.172 per consideration share based on valuation derived from the purchase price allocation exercise performed by Roma Appraisals Limited.

Moonstake Pte Ltd’s principal activities include (i) management of the MS Group; (ii) holding and managing the intellectual property rights related to the MS Group’s businesses; (iii) sales and marketing activities in relation to the staking solutions offered by MS Group to enterprise customers and (iv) staking and blockchain finance related consulting services to enterprise customers. Moonstake Limited’s principal activities, on the other hand, include providing digital wallet and staking services to both retail and enterprise customers.

Through the acquisition, the Group is expected to accelerate the growth of the blockchain business from the receipt of additional revenue streams and existing orders of the MS Group, which is in line with the its Diversification Mandate in relation to the commercialisation of blockchain-related products.

The Group incurred acquisition related costs of S\$98,041 relating to external legal fees and due diligence costs and these have been classified as ‘administrative expenses’ in the condensed consolidated statement of profit or loss.

| | Note | S\$ |
|-------------------------------------|-------------|------------|
| <u>Purchase consideration</u> | | |
| Shares consideration ⁽¹⁾ | 7 | 6,939,910 |

⁽¹⁾ 40,348,314 ordinary shares at fair valuation of S\$0.172 per consideration share

Fair values measured on a provisional basis

The fair value of material assets acquired has been determined provisionally pending completion of an independent valuation. If new information obtained within one year from the date of acquisition about facts and circumstances that existed at the date of acquisition identifies adjustments to the above amounts or any additional provisions existed at the date of acquisitions, then the accounting for the acquisition will be revised.

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12. Acquisition of subsidiaries (Cont'd)

The provisional fair value of the identifiable assets and liabilities were:

| | Fair Value S\$ |
|--|-------------------------|
| Intangible asset – Software development | 1,858,093 |
| Intangible asset – Crypto assets | 3,582,916 |
| Trade and other receivables | 71,137 |
| Cash and cash equivalents | 98,386 |
| Trade and other payables | (615,698) |
| Deferred revenue (Note 10) | (872,229) |
| Loan in crypto assets ⁽²⁾ | (2,528,471) |
| Contingent liability recognised (Note 11) | (1,539,112) |
| Net identifiable assets acquired | <u>55,022</u> |
| Add: Provisional goodwill arising from acquisition | <u>6,884,888</u> |
| | <u><u>6,939,910</u></u> |

⁽²⁾ Fully repaid in June 2021.

The provisional goodwill is attributable to the MS Group's strong position and profitability in staking solutions and synergies that are expected to arise after the Company's acquisition of the new subsidiaries.

13. Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

| As at 30 June 2021 (Unaudited) | | As at 31 December 2020 (Audited) | |
|-----------------------------------|------------------|-------------------------------------|------------------|
| Secured S\$ | Unsecured S\$ | Secured S\$ | Unsecured S\$ |
| - | 400,000 | - | 500,000 |

Amount repayable after one year

| As at 30 June 2021 (Unaudited) | | As at 31 December 2020 (Audited) | |
|-----------------------------------|------------------|-------------------------------------|------------------|
| Secured S\$ | Unsecured S\$ | Secured S\$ | Unsecured S\$ |
| - | 3,388,800 | - | 700,000 |

Loans and borrowings

On 7 April 2021, the Group entered into an interest free loan of S\$2,688,800 agreement with the Company's controlling shareholder, which will be repayable within 7 days after 1 May 2022.

13. Aggregate amount of group's borrowings and debt securities (Cont'd)

As at 30 June 2021, there was no borrowing incurred by the Group except for the interest free loan from the Company's controlling shareholders.

During the financial year ended 31 December 2020, the Group made full repayments for the bank borrowings. As at 31 December 2020, there was no borrowing incurred by the Group except for the interest free loan from the Company's controlling shareholders.

14. Share Capital

14.1 Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

| | Group and the Company | | | |
|--|------------------------------|-------------------|----------------------|------------------|
| | Six Months Ended | | | |
| | 30 June 2021 | | 30 June 2020 | |
| | No. of shares | Amount | No. of shares | Amount |
| | | S\$ | | S\$ |
| <u>Issued and paid-up share capital</u> | | | | |
| At beginning of financial period | 121,108,700 | 9,499,017 | 121,108,700 | 9,499,017 |
| Issuance of new ordinary shares ⁽¹⁾ | 40,348,314 | 7,182,000 | - | - |
| Conversion of convertible notes ⁽²⁾ | 17,932,584 | 3,192,000 | - | - |
| At end of financial period | <u>179,389,598</u> | <u>19,873,017</u> | <u>121,108,700</u> | <u>9,499,017</u> |

⁽¹⁾ On 31 May 2021, the Company issued 40,348,314 ordinary shares ("Consideration Shares") at the issue price of S\$0.178 per share for the acquisition of the entire share capital in Moonstake Pte Ltd (which in-turn owns the entire share capital of Moonstake Limited) ("Moonstake Completion").

⁽²⁾ Following the Moonstake Completion on 31 May 2021, the Company converted its convertible notes automatically into 17,932,584 fully paid ordinary shares in the capital of the Company ("Conversion Shares") at the conversion price of S\$0.178 per Conversion Share ("Automatic Conversion").

14.1 Share Capital (Cont'd)

Following the Moonstake Completion and the Automatic Conversion, the total issued and paid-up share capital of the Company has increased from approximately S\$9,499,017 comprising 121,108,700 ordinary shares to approximately S\$19,873,017 comprising 179,389,598 ordinary shares.

The Company did not have any outstanding treasury shares or subsidiary holdings as at 30 June 2021 and 30 June 2020.

Performance Share Plan

On 1 April 2021 and 7 April 2021, the Company announced total awards of 372,830 shares to the employee and the executive director under the performance share plan. The shares to be issued pursuant to the awards are subject to the service condition to be satisfied by respective participants. Once the service condition is satisfied, the shares to be issued pursuant to the awards shall be released to the participants after the respective periods.

14.2 To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

| | As at 30 June 2021 | As at 31 December 2020 |
|-------------------------------|-------------------------------|-----------------------------------|
| Total number of issued shares | 179,389,598 | 121,108,700 |

The Company did not have any treasury shares as at 30 June 2021 and 31 December 2020.

14.3 A statement showing all sales, transfers, cancellation and/ or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

14.4 A statement showing all sales, transfers, cancellation and/ or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. There were no sales, transfers, cancellation and/ or use of subsidiary holdings during and as at the end of the current financial period reported on.

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15. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

| | Six Months Ended | |
|---|------------------|--------------|
| | 30 June 2021 | 30 June 2020 |
| Loss attributable to the owners of the Group (S\$) | 618,872 | 378,674 |
| Weighted average number of ordinary shares in issue | 131,768,517 | 121,108,700 |
| Basic and fully diluted loss per share (cents) | 0.47 | 0.31 |

The basic and diluted loss per share were the same as the Company did not have any dilutive potential ordinary shares for both financial periods.

16. Net Asset Value

Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) Current period reported on; and
- (b) Immediately preceding financial year.

| | Group | | Company | |
|---|--------------|-------------|--------------|-------------|
| | 30 June 2021 | 31 Dec 2020 | 30 June 2021 | 31 Dec 2020 |
| Net asset/ (liability) value (S\$) | 5,709,383 | (3,823,460) | 4,949,291 | (4,379,900) |
| Number of ordinary shares in issue | 179,389,598 | 121,108,700 | 179,389,598 | 121,108,700 |
| Net asset/ (liability) value per ordinary share (cents) | 3.18 | (3.16) | 2.76 | (3.62) |

17. Subsequent Events

There are no known significant subsequent events which have led to adjustments to this set of interim financial statements.

F. Other Information required by Appendix 7C of the Catalist Rules

- 18. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditors.

- 19. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

Not applicable.

- 19A. 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.**

Not applicable.

- 20. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-**

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

Review for the performance of the Group for the six months ended 30 June 2021 (“1H2021”) and 30 June 2020 (“1H2020”)

CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

Revenue

| | 1H2021 S\$ | 1H2020 S\$ | Change (%) |
|---|-----------------------|-----------------------|-----------------------|
| Mechanical and electrical services | 339,602 | 331,284 | 2.5 |
| Blockchain agency and consulting services | 102,967 | 346,541 | (70.3) |
| Staking services | 1,198,544 | - | 100.0 |
| Total | 1,641,113 | 677,825 | 142.1 |

The overall revenue increased by approximately S\$1.0 million or 142.1% to approximately S\$1.6 million in 1H2021, from approximately S\$0.7 million in 1H2020. The higher revenue was primarily attributable to the revenue derived from the newly acquired subsidiaries that provide staking services as described in section 2.2 (d)(iii).

The revenue from Moonstake Pte Ltd and Moonstake Limited only commenced from the month of June 2021 since the acquisition was completed on 31 May 2021.

The increase in revenue was partly offset by the decrease in the revenue from blockchain agency and consulting services by approximately S\$0.2 million as compared to 1H2020. There were no significant changes in sales generated from mechanical and electrical services.

Gross profit and gross profit margin (GPM)

The overall gross profit was approximately S\$1.2 million in 1H2021, which increased by 206.6% from approximately S\$0.4 million in 1H2020. The overall GPM increased from 59.4% in 1H2020 to 75.3% in 1H2021.

The overall gross profit generated in 1H2021 was mainly contributed by the blockchain technology services, of which the GPM was approximately 83.4% in 1H2021. The cost of sales incurred by this business segment was mainly the cost of outsourcing consulting services and commission expenses.

The M&E business generated a gross profit and GPM of approximately S\$0.2 million and approximately 44.2% in 1H2021 as compared to a gross profit and GPM of approximately S\$0.06 million and approximately 17.0% respectively in 1H2020.

Other operating income

Other operating income decreased by approximately S\$0.1 million, from approximately S\$0.2 million in 1H2020 to approximately S\$0.1 million in 1H2021.

Other operating income of S\$0.1 million in 1H2021 primarily comprised of government grants. Government grants were mainly received from the Job Support Scheme for the Covid-19 situation and Job Growth Incentive.

Other operating income (Cont'd)

Other operating income in 1H2020 was higher, mainly attributable to (i) reversal of impairment on trade receivables of approximately S\$0.1 million as a result of a repayment from a customer and credit notes issued to customers, and (ii) reversal of impairment on right-of-use assets and property, plant and equipment of approximately S\$0.1 million after the disposal of two motor vehicles, land and a leasehold property in 1H2020. Nevertheless, there was no similar reversal of impairment in 1H2021, resulting in lower other operating income in 1H2021.

Operating Expenses

Selling and distribution expenses were approximately S\$0.50 million in 1H2021, increased from approximately S\$0.05 million in 1H2020. The selling and distribution expenses mainly comprised salaries for sales and marketing staff, marketing consultancy and advertising services. The increase in expenses incurred was mainly to promote the blockchain business.

Administrative expenses were approximately S\$1.2 million in 1H2021, which increased by approximately S\$0.3 million or 36.7% from approximately S\$0.9 million in 1H2020. The increase in the expenses was primarily attributable to higher staff costs of approximately S\$0.3 million, mainly due to the increase in headcount in 1H2021.

Other operating expenses were approximately S\$0.2 million in 1H2021, increased by approximately S\$0.15 million from approximately S\$0.05 million in 1H2020. The increase was mainly due to impairment loss on crypto assets of approximately S\$0.1 million (1H2020: Nil), and loss on disposal of crypto assets of approximately S\$0.08 million (1H2020: Nil) as a result of decrease in the market price of the crypto assets held by the Group in June 2021. In addition, there was a loss on disposal of motor vehicles in 1H2020 of approximately S\$0.05 million. Nevertheless, there was no such loss incurred in 1H2021.

Finance costs

Finance costs were approximately S\$0.001 million, which decreased by approximately S\$0.04 million or 97.1% from approximately S\$0.05 million in 1H2020. The decrease in finance costs in 1H2021 was primarily due to full repayment of bank borrowings in FY2020.

Income tax expenses

The Group incurred income tax expenses of approximately S\$0.1 million in 1H2021, which increased by approximately S\$0.09 million from less than S\$0.01 million in 1H2020. The increase in income tax expenses was mainly due to reversal of deferred tax assets in 1H2021.

Total comprehensive loss for the period

The resulting comprehensive loss for the six months under review increased by approximately S\$0.2 million or 68.7% to approximately S\$0.6 million in 1H2021 from approximately S\$0.4 million in 1H2020.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Non-current assets increased by approximately S\$10.0 million to approximately S\$10.2 million as at 30 June 2021 from approximately S\$0.2 million as at 31 December 2020. The increase was mainly due to recognition of goodwill of approximately S\$6.9 million and intangible assets of approximately S\$3.2 million that arose from the acquisition of Moonstake Pte Ltd and Moonstake Limited on 31 May 2021. Intangible assets comprised of crypto assets of approximately S\$1.4 million and software development costs of approximately S\$1.8 million.

Current assets increased by approximately S\$5.1 million to approximately S\$5.6 million as at 30 June 2021 from approximately S\$0.5 million as at 31 December 2020. The increase was mainly due to increase in cash and bank balances of approximately S\$4.9 million, which primarily derived from proceeds received from the issuance of convertible notes of approximately S\$3.2 million, and proceeds received from an interest free shareholder's loan of approximately S\$2.7 million.

Non-current liabilities increased by approximately S\$4.2 million to approximately S\$5.8 million as at 30 June 2021 from approximately S\$1.6 million as at 31 December 2020. The increase was mainly due to a shareholder's loan of approximately S\$2.7 million received in 1H2021, and provision for contingent liability of approximately S\$1.6 million following the acquisition of MS Group.

Current liabilities increased by approximately S\$1.3 million to approximately S\$4.2 million as at 30 June 2021 from approximately S\$2.9 million as at 31 December 2020. The increase was mainly due to deferred revenue of approximately S\$0.9 million which relates to an agency service fee collected in advance (30 June 2020: Nil), and increase in trade and other payable of approximately S\$0.6 million. This was partially offset by repayment of loan to a shareholder of approximately S\$0.1 million and lower current tax liabilities of approximately S\$0.1 million.

As a result, the Group recorded a positive working capital of approximately S\$1.4 million as at 30 June 2021 as compared to a negative working capital approximately S\$2.4 million as at 31 December 2020.

The shareholder equity increased by approximately S\$9.5 million from the deficit of approximately S\$3.8 million as at 30 June 2020 to approximately S\$5.7 million as at 30 June 2021. This was primarily attributable to the increase in share capital that arose from issuance of consideration shares of approximately S\$7.2 million for the acquisition of Moonstake Pte Ltd and the conversion of convertible notes to share capital of approximately S\$3.2 million. This was partially offset by the net loss incurred during the period of approximately S\$0.6 million.

CONSOLIDATED STATEMENT OF CASH FLOWS

The Group's net cash flows in operating activities was approximately S\$1.0 million in 1H2021. This consisted of cash used in operating activities before changes in working capital of approximately S\$0.9 million, net working capital outflow of approximately S\$0.07 million and income tax paid of approximately S\$0.07 million.

CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

A net cash inflow of approximately S\$0.2 million was generated from investing activities in 1H2021, primarily arose from the cash acquired from the acquisition of Moonstake Pte Ltd of approximately S\$0.1 million, and disposal of crypto assets of approximately S\$0.1 million.

A net cash inflow of approximately S\$5.8 million was generated from financing activities in 1H2021. This was mainly due to proceeds from the issuance of convertible notes of approximately S\$3.2 million and proceeds from a shareholder's loan of approximately S\$2.7 million. The cash generated from financing activities was partly offset by repayment of loan to a shareholder and lease liabilities totalling S\$0.1 million in 1H2021.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

22. 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 Group is looking at bringing more orders for its blockchain related business to grow the revenue and strengthen the balance sheet of the Group, including the growth of Staking business which the Group acquired on 31 May 2021.

In view of the Covid-19 situations, there are some disruptions to the operations of the M&E engineering business such as quarantine of the Group's construction workers and slowdown of the projects. However, the Group has already obtained the approval from Building and Construction Authority (BCA) to allow the workers to resume works at the construction sites and projects are resuming as of the date of this announcement.

Notwithstanding the above, the Board opine that the Group will be able to operate as a going concern based on below:

- (i) The substantial shareholder of the Company, North Ventures Pte Ltd (formerly known as - QRC Pte Ltd), has provided a letter of financial support to ensure that the Group maintains capital and liquidity levels to enable it to at all times meet its financial obligations;
- (ii) The Group raised S\$3.2 million (US\$2.4 million) in Q2 2021 via the issuance of convertible notes and its subsequent conversion to the ordinary shares of the Company;
- (iii) Based on the expected cashflow forecast, including those from our new blockchain business, the Group have sufficient cash to fulfil the current obligations as and when they fall due; and

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22. 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. (Cont'd)

- (iv) The Group will continue to consider suitable corporate fund-raising exercise(s) to facilitate investment to support business growth, including potential acquisition of income generative assets, and liabilities repayment as and when they fall due.

Other than this, Covid-19 is not expected to materially affecting the Group's operations or financial situations. While the events relating to COVID-19 are still unfolding globally, the Group will continue to be vigilant and monitor these developments closely. Following the acquisition of Moonstake Group, management is confident that business synergies between blockchain business and staking solutions will strengthen the performance of the Group in 2H2021.

23. 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 (cents)**

Not applicable.

- (b)(ii) Previous 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 the 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.

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24. 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 six months ended 30 June 2021 in view of the loss incurred during the financial period.

25. If the group has obtained a general mandate from shareholders for interested person transactions (“IPT”), 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 aggregate value of all interested person transactions during the financial year ended 30 June 2021 were as follows:-

| Name of interested person | Nature of relationship | Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to <u>Rule 920</u>) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to <u>Rule 920</u> (excluding transactions less than \$100,000) |
|---------------------------|------------------------|---|--|
| Nil | N.A. | N.A. | N.A. |

26. Disclosures on Incorporation of Entities, Acquisition and Realisation of Shares pursuant to Catalist Rule 706A.

As announced by the Company on 23 April 2021, the Company had on 23 April 2021 entered into a sale and purchase agreement with a vendor in relation to the acquisition of the entire issued and paid-up share capital in Moonstake Pte Ltd and Moonstake Limited (collectively referred to as “MS Group”) for an aggregate consideration of S\$7,182,000. On 31 May 2021, the Company completed the acquisition of the MS Group. Please refer to Note 12 of the Condensed Interim Financial Statements for further information relating to the acquisition of the MS Group.

27. Negative Confirmation by the Board Pursuant to Rule 705(5)

To the best of the Board of Directors’ knowledge, nothing has come to their attention which may render the unaudited financial results for the six months financial period ended 30 June 2021 to be false or misleading in any material aspect.

28. Use of Proceeds from Convertible Notes

On 29 March 2021, the Company announced that it had entered into subscription agreements with several investors (the “Subscribers”) for the issuance by the Company to the Subscribers of 8.00% convertible notes up to an aggregate principal amount of US\$2,400,000 (“Proposed Subscription”). Subsequently, on 9 April 2021, the Company announced that the issuance by the Company of the Notes with an aggregate principal amount of US\$2,400,000 to the Subscribers had been completed. After deducting the estimated expenses of US\$31,000 in relation to the Proposed Subscription, the net proceeds received was US\$2,369,000 (the “Net Proceeds”).

On 31 May 2021, the Notes were automatically converted into 17,932,584 fully paid ordinary shares in the capital of the Company at the conversion price of S\$0.178 per Conversion Share in accordance with the terms and conditions of the Notes. Refer to Note 14.1 for further information on the increase in share capital.

As at the date of this report, the Net Proceeds have been utilised as follows:-

| Purposes | Allocation of Net Proceeds Received (US\$) | Amount Utilized (US\$) | Balance (US\$) |
|---|---|-------------------------------|-----------------------|
| Working capital for Moonstake Pte Ltd and Moonstake Limited (in the event of an entry of a definitive agreement and upon completion of the Acquisition) including sales and marketing expenses and software development/maintenance expenses | 1,500,000 | (87,734) | 1,412,266 |
| Working capital (including working capital required by the Group’s newly set-up blockchain subsidiary, OIO Singapore Pte. Ltd.) and general corporate purposes (including the repayment of the Company’s liabilities including recurring professional fees) | 869,000 | (869,000) | - |
| Total | 2,369,000 | (956,734) | 1,412,266 |

A breakdown on the Net Proceeds utilised for working capital and general corporate purposes is as follows:

| Purposes | US\$ |
|--|----------------|
| Repayment of the Company’s liabilities including emoluments and professional fee | 569,805 |
| Payment of monthly personnel costs and professional fees | 299,195 |
| Total | 869,000 |

The above utilisation is in accordance with the intended use of the Net Proceeds, as stated in the Company’s announcement dated 29 March 2021.

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29. Confirmation that the issue has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual.

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

BY ORDER OF THE BOARD

Manfred Fan Chee Seng
Executive Chairman

12 August 2021

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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