



LS 2 HOLDINGS LIMITED
(Registration. No. 202016972G)
(Incorporated in Singapore)

**UNAUDITED CONDENSED INTERIM
FINANCIAL STATEMENTS**

**For the six months
ended 30 June 2024**

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A. Condensed interim consolidated statement of comprehensive income

The Group				
6 months ended				
Note	30 Jun 24	30 Jun 23	Change	
	(Unaudited)	(Unaudited)		
	S\$	S\$	%	
Revenue	E4	33,937,961	29,439,034	15.3
Other Income		119,746	112,833	6.1
Expenses:				
- Purchases and related costs		(5,810,210)	(8,285,296)	(29.9)
- Employee benefits		(19,266,664)	(15,607,412)	23.4
Direct operating costs		(25,076,874)	(23,892,708)	5.0
- Depreciation of property, plant and equipment		(1,714,086)	(1,259,860)	36.1
- Other expenses		(5,186,361)	(3,529,998)	46.9
- Finance expenses		(92,747)	(95,325)	(2.7)
Total expenses		(32,070,068)	(28,777,891)	11.4
Profit before income tax	E6	1,987,639	773,976	156.8
Income tax expense	E7	(369,717)	(203,066)	82.1
Total comprehensive income, representing net profit for the financial period		1,617,922	570,910	183.4
Total comprehensive income, representing net profit/(loss) attributable to:				
- Equity holders of the Company		1,638,884	599,575	173.3
- Non-controlling interests		(20,962)	(28,665)	(26.9)
		1,617,922	570,910	183.4
Earnings per share ("EPS") for net profit attributable to equity holders of the Company:				
Basic (in cents) ^{*1}		0.89	0.32	178.1
Diluted (in cents) ^{*2}		0.87	0.32	171.9

Notes:

1. The earnings per share have been calculated based on the net profit attributable to equity holders of the Company over weighted average share capital of 185,000,000 shares (1HY2023 share capital of 185,000,000).
2. The earnings per share have been calculated based on the net profit attributable to equity holders of the Company over weighted average diluted share capital of 189,125,000 shares (1HY2023 share capital of 185,000,000).

N.M denotes not meaningful

B. Condensed interim statements of financial position

	Note	The Group		The Company	
		As at		As at	
		30 Jun 24 (Unaudited)	31 Dec 23 (Audited)	30 Jun 24 (Unaudited)	31 Dec 23 (Audited)
		S\$	S\$	S\$	S\$
ASSETS					
Current assets					
Cash and bank balances		4,620,719	7,856,584	29,753	3,188,059
Trade and other receivables		21,845,282	17,115,735	3,892,250	830,163
Inventory		107,396	60,235	-	-
		<u>26,573,397</u>	<u>25,032,554</u>	<u>3,922,003</u>	<u>4,018,222</u>
Non-current assets					
Investment in subsidiary corporations		-	-	368,112	313,138
Property, plant and equipment	E9	7,926,147	7,234,693	3,111	3,886
Deferred tax assets		166,294	153,237	77,515	77,515
		<u>8,092,441</u>	<u>7,387,930</u>	<u>448,738</u>	<u>394,539</u>
Total assets		<u>34,665,838</u>	<u>32,420,484</u>	<u>4,370,741</u>	<u>4,412,761</u>
LIABILITIES					
Current liabilities					
Trade and other payables		9,362,292	9,357,449	271,506	211,152
Borrowings	E10	2,814,665	2,234,910	-	-
Current income tax liabilities		586,269	318,490	-	-
		<u>12,763,226</u>	<u>11,910,849</u>	<u>271,506</u>	<u>211,152</u>
Non-current liabilities					
Borrowings	E10	1,920,698	2,174,197	-	-
Deferred tax liabilities		283,049	309,469	-	-
		<u>2,203,747</u>	<u>2,483,666</u>	<u>-</u>	<u>-</u>
Total liabilities		<u>14,966,973</u>	<u>14,394,515</u>	<u>271,506</u>	<u>211,152</u>
Net assets		<u>19,698,865</u>	<u>18,025,969</u>	<u>4,099,235</u>	<u>4,201,609</u>
EQUITY					
Capital and reserves					
Share capital	E11	5,363,897	5,363,897	5,363,897	5,363,897
Retained profits/ (Accumulated losses)		11,245,479	9,606,595	(1,347,150)	(1,189,802)
Merger reserve		3,000,001	3,000,001	-	-
Share option reserve	E12	82,488	27,514	82,488	27,514
		<u>19,691,865</u>	<u>17,998,007</u>	<u>4,099,235</u>	<u>4,201,609</u>
Non-controlling interests		7,000	27,962	-	-
Total equity		<u>19,698,865</u>	<u>18,025,969</u>	<u>4,099,235</u>	<u>4,201,609</u>

C. Condensed interim statements of changes of equity

← Attributable to equity holder of the Company →

	Share capital	Retained profits	Merger reserve	Share option reserve	Total	Non- controlling interests	Total equity
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<u>The Group</u>							
2024 (Unaudited)							
Balance as at 1 January 2024	5,363,897	9,606,595	3,000,001	27,514	17,998,007	27,962	18,025,969
Employee share option scheme - Value of employee service	-	-	-	54,974	54,974	-	54,974
Total comprehensive income - Net profit/(loss) for the financial period	-	1,638,884	-	-	1,638,884	(20,962)	1,617,922
Balance as at 30 June 2024	5,363,897	11,245,479	3,000,001	82,488	19,691,865	7,000	19,698,865
2023 (Unaudited)							
Balance as at 1 January 2023	5,363,897	8,042,031	3,000,001	-	16,405,929	37,681	16,443,610
Total comprehensive income - Net profit/(loss) for the financial period	-	599,575	-	-	599,575	(28,665)	570,910
Capital contribution to subsidiary corporation from non-controlling interests	-	-	-	-	-	30,000	30,000
Balance as at 30 June 2023	5,363,897	8,641,606	3,000,001	-	17,005,504	39,016	17,044,520

	Share capital	Accumulated losses	Share option reserve	Total equity
	S\$	S\$	S\$	S\$
<u>The Company</u>				
2024 (Unaudited)				
Balance as at 1 January 2024		5,363,897	(1,189,802)	4,201,609
Employee share option scheme - Value of employee service		-	54,974	54,974
Total comprehensive loss - Net loss of the financial period		-	(157,348)	(157,348)
Balance as at 30 June 2024		5,363,897	(1,347,150)	4,099,235
2023 (Unaudited)				
Balance as at 1 January 2023		5,363,897	(1,039,434)	4,324,463
Total comprehensive loss - Net loss of the financial period		-	(234,531)	(234,531)
Balance as at 30 June 2023		5,363,897	(1,273,965)	4,089,932

D. Condensed interim consolidated statement of cash flows

	Note	The Group	
		6 months ended	
		30 Jun 24 (Unaudited)	30 Jun 23 (Unaudited)
		S\$	S\$
Cash flows from operating activities			
Profit before income tax		1,987,639	773,976
Adjustment for:-			
- Depreciation of property, plant and equipment	E6	1,714,086	1,259,860
- Employee share option scheme-value of employee service		54,974	-
- Property, plant, and equipment written-off	E6	2,814	446
- Gain on disposal of property, plant, and equipment	E6	(2,100)	-
- Interest expenses	E6	92,747	95,325
- Interest income		(26,592)	(47,543)
		3,823,568	2,082,064
Change in working capital:			
- Inventory		(47,161)	(29,391)
- Trade and other receivables		(4,313,047)	(159,025)
- Trade and other payables		4,843	(1,205,229)
Cash generated from operations		(531,797)	688,419
Income tax paid		(141,415)	(71,426)
Interest paid		-	(51)
Net (used in) / cash provided by operating activities		(673,212)	616,942
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment	E9	2,100	-
Additions to property, plant and equipment	E9	(1,037,612)	(599,831)
Net cash used in investing activities		(1,035,512)	(599,831)
Cash flows from financing activities			
Capital contribution to subsidiary corporation from non-controlling interests		-	30,000
Principal repayment of lease liabilities		(1,085,986)	(770,385)
Repayment of borrowings		(375,000)	(1,480,659)
Proceeds from borrowings		790,000	-
Repayment of trade receivables factoring		(790,000)	-
Interest income		26,592	47,543
Interest paid		(92,747)	(95,274)
Net cash used in financing activities		(1,527,141)	(2,268,775)
Net decrease in cash and cash equivalents		(3,235,865)	(2,251,664)
Cash and cash equivalents			
Beginning of the financial period		7,856,584	7,572,892
End of the financial period		4,620,719	5,321,228

Condensed interim consolidated statement of cash flows (Cont'd)

Reconciliation of liabilities arising from financing activities

	<u>Non-cash changes</u>					30 Jun 2024
	1 Jan 2024	Proceeds from borrowings	Principal and interest payments	Interest expense	Additions	
	S\$	S\$	S\$	S\$	S\$	S\$
Bank borrowings	2,312,500	790,000	(1,200,272)	35,272	-	1,937,500
Lease liabilities	2,096,607	-	(1,143,461)	57,475	1,787,241	2,797,862

	<u>Non-cash changes</u>					30 Jun 2023
	1 Jan 2023	Proceeds from borrowings	Principal and interest payments	Interest expense	Additions	
	S\$	S\$	S\$	S\$	S\$	S\$
Bank borrowings	4,283,656	-	(1,544,027)	63,368	-	2,802,997
Lease liabilities	1,653,805	-	(802,291)	31,906	1,145,559	2,028,979

E. Notes to the condensed interim consolidated financial statements

1. General Information

The Company

LS 2 Holdings Limited (the “Company”) is listed on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited (“SGX-ST”), which is incorporated and domiciled in Singapore. The address of its registered office is at 1 Bukit Batok Crescent, #04–11 WCEGA Plaza, Singapore 658064.

The principal activity of the Company is an investment holding and provide management services to its subsidiary corporations.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2024 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 financial year ended 31 December 2023.

The accounting policies adopted are consistent with those adopted in the Group’s audited financial statements for the financial years ended 31 December which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note E2.1.

The condensed interim financial statements are presented in Singapore Dollar (S\$), except when otherwise indicated.

The condensed interim consolidated financial statements have been prepared on a going concern basis, since management has verified that there are no financial, operating or other types of indicators that might cast significant doubt upon the Group’s ability to meet its obligations in the foreseeable future and particularly within the 12 months from the end of the financial period.

2.1 New and amended standards adopted by the Group

The following are the other new or amended Standards and Interpretations that should be disclosed in the Basis of preparation note if the change in accounting policy had a material effect on the current or prior periods, or may have a material effect on future periods:

Effective for annual periods beginning on or after 1 January 2024:

Amendments to:

- Amendments to SFRS(I) 1-1 Presentation of Financial Statements
- Amendments to SFRS(I) 1-7 Statement of Cash Flows and SFRS(I) 7 Financial Statements: Disclosures
- Amendments to SFRS(I) 16 Leases

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

E. Notes to the condensed interim consolidated financial statements (Cont'd)

2. Basis of Preparation (Cont'd)

2.2 Use of judgements 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, liabilities, income and expenses. 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 2023.

Estimates and underlying assumptions were 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.

Management is of the opinion that there were no significant judgements made in applying the accounting policies in the condensed interim financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

Expected credit losses ("ECL") on trade receivables

ECL are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward-looking information, including significant changes in external market indicators which involved significant estimates and judgements.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to these receivables in estimating the probability of default of each of other receivables.

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. No loss allowances on trade receivables are recognised by the Group for the financial period ended 30 June 2024.

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

Operating segments are aggregated into a single operating segment if they have similar economic characteristics. The Group's reportable operating segments under SFRS(I) 8 *Operating Segments* are as follows:

- a) The cleaning services include conservancy services, facilities cleaning services, and pandemic disinfection services. This reportable segment has been formed by aggregating various cleaning services which are regarded by management to exhibit similar economic characteristics.

E. Notes to the condensed interim consolidated financial statements (Cont'd)

4. Segment and revenue information (Cont'd)

- b) Pest control services comprise rubbish chute cleaning and fogging services.
- c) Machinery relates to equipment manufacturing and assemblies.
- d) Integrated Facilities Management ("IFM") relates to provision of management services of physical workplaces and infrastructure which include overseeing the maintenance, operation, and enhancement of workplace and its facilities.
- e) Others relate to cost incurred in investment activities and provision of treasury and administrative services.

Except as indicated above, no operating segments have been aggregated to form the above operating segment.

Management monitors the operating results of its reporting segments for the purpose of making decisions in order to assess the respective reporting segments' performances. This is evaluated based on operating profit or loss which in certain respects, as explained in the table below and is measured differently from operating profit or loss in the interim consolidated statement of comprehensive income. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to reporting units.

4.1. Reportable segments

The following table present revenue and profit information for the Group's business segments for the six months ended 30 June 2024.

	6 months ended 30 Jun 2024					
	Cleaning S\$	Pest S\$	Machinery S\$	IFM S\$	Others S\$	Total S\$
Revenue	33,170,014	557,672	4,250	206,025	-	33,937,961
Other Income	67,837	-	-	-	51,909	119,746
Purchases and related costs	(5,236,739)	(493,932)	(3,145)	(76,394)	-	(5,810,210)
Employee benefits	(19,130,306)	-	(33,516)	(102,842)	-	(19,266,664)
Depreciation of property, plant and equipment	(1,665,102)	-	(18,540)	(3,119)	(27,325)	(1,714,086)
Other expenses	(3,363,190)	(2,425)	(33,227)	(8,554)	(1,778,965)	(5,186,361)
Finance expenses	(92,747)	-	-	-	-	(92,747)
Segment profit/(loss) before income tax	3,749,767	61,315	(84,178)	15,116	(1,754,381)	1,987,639
Income tax expense						(369,717)
Net profit						1,617,922
Segment assets	30,561,670	415,161	193,259	540,654	2,955,094	34,665,838
Addition to:						
- Property, plant and equipment	2,296,129	-	-	84,210	28,014	2,408,353
Segment liabilities	10,895,748	400,940	8,988	46,386	3,614,911	14,966,973

E. Notes to the condensed interim consolidated financial statements (Cont'd)

4. Segment and revenue information (Cont'd)

4.1. Reportable segments (Cont'd)

The following table present revenue and profit information for the Group's business segments for the six months ended 30 June 2023.

	6 months ended 30 Jun 2023			
	Cleaning	Machinery	Others	Total
	S\$	S\$	S\$	S\$
Revenue	29,096,369	19,593	323,072	29,439,034
Other Income	99,633	-	13,200	112,833
Purchases and related costs	(8,007,891)	(25,015)	(252,390)	(8,285,296)
Employee benefits	(15,362,274)	-	(245,138)	(15,607,412)
Depreciation of property, plant and equipment	(1,123,017)	(18,540)	(118,303)	(1,259,860)
Other expenses	(2,300,528)	(71,588)	(1,157,882)	(3,529,998)
Finance expenses	(4,889)	-	(90,436)	(95,325)
Segment profit/(loss) before income tax	2,397,403	(95,550)	(1,527,877)	773,976
Income tax expense				(203,066)
Net Profit				570,910
Segment assets	20,769,483	176,458	9,623,378	30,569,319
Addition to:				
Property, plant and equipment	1,428,471	-	248,308	1,676,779
Segment liabilities	7,511,661	9,963	6,003,175	13,524,799

Notes to the condensed interim consolidated financial statements (Cont'd)

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities as at 30 June 2024 and 31 December 2023 respectively:

	The Group		The Company	
	30 Jun 24	31 Dec 23	30 Jun 24	31 Dec 23
	S\$	S\$	S\$	S\$
<u>Financial assets</u>				
At amortised cost:				
- Cash and bank balances	4,620,719	7,856,584	29,753	3,188,059
- Trade receivables	19,800,908	15,485,303	137,033	163,292
- Other receivables	552,492	432,316	3,749,592	664,996
	<u>24,974,119</u>	<u>23,774,203</u>	<u>3,916,378</u>	<u>4,016,347</u>
<u>Financial liabilities</u>				
At amortised cost:				
- Borrowings	4,735,363	4,409,107	-	-
- Trade and other payables	8,089,755	8,337,189	209,428	190,850
	<u>12,825,118</u>	<u>12,746,296</u>	<u>209,428</u>	<u>190,850</u>

6. Profit before income tax

6.1 Significant items

	The Group	
	6 months ended	6 months ended
	30 Jun 24	30 Jun 23
	S\$	S\$
<u>Expenses / (Income)</u>		
Depreciation of property, plant and equipment	1,714,086	1,259,860
Gain on disposal of property, plant, and equipment	(2,100)	-
Interest expenses	92,747	95,325
Property, plant and equipment written off	2,814	446

E. Notes to the condensed interim consolidated financial statements (Cont'd)

6.2 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

	The Group 6 months ended	
	30 Jun 24	30 Jun 23
	S\$	S\$
(a) Purchase of Services		
- Training course	<u>337,252</u>	<u>11,063</u>

The Group's subsidiary corporation, LS 2 Services Pte Ltd engaged Integrated Training Consultants Pte Ltd, an associate company of Mr. Ong Khong Weng, Alvin, to provide training services to the Group.

- (b) The remuneration of the Group's executive directors and other members of key management during the respective financial periods as follows

	The Group 6 months ended	
	30 Jun 24	30 Jun 23
	S\$	S\$
Salaries and bonuses	1,473,053	783,044
Employer's contribution to Central Provident Fund	65,389	54,330
	<u>1,538,442</u>	<u>837,374</u>
Comprised of amounts paid to:		
- Executive directors	1,087,954	588,540
- Other key management personnel	450,488	248,834
	<u>1,538,442</u>	<u>837,374</u>

The salaries and bonuses disclosed above include S\$558,931 (30 Jun 2023: S\$ Nil) of bonuses payable which are unpaid during the financial period and are included in accrued expenses.

E. Notes to the condensed interim consolidated financial statements (Cont'd)

7. Income tax

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:

	The Group	
	6 months ended	
	30 Jun 24	30 Jun 23
	S\$	S\$
Tax expense/(credit) attributable to profit is made up of:		
- Current income tax	409,194	207,819
- Deferred income tax	(39,477)	(4,753)
	369,717	203,066

8. Net asset value

	The Group		The Company	
	30 Jun 24	31 Dec 23	30 Jun 24	31 Dec 23
	S\$	S\$	S\$	S\$
Net assets per ordinary share (cents)	10.65	9.74	2.22	2.27

Note:

Net assets per ordinary share is calculated based on number of issued 185,000,000 ordinary shares (excluding treasury shares) as at 30 June 2024 (31 December 2023: 185,000,000 (excluding treasury shares)).

9. Property, plant, and equipment ("PPE")

	The Group	
	6 months ended	
	30 Jun 24	30 Jun 23
	S\$	S\$
<u>Purchase of PPE</u>		
Total additions in the financial period	2,408,354	1,676,779
Less: Acquired under lease arrangements	(1,787,241)	(1,145,559)
Add: Movement in down-payment for PPE	-	(126,951)
Add: Movement in receivables grants	416,500	195,562
Net cash outflow (refer to Note D)	1,037,613	599,831
<u>Proceeds from disposal of PPE</u>		
Total net book value of disposal in the financial period	-	-
Add: Gain on disposal of PPE	2,100	-
Net cash inflow (refer to Note D)	2,100	-

E. Notes to the condensed interim consolidated financial statements (Cont'd)

10. Loans and borrowings consist of bank loans and lease liabilities

	The Group	
	30 Jun 24	31 Dec 23
	S\$	S\$
<u>Secured borrowing</u>		
Amount repayable in one year or less, or on demand	804,695	845,085
Amount repayable after one year	1,240,250	1,633,841
	2,044,945	2,478,926
<u>Unsecured borrowing</u>		
Amount repayable in one year or less, or on demand	2,009,970	1,389,825
Amount repayable after one year	680,448	540,356
	2,690,418	1,930,181
	4,735,363	4,409,107

Analyses as:

Current

Term loan (secured)	750,000	750,000
Lease liabilities	2,064,665	1,484,910
	2,814,665	2,234,910

Non-current

Term loan (secured)	1,187,500	1,562,500
Lease liabilities	733,198	611,697
	1,920,698	2,174,197
	4,735,363	4,409,107

Security granted

a Lease liabilities

Secured lease liabilities amounting to S\$107,445 (31 December 2023: S\$166,426) are secured by motor vehicles of the Group;

b Term loan

Temporary bridge of S\$1,937,500 (31 December 2023: S\$2,312,500) is secured by a corporate guarantee from the Company; and

c Banker's guarantee

Banker's guarantee is granted to the Group during the financial period ended 30 June 2024 and is secured by the Group's leasehold properties and a corporate guarantee of the Company. Banker's guarantee has not been drawn down and no outstanding balance owing to the bank as at reporting date.

E. Notes to the condensed interim consolidated financial statements (Cont'd)

11. Share Capital

Issued and fully paid	The Group 30 June 2024		The Company 30 June 2024	
	No. of shares	S\$	No. of shares	S\$
Beginning and End of financial period	185,000,000	5,363,897	185,000,000	5,363,897

Issued and fully paid	The Group 30 June 2023		The Company 30 June 2023	
	No. of shares	S\$	No. of shares	S\$
Beginning and End of financial period	185,000,000	5,363,897	185,000,000	5,363,897

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the respective companies. All ordinary shares rank equally with regards to the respective companies' residual assets.

Share options

On 27 May 2022, the Company obtained the shareholders' approval on the adoption of the LS 2 Employee Share Option Scheme ("LS2 ESOS"/ "Scheme") at the annual general meeting.

LS2 ESOS is administered by the Remuneration Committee. Options are exercisable at the agreed exercise price.

On 2 October 2023, the Company announced that it had granted 5,500,000 Share Options pursuant to the LS 2 ESOS ("2023 Option"). The 2023 Options are exercisable from 2 October 2024 and expire on 1 October 2029.

Movements in the number of unissued ordinary shares under the LS 2 ESOS and their exercise prices are as follows:

	No. of ordinary shares under option						
	Beginning of the financial period	Granted during the financial period	Cancelled/ lapsed during the financial period	Exercised during the financial period	End of financial period	Exercise price	Exercisable period
Group and Company 2024							
2023 Option	5,500,000	-	-	-	5,500,000	\$0.20	2 October 2024 to 1 October 2029

No unexercised options are exercisable at the end of the financial period ended 30 June 2024.

11. Share Capital (Cont'd)

Share options (Cont'd)

The fair value of the share options granted, determined using the Black Scholes model, and the significant inputs into the model are as follows:

Option grant date	Fair value of share options	Share price at the grant date	Exercise price of the options granted	Average expected life	Historical volatilities ⁽¹⁾	Singapore risk-free rate
2 October 2023	\$109,948	\$0.076	\$0.20	3.5 years	68.0%	3.43%

⁽¹⁾ Expected volatility was determined by calculating the historical volatility of the Company's share price over the most recent period that is commensurate with the contractual life of the share options. As there is limited trading history of the Company, references to the historical volatilities of comparable companies have been made.

12. Share option reserve

	Group		Company	
	2024 S\$	2023 S\$	2024 S\$	2023 S\$
Beginning of financial period	27,514	-	27,514	-
Employee share option scheme – Value of employee services.	54,974	27,514	-	-
Employee share option scheme – Capital contribution to subsidiary corporations	-	-	54,974	27,514
End of financial period	<u>82,488</u>	<u>27,514</u>	<u>82,488</u>	<u>27,514</u>

The share option reserve represents equity-settled share options granted to employees of the Group. The reserve is made up of the cumulative value of services received from the Group's employees recorded over the vesting period commencing from the grant date of equity-settled share options and is reduced by the cancellation/lapse or exercise of the share option.

13. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statement as of the reported date.

E. Other Information Required by Appendix 7C of the Catalist Rules

1. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The condensed interim statements of financial position of LS 2 Holdings Limited and its subsidiary corporations as at 30 June 2024 and the related condensed interim consolidated statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

1A. 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.**

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- 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**

Revenue

Total revenue increased by S\$4.5 million or 15.3% from S\$29.4 million in the six months ended 30 June 2023 ("1HY2023") to S\$33.9 million in the six months ended 30 June 2024 ("1HY2024"). The increase was mainly attributable to a higher revenue from public sector; S\$4.3 million from provision of cleaning services to schools and town councils.

Other income

Other income remain approximately constant at S\$0.1 million for both reporting period.

Direct operating costs

Direct operating costs decreased by S\$1.2 million or 5.0% from S\$23.9 million in 1HY2023 to S\$25.1 million in 1HY2024. Direct operating costs comprise of: (i) purchases and related costs which decreased by S\$2.5 million from S\$8.3 million in 1HY2023 to S\$5.8 million in 1HY2024; and (ii) employee benefits which increased by S\$3.7 million from S\$15.6 million in 1HY2023 to S\$19.3 million in 1HY2024. The increase in employee benefits and the decrease in purchases and related costs is due to changes in the contract mix of the Group's order book, where a greater proportion of contracts secured from schools and town councils, which requires a higher number of workforce rather than higher amount of purchases and related costs, which resulted in an increase in the employee benefits incurred through the financial period.

Depreciation expenses

Depreciation expenses relating to property, plant and equipment ("PPE") increased by S\$0.4 million from S\$1.3 million in 1HY2023 to S\$1.7 million in 1HY2024, which was mainly due to additions to PPE and more accommodation leases secured by the Group in 1HY2024.

F. Other Information Required by Appendix 7C of the Catalyst Rules (Cont'd)

2. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (Cont'd)**
 - 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 (Cont'd)**

Other expenses

Other expenses increased by S\$1.7 million from S\$3.5 million in 1HY2023 to S\$5.2 million in 1HY2024. The increase was mainly due to (i) foreign worker levy increased by S\$0.5 million, (ii) insurance premium increased by \$0.3 million due to higher premium rate, (iii) training cost incurred increased by S\$0.2 million and (iv) compensation paid and accrued performance-based bonuses increased by S\$0.7 million.

Finance expenses

Finance expenses is relatively constant at S\$0.1 million for both reporting financial period.

Income tax expense

Income tax expense in 1HY2024 was S\$0.4 million compared to S\$0.2 million in 1HY2023, mainly due to higher taxable income estimated in 1HY2024.

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

Non-current assets

Total non-current assets increased by S\$0.7 million from S\$7.4 million as at 31 December 2023 to S\$8.1 million as at 30 June 2024 mainly due to additions to property, plant and equipment ("PPE") with total amount of S\$2.4 million and depreciation amount of S\$1.7 million charged to income statement during 1HY2024. As at 30 June 2024, PPE of the Group with aggregated carrying amount of S\$1,905,208 are pledged as collateral for lease liabilities and bank facilities compared to S\$1,955,950 as at 31 December 2023.

Trade and other receivables

Trade and other receivables increased by S\$4.7 million from S\$17.1 million as at 31 December 2023 to S\$21.8 million as at 30 Jun 2024. This increase was mainly due to fluctuation arising from timing of payments made by public sector's customers.

Trade and other payables

Trade and other payables remained approximately constant at S\$9.4 million as at 30 June 2024 and 31 December 2023.

Borrowing

The Group's total loans and borrowings increased by S\$0.3 million from S\$4.4 million as at 31 December 2023 to S\$4.7 million as at 30 June 2024. This increase was due solely to a recognition of new lease liabilities with total amount of S\$1.8 million before offset against scheduled repayment of S\$0.4 million to term loans and repayment of lease liabilities of S\$1.1 million.

Deferred tax liabilities

Deferred tax liabilities remained approximately constant at S\$0.3 million as at 30 June 2024 and 31 December 2023.

F. Other Information Required by Appendix 7C of the Catalist Rules (Cont'd)

- 2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (Cont'd)**
- b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (Cont'd)**

Statement of cash flows of the Group

The Group recorded a net used in operating activities of S\$0.7 million in 1HY2024; cash flows from operating activities with S\$3.8 million before offset against S\$4.4 million net cash outflow in working capital and S\$0.1 million of tax amount paid.

Net cash used in investing activities was S\$1.0 million in 1HY2024 solely due to additions to property, plant, and equipment.

Net cash used in financing activities was S\$1.5 million in 1HY2024 mainly due to a repayment of lease liabilities of S\$1.1 million and net repayment term loans and net interest amount paid of S\$0.4 million during 1HY2024.

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

Not applicable

- 4. A commentary on 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 Environmental Services (“ES”) industry plays a vital role in providing essential services to maintain a clean and healthy environment as well as high quality of life in Singapore. Innovation and technology remain at the forefront of driving transformation and capability development in the industry. Aligned with the Year of Public Hygiene, the National Environment Agency (“NEA”) is providing a new tranche of S\$90 million in funding support to the ES industry through the Productivity Solutions Grant (“PSG”)¹, which is timely and beneficial for enhancing the industry’s capabilities by further accelerating the adoption of technological solutions and equipment. It will also spur companies to enhance productivity, strengthen capabilities and build a skilled workforce.

The Group will tap on the PSG funding to accelerate the implementation of new technologies such as robotics and automation, Internet of Things (“IoT”) and data analytics in its business processes. This is with the aim to foster the Group’s core competences and competitive advantage to sustain its business continuity and growth.

¹ More details will be available in due course at NEA’s website; [https://www.nea.gov.sg/programmes-grants/grants-and-awards/productivity-solutions-grant-\(psg\)](https://www.nea.gov.sg/programmes-grants/grants-and-awards/productivity-solutions-grant-(psg)) and https://www.cleanenvirosummit.gov.sg/docs/default-source/2024-media-releases/productivity-solutions-grant-2-0.pdf?sfvrsn=f9fa74b2_1.

F. Other Information Required by Appendix 7C of the Catalist Rules (Cont'd)

5. 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: Not applicable
(ii) Previously 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 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

6. If no dividend has been declared(recommended), as statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the financial period ended 30 June 2024. The available fund will be retained for working capital use.

7. If the group has obtained a general mandate from shareholders for Interested Parties Transactions (IPTs), 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 Company has not obtained a general mandate from shareholders for Interested Person Transaction ("IPT"). The Group's subsidiary corporation, LS 2 Services Pte Ltd engaged Integrated Training Consultants Pte Ltd, an associate company of Mr. Ong Khong Weng, Alvin, to provide training services to the Group and total transaction amount was less than 3% of the latest audited financial statement during the reported financial period.

8. Disclosure pursuant to Catalist Rule 706A

The Group's wholly owned Singapore subsidiary, LS 2 Management Pte Ltd ("**LS2M**"), has increased its paid-up share capital from S\$1.00, comprising 1 ordinary share to S\$250,000, comprising 250,000 ordinary shares, pursuant to the issuance of 249,999 new ordinary shares on 1 August 2024.

None of the Directors and to the best of the Directors' knowledge, none of the controlling shareholders (as defined in the Listing Manual) of the Company has any interest, direct or indirect in the transaction, save in respect of their respective shareholdings (if any) in the Company.

9. Negative confirmation pursuant to Rule 705(5).

On behalf of the Board of Directors of the Company, Mr. Tan Hoo Kiat, Executive Chairman and Executive Director and Mr. Ong Khong Weng Alvin, Chief Executive Officer and Executive Director hereby confirm to the best of their knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the condensed interim financial statements for the six months period ended 30 June 2024 to be false or misleading in any material aspect.

F. Other Information Required by Appendix 7C of the Catalist Rules (Cont'd)

10. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H under Rule 720(1)).

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

11. Use of IPO Proceeds

As at the date of this announcement, the status on the use of Listing net proceeds is as follows:

S/N	Use of Proceeds	Amount allocated S\$'000	Amount utilised as of 29 February 2024 S\$'000	Amount utilised as of 8 August 2024 S\$'000	Balance S\$'000
1	Business expansion (including strengthening our market position in Singapore, expanding the scope of our service offerings, engaging in strategic acquisitions and joint venture partnerships and investing in equipment and technology)	3,000	(2,070)	(930)	-
2	Working capital ^{*(N1)}	1,356	-	(1,356)	-
Total		4,356	(4,356)	(4,356)	-

(N1) The breakdown of the utilization of net proceeds to be used for general working capital purposes is as below

<u>Summary of expense</u>	<u>S\$000</u>
a) Staff cost	1,000
b) Insurance premium	100
c) Workers' levy	256
	<u>1,356</u>

BY ORDER OF THE BOARD

On Behalf of LS 2 Holdings Limited

Tan Hoo Kiat
Executive Chairman and Executive Director
12 August 2024

This announcement has been reviewed by the Company's Sponsor, RHT Capital 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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