

Xamble Group Limited
Appendix 4E
Preliminary final report

1. Company details

Name of entity:	Xamble Group Limited
ABN:	605927464
Reporting period:	For the year ended 31 December 2023 (unaudited)
Previous period:	For the year ended 31 December 2022

2. Results for announcement to the market

				S\$
Revenues from ordinary activities	down	13%	to	9,615,082
Loss from ordinary activities, net of tax attributable to the owners of Xamble Group Limited	up	65%	to	(1,777,222)
Loss for the year attributable to the owners of Xamble Group Limited	up	65%	to	(1,777,222)

Dividends

There were no dividends paid, recommended or declared during the current reporting year.

Comments

The Group's revenue for the full year-ended 31 December 2023 ("CY2023") was S\$9.62 million (full year-ended 31 December 2022 ("CY2022"): S\$11.06 million), representing a decline of 13% largely due to the slowdown in overall consumer packaged goods (CPG) spending which affected the Group's core influencer marketing business and due to the strengthening of the SGD against each of the Group entity's local reporting currencies during the period.

The loss before tax for the Group amounted to S\$1.64 million in CY2023 (CY2022: loss before tax of S\$1.04 million), with the result partly driven by forex losses of S\$0.28 million mainly due to unfavourable exchange rate movements during the period. The loss was also attributable to the decline in CPG advertising spending as well as technology expenses of S\$0.61 million. Overall, CY2023 saw a difficult first half year for advertisers, however, business saw strong improvement in H2 CY2023 with more investment in technology being rolled out and new sales and operations processes being implemented.

Excluding extraordinary items stated above but including technology expenses and corporate and listing costs, the Group delivered an EBITDA¹ deficit of S\$0.91 million in CY2023 (CY2022: EBITDA¹ deficit of S\$0.38 million).

3. Net tangible assets

	Reporting year Cents	Previous year Cents
Net tangible assets per ordinary security	1.34	1.77

4. Dividends

Current period

There were no dividends paid, recommended or declared during the current reporting year.

¹ Underlying EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) adjusted for extraordinary items relating to forex movements, options expenses, one-off rebranding and other costs of S\$0.53 million (CY2022: S\$0.43 million).

Previous period
There were no dividends paid, recommended or declared during the previous reporting year.

5. Details of associate

Name of associate	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting year %	Previous year %	Reporting year S\$	Previous year S\$
Nuffnang Philippines Inc	40.00%	40.00%	N.M.	N.M.
N.M. – Not material to the Group.				

6. Status of audit

The financial statements are unaudited and are currently in the process of being audited by RSM Chio Lim LLP.

Yours faithfully



Ganesh Kumar Bangah
Executive Chairman

Date: 28 February 2024

Xamble Group Limited

(Incorporated in Singapore. Registration Number: 200612086W)

and its subsidiaries

ARBN 605927464

Preliminary financial statements for the year ended 31 December 2023

Xamble Group Limited
Consolidated Statement of profit or loss and other comprehensive income
For the year ended 31 December 2023

	Note	<u>Group</u> <u>2023</u> \$	<u>2022</u> \$
Revenue	3	9,615,082	11,057,657
Cost of sales		(5,480,670)	(6,428,762)
Gross profit		4,134,412	4,628,895
Interest income		61,835	23,571
Other income and gains	4	142,400	855,026
Finance costs		(8,773)	(5,593)
Administrative and operating expenses	5	(5,680,295)	(6,112,390)
Other losses	4	(292,109)	(431,965)
Loss before income tax		(1,642,530)	(1,042,456)
Income tax expense		(85,242)	(68,898)
Loss, net of tax		(1,727,772)	(1,111,354)
Other comprehensive income:			
Items that will not reclassified to profit or loss:			
Fair value changes on equity instruments at FVTOCI, net of tax		(74,140)	19,700
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax		95,813	33,457
Other comprehensive income, net of tax		21,673	53,157
Total comprehensive loss		(1,706,099)	(1,058,197)
Loss for the year, net of tax attributable to:			
Owners of the parent		(1,777,222)	(1,075,009)
Non-controlling interests		49,450	(36,345)
Loss, net of tax		(1,727,772)	(1,111,354)
Total comprehensive loss for the year attributable to:			
Owners of the parent		(1,653,378)	(1,021,852)
Non-controlling interests		(52,721)	(36,345)
Total comprehensive loss		(1,706,099)	(1,058,197)
Loss per share		Cents	Cents
Basic and diluted loss per share	13	(0.63)	(0.38)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Xamble Group Limited
Consolidated Statement of financial position
As at 31 December 2023

	Note	<u>Group</u> <u>2023</u> \$	<u>2022</u> \$
ASSETS			
<u>Non-current assets</u>			
Plant and equipment		439,326	506,239
Intangible assets		302,895	192,270
Investment in associate		103,057	103,057
Financial asset at FVTOCI	6	23,560	97,700
Deferred tax assets		18,956	39,276
Total non-current assets		887,794	938,542
<u>Current assets</u>			
Income tax recoverable		250,371	153,219
Trade and other receivables		1,711,787	2,012,973
Other assets		417,646	148,151
Cash and cash equivalents	7	2,804,298	4,307,791
Total current assets		5,184,102	6,622,134
Total assets		6,071,896	7,560,676
LIABILITIES			
<u>Non-current liabilities</u>			
Lease liabilities		80,453	103,512
Total non-current liabilities		80,453	103,512
<u>Current liabilities</u>			
Income tax payable		8,971	97
Trade and other payables		1,526,710	1,583,063
Lease liabilities		94,350	117,494
Other financial liability	11	—	41,872
Other non-financial liabilities		282,666	509,905
Total current liabilities		1,912,697	2,252,431
Total liabilities		1,993,150	2,355,943
NET ASSETS		4,078,746	5,204,733
EQUITY			
Share capital	8	14,455,475	14,112,365
Accumulated losses		(12,095,475)	(11,599,766)
Capital reserve	9a	65,757	29,329
Share option reserve	9	1,719,906	2,847,919
Fair value reserve	10	(497,953)	(423,813)
Foreign currency translation reserve		(104,785)	(302,769)
Equity attributable to owners of the parent		3,542,925	4,663,265
Non-controlling interests		535,821	541,468
Total equity		4,078,746	5,204,733

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Xamble Group Limited
Consolidated Statement of changes in equity
For the year ended 31 December 2023

<u>Group:</u>	<u>Total equity</u> \$	<u>Attributable to parent Sub-total</u> \$	<u>Share capital</u> \$	<u>Accumulated losses</u> \$	<u>Capital reserve</u> \$	<u>Share option reserve</u> \$	<u>Fair value reserve</u> \$	<u>Foreign currency translation reserve</u> \$	<u>Non-controlling interests</u> \$
Current year:									
Balance at 1 January 2023	5,204,733	4,663,265	14,112,365	(11,599,766)	29,329	2,847,919	(423,813)	(302,769)	541,468
Movements in equity:									
Total comprehensive loss for the year	(1,706,099)	(1,653,378)	—	(1,777,222)	—	—	(74,140)	197,984	(52,721)
Issue of share capital (Note 8)	343,110	343,110	343,110	—	—	—	—	—	—
Expiry of share options (Note 9)	—	—	—	1,281,513	—	(1,281,513)	—	—	—
Share option expenses (Note 9)	260,517	260,517	—	—	—	260,517	—	—	—
Forfeited share options (Note 9)	(70,589)	(70,589)	—	—	—	(70,589)	—	—	—
Transfer to capital reserve (Note 9a)	—	—	—	—	36,428	(36,428)	—	—	—
Additions to non-controlling interests in a subsidiary	70,768	—	—	—	—	—	—	—	70,768
Dividends paid to non-controlling interests	(23,694)	—	—	—	—	—	—	—	(23,694)
Balance at 31 December 2023	<u>4,078,746</u>	<u>3,542,925</u>	<u>14,455,475</u>	<u>(12,095,475)</u>	<u>65,757</u>	<u>1,719,906</u>	<u>(497,953)</u>	<u>(104,805)</u>	<u>535,821</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

Xamble Group Limited
Statements of changes in equity
For the year ended 31 December 2023

<u>Group:</u>	<u>Total equity</u> \$	<u>Attributable to parent Sub-total</u> \$	<u>Share capital</u> \$	<u>Accumulated losses</u> \$	<u>Capital reserve</u> \$	<u>Share option reserve</u> \$	<u>Fair value reserve</u> \$	<u>Foreign currency translation reserve</u> \$	<u>Non-controlling interests</u> \$
Current year:									
Balance at 1 January 2022	5,650,288	5,110,695	14,112,365	(10,502,740)	—	2,285,712	(443,513)	(341,129)	539,593
Movements in equity:									
Total comprehensive loss for the year	(1,058,197)	(1,021,852)	—	(1,075,009)	—	—	19,700	33,457	(36,345)
Additions to non-controlling interests in subsidiaries	180,750	—	—	—	—	—	—	—	180,750
Share-options expense (Note 9)	665,486	665,486	—	—	—	665,486	—	—	—
Forfeited share options (Note 9)	(73,950)	(73,950)	—	—	—	(73,950)	—	—	—
Transfer to capital reserve (Note 9a)	—	—	—	—	29,329	(29,329)	—	—	—
Acquisition of additional interest in a subsidiary	(159,644)	(17,114)	—	(22,017)	—	—	—	4,903	(142,530)
Balance at 31 December 2022	<u>5,204,733</u>	<u>4,663,265</u>	<u>14,112,365</u>	<u>(11,599,766)</u>	<u>29,329</u>	<u>2,847,919</u>	<u>(423,813)</u>	<u>(302,769)</u>	<u>541,468</u>

The above statements of changes in equity should be read in conjunction with the accompanying notes

Xamble Group Limited
Notes to the financial statements
31 December 2023

	Group
	2023
	\$
	2022
	\$
Cash flows from operating activities	
Loss before income tax	(1,642,530)
Adjustments for:	(1,042,456)
Depreciation of plant and equipment	76,707
Depreciation of right-of-use-assets	132,392
Amortisation expenses	47,417
Gain on disposal of plant and equipment	(28,632)
Fair value gain on other financial liability at FVTPL	(71,313)
Share option expense	189,928
Interest income	(61,835)
Finance costs	8,773
Foreign exchange adjustment unrealised losses	216,080
Operating cash flows before changes in working capital	(1,133,013)
Other assets	(269,495)
Trade and other receivables	301,186
Trade and other payables	(56,353)
Other non-financial liabilities	(197,795)
Net cash flows (used in) from operations	(1,355,470)
Income tax paid	(153,200)
Net cash used in operating activities	(1,508,670)
Cash flows from investing activities	
Dividends from associate	–
Interest received	61,835
Additional contribution paid by non-controlling interest	70,768
Purchase of intangible assets	(162,336)
Purchase of property, plant and equipment	(90,280)
Proceeds from disposal of plant and equipment	32,617
Net cash used in investing activities	(87,396)
Cash flows from financing activities	
Dividend paid to non-controlling interests	(23,694)
Lease liabilities – principal portion paid	(128,686)
Finance costs	(8,773)
Proceeds from issuance of shares	343,110
Net cash from (used in) financing activities	181,957
Net decrease in cash and cash equivalents	(1,414,109)
Cash and cash equivalents at the beginning of reporting year	4,307,791
Effects of currency translation on cash and cash equivalents	(89,384)
Cash and cash equivalents, statement of cash flows, ending balance (Note 8)	2,804,298

Note 1. Significant accounting policies

Statement of Compliance

The Appendix 4E preliminary financial statements ("financial statements") for the year ended 31 December 2023 have been prepared in accordance with ASX listing rules and the recognition and measurement criteria of the Singapore Financial Reporting Standards ("SFRS") and the related Interpretations to SFRS ("INT SFRS") as issued by the Singapore Accounting Standards Council.

Basis of preparation

The financial statements have been prepared on applicable going concern basis under the historical cost convention except where a FRS requires an alternative treatment (such as fair values). The accounting policies and methods of computation adopted in the preparation of the preliminary financial statements are consistent with those adopted and disclosed in the consolidated entity's half yearly financial statements as at 30 June 2023.

The financial statements are presented in Singapore dollars.

Note 2. Segment Reporting

For management purposes, the Group is organised into the following major strategic operating segments that offer different products and services: (1) Influencer Platform, (2) Social Media Agency, (3) Performance Marketing Agency and (4) Live Commerce. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system. It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The principal segments and type of products and services are as follows:

(1) Influencer Platform	Enables advertisers to engage social media influencers to promote their products and services.
(2) Social Media Agency	Digital marketing agency specialising in social media strategy and campaign management for advertisers.
(3) Performance Marketing Agency	Performance marketing agency specialising in the manufacture and construction of advertising devices through any media.
(4) Live Commerce	Live commerce enabler aiming to provide merchants and their customers with a seamless and automated livestream shopping experience.

Segment revenues are allocated based on the country in which the customer is located. The Group has a large number of customers to which it provides both products and services. The Group does not rely on any single customer to a significant portion of revenues. Segment results consist of costs directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the Group are as far as practicable based on market benchmark. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies.

Note 2. Segment Reporting (cont'd)

The following tables illustrate the information about revenue by operating segments and countries.

Operating segments

	<u>2023</u>	<u>2022</u>
	\$	\$
Influencer Platform	4,894,263	5,946,618
Social Media Agency	2,405,642	2,853,359
Performance Marketing Agency	1,965,478	2,018,792
Live Commerce	349,699	238,888
Total	<u>9,615,082</u>	<u>11,057,657</u>

Country

Malaysia	8,392,308	9,715,331
Taiwan	1,196,674	1,208,025
Singapore	26,100	134,301
Total	<u>9,615,082</u>	<u>11,057,657</u>

Note 3. Revenue

	<u>2023</u>	<u>2022</u>
	\$	\$
Rendering of services	<u>9,615,082</u>	<u>11,057,657</u>

Note 4. Other income and gains and (other losses)

	<u>2023</u>	<u>2022</u>
	\$	\$
Foreign exchange adjustment loss	(284,492)	(427,002)
Fair value gain on other financial liabilities at FVTPL	71,313	817,621
Government grants	12,278	25,643
Impairment on trade receivables – (loss)	(7,617)	(4,963)
Gain on disposal of plant and equipment	28,632	2,587
Other income	30,177	9,175
Net	<u>(149,709)</u>	<u>423,061</u>
Presented in profit or loss as:		
Other income and gains	142,400	855,026
Other losses	<u>(292,109)</u>	<u>(431,965)</u>
	<u>(149,709)</u>	<u>423,061</u>

Note 5. Administrative and operating expenses

The major components include the following:

	<u>2023</u> <u>\$</u>	<u>Group</u> <u>2022</u> <u>\$</u>
Advertising expenses	53,636	171,442
Depreciation expense	209,099	207,550
Salaries and other short term employee benefits (Note 5a)	4,071,299	4,088,114
Share options expense relating to employees (Note 5a)	54,604	254,685
Share options expense relating to Non-Executive Directors of the company (Note 5a)	41,430	90,375
Share options expense relating to key management personnel of the Group (Note 5a)	93,894	246,476
Professional fees	314,768	388,525

Note 5a. Employee benefit expense

	<u>2023</u> <u>\$</u>	<u>Group</u> <u>2022</u> <u>\$</u>
Short term employee benefits expense	3,597,626	3,613,429
Contributions to defined contribution plan	343,254	338,151
Share options expense relating to employees	54,604	254,685
Share options expense relating to Non-Executive Directors of the company	41,430	90,375
Share options expense relating to key management personnel of the Group	93,894	246,476
Other benefits	130,419	136,534
Total employee benefits expense	4,261,227	4,679,650

Note 6. Financial asset at FVTOCI

	<u>2023</u> <u>\$</u>	<u>Group</u> <u>2022</u> <u>\$</u>
<u>Unquoted investment at FVTOCI:</u>		
Unquoted equity shares in a corporation	23,560	97,700
Balance at end of the year	23,560	97,700
<u>Movements during the year:</u>		
Fair value at beginning of the year	97,700	78,000
(Loss) gain recognised in other comprehensive income	(74,140)	19,700
Fair value at end of the year	23,560	97,700

On 26 May 2021, the Group acquired a 5% shareholding interest in Innovatic Commerce Solution Sdn Bhd for a consideration of RM1,551,872 (S\$521,513). The Group has no significant influence and the unquoted equity shares are measured at fair value through other comprehensive income ("FVTOCI"). A fair value loss of S\$74,140 (2022: Gain of S\$19,700) was recorded in other comprehensive income during the reporting year ended 31 December 2023.

Note 7. Cash and cash equivalents

	<u>2023</u> <u>\$</u>	<u>Group</u> <u>2022</u> <u>\$</u>
Not restricted in use	2,804,298	4,307,791
Cash at end of the year	2,804,298	4,307,791

Note 7. Cash and cash equivalents (cont'd)

The interest earning balances are not significant.

Reconciliation of liabilities arising from financing activities:

The Group does not have any external borrowings except for lease liabilities that are not significant.

Note 8. Share Capital

	Number of shares issued	Share capital \$
<u>Group and company</u>		
<u>Ordinary shares of no par value:</u>		
Balance at 31 December 2022 and 1 January 2023	283,011,666	14,112,365
Issuance of shares as part of share swap arrangement ^(a)	1,144,580	–
Proceeds from issuance of shares at \$0.30	11,428,571	343,110
Balance at 31 December 2023	295,584,817	14,455,475

^(a) The issuance of 1,144,580 was in respect of consideration for the acquisition of additional shares in Plata & Punta Sdn Bhd.

Note 9. Share option reserve

	<u>2023</u> \$	<u>Group</u> <u>2022</u> \$
Balance at beginning of the year	2,847,919	2,285,712
Expiry of share options – transferred to accumulated losses ^(a)	(1,281,513)	–
Share option expense relating to employees and non-executive directors	260,517	665,486
Transfer to capital reserve (Note 9a) ^(b)	(36,428)	(29,329)
Forfeited share options ^(c)	(70,589)	(73,950)
Balance at end of the year	1,719,906	2,847,919

The expense is allocated in the profit or loss as follows:

Administrative and operating expenses	189,928	591,536
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The outstanding number of options at the end of the reporting year was:

Exercise price outstanding	Grant date	Exercise period	Number of options	
			<u>2023</u>	<u>2022</u>
AUD 0.0145 (\$0.0149)	27 May 2021	From 1 January 2023 to 1 January 2024	9,562,499	11,141,666
AUD 0.045 (\$0.0396)	10 November 2023	From 10 November 2023 to 10 November 2028	2,000,000	–

^(a) 6,500,000 options issued to an external party on 3 March 2021 for services rendered to the Group in 2021 lapsed on 1 September 2023.

^(b) During the reporting year, on 14 April 2023, 550,000 options were exercised by non-executive directors of the company and 41,666 options were exercised by a non-key management personnel of the Group respectively. These were settled by a way of transfer of shares from the majority shareholder of the company. Accordingly, the company did not receive any cash consideration and did not issue any new shares.

Note 9. Share option reserve (cont'd)

(c) During the reporting year, 437,501 options were forfeited due to a non-key management personnel that held the options having left the employment of the Group before the options had vested.

During the reporting year, the Group issued 2,000,000 share options to a non-executive director of the company.

The estimate of the grant date fair value of each option issued is based on the Black-Scholes option pricing model (Level 3). In order to approximate the expectations that would be reflected in a current market or negotiated exchange price for these options, this model takes into account several factors and assumptions.

The following assumptions were used in respect of the share options granted during the year.

	<u>2023</u>
Range of share price	\$0.066
Range of exercise price	\$0.0396
Risk-free annual interest rates	3.95%
Volatility expected	171%
Expected option term of years	<u>5</u>

There were no grants in the prior year.

Note 9a. Capital reserve

The capital reserve represents the accumulation of the value of employee services received by the company, in respect of share options exercised to date.

Note 10. Fair value reserve

	<u>2023</u>	<u>Group</u>	<u>2022</u>
	\$		\$
As at 1 January 2023 and 1 January 2022	(423,813)		(443,513)
Fair value (loss) gain on financial asset at FVTOCI (Note 6)	(74,140)		19,700
As at 31 December 2023 and 31 December 2022	<u>(497,953)</u>		<u>(423,813)</u>

Note 11. Other financial liability

The derivative liability arose on the issuance of the free attached warrants issued as part of the fund raising exercise during the reporting year ended 31 December 2021. The fair value of the derivative liability on initial recognition was \$2,680,224 (Note 8). This liability was subsequently carried at fair value through profit or loss (Note 12) and lapsed on 1 September 2023.

Note 12: Fair value measurement

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

Note 12: Fair value measurement (cont'd)

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Consolidated – 31 December 2023				
<i>Assets</i>				
Ordinary shares at fair value through other comprehensive income (Note 6) #A	-	-	23,560	23,560
Total assets	-	-	23,560	23,560
<i>Liabilities</i>				
Derivative liability at fair value through profit or loss (Note 11) #B	-	-	-	-
Total liabilities	-	-	-	-
Consolidated – 31 December 2022				
<i>Assets</i>				
Ordinary shares at fair value through other comprehensive income (Note 6) #A	-	-	97,700	97,700
Total assets	-	-	97,700	97,700
<i>Liabilities</i>				
Derivative liability at fair value through profit or loss (Note 11) #B	-	41,872	-	41,872
Total liabilities	-	41,872	-	41,872

#A. For fair value recurrent measurements categorised within Level 3 of the fair value hierarchy, a description of the valuation techniques and the significant other observable inputs used in the fair value measurement are as follows:

Level 3:

Unquoted equity shares through FVTOCI:
E-commerce industry, Malaysia
Fair Value: \$23,560 (2022: \$97,700).
Valuation technique: Market comparable companies.

#B. For the fair value recurrent measurements categorised within Level 2 of the fair value hierarchy, a description of the valuation techniques and information about the significant unobservable inputs used in the fair value measurement are as follows:

Level 2:

Instrument: Derivative liability at FVTPL
Fair Value: \$Nil (2022: \$41,872).
Valuation technique: Black-Scholes option pricing model.

The following assumptions were used:

	2022
Range of share price	\$0.07
Range of exercise price	\$0.164
Risk-free annual interest rates	3.25% to 4.50%
Volatility expected	74% - 100%
Expected option term of years	0.669

There were no transfers between levels during the reporting year.

Note 13. Loss per share

The following table illustrates the numerators and denominators used to calculate basic and diluted (loss)/earnings per share of no par value:

	<u>2023</u> \$	<u>2022</u> \$
A. Numerator: loss attributable to equity:		
Continuing operations:		
Total basic and diluted loss attributable to owners of the parent	<u>(1,777,222)</u>	<u>(1,075,009)</u>
B. Denominator: weighted average number of equity shares		
Basic and diluted	<u>282,348,498</u>	<u>283,011,666</u>
	<u>Cents</u>	<u>Cents</u>
Basic and diluted loss per share	<u>(0.63)</u>	<u>(0.38)</u>

The weighted average number of equity shares refers to shares in circulation during the reporting year.

The basic loss per share ratio is based on the weighted average number of ordinary shares outstanding during each reporting year. There is no difference between the basic and diluted weighted average number of shares.