Asia Vets Holdings Ltd. and its subsidiary

Condensed interim consolidated financial statements

for the six months and full year ended

31 December 2024

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

*This announcement has not been examined or approved by Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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Table of Contents

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

		Group					
	Note	**2H2024***	**2H2023***	**Increase / (decrease)**	**FY2024****	**FY2023****	**Increase / (decrease)**
		$'000	$'000	%	$'000	$'000	%
		(Unaudited)	(Unaudited)		(Unaudited)	(Audited)	
Revenue		1,157	1,198	(3)	2,521	2,326	8
Cost of sales		(914)	(858)	7	(1,827)	(1,628)	12
Gross profit		243	340	(29)	694	698	(1)
Other operating income	6.1	184	181	2	402	375	7
Administrative expenses		(835)	(1,010)	(17)	(1,661)	(1,806)	(8)
Other expenses	6.1	(1,400)	-	N.M.	(1,400)	(3)	>100
Finance expenses		(9)	(3)	>100	(11)	(8)	38
Loss before tax	6	(1,817)	(492)	>100	(1,976)	(744)	>100
Income tax expenses	7	-	-	N.M.	-	-	N.M.
Loss for the period/year, representing total comprehensive income attributable to equity holders of the Company		**(1,817)**	**(492)**	**>100**	**(1,976)**	**(744)**	**>100**
Loss per share (in $ cents)	8						
Basic		(1.24)	(0.34)		(1.35)	(0.51)	
Fully diluted		(1.24)	(0.34)		(1.35)	(0.51)	

N.M. denotes Not Meaningful

* "**2H2024**" denotes six months ended 31 December 2024 and "**2H2023**" denotes six months ended 31 December 2023.

** "**FY2024**" denotes full year ended 31 December 2024 and "**FY2023**" denotes full year ended 31 December 2023.

B. Condensed interim statements of financial position

	Note	Group		Company	
		As at		As at	
		31/12/2024	31/12/2023	31/12/2024	31/12/2023
		$'000	$'000	$'000	$'000
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
Non-current assets					
Plant and equipment	10	528	131	-	-
Right-of-use assets	16	500	142	-	-
Investment in a subsidiary	11	-	-	471	3,071
Goodwill	12	7,005	8,405	-	-
Loan due from a subsidiary	13	-	-	3,841	4,819
		8,033	8,678	4,312	7,890
Current assets					
Inventories		83	103	-	-
Trade and other receivables		717	763	2,034	1,162
Prepayments		32	27	3	9
Cash and cash equivalents		8,101	9,010	7,904	8,842
		8,933	9,903	9,941	10,013
Total assets		**16,966**	**18,581**	**14,253**	**17,903**
Current liabilities					
Trade payables		48	59	-	-
Other payables and accruals		519	524	209	151
Provision for taxation		-	-	-	11
Lease liabilities	16	288	131	-	-
		855	714	209	162
Net current assets		**8,078**	**9,189**	**9,732**	**9,851**
Non-current liabilities					
Lease liabilities	16	239	19	-	-
		239	19	-	-
Total liabilities		**1,094**	**733**	**209**	**162**
Net assets		**15,872**	**17,848**	**14,044**	**17,741**
Equity attributable to equity holders of the Company					
Share capital	15(a)	21,333	21,333	21,333	21,333
Capital reserve	15(b)	228	228	228	228
Revenue reserve		(5,689)	(3,713)	(7,517)	(3,820)
Total equity		**15,872**	**17,848**	**14,044**	**17,741**
Total equity and liabilities		**16,966**	**18,581**	**14,253**	**17,903**

C. Condensed interim statements of changes in equity

Group	Share Capital	Capital Reserves	Revenue Reserves	Total Equity
	$'000	$'000	$'000	$'000
Opening balance at 1 January 2024 (audited)	21,333	228	(3,713)	17,848
Loss for the year, representing total comprehensive income for the year	-	-	(1,976)	(1,976)
Total comprehensive income for the year	-	-	(1,976)	(1,976)
Closing balance at 31 December 2024 (unaudited)	21,333	228	(5,689)	15,872
Opening balance at 1 January 2023 (audited)	21,333	228	(2,969)	18,592
Loss for the year, representing total comprehensive income for the year	-	-	(744)	(744)
Total comprehensive income for the year	-	-	(744)	(744)
Closing balance at 31 December 2023 (audited)	21,333	228	(3,713)	17,848

C. Condensed interim statements of changes in equity (cont'd)

Company	**Share Capital** $'000	**Capital Reserves** $'000	**Revenue Reserves** $'000	**Total Equity** $'000
Opening balance at 1 January 2024 (audited)	21,333	228	(3,820)	17,741
Loss for the year, representing total comprehensive income for the year	-	-	(3,697)	(3,697)
Total comprehensive income for the year	-	-	(3,697)	(3,697)
Closing balance at 31 December 2024 (unaudited)	21,333	228	(7,517)	14,044
Opening balance at 1 January 2023 (audited)	21,333	228	(3,071)	18,490
Loss for the year, representing total comprehensive income for the year	-	-	(749)	(749)
Total comprehensive income for the year	-	-	(749)	(749)
Closing balance at 31 December 2023 (audited)	21,333	228	(3,820)	17,741

D. Condensed interim consolidated statement of cash flows

	Group	
	FY2024	**FY2023**
	$'000	$'000
	(Unaudited)	(Audited)
Cash flows from operating activities		
Loss before tax	(1,976)	(744)
Adjustments for:		
Depreciation of plant and equipment	59	55
Depreciation of right-of-use assets	277	180
Loss on disposal of plant and equipment	13	-*
Gain on termination of lease	-	(1)
Bad debt written-off	-	1
Allowance for goodwill impairment loss	1,400	-
Interest income	(311)	(321)
Interest expense	11	8
Government grants	(18)	-
Unrealised exchange (gain)/loss	-*	-*
Operating cash flows before working capital changes	(545)	(822)
Decrease in inventories	20	5
Decrease/(increase) in trade and other receivables	146	(436)
(Increase)/decrease in prepayments	(5)	1
(Decrease)/increase in trade and other payables	(15)	77
Cash used in operations	(399)	(1,175)
Interest received	228	343
Net cash flows used in operating activities	**(171)**	**(832)**
Cash flows from investing activities		
Purchase of plant and equipment	(469)	(63)
Net cash flows used in investing activities	**(469)**	**(63)**
Cash flows from financing activities		
Repayment of lease liabilities	(258)	(186)
Interest paid	(11)	(8)
Net cash flows used in financing activities	**(269)**	**(194)**
Net decrease in cash and cash equivalents	(909)	(1,089)
Cash and cash equivalents at beginning of the year	9,010	10,099
Effect of exchange rate changes on cash and cash equivalents	-*	-*
Cash and cash equivalents at end of the year	**8,101**	**9,010**

** Between $500 and ($500)*

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Asia Vets Holdings Ltd. (the "**Company**") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Company is considered to be a de facto subsidiary of Tan Gee Beng Pte. Ltd. In this connection, the immediate and ultimate holding company of the Company is Tan Gee Beng Pte. Ltd., which is incorporated in Singapore.

The registered office and principal place of business of the Company is located at 95 Amoy Street, Singapore 069915.

The principal activity of the Company is investment holding. The principal activities of the subsidiary are disclosed in Note 11 to the condensed interim consolidated financial statements below.

2. Basis of Preparation

The condensed interim consolidated financial statements of the Group for the six months and full year ended 31 December 2024 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements of the Group 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 since the last condensed interim consolidated financial statements for the six months financial period ended 30 June 2024.

The accounting policies and methods of computation adopted are consistent with those adopted by the Group in its most recently audited consolidated financial statements for the year ended 31 December 2023, 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 to the condensed interim consolidated financial statements below.

The condensed interim consolidated financial statements are presented in Singapore Dollar ($ or SGD) and all values in the tables are rounded to the nearest thousand ($'000), except when otherwise indicated.

2.1. New and amended standards adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial period, the Group has adopted all the new and amended standards which are relevant to the Group and effective for annual financial periods beginning on or after 1 January 2024. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

2.2. Use of judgements and estimates

In preparing the condensed interim consolidated 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 annual audited consolidated financial statements as at and for the year ended 31 December 2023.

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.

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the condensed interim consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Carrying value of goodwill

As disclosed in Note 12 to the condensed interim consolidated financial statements below, the recoverable amount of the cash generating unit ("**CGU**") which goodwill has been allocated to is determined based on value in use calculation. The value in use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. The key assumptions applied in the determination of the value in use including a sensitivity analysis, are disclosed and further explained in Note 12 to the condensed interim consolidated financial statements below.

The carrying amount of the goodwill as at 31 December 2024 is disclosed in Note 12 to the condensed interim consolidated financial statements below.

(b) Impairment assessment of investment in a subsidiary

An impairment exists when the carrying value of an investment in a subsidiary exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years. The recoverable amount is most sensitive to the annual growth rate of the business, the budgeted gross profit margin, the discount rate and the terminal growth rate used for the discounted cash flow model. The carrying amount of the investment as at 31 December 2024 is disclosed in Note 11 to the condensed interim consolidated financial statements below.

(c) Impairment assessment of loan to a subsidiary

The loan to a subsidiary is subject to expected credit loss ("**ECL**") assessment at year end. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the actual default in the future. The information about the ECL on the loan due from a subsidiary is disclosed in Note 13 to the condensed interim consolidated financial statements below.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period reported on.

4. Segment and revenue information

The Group operates in Singapore in one business segment, that of provision of veterinary services and sales of veterinary medicines and products to its customers in Singapore.

	Group			
	2H2024	**2H2023**	**FY2024**	**FY2023**
	$'000 (Unaudited)	$'000 (Unaudited)	$'000 (Unaudited)	$'000 (Audited)
Veterinary services	535	543	1,175	1,027
Sales of veterinary medicines and products	622	655	1,346	1,299
Total revenue recognised at point in time	1,157	1,198	2,521	2,326

No geographical segment information has been prepared as the Group's assets and operations are all located in Singapore.

A breakdown of sales as follows:

		Group		
		FY2024	**FY2023**	**Decrease**
		$'000	$'000	**%**
		(Unaudited)	(Audited)	
(a)	Sales reported for first half year	1,364	1,128	21
(b)	Operating loss after tax before deducting non-controlling interests reported for first half year	(159)	(252)	(37)
(c)	Sales reported for second half year	1,157	1,198	(3)
(d)	Operating loss after tax before deducting non-controlling interests reported for second half year	(1,817)	(492)	>100

5. Financial assets and financial liabilities

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

	Group		**Company**	
	As at		**As at**	
	31/12/2024	**31/12/2023**	**31/12/2024**	**31/12/2023**
	$'000	$'000	$'000	$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Financial assets				
Trade and other receivables	717	763	2,034	1,162
Cash and cash equivalents	8,101	9,010	7,904	8,842
Loan due from a subsidiary	-	-	3,841	4,819
Total financial assets carried at amortised cost	8,818	9,773	13,779	14,823
Financial liabilities				
Trade payables	48	59	-	-
Other payables and accruals	519	524	209	152
Lease liabilities	527	150	-	-
	1,094	733	209	152
Less: Goods and services tax ("**GST**") payable, net	(20)	(32)	-	-
Total financial liabilities carried at amortised cost	1,074	701	209	152

6. Loss before tax

6.1. Significant items

	Group					
	2H2024	**2H2023**	**Increase / (decrease)**	**FY2024**	**FY2023**	**Increase / (decrease)**
	$'000	$'000	%	$'000	$'000	%
	(Unaudited)	(Unaudited)		(Unaudited)	(Audited)	
Income						
Interest income	163	156	4	311	321	(3)
Government grants	21	24	(13)	91	53	72
Expenses						
Professional fee	58	266	(78)	181	448	(60)
Depreciation of plant and equipment	39	22	77	59	55	7
Depreciation of right-of-use assets	186	91	>100	277	180	54
Loss on disposal of plant and equipment	13	-*	N.M.	13	-*	N.M.
Bad debt written-off	-	-	N.M.	-	1	N.M.
Key management and employee benefits expense	894	908	(1)	1,675	1,572	7
Interest expense	9	3	>100	11	8	38
Foreign exchange (gain)/loss	-*	-*	N.M.	-*	-*	N.M.
Allowance for goodwill impairment loss	1,400	-	N.M.	1,400	-	N.M.

** between $500 and ($500)*

N.M. denotes Not Meaningful

6.2. Related party transactions

	Group			
	2H2024	**2H2023**	**FY2024**	**FY2023**
	$'000	$'000	$'000	$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Compensation of key management personnel				
Short term benefits	346	393	633	671
CPF contributions	24	34	43	51
Directors' fees	56	67	240	135
	426	494	916	857
Comprises amounts paid to:				
Directors of the Company	242	313	585	539
Other key management personnel	184	181	331	318
	426	494	916	857

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

7. Income Tax Credit

There are no income tax expenses or credit for FY2024 and FY2023.

8. Loss per share

Basic loss per share (**"LPS"**) is computed by dividing the loss attributable to the owners of the Group in each financial period/year by the weighted average number of ordinary shares outstanding during the respective financial period/year.

For computation of fully diluted LPS, the weighted average number of ordinary shares in issue has been adjusted, where applicable, for any dilutive effect of potential ordinary shares arising from the settlement of contingent liabilities.

	Group			
	2H2024	**2H2023**	**FY2024**	**FY2023**
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Loss attributable to owners of the Group ($'000)	(1,817)	(492)	(1,976)	(744)
LPS, based on loss attributable to owners of the Group				
- Basic ($ cents)	(1.24)	(0.34)	(1.35)	(0.51)
- Fully diluted ($ cents)	(1.24)	(0.34)	(1.35)	(0.51)
Weighted average number of ordinary shares in issue ('000):				
- Basic	146,146	146,146	146,146	146,146
- Fully diluted	146,146	146,146	146,146	146,146

9. Net Asset Value ("NAV")

	Group		**Company**	
	As at		**As at**	
	31/12/2024	**31/12/2023**	**31/12/2024**	**31/12/2023**
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
NAV per ordinary share ($ cents)	10.86	12.21	9.61	12.14
Number of shares used in computation of NAV per share ('000)	146,146	146,146	146,146	146,146

10. Property, plant and equipment

During FY2024, the Group acquired assets amounting to approximately $469,000 (FY2023: approximately $63,000) and disposed of assets amounting to approximately $175,000 (FY2023: approximately $86,000).

11. Investment in a subsidiary

	Company	
	As at	
	31/12/2024	31/12/2023
	$'000	$'000
	(Unaudited)	(Audited)
Shares, at cost	-*	-*
Investment in a subsidiary	4,294	4,294
Transaction cost relating to the acquisition	1,926	1,926
Allowance for impairment loss	(5,749)	(3,149)
	471	3,071

** Less than $500*

As at the end of FY2024, the Company carried out a review of the investment in a subsidiary, having regard for indicators of impairment on investment in the subsidiary based on the existing performance of subsidiary. Following the review, an additional impairment loss of approximately $2.60 million was recognised for the cost of investment in the subsidiary for FY2024 ($0.30 million for FY2023). The recoverable amount of the subsidiary of approximately $0.47 million was determined from value-in-use calculations using management-approved discounted cash flow projections which covers a period of 5 years and projection to terminal year. The key assumptions for these value-in-use calculations regarding the discount rates and revenue growth rates are disclosed in Note 12 below.

Details of the Company's subsidiary as at 31 December 2024 are as follows:

Name of subsidiary	Country of incorporation and principal place of business	Principal activities	31/12/2024	31/12/2023
			%	%
Held by the Company				
AVH Animal Ark Pte.Ltd.	Singapore	Own and operate veterinary clinics	100%	100%

12. Goodwill

	Group	
	As at	
	31/12/2024	31/12/2023
	$'000	$'000
	(Unaudited)	(Audited)
Cost	8,405	8,405
Allowance for goodwill impairment loss	(1,400)	-
	7,005	8,405

Impairment testing of goodwill

As at 31 December 2024, the recoverable amount of the CGU, AVH Animal Ark Pte. Ltd., has been determined based on value-in-use calculations using management-approved discounted cash flow projections covering a period of 5 years (31 December 2023: 5 years) and projected to terminal year. Management assessed 5 years cash flows and projection to terminal year for the financial forecast of the CGU is appropriate considering management's plan for its business plan in the near future. The forecasted growth rate, gross profit margin and post-tax discount rate used in the cash flow projections over the 5-year period are as follows:

	FY2024	**FY2023**
Revenue growth rate	2.6% - 18.5%	3.5% - 39.9%
Terminal growth rate	1.9%	1.9%
Budgeted gross profit margin	33.1% - 40.0%	32.6% - 36.7%
Post-tax discount rate	10.0%	10.0%

Key assumptions used in the value in use calculations

The calculations of value in use are most sensitive to the following assumptions:

Revenue growth rates – The forecasted growth rates are based on management's expectations with reference to the historical trends and number of veterinarians.

Terminal growth rate – Management estimates terminal growth rate reflects current market assessment of the time value of money and the risks specific to the CGUs.

Budgeted gross profit margin – Gross margin of 33.1%, 36.0% and 38.0% is applied for FY2025, FY2026 and FY2027 respectively, and 40.0% for FY2028 to FY2029 based on historical gross profit margins.

Post-tax discount rates – Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and derived from its weighted average cost of capital ("**WACC**"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Sensitivity to changes in assumptions

With regards to the assessment of value in use for the veterinary business, any adverse change in the key assumptions would result in further impairment loss in goodwill.

The financial impacts on the profit and loss as a result of the changes in key assumptions are disclosed below:

Key assumptions	**Range**	**Sensitivity of the input to recoverable amount**
Revenue growth rates	Number of veterinarian decreased by 1	Additional impairment of approximately $610,000.
Budgeted Gross profit margin	Decreased by 0.5% to 1.5%	Additional impairment of approximately $127,000.
WACC	Increased by 0.5%	Additional impairment of approximately $449,000.

13. Loan due from a subsidiary

	Company	
	As at	
	31/12/2024	31/12/2023
	$'000	$'000
	(Unaudited)	(Audited)
Non-current:		
Loans due from subsidiary at cost*	5,627	5,336
Allowance for expected credit loss	(1,786)	(517)
Net carrying amount	3,841	4,819

* This represents the loan obtained from the Company to finance the acquisition of the subsidiary.

The loans due from the subsidiary are unsecured, interest-free and repayable in August 2024 and March 2026 respectively. In February 2024, the Board has approved the extension of the repayment dates to December 2030 and December 2031 respectively. All amounts are expected to be settled in cash.

The impairment assessment has been performed for the amount due from subsidiary using the three-stage expected credit loss ("**ECL**") model. Following the review, an additional ECL allowance of $1.27 million is recognised for FY2024 (FY2023: $415,000).

14. Borrowings

The Group and the Company do not hold any borrowings and debt securities as at 31 December 2024 and 31 December 2023.

15. Share capital and capital reserve

(a) Share capital

	Group and Company			
	2024		2023	
	Number of shares	**Resultant issued share capital**	**Number of shares**	**Resultant issued share capital**
	'000	$'000	'000	$'000
At 1 January, 30 June and 31 December	146,146	21,333	146,146	21,333

There was no movement in the Company's issued and paid-up share capital since the end of the previous financial period reported on.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction. The ordinary shares have no par value.

The Company has no shares that may be issued on conversion of outstanding convertibles as 31 December 2024 and 31 December 2023.

The Company has neither treasury shares nor subsidiary holdings as at 31 December 2024 and 31 December 2023.

There was no sale, transfer, cancellation and/or use of treasury shares and subsidiary holdings during FY2024.

(b) Capital reserve

Capital reserve represents the value ascribed to the bonus issue warrants and will be transferred to the share capital account when the bonus issue warrants are exercised. The balance as at period/year end is net of subscription fee and issuance expenses. The bonus issue warrants have expired on 30 June 2020 and not exercised.

16. Right-of-use assets/lease liabilities

Group as a lessee

The Group has lease contracts for its office and veterinary clinics. These leases have an average tenure of between one to four years. There are no restrictions placed upon the Group by entering into these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Properties
	$'000
Cost:	
At 1 January 2023	509
Additions	55
Disposals	(50)
At 31 December 2023 and 1 January 2024	514
Additions	635
Disposals	(504)
At 31 December 2024	645

	Properties
	$'000
Accumulated depreciation:	
At 1 January 2023	218
Charge for the year	180
Disposal	(26)
At 31 December 2023 and 1 January 2024	372
Charge for the year	277
Disposal	(504)
At 31 December 2024	145
Net carrying amount:	
At 31 December 2023	142
At 31 December 2024	500

Set out below are the carrying amounts of lease liabilities, movements during the period and reconciliation of liability arising from the Group's financing activity:

	FY2024	FY2023
	$'000	$'000
At 1 January	150	305
Additions	635	56
Disposal	-	(25)
Accretion of interest	11	8
Payments		
- Principal	(258)	(186)
- Interest	(11)	(8)
	(269)	(194)
At 31 December	527	150
Current	288	131
Non-current	239	19
	527	150

The following are the amounts recognised in profit or loss:

	FY2024	FY2023
	$'000	$'000
Depreciation expense of right-of-use assets	277	180
Interest expense on lease liabilities	11	8
	288	188

The Group had total cash outflow for leases of $269,000 (2023: $194,000) in 2024.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leases portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

17. Subsequent events

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

F Other Information Required Pursuant to Appendix 7C of the Catalist Rules

1. Review

The condensed consolidated statement of financial position of Asia Vets Holdings Ltd. and its subsidiary as at 31 December 2024 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months and full year ended 31 December 2024 and explanatory notes have not been audited or reviewed by the Company's auditors.

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. The Group's latest audited consolidated financial statements for the financial year ended 31 December 2023 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the Company's auditors.

2. Review of performance of the Group

(a) <u>Statement of Profit and Loss and Other Comprehensive Income</u>

Revenue, Cost of sales and Gross profit

The Group's revenue is derived from rendering of veterinary services and sales of veterinary medicines and products. It increased by $0.19 million or 8%, from $2.33 million for FY2023 to $2.52 million for FY2024. The increase was mainly due to (i) fee increment in veterinary services, medicine and products; and (ii) increase in the number of veterinarians and veterinary technicians in FY2024 as compared to FY2023.

The Group's cost of sales includes purchase of veterinary medicine and consumables, and employee benefits paid to veterinarians, vet technicians and vet nurses. It increased by $0.20 million or 12%, from $1.63 million for FY2023 to $1.83 million FY2024. The increase was mainly due to the increased veterinary staff cost in FY2024.

Gross profit for FY2024 was $0.69 million and gross profit margin was 27.5%. Gross profit for FY2023 was $0.70 million and gross profit margin was 30.0%. The decrease in gross profit margin by 2.5 percentage points was mainly attributable to the significant decline in sales during the last quarter of 2024 as a result of the relocation of the Group's two veterinary clinics. Furthermore, since staff costs are largely fixed and do not vary proportionately with revenue, this has contributed to the reduction in gross profit margin over the last quarter of 2024.

Other operating income

Other operating income comprises mainly interest income from short-term deposits and government grants. The amount increased from $0.37 million for FY2023 to $0.40 million for FY2024.

Government grants relate to:

(i) the Progressive Wage Credit Scheme;
(ii) cash rebate for corporate income tax; and

(iii) the CPF Transition Offset.

Government grants increased from $0.05 million for FY2023 to $0.09 million for FY2024 mainly due to an increase in the Progressive Wage Credit Scheme.

Interest income decreased from $0.32 million for FY2023 to $0.31 million for FY2024 mainly due to lower interest rate for FY2024, as compared to FY2023.

Please refer to Note 6.1 to the condensed interim consolidated financial statements above for details.

Administrative expenses

Administrative expenses mainly relate to general office expenses, administrative staff costs, professional fees, listing expenses and depreciation charges. It decreased from $1.81 million for FY2023 to $1.66 million for FY2024. The decrease in professional fees, director remuneration and administrative staff pay and recruitment expenses in FY2024 was partially offset by the increase in (i) directors' fees attributable to the Proposed Acquisition; (ii) merchant charges due to higher revenue; and (iii) expenses in relation to relocation of two clinics, including depreciation of right-of-use assets, IT expenses, repair and maintenance and general office expenses. Professional fees included fees incurred for the proposed acquisition of the entire issued and paid-up share capital in AlDigi Holdings Pte. Ltd. from RHT AlDigi Financial Holdings Pte. Ltd. (the "**Proposed Acquisition**") (the "**RTO Expenses**"). RTO Expenses decreased from $0.35 million for FY2023 to $0.06 million for FY2024 as the conditional sale and purchase agreement and supplemental agreements ("**SPA**") in relation to the Proposed Acquisition have lapsed in June 2024.

Please refer to Note 6.1 to the condensed interim consolidated financial statements above for details.

Other expenses

Other expenses in FY2024 relate to impairment of goodwill arising from the acquisition of AVHAA. Other expenses in FY2023 relate to cash donations made by the Company to the approved Institution of a Public Character to support the local communities.

Please refer to Note 12 to the condensed interim consolidated financial statements above for details.

Finance expenses

Finance expenses relate to interest expenses on lease liabilities arising from right-of-use assets. It increased from approximately $8,000 for FY2023 to approximately $11,000 for FY2024.

Income tax expenses

There was no income tax expense in FY2024 and FY2023 due to loss incurred by the Group.

Loss for the year

As a result of the above, the Group recorded a loss for the year of $1.98 million for FY2024, as compared to a loss for the year of $0.74 million for FY2023.

(b) Statement of Financial Position

Non-current assets

Plant and equipment comprise veterinary and medical equipment, office equipment, computer and software, furniture and fixtures and renovation. It increased from $0.13 million as at 31 December 2023 to $0.53 million as at 31 December 2024, mainly due to (i) purchase of veterinary and medical equipment of $0.22 million to replace obsolete equipment, which was in conjunction with the relocation of the clinics and was aimed at enhancing service delivery for clients, (ii) renovation work of $0.21 million for new clinic premises, and (iii) purchase of other assets including office equipment, furniture and fixtures and computers amounting to $0.04 million in FY2024.

Right-of-use assets relate to leases of veterinary clinic and office premises occupied by the Group. It increased from $0.14 million as at 31 December 2023 to $0.50 million as at 31 December 2024, mainly due to new leases for two relocated clinics with effect from the third quarter of 2024.

Goodwill arising from the acquisition of AVHAA decreased from $8.41 million as at 31 December 2023 to $7.01 million as at 31 December 2024, due to the impairment loss of $1.40 million recorded in FY2024.

Current assets

Inventories mainly comprise veterinary medicine, clinic consumables and pet food. It decreased from $0.10 million as at 31 December 2023 to $0.08 million as at 31 December 2024. The decrease in inventories was due to the lower purchases of inventories in December 2024.

Trade and other receivables mainly comprise trade receivables, interest receivables, deposits, grant receivables and other receivables in relation to the Proposed Acquisition. It decreased from $0.76 million as at 31 December 2023 to $0.72 million as at 31 December 2024, mainly due to an decrease in other receivables in relation to professional fees incurred for the Proposed Acquisition of $0.13 million, which will be reimbursed from AlDigi Holdings Pte. Ltd.. The decrease was partially offset by an increase in interest receivable of $0.06 million and deposits of $0.03 million.

Prepayments decreased slightly from approximately $27,000 as at 31 December 2023 to approximately $32,000 as at 31 December 2024.

Current liabilities

Trade payables decreased from approximately $59,000 as at 31 December 2023 to approximately $48,000 as at 31 December 2024, due to the lower purchases of inventories in December 2024.

Other payables and accruals comprise mainly professional fees, directors' fees, staff bonus and GST payable. Other payables and accruals remained at $0.52 million as at 31 December 2023 and 2024.

Lease liabilities (current portion) relate to veterinary clinic and office premise leases and due within the next 12 months after 31 December 2024. It increased from $0.13 million as at 31 December 2023 to $0.29 million as at 31 December 2024 mainly due to new leases for the relocated clinics with effect from the third quarter of 2024.

Non-current liabilities

Lease liabilities (non-current portion) relate to veterinary clinic and office premise leases and due after the next 12 months after 31 December 2024. It increased from $0.02 million as at 31 December 2023 to $0.20 million as at 31 December 2024, mainly due to new leases for the relocated clinics with effect from the third quarter of 2024.

Working capital

The Group reported a positive working capital position of $8.08 million as at 31 December 2024 ($9.19 million as at 31 December 2023).

(c) <u>Statement of Cash Flows</u>

Net cash used in operating activities amounted to $0.17 million for FY2024. The net cash flow used in operating activities was due to (i) the operating cash outflows before working capital changes of $0.55 million; (ii) net working capital inflow of $0.15 million; and (iii) interest received of $0.23 million. The net working capital inflow was attributable to a decrease in trade and other receivables of $0.15 million, and (ii) a decrease in inventories of $0.02 million; which was partially offset by (i) a decrease in trade and other payables of $0.02 million, and (ii) an increase in prepayments of approximately $5,000.

Net cash used in investing activities for FY2024 amounted to $0.47 million and was due to the purchase of veterinary and medical equipment, and other fixed assets.

Net cash used in financing activities for FY2024 amounted to $0.27 million and was mainly due to the repayment of lease liabilities.

As a result of the above, the Group's cash and cash equivalents decreased from $9.01 million as at 31 December 2023 to $8.10 million as at 31 December 2024.

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

The unaudited consolidated financial results of the Group for FY2024 as set out in this announcement, are in line with the profit guidance announcement for FY2024 released by the Company on 17 February 2025.

4. 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 operating period and the next 12 months.

The Group has relocated its veterinary clinics in the third quarter of 2024. The relocation of its veterinary clinics provides opportunities for the Group to enhance its service offerings and improve its operational efficiency.

The Company announced on 1 July 2024 that the conditions precedent set out in the SPA in relation to the Proposed Acquisition have not been satisfied or waived by 30 June 2024, and there has been no further extension of the fulfilment date for the conditions precedent. Accordingly, the SPA in relation to the Proposed Acquisition has lapsed and the Proposed Acquisition will not proceed.

Please refer to the announcements dated 30 December 2021, 28 April 2022, 5 August 2022, 30 November 2022, 14 December 2022, 29 November 2023 and 1 July 2024 for more information on the Proposed Acquisition.

The Company will continue to look out for opportunities to acquire or collaborate with related businesses or veterinary clinics, both in Singapore and overseas to expand its business scope and customers base.

5. Dividend information

5a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

No.

5b. Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

5c. Date Payable

Not applicable.

5d. The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Not applicable.

5e. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision

No dividend has been declared (recommended) for FY2024 as the Board of Directors of the Company deems it appropriate to conserve cash for the Group's business activities and growth.

5f. Total Annual Dividend

Not applicable.

6. Interested person transactions ("IPTs")

The Group has not obtained a general mandate from shareholders of the Company for IPTs and there were no IPTs entered into in FY2024.

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

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

8. Disclosure of persons occupying managerial positions who are relatives of a director, CEO or substantial shareholder

Pursuant to Rule 704(10) of the Catalist Rules, the Company confirms that there are no persons occupying a managerial position in the Company or in any of its principal subsidiaries who are a relative of a director, chief executive officer or substantial shareholder of the Company.

9. Disclosure of acquisitions (including incorporations) and realisations of shares since the end of the previous reporting period pursuant to Rule 706A of the Catalist Rules

The Group does not have any acquisitions (including incorporations) and realisations of shares since the end of the previous reporting period, up to 31 December 2024.

BY ORDER OF THE BOARD
ASIA VETS HOLDINGS LTD.

Tan Tong Guan	Henry Tan Song Kok
Executive Chairman and Chief Executive Officer	Lead Independent Director

Singapore

28 February 2025