

OIO HOLDINGS LIMITED

Company Registration No. 201726076W

Unaudited Condensed Financial Statements

For the Fourth Quarter and Full Year Ended 31 December 2022

Background

OIO Holdings Limited (the “**Company**”) was incorporated in Singapore on 13 September 2017 under the Companies Act (Chapter 50) of Singapore as a company limited by shares under the name of “DLF Holdings Pte Ltd”. The Company was converted into a public company and changed its name to “DLF Holdings Limited” on 19 June 2018. The Company, its subsidiaries and (the “**Group**”) were formed pursuant to a restructuring exercise (the “**Restructuring Exercise**”) completed on 20 October 2017. On 25 July 2018, the Company was listed on the Catalist of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). Following the approval at the Extraordinary General Meeting dated 26 June 2020, the Company has changed its name to “OIO Holdings Limited” on 2 July 2020 and diversified its business activities to include blockchain related business.

Pursuant to Rule 705(2C) of the SGX-ST Listing Manual (“**Catalist Rules**”), the Company is required by the SGX-ST to announce its quarterly financial statements in view of the material uncertainty related to going concern issued by the Company’s auditors in the latest audited financial statements for the financial year ended 31 December 2021.

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INFORMATION REQUIRED FOR ANNOUNCEMENT OF FOURTH QUARTER AND FULL YEAR RESULTS

A. Condensed Consolidated Income Statement and Other Comprehensive Income

	Note	Group					
		3 months ended 31 December			12 months ended 31 December		
		4Q 2022	4Q 2021	Change	FY 2022	FY 2021	Change
		(Unaudited) S\$	(Audited) S\$	%	(Unaudited) S\$	(Audited) S\$	%
Revenue	4	304,157	1,362,939	(77.7)	3,575,507	5,021,534	(28.8)
Cost of sales		(93,409)	(165,635)	(43.6)	(740,051)	(763,613)	(3.1)
Gross profit		210,748	1,197,304	(82.4)	2,835,456	4,257,921	(33.4)
Other operating income		405,611	120,450	N.M.	997,737	689,469	44.7
Selling and distribution expenses		(520,327)	(217,133)	N.M.	(1,861,748)	(1,191,487)	56.3
Administrative expenses		(1,534,958)	(965,875)	58.9	(4,557,520)	(3,236,323)	40.8
Other operating expenses		(6,426,514)	(1,408,749)	N.M.	(9,804,508)	(1,538,018)	N.M.
Result from operation		(7,865,440)	(1,274,003)	N.M.	(12,390,583)	(1,018,438)	N.M.
Finance costs	6.2	(1,125)	(3,431)	67.2	(1,463)	(5,387)	(72.8)
Loss before taxation	6	(7,866,565)	(1,277,434)	N.M.	(12,392,046)	(1,023,825)	N.M.
Income tax expense	7	-	12,334	N.M.	-	(95,952)	N.M.
Loss for the financial period		(7,866,565)	(1,265,100)	N.M.	(12,392,046)	(1,119,777)	N.M.
Other comprehensive income							
<u>Items that may be reclassified to profit or loss in subsequent periods (net of tax)</u>							
Currency translation differences on consolidation of entities (net)		(310,075)	(19,759)	N.M.	166,858	64,491	N.M.
Total other comprehensive loss for the period		(8,176,640)	(1,284,859)	N.M.	(12,225,188)	(1,055,286)	N.M.
Loss attributable to:							
Owners of the Company		(7,866,565)	(1,264,373)	N.M.	(12,394,736)	(1,106,360)	N.M.
Non-Controlling interests ("NCI")		-	(727)	N.M.	2,690	(13,417)	N.M.
		(7,866,565)	(1,265,100)	N.M.	(12,392,046)	(1,119,777)	N.M.
Total comprehensive loss attributable to:							
Owners of the Company		(8,176,640)	(1,284,132)	N.M.	(12,227,878)	(1,041,869)	N.M.
Non-Controlling interests ("NCI")		-	(727)	N.M.	2,690	(13,417)	N.M.
		(8,176,640)	(1,284,859)	N.M.	(12,225,188)	(1,055,286)	N.M.

N.M. denotes not meaningful

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B. Condensed Statements of Financial Position

	Note	Group		Company	
		31 December 2022	31 December 2021	31 December 2022	31 December 2021
		(Unaudited) S\$	(Audited) S\$	(Unaudited) S\$	(Audited) S\$
ASSETS					
Non-current assets					
Investment in subsidiaries	8	-	-	1,670,960	9,325,853
Intangible assets	9	4,490,346	13,550,097	470,229	-
Property, plant and equipment	10	16,683	7,866	14,611	5,141
Right-of-use assets	11	85,965	-	85,965	-
Total non-current assets		4,592,994	13,557,963	2,241,765	9,330,994
Current assets					
Trade and other receivables		203,524	353,182	719,036	948,075
Cash and bank balances		2,742,503	5,835,041	2,684,738	4,439,145
Total current assets		2,946,027	6,188,223	3,403,774	5,387,220
Total assets		7,539,021	19,746,186	5,645,539	14,718,214
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the Company					
Share capital	18.1	23,830,385	23,830,385	23,830,385	23,830,385
Reserves		(2,317,213)	(2,556,773)	72,702	-
Accumulated losses		(24,157,938)	(11,763,202)	(26,323,995)	(15,879,228)
Total equity attributable to owners of the Company		(2,644,766)	9,510,410	(2,420,908)	7,951,157
Non-controlling interests		(55,098)	(57,788)	-	-
Total equity		(2,699,864)	9,452,622	(2,420,908)	7,951,157
LIABILITIES					
Non-current liabilities					
Trade and other payables	13	1,977,565	-	-	-
Contract liabilities	14	41,373	370,505	-	-
Provision for contingent liability	15	213,150	250,684	-	-
Lease liabilities	12	35,477	-	35,477	-
Loans from shareholder	16	3,089,200	-	3,089,200	-
Convertible notes	17	1,996,756	-	1,996,756	-
Total non-current liabilities		7,353,521	621,189	5,121,433	-
Current liabilities					
Trade and other payables		2,375,906	5,332,364	2,893,464	3,363,657
Contract liabilities	14	359,908	550,251	-	-
Lease liabilities		51,550	-	51,550	-
Loans from shareholder	16	-	3,403,400	-	3,403,400
Current tax liabilities		98,000	386,360	-	-
Total current liabilities		2,885,364	9,672,375	2,945,014	6,767,057
Total liabilities		10,238,885	10,293,564	8,066,447	6,767,057
Total equity and liabilities		7,539,021	19,746,186	5,645,539	14,718,214

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C. Condensed Consolidated Statement of Cash Flows

		Group			
		3 months ended 31 December		12 months ended 31 December	
		4Q 2022	4Q 2021	FY 2022	FY 2021
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
Note		S\$	S\$	S\$	S\$
CASH FLOWS FROM OPERATING ACTIVITIES					
	Loss before income tax	(7,866,565)	(1,277,434)	(12,392,046)	(1,023,825)
	Adjustments for:				
	Amortisation of software development	6.1 104,654	(31,456)	349,593	124,344
	Crypto assets received as revenue	(212,731)	(1,111,916)	(2,070,525)	(3,800,585)
	Crypto asset payments for expenses	55,124	4,762	717,677	539,062
	Depreciation of property, plant and equipment	6.1 2,248	2,609	6,776	28,750
	Depreciation of rights-of-use assets	6.1 12,894	3,939	17,192	39,468
	Early lease liability settlement	6.1 -	3,330	-	3,330
	Gain on liquidation of subsidiary ^{(1) (3)}	6.1 (14,974)	-	(307,758)	-
	Gain on disposal of subsidiary ⁽²⁾	6.1 (14,446)	-	(164,227)	-
	Gain loss on disposal of right-of-use assets	6.1 -	(28,618)	-	(28,618)
	Impairment loss on goodwill	6.1 5,428,037	-	5,428,037	-
	Impairment loss on crypto assets	6.1 961,308	857,686	3,604,538	871,222
	Loss on disposal of crypto assets	6.1 89,375	515,615	771,933	629,919
	Other receivables written off	6.1 -	-	-	642
	Interest on finance lease liabilities	6.1 932	101	1,270	2,057
	Interest on convertible notes	6.1 193	-	193	-
	Reversal of impairment loss on trade receivables	6.1 -	(47,000)	-	(47,000)
	Reversal of impairment loss on other receivables	6.1 -	-	(20,000)	(40,000)
	Operating loss before working capital changes	(1,453,951)	(1,108,382)	(4,057,347)	(2,701,234)
	Change in contract liabilities	(110,739)	-	(523,195)	-
	Change in trade and other receivables	295,787	(117,015)	(102,707)	(184,761)
	Proceeds from disposal of crypto assets	429,363	-	1,859,443	-
	Change in trade and other payables	228,572	265,738	(573,920)	(35,472)
	Net cash used in operations	(610,968)	(959,659)	(3,397,726)	(2,921,467)
	Income tax paid	-	(46,911)	(189,050)	(152,757)
	Net cash used in operating activities	(610,968)	(1,006,570)	(3,586,776)	(3,074,224)
CASH FLOWS FROM INVESTING ACTIVITIES					
	Additions of software development costs	(161,460)	(201,345)	(806,760)	(405,510)
	Net cash outflow on liquidation of subsidiaries ^{(1) (3)}	(99,517)	-	(105,789)	-
	Net cash outflow on disposal of subsidiary ⁽²⁾	-	-	(5,013)	-
	Proceeds from disposal of subsidiary ⁽²⁾	-	-	5,000	-
	Cash acquired via acquisition of subsidiaries settled in consideration shares	-	-	-	98,386
	Purchase of crypto assets	(28,219)	(309,090)	(297,792)	(309,090)
	Proceeds from disposal of right-of-use assets	-	3,845	-	3,845
	Purchase of property, plant and equipment	6.1 -	(1,269)	(16,432)	(6,428)
	Repayment of loan from non-controlling interest's holding company	-	70,000	20,000	70,000
	Net cash used in investing activities	(289,196)	(437,859)	(1,206,786)	(548,797)
CASH FLOWS FROM FINANCING ACTIVITIES					
	Early lease liability settlement	-	(3,330)	-	(3,330)
	Interest paid on finance lease liabilities	(932)	(101)	(1,270)	(2,057)
	Decrease in amount due to director	-	(45,397)	-	(45,397)
	Proceeds from issuance of convertible notes	2,011,500	-	2,011,500	3,229,420
	Proceeds from issuance of shares	-	3,459,916	-	3,997,716
	Proceeds from shareholder's loan	-	-	-	2,694,400
	Repayment of lease liabilities	(12,568)	(1,138)	(16,130)	(35,842)
	Repayment of loan from shareholder	-	-	(300,000)	(500,000)
	Net cash generated from financing activities	1,998,000	3,409,950	1,694,100	9,334,910

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C. Condensed Consolidated Statement of Cash Flows (Cont'd)

	Group			
	3 months ended 31 December		12 months ended 31 December	
	4Q 2022	4Q 2021	FY 2022	FY 2021
	(Unaudited) S\$	(Audited) S\$	(Unaudited) S\$	(Audited) S\$
Net increase/ (decrease) in cash and cash equivalents	1,097,836	1,965,521	(3,099,462)	5,711,889
Cash and cash equivalents at beginning of financial period	1,694,593	4,047,501	5,835,041	338,369
Effects of exchange rate changes on cash and cash equivalents	(49,926)	(177,981)	6,924	(215,217)
Cash and cash equivalents at end of financial period	2,742,503	5,835,041	2,742,503	5,835,041

- (1) On 21 February 2022, the Company applied for creditors' voluntary liquidation for Acmes-Kings Corporation Pte Ltd. This subsidiary is consolidated until the date it ceases to be a subsidiary of the Group. There is a gain of S\$292,784 (FY 2021: Nil) recorded at the Group level.
- (2) On 12 August 2022, the Company disposed its shares in DLF Engineering Pte Ltd. This subsidiary is consolidated until the date it ceases to be a subsidiary of the Group. There is a gain of S\$164,227 (FY 2021: Nil) recorded at the Group level.
- (3) On 27 October 2022, the Company applied for creditors' voluntary liquidation for DLF Pte Ltd and DLF Prosper Venture Pte Ltd. These subsidiaries are consolidated until the date they cease to be subsidiaries of the Group. There is a gain of S\$14,974 (FY 2021: Nil) recorded at the Group level.

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D. Condensed Statements of Changes in Equity

Group	Share capital	Other reserves	Share-based payment reserves	Foreign currency reserves	Accumulated losses	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<u>FY 2022 (Unaudited)</u>								
Balance as at 1 January 2022	23,830,385	(2,888,997)	-	332,224	(11,763,202)	9,510,410	(57,788)	9,452,622
(Loss)/ profit for the period	-	-	-	-	(12,394,736)	(12,394,736)	2,690	(12,392,046)
Foreign currency translation differences	-	-	-	166,858	-	166,858	-	166,858
Total comprehensive profit/(loss) for the period	-	-	-	166,858	(12,394,736)	(12,227,878)	2,690	(12,225,188)
<u>Transactions with owners, recognised directly in equity</u>								
Recognition of share-based payments	-	-	72,702	-	-	72,702	-	72,702
Balance as at 31 December 2022	23,830,385	(2,888,997)	72,702	499,082	(24,157,938)	(2,644,766)	(55,098)	(2,699,864)
<u>FY 2021 (Audited)</u>								
Balance as at 1 January 2021	9,499,017	(2,888,997)	-	267,733	(10,656,842)	(3,779,089)	(44,371)	(3,823,460)
Loss for the period	-	-	-	-	(1,106,360)	(1,106,360)	(13,417)	(1,119,777)
Foreign currency translation differences	-	-	-	64,491	-	64,491	-	64,491
Total comprehensive profit/(loss) for the period	-	-	-	64,491	(1,106,360)	(1,041,869)	(13,417)	(1,055,286)
<u>Transactions with owners, recognised directly in equity</u>								
Issuance of new ordinary shares	14,331,368	-	-	-	-	14,331,368	-	14,331,368
Balance as at 31 December 2021	23,830,385	(2,888,997)	-	332,224	(11,763,202)	9,510,410	(57,788)	9,452,622

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D. Condensed Statements of Changes in Equity (Cont'd)

	Share capital	Other reserves	Share-based payment reserves	Foreign currency reserves	Accumulated losses	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Group	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
4Q 2022 (Unaudited)								
Balance as at 1 October 2022	23,830,385	(2,888,997)	72,702	809,157	(16,291,373)	5,531,874	(55,098)	5,476,776
Loss for the period	-	-	-	-	(7,866,565)	(7,866,565)	-	(7,866,565)
Foreign currency translation differences	-	-	-	(310,075)	-	(310,075)	-	(310,075)
Total comprehensive loss for the period	-	-	-	(310,075)	(7,866,565)	(8,176,640)	-	(8,176,640)
<u>Transactions with owners, recognised directly in equity</u>								
Recognition of share-based payments	-	-	-	-	-	-	-	-
Balance as at 31 December 2022	23,830,385	(2,888,997)	72,702	499,082	(24,157,938)	(2,644,766)	(55,098)	(2,699,864)
4Q 2021 (Audited)								
Balance as at 1 October 2021	20,410,817	(3,131,087)	-	351,983	(10,498,829)	7,132,884	(57,061)	7,075,823
Loss for the period	-	-	-	-	(1,264,373)	(1,264,373)	(727)	(1,265,100)
Capital reserve from acquisition of subsidiaries	-	242,090	-	-	-	242,090	-	242,090
Foreign currency translation differences	-	-	-	(19,759)	-	(19,759)	-	(19,759)
Total comprehensive profit/(loss) for the period	-	242,090	-	(19,759)	(1,264,373)	(1,042,042)	(727)	(1,042,769)
<u>Transactions with owners, recognised directly in equity</u>								
Issuance of new ordinary shares	3,419,568	-	-	-	-	3,419,568	-	3,419,568
Balance as at 31 December 2021	23,830,385	(2,888,997)	-	332,224	(11,763,202)	9,510,410	(57,788)	9,452,622

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D. Condensed Statements of Changes in Equity (Cont'd)

Company	Share capital	Other reserves	Share-based payment reserves	Accumulated losses	Total equity
	S\$	S\$	S\$	S\$	S\$
<u>FY 2022 (Unaudited)</u>					
Balance as at 1 January 2022	23,830,385	-	-	(15,879,228)	7,951,157
Loss for the period	-	-	-	(10,444,767)	(10,444,767)
Total comprehensive loss for the period	-	-	-	(10,444,767)	(10,444,767)
<u>Transactions with owners, recognised directly in equity</u>					
Recognition of share-based payments	-	-	72,702	-	72,702
Balance as at 31 December 2022	23,830,385	-	72,702	(26,323,995)	(2,420,908)
<u>FY 2021 (Audited)</u>					
Balance as at 1 January 2021	9,499,017	-	-	(13,878,917)	(4,379,900)
Loss for the period	-	-	-	(2,000,311)	(2,000,311)
Capital reserve from acquisition of subsidiaries	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	(2,000,311)	(2,000,311)
<u>Transactions with owners, recognised directly in equity</u>					
Issuance of new ordinary shares	14,331,368	-	-	-	14,331,368
Balance as at 31 December 2021	23,830,385	-	-	(15,879,228)	7,951,157

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D. Condensed Statements of Changes in Equity (Cont'd)

	Share capital	Other reserves	Share-based payment reserves	Accumulated losses	Total equity
Company	S\$	S\$	S\$	S\$	S\$
4Q 2022 (Unaudited)					
Balance as at 1 October 2022	23,830,385	-	72,702	(17,203,437)	6,699,650
Loss for the period	-	-	-	(9,120,558)	(9,120,558)
Total comprehensive loss for the period	-	-	-	(9,120,558)	(9,120,558)
<u>Transactions with owners, recognised directly in equity</u>					
Recognition of share-based payments	-	-	-	-	-
Balance as at 31 December 2022	23,830,385	-	72,702	(26,323,995)	(2,420,908)
4Q 2021 (Audited)					
Balance as at 1 October 2021	20,410,817	(242,090)	-	(15,233,106)	4,935,621
Loss for the period	-	-	-	(646,122)	(646,122)
Capital reserve from acquisition of subsidiaries	-	242,090	-	-	242,090
Total comprehensive loss for the period	-	242,090	-	(646,122)	(404,032)
<u>Transactions with owners, recognised directly in equity</u>					
Issuance of new ordinary shares	3,419,568	-	-	-	3,419,568
Balance as at 31 December 2021	23,830,385	-	-	(15,879,228)	7,951,157

E. Notes to The Condensed Consolidated Financial Statements

1. Corporate information

The Company is incorporated as a private company and domiciled in the Republic of Singapore. The Company was listed on 25 July 2018 in the Catalist Board of the SGX-ST. These condensed consolidated financial statements for the fourth quarter and Full Year ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The principal activities of the Group are:-

- (a) Blockchain agency and consulting services relates to sales agency services to blockchain companies in respect of their blockchain-related products and services, software development outsource agency services to blockchain companies in respect of their software development projects, consultancy services to blockchain companies in respect of the strategy, sales and marketing, technology and operation of their blockchain-related businesses, products and services and commercialisation of blockchain-related products, which are conducted by OIO Singapore Pte Ltd;
- (b) Staking¹ services relate to provision of digital wallets and staking services to retail customers as well as research and development services to enterprise customers in relation to their staking and decentralized finance businesses, which are conducted by Moonstake Pte Ltd and Moonstake Limited (collectively, “**MS Group**”) acquired by the Group on 31 May 2021;
- (c) Management services segment relates to provision of contract work management and fulfilment services; and
- (d) Mechanical and electrical engineering services segment relates to provision of solutions and services in fire protection systems, plumbing and sanitary systems, and heating, ventilation and air-conditioning systems. On 12 August 2022 and on 27 October 2022, the Group announced the completion of disposal of shares in DLF Engineering Pte Ltd² as well as the placement of the remaining M&E Engineering Services subsidiaries under Creditors Voluntarily Liquidation³ respectively.

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

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

² SGX company announcement – Asset Acquisition and Disposals:: Completion of Disposal of Shares in DLF Engineering Pte Ltd
(https://links.sgx.com/FileOpen/OIO_Completion_of_Disposal_of_DLF_Engineering.ashx?App=Announcement&FileID=728434)

³ SGX company announcement – General Announcement:: Creditors’ Voluntarily Liquidation of Subsidiaries
(https://links.sgx.com/FileOpen/OIO_CVL_DLFPL_DLFPV.ashx?App=Announcement&FileID=733622)

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2. Basis of preparation

The condensed financial statements for the financial period ended 31 December 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

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

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

2.1 New and amended standards adopted by the Group

The Group and the Company have adopted the new and revised SFRS(I)s, and Interpretations of SFRS(I) ("**SFRS(I) INTs**") that are effective for the annual period beginning on 1 January 2022. The adoption of these SFRS(I)s and SFRS(I) INTs did not have any significant effect on the financial statements of the Group and the Company.

2.2 Use of judgement and estimates

In preparing the condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 4.1 – Determination of operating segments
- Note 7 – Income tax

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2.2 Use of judgement and estimates (Cont'd)

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 period are included in the following notes:

- Notes 4.2 and 4.3 – Revenue recognition
- Note 8 – Acquisition of subsidiary: The fair value of the consideration transferred and the fair value of the assets acquired and liabilities assumed
- Notes 8, 9 and 10 – Impairment of non-financial assets (Investment in subsidiaries, Intangible assets, Property, plant and equipment)
- Note 15 – Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

3. Seasonal operations

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

4. Segment and revenue information

The Group is organised into the following main business segments in FY 2022:-

- Segment 1: Mechanical and electrical engineering services⁴;
- Segment 2: Management services⁴;
- Segment 3: Blockchain technology services; and
- Segment 4: Unallocated.

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

⁴ SGX company announcement – Asset Acquisition and Disposals:: Completion of Disposal of Shares in DLF Engineering Pte Ltd
(https://links.sgx.com/FileOpen/OIO_Completion_of_Disposal_of_DLF_Engineering.ashx?App=Announcement&FileID=728434)

SGX company announcement – General Announcement:: Creditors' Voluntarily Liquidation of Subsidiaries
(https://links.sgx.com/FileOpen/OIO_CVL_DLFPL_DLFPV.ashx?App=Announcement&FileID=733622)

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4.1 Reportable segments

Group	Mechanical and electrical engineering services	Management services	Blockchain technology services ⁽¹⁾	Unallocated	Total
<u>FY 2022 (Unaudited)</u>	S\$	S\$	S\$	S\$	S\$
Revenue	68,300	-	3,507,207	-	3,575,507
Segment results	355,521	20,402	(11,055,084)	(1,711,422)	(12,390,583)
Profit/ (loss) before tax	355,521	20,402	(11,055,084)	(1,712,885)	(12,392,046)
Segment assets	-	-	4,234,444	3,304,577	7,539,021
Segment liabilities	-	-	4,087,033	6,151,852	10,238,885
<i>Other information</i>					
Interest expenses on lease liabilities	-	-	-	(1,270)	(1,270)
Interest expenses on convertible notes	-	-	-	(193)	(193)
Realised foreign exchange (loss)/ gain, net	-	-	(1,688)	4,319	2,631
Unrealised foreign exchange (loss)/ gain, net	-	-	(48,577)	53,336	4,759
Amortisation of software development	-	-	(349,593)	-	(349,593)
Purchase of property, plant and equipment	-	-	(1,771)	(14,661)	(16,432)
Depreciation of property, plant and equipment	(204)	-	(1,382)	(5,190)	(6,776)
Depreciation of rights-of-use assets	-	-	-	(17,192)	(17,192)
Reversal of impairment loss on other receivables	-	20,000	-	-	20,000
Impairment loss on crypto assets	-	-	(3,604,538)	-	(3,604,538)
Impairment loss on goodwill	-	-	(5,428,037)	-	(5,428,037)
Loss on disposal of crypto assets	-	-	(771,933)	-	(771,933)
Gain on liquidation of subsidiaries	300,805	6,953	-	-	307,758
Gain on disposal of subsidiary	164,227	-	-	-	164,227
Government grants	2,500	-	109,787	24,344	136,631

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

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4.1 Reportable segments (Cont'd)

The Group is organised into the following main business segments in FY 2021:-

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

Group FY 2021 (Audited)	Mechanical and electrical engineering services	Management services	Blockchain technology services ⁽¹⁾	Unallocated	Total
	S\$	S\$	S\$	S\$	S\$
Revenue	459,832	-	4,561,702	-	5,021,534
Segment results	224,979	29,404	624,861	(1,897,682)	(1,018,438)
Profit/ (loss) before tax	219,592	29,404	624,861	(1,897,682)	(1,023,825)
Segment assets	129,950	-	15,136,510	4,479,726	19,746,186
Segment liabilities	850,762	8,696	4,314,794	5,119,312	10,293,564
<i>Other information</i>					
Interest expenses on lease liabilities	(5,387)	-	-	-	(5,387)
Realised foreign exchange loss, net	-	-	(745)	(29,336)	(30,081)
Unrealised foreign exchange gain/ (loss), net	-	-	1,309	(7,464)	(6,155)
Amortisation of software development	-	-	(124,344)	-	(124,344)
Purchase of property, plant and equipment	-	-	(2,525)	(3,903)	(6,428)
Depreciation of rights-of-use assets	(39,468)	-	-	-	(39,468)
Depreciation of property, plant and equipment	(25,948)	-	(842)	(1,960)	(28,750)
Reversal of impairment loss on trade receivables	47,000	-	-	-	47,000
Reversal of impairment loss on other receivables	-	40,000	-	-	40,000
Gain on disposal of right-of-use assets	28,618	-	-	-	28,618
Impairment loss on crypto Assets	-	-	(871,222)	-	(871,222)
Loss on disposal of crypto assets	-	-	(629,919)	-	(629,919)
Other receivables written off	(642)	-	-	-	(642)
Government grants	13,430	-	122,718	46,925	183,073

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

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4.1 Reportable segments (Cont'd)

<u>Group</u> <u>4Q 2022 (Unaudited)</u>	Mechanical and electrical engineering services	Management services	Blockchain technology services ⁽¹⁾	Unallocated	Total
	S\$	S\$	S\$	S\$	S\$
Revenue	-	-	304,157	-	304,157
Segment results	8,021	6,953	(7,492,863)	(387,551)	(7,865,440)
Profit/ (loss) before tax	8,021	6,953	(7,492,863)	(388,676)	(7,866,565)
Segment assets	-	-	4,234,444	3,304,577	7,539,021
Segment liabilities	-	-	4,087,033	6,151,852	10,238,885
<i>Other information</i>					
Interest expenses on lease liabilities	-	-	-	(932)	(932)
Interest expenses on convertible notes	-	-	-	(193)	(193)
Realised foreign exchange loss, net	-	-	(59)	-	(59)
Unrealised foreign exchange (loss)/ gain, net	-	-	(36,159)	95,814	59,655
Amortisation of software development	-	-	(104,654)	-	(104,654)
Purchase of property, plant and equipment	-	-	-	-	-
Depreciation of property, plant and equipment	-	-	(357)	(1,891)	(2,248)
Depreciation of rights-of-use assets	-	-	-	(12,894)	(12,894)
Reversal of impairment loss on other receivables	-	-	-	-	-
Impairment loss on crypto assets	-	-	(961,308)	-	(961,308)
Impairment loss on goodwill	-	-	(5,428,037)	-	(5,428,037)
Loss on disposal of crypto assets	-	-	(89,375)	-	(89,375)
Gain on liquidation of subsidiaries	8,021	6,953	-	-	14,974
Gain on disposal of subsidiary	14,446	-	-	-	14,446
Government grants	-	-	1,538	8,406	9,944

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

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4.1 Reportable segments (Cont'd)

<u>Group</u> <u>4Q 2021 (Audited)</u>	Mechanical and electrical engineering services	Management services	Blockchain technology services ⁽¹⁾	Unallocated	Total
	S\$	S\$	S\$	S\$	S\$
Revenue	81,820	-	1,281,119	-	1,362,939
Segment results	(8,078)	(3,637)	(718,798)	(543,490)	(1,274,003)
Profit/ (loss) before tax	(11,509)	(3,637)	(718,798)	(543,490)	(1,277,434)
Segment assets	129,950	-	15,136,510	4,479,726	19,746,186
Segment liabilities	850,762	8,696	4,314,794	5,119,312	10,293,564
<i>Other information</i>					
Interest expenses on lease liabilities	(3,431)	-	-	-	(3,431)
Realised foreign exchange gain/ (loss), net	-	-	600	(32,286)	(31,686)
Unrealised foreign exchange loss, net	-	-	(1,885)	(1,877)	(3,762)
Amortisation of software development	-	-	31,456	-	31,456
Purchase of property, plant and equipment	-	-	-	(1,269)	(1,269)
Depreciation of rights-of-use assets	(3,939)	-	-	-	(3,939)
Depreciation of property, plant and equipment	(1,800)	-	(211)	(598)	(2,609)
Reversal of impairment loss on trade receivables	47,000	-	-	-	47,000
Reversal of impairment loss on other receivables	-	-	-	-	-
Gain on disposal of right-of-use assets	28,618	-	-	-	28,618
Impairment loss on crypto assets	-	-	(857,686)	-	(857,686)
Loss on disposal of crypto assets	-	-	(515,615)	-	(515,615)
Other receivables written off	-	-	-	-	-
Government grants	2,000	-	34,333	8,499	44,832

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

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4.2 Disaggregation of Revenue

The Group	Group			
	3 months ended		12 months ended	
	31 December		31 December	
	4Q 2022	4Q 2021	FY 2022	FY 2021
	S\$	S\$	S\$	S\$
Staking services				
- Digital wallets and staking services	220,846	1,163,040	1,721,690	2,563,115
- Research and development services	(6,861)	5,475	1,345,687	1,674,224
- Agency service fee	85,519	82,614	335,753	191,406
Total staking services	299,504	1,251,129	3,403,130	4,428,745
Project revenue	-	81,819	68,300	459,831
Blockchain agency and consulting services	4,653	29,991	104,077	132,958
	304,157	1,362,939	3,575,507	5,021,534
Timing of revenue recognition				
At a point in time				
- Staking services	213,985	1,168,515	2,633,534	4,237,339
- Blockchain agency and consulting services	-	25,544	67,736	53,285
	213,985	1,194,059	2,701,270	4,290,624
Over time				
- Staking services	85,519	82,614	769,596	191,406
- Project revenue	-	81,819	68,300	459,831
- Blockchain agency and consulting services	4,653	4,447	36,341	79,673
	90,172	168,880	874,237	730,910
	304,157	1,362,939	3,575,507	5,021,534
Geographical segments				
Singapore	102,686	174,355	1,786,081	1,732,884
Others	201,471	1,188,584	1,789,426	3,288,650
	304,157	1,362,939	3,575,507	5,021,534

4.3 Revenue

The accounting policies on revenue recognition for the Group are:-

(i) Mechanical and electrical engineering project revenue

The Group provides maintenance, replacement and repairing engineering services to customers through fixed-price contracts for big projects or purchase orders for small projects. Revenue is recognised when the promised service has been transferred to the customer.

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

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4.3 Revenue (Cont'd)

(ii) Blockchain agency and consulting services ⁽¹⁾

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

(iii) Staking services ⁽²⁾

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

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

For agency service fee collected in advance, revenue is recognised to the profit and loss over the remaining period of the agency service agreement.

⁽¹⁾ Conducted by OIO Singapore Pte Ltd.

⁽²⁾ Conducted by Moonstake Pte Ltd and Moonstake Limited.

4.4 A breakdown of sales

	Group		
	FY 2022	FY 2021	Change
	(Unaudited) S\$	(Audited) S\$	%
Sales reported for first half year	2,919,293	1,641,113	77.9
Operating losses after tax before deducting non-controlling interests reported for first half year	(3,451,675)	(638,682)	N.M.
Sales reported for second half year	656,214	3,380,421	(80.6)
Operating losses after tax before deducting non-controlling interest reported for second half year	(8,940,371)	(481,095)	N.M.

N.M. denotes not meaningful

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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 2022 and 31 December 2021:-

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	(Unaudited) S\$	(Audited) S\$	(Unaudited) S\$	(Audited) S\$
Financial assets at amortised costs				
Trade and other receivables*	139,104	233,444	695,810	930,655
Cash and bank balances	2,742,503	5,835,041	2,684,738	4,439,145
	<u>2,881,607</u>	<u>6,068,485</u>	<u>3,380,548</u>	<u>5,369,800</u>
Financial liabilities at amortised costs				
Trade and other payables**	2,241,444	2,582,002	2,893,464	3,363,657
Lease liabilities	87,027	-	87,027	-
Loans from shareholder	3,089,200	3,403,400	3,089,200	3,403,400
Convertible notes	1,996,756	-	1,996,756	-
	<u>7,414,427</u>	<u>5,985,402</u>	<u>8,066,447</u>	<u>6,767,057</u>

* Excluded loan and advance payment in crypto assets to third party entities, prepayments and goods and services tax receivable.

** Excluded advances in crypto assets received from a third party, loan from a director in crypto assets and goods and services tax payable.

6. Loss before taxation

6.1 Significant items

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

	Note	Group			
		3 months ended 31 December		12 months ended 31 December	
		4Q 2022 (Unaudited) S\$	4Q 2021 (Audited) S\$	FY 2022 (Unaudited) S\$	FY 2021 (Audited) S\$
Amortisation of software development	9	(104,654)	31,456	(349,593)	(124,344)
Depreciation on property, plant and equipment		(2,248)	(2,609)	(6,776)	(28,750)
Depreciation on rights-of-use assets		(12,894)	(3,939)	(17,192)	(39,468)
Realised foreign exchange (loss)/ gain, net		(59)	(31,686)	2,631	(30,081)
Unrealised foreign exchange gain/ (loss), net		59,655	(3,762)	4,759	(6,155)
Gain on liquidation of subsidiaries ^{(1) (3)}		14,974	-	307,758	-

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6.1 Significant items (Cont'd)

Note	Group			
	3 months ended 31 December		12 months ended 31 December	
	4Q 2022 (Unaudited) S\$	4Q 2021 (Audited) S\$	FY 2022 (Unaudited) S\$	FY 2021 (Audited) S\$
Gain on disposal of subsidiary ⁽²⁾	14,446	-	164,227	-
Government grants	9,944	44,832	136,631	183,073
Impairment loss on crypto assets	9 (961,308)	(857,686)	(3,604,538)	(871,222)
Interest expenses on lease liabilities	(932)	(101)	(1,270)	(2,057)
Interest expenses on convertible notes	(193)	-	(193)	-
Loss on disposal of crypto assets	(89,375)	(515,615)	(771,933)	(629,919)
Impairment loss on goodwill	9 (5,428,037)	-	(5,428,037)	-
Early lease liability settlement	-	(3,330)	-	(3,330)
Other receivables written off	-	-	-	(642)
Reversal of impairment loss on trade receivables	-	47,000	-	47,000
Reversal of impairment loss on other receivables	-	-	20,000	40,000
Gain on disposal of right-of-use assets	-	28,618	-	28,618
Purchase of property, plant and equipment	-	(1,269)	(16,432)	(6,428)

⁽¹⁾ On 21 February 2022, the Company applied for creditors' voluntary liquidation for Acmes-Kings Corporation Pte Ltd. This subsidiary is consolidated until the date it ceases to be a subsidiary of the Group. There is a gain of S\$292,784 recorded at Group level.

⁽²⁾ On 12 August 2022, the Company completed the disposal of shares in DLF Engineering Pte Ltd. This subsidiary is consolidated until the date it ceases to be a subsidiary of the Group. There is a gain of S\$164,227 recorded at Group level.

⁽³⁾ On 27 October 2022, the Company applied for creditors' voluntary liquidation for DLF Pte Ltd and DLF Prosper Venture Pte Ltd. These subsidiaries are consolidated until the date they cease to be subsidiaries of the Group. There is a gain of S\$14,974 recorded at Group level.

6.2 Finance costs

The interest expenses on leases liabilities incurred in 4Q 2022 and FY 2022 are S\$932 and S\$1,270 respectively (4Q 2021: S\$3,431, FY 2021: S\$5,387). The interest expenses on convertible notes incurred in 4Q 2022 and FY 2022 are S\$193 and S\$193 respectively (4Q 2021: Nil, FY 2021: Nil).

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6.3 Related party transactions

There were transactions with the following related party during the financial period ended 31 December.

The Group	Group			
	3 months ended 31 December		12 months ended 31 December	
	4Q 2022	4Q 2021	FY 2022	FY 2021
	(Unaudited) S\$	(Audited) S\$	(Unaudited) S\$	(Audited) S\$
<u>Transactions with related party</u>				
Professional and consulting fee ⁽¹⁾	25,305	24,445	99,544	56,897
Proceeds from disposal of a subsidiary ⁽²⁾	-	-	5,000	-
Loan from director ⁽³⁾	134,461	-	134,461	-

⁽¹⁾ Related party is an entity which has common controlling shareholder as the Company.

⁽²⁾ Relates to disposal of the entire share capital of DLF Engineering Pte Ltd to a director, who is also a shareholder of the Company.

⁽³⁾ Loan from director is in crypto assets, and is interest free and repayable on demand.

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed consolidated statement of profit or loss are:-

	Group			
	3 months ended 31 December		12 months ended 31 December	
	4Q 2022	4Q 2021	FY 2022	FY 2021
	(Unaudited) S\$	(Audited) S\$	(Unaudited) S\$	(Audited) S\$
Income tax credit/ (expense)	-	12,334	-	(95,952)

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8. Investment in subsidiaries

	Company	
	31 December 2022	31 December 2021
	(Unaudited)	(Audited)
	S\$	S\$
<u>Unquoted equity investments, at cost</u>		
At 1 January	10,572,766	1,246,914
At 31 March	10,572,766	1,246,914
Acquisition of subsidiaries ⁽¹⁾	-	7,141,652
Additions ⁽²⁾	-	2,184,200
At 30 June	10,572,766	10,572,766
Disposal of subsidiary ⁽³⁾	(194,485)	-
Liquidation of subsidiaries ^{(4) (5)}	(1,052,428)	-
At 31 December	9,325,853	10,572,766
<u>Less: Impairment of investment in subsidiaries</u>		
At 1 January	(1,246,913)	(1,246,913)
Reversal of impairment loss due to disposal of subsidiary ⁽³⁾	194,485	-
Reversal of impairment loss due to liquidation of subsidiaries ^{(4) (5)}	1,052,428	-
Impairment of investment in subsidiaries ⁽⁶⁾	(7,654,893)	-
At 31 December	(7,654,893)	-
Investment in subsidiaries - Net	1,670,960	9,325,853

⁽¹⁾ On 31 May 2021, the Company acquired the entire issued share capital in Moonstake Pte Ltd from a third party for an aggregate consideration of S\$7,141,652.

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

⁽³⁾ On 12 August 2022, the Company disposed its shares in DLF Engineering Pte Ltd. This subsidiary is consolidated until the date it ceases to be a subsidiary of the Group. There is a gain of S\$164,227 (FY 2021: Nil) recorded at the Group level.

⁽⁴⁾ On 21 February 2022, the Company applied for creditors' voluntary liquidation for Acmes-Kings Corporation Pte Ltd. The subsidiary is consolidated until the date they cease to be a subsidiary of the Company. There was a gain of S\$292,784 (FY 2021: Nil) recorded at the Group level.

⁽⁵⁾ On 27 October 2022, the Company applied for creditors' voluntary liquidation for DLF Pte Ltd and DLF Prosper Venture Pte Ltd. These subsidiaries are consolidated until the date they cease to be subsidiaries of the Company. There was a gain of S\$14,974 (FY 2021: Nil) recorded at the Group level.

⁽⁶⁾ In FY 2022, the Company assesses the carrying amounts of its investments in subsidiaries for indicators of impairment. Based on this assessment, the Company recognises an impairment loss of S\$7,654,893 (FY 2021: Nil) for its subsidiaries from the Blockchain Technology Services segment that are making losses due to weakened cryptocurrency market in FY 2022 resulting in lower revenue from digital wallet and staking services, as well as research and development services.

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9. Intangible assets

Note	Group			
	Goodwill on Acquisition	Crypto Assets	Software Development	Total
	S\$	S\$	S\$	S\$
At 31 December 2022				
Cost				
At 1 January 2022	7,138,481	6,323,284	1,270,082	14,731,847
Additions	-	2,368,317	806,760	3,175,077
Disposal	-	(3,199,282)	-	(3,199,282)
Partial repayment of short-term advances to third party ⁽¹⁾	-	(34,040)	-	(34,040)
Loan from director ⁽²⁾	-	134,461	-	134,461
Repayment of loan by external party ⁽³⁾	-	56,971	-	56,971
Advance payment from customers	-	38,113	-	38,113
Currency translation differences	(37,496)	14,174	(6,670)	(29,992)
At 31 December 2022	7,100,985	5,701,998	2,070,172	14,873,155
Accumulated Amortisation				
At 1 January 2022	-	-	(311,845)	(311,845)
Additions	6.1	-	(349,593)	(349,593)
Currency translation differences	-	-	11,149	11,149
At 31 December 2022	-	-	(650,289)	(650,289)
Accumulated Impairment				
At 1 January 2022	-	(869,905)	-	(869,905)
Additions	6.1	(5,428,037)	(3,604,538)	(9,032,575)
Currency translation differences	109,177	60,783	-	169,960
At 31 December 2022	(5,318,860)	(4,413,660)	-	(9,732,520)
Carrying Amount				
At 31 December 2022	1,782,125	1,288,338	1,419,883	4,490,346
At 31 December 2021	7,138,481	5,453,379	958,237	13,550,097

⁽¹⁾ Relates to partial repayment of advances in crypto assets received from a third party. The short-term advances are non-interest bearing. On 30 December 2022, the Group entered into an agreement with the third party to extend the repayment date of the advances to after 31 December 2024.

⁽²⁾ Loan from director is in crypto assets, and is interest free and repayable on demand.

⁽³⁾ Relates to repayment of short-term loan in crypto assets extended to a third party.

9.1 Goodwill on Acquisition

The Group recognised a goodwill of S\$7,100,985 ⁽¹⁾ following the acquisition of new subsidiaries, Moonstake Pte Ltd and Moonstake Limited, on 31 May 2021. Please refer to Notes to the Financial Statements 7(a) in the Annual Report for FY 2021 for further details of the acquisition.

⁽¹⁾ US\$5,281,114 @ USD/SGD closing rate of 1.3446

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9.1 Goodwill on Acquisition (Cont'd)

The Group tests whether goodwill has suffered any impairment on an annual basis. For the FY 2022 and FY 2021 reporting periods, the recoverable amount of the cash-generating units (“CGU”) is determined based on value-in use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates that are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

In FY 2022, an impairment loss of S\$5,428,037 ⁽²⁾ (FY 2021: Nil) is charged to “other operating expenses” in profit or loss. This impairment charge in FY 2022 has arisen from the Blockchain Technology Services segment as the segment is affected by the weakened cryptocurrency market in FY 2022 as compared to FY 2021, resulting in lower forecasted revenue from digital wallet and staking services, as well as research and development services.

The impairment test carried out as at 31 December 2022 for the Blockchain Technology Services segment, which includes goodwill of S\$7,100,985 (2021: S\$7,138,481) recognised in the statement of financial position, has revealed that the recoverable amount of the CGU is 76.1% lower (FY 2021: Nil) than its carrying amount.

⁽²⁾ US\$3,955,719 @ USD/SGD average P&L rate of 1.3722

9.2 Crypto Assets

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

9.3 Software Development

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

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

10. Property, plant and equipment

During the financial period ended 31 December 2022, the Group acquired assets amounting to S\$16,432 (31 December 2021: S\$6,428). There is no asset written off during the financial year ended 31 December 2022 (31 December 2021: S\$28,500).

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11. Rights-of-use assets

	Group		
	Motor vehicles S\$	Office premises S\$	Total S\$
<u>At 31 December 2022</u>			
Cost			
At 1 January 2021	78,780	94,847	173,627
Disposal	(78,780)	-	(78,780)
At 31 December 2021	-	94,847	94,847
Additions	-	103,157	103,157
Lease maturity	-	(94,847)	(94,847)
At 31 December 2022	-	103,157	103,157
Accumulated Amortisation			
At 1 January 2021	44,643	71,134	115,777
Additions	15,755	23,713	39,468
Disposal	(60,398)	-	(60,398)
At 31 December 2021	-	94,847	94,847
Additions	-	17,192	17,192
Lease maturity	-	(94,847)	(94,847)
At 31 December 2022	-	17,192	17,192
Accumulated Impairment			
At 1 January 2021	-	-	-
At 31 December 2021 and 31 December 2022	-	-	-
Carrying Amount			
At 31 December 2022	-	85,965	85,965
At 31 December 2021	-	-	-

During the financial year, the Group entered into 2-year lease to rent an office premise in LTC Building D along 16 Arumugam Road. This lease has resulted in an addition to the rights-of-use assets and the lease liabilities respectively.

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12. Lease liabilities

	Group	
	FY 2022	FY 2021
	(Unaudited) S\$	(Audited) S\$
Undiscounted lease payments due:		
- Year 1	54,000	-
- Year 2	36,000	-
	90,000	-
Less: Unearned interest cost	(2,973)	-
Lease liabilities	87,027	-
Presented as:		
- Non-current	35,477	-
- Current	51,550	-
	87,027	-

Interest expense on lease liabilities of S\$1,270 (FY 2021: S\$2,057) and nil early lease liability settlement charges (FY 2021: S\$3,330) are recognised in the profit and loss.

13. Trade and other payables

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	(Unaudited) S\$	(Audited) S\$	(Unaudited) S\$	(Audited) S\$
Current				
Trade payables	150,000	1,052,254	150,000	850,000
Other payables	463,637	349,020	764,094	40,713
Advances from customers in crypto assets	-	667,027	-	-
Amount due to director (non- trade)	245,050	226,171	99,372	79,724
Amount due to subsidiaries (non-trade)	-	-	1,299,743	1,647,744
Loan from director ⁽¹⁾	134,461	-	-	-
Accrued expenses	1,382,758	954,557	580,255	745,476
Advances in crypto assets ⁽²⁾	-	2,009,158	-	-
	2,375,906	5,258,187	2,893,464	3,363,657
Goods and services tax payable	-	74,177	-	-
	2,375,906	5,332,364	2,893,464	3,363,657
Non-current				
Advances in crypto assets ⁽²⁾	1,977,565	-	-	-
Total	4,353,471	5,332,364	2,893,464	3,363,657

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13. Trade and other payables (Cont'd)

Trade and other payables are denominated in the following currencies:

	Group		Company	
	31 December 2022	31 December 2021	31 December 2022	31 December 2021
	(Unaudited) S\$	(Audited) S\$	(Unaudited) S\$	(Audited) S\$
Singapore dollar	1,063,111	2,247,303	2,893,464	3,363,657
United States dollar	3,290,360	3,085,061	-	-
	<u>4,353,471</u>	<u>5,332,364</u>	<u>2,893,464</u>	<u>3,363,657</u>

⁽¹⁾ Loan from director is in crypto assets, and is interest free and repayable on demand.

⁽²⁾ Included in non-current liability as at 31 December 2022 are advances in crypto assets received from a third party of S\$1,977,565 (FY 2021: current liabilities of S\$2,009,158). The advances are non-interest bearing. On 30 December 2022, the Group entered into an agreement with the third party to extend the repayment date of the advances to after 31 December 2024.

14. Contract liabilities

	Group	
	31 December 2022	31 December 2021
	(Unaudited) S\$	(Audited) S\$
At 1 January	699,419	-
Acquisition of subsidiaries	-	872,230
Recognise as revenue - non-refundable agency fee	(335,753)	(194,265)
Currency translation differences	4,894	21,454
Deferred Revenue	<u>368,560 ⁽¹⁾</u>	<u>699,419 ⁽¹⁾</u>
Advances from customers	<u>32,721 ⁽²⁾</u>	<u>221,337 ⁽²⁾</u>
	<u>401,281</u>	<u>920,756</u>
Analysed as		
- Current ⁽³⁾	359,908	550,251
- Non-current	41,373	370,505
	<u>401,281</u>	<u>920,756</u>

⁽¹⁾ Agency service fee collected in advance. The Group recognises the contract liabilities to profit or loss over the remaining period of the agreement.

⁽²⁾ Amounts received in advance for consulting services.

⁽³⁾ Includes agency service fee collected in advance of S\$327,187 (31 December 2021: S\$328,914) to be recognised to profit or loss over the remaining period of the agreement.

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15. Provision for contingent liability

In 2020, a lender (the “Lender”) extended loans totalling approximately S\$1.6 million to Moonstake Pte Ltd and Moonstake Limited (the “Original Loans”). The provision for contingent liability of approximately S\$0.3 million relates to contingent liability arose from the Deed of Novation entered into by Moonstake Pte Ltd, Moonstake Limited, the Lender and a third party as part of the conditions precedent to be fulfilled, with terms and conditions being satisfactory to the Company prior to the completion of the acquisition of Moonstake Pte Ltd.

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

16. Aggregate amount of group's and company's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31 December 2022 (Unaudited)		As at 31 December 2021 (Audited)	
Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
-	-	-	3,403,400

Amount repayable after one year

As at 31 December 2022 (Unaudited)		As at 31 December 2021 (Audited)	
Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
-	3,089,200	-	-

Loans and borrowings

On 31 December 2019, 28 February 2020 and 7 April 2021, the Company entered into interest free loan agreements of S\$200,000, S\$500,000 and US\$2,000,000 (S\$2,703,400 ⁽¹⁾) respectively with the Company's controlling shareholder, North Ventures Pte Ltd (“NVPL”).

On 24 March 2022, the Company entered into an agreement with NVPL to extend the repayment date of the interest free loans of (i) S\$400,000 and (ii) US\$2,000,000 (S\$2,689,200 ⁽²⁾) respectively to after 15 April 2023, with a condition that the Company partially repays S\$300,000 loan principal before the end of March 2022. On 25 March 2022, the Company completed the partial repayment of S\$300,000 loan principal to NVPL.

On 30 December 2022, the Company entered into an agreement with NVPL to further extend the repayment date of the interest free loans of (i) S\$400,000 and (ii) US\$2,000,000 (S\$2,689,200 ⁽²⁾) respectively to after 30 April 2024.

As at 31 December 2022 and 31 December 2021, there were no other borrowings incurred by the Group except for the interest free loans from the Company's controlling shareholder.

⁽¹⁾ US\$2,000,000 @ USD/SGD closing rate of 1.3517 as at 31 December 2021

⁽²⁾ US\$2,000,000 @ USD/SGD closing rate of 1.3446 as at 31 December 2022

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17. Convertible Notes

On 30 December 2022, the Company issued convertible notes with a principal amount of US\$1,490,000 to xWin Asset Management Japan LLC. The convertible notes will mature on 29 December 2024.

Interest on the convertible notes will accrue at the rate of 3.50% per annum, and is payable in cash on (a) the first anniversary of its issue date, (b) the date the convertible notes are redeemed as a result of a declaration by the holder that the notes have become due and payable prior to their maturity because an event of default has occurred and is not cured or waived, and (c) the maturity date if the convertible notes are not converted in accordance with their terms. In all other cases, accrued and unpaid interest will be converted into ordinary shares in the Company in accordance with the terms and conditions of the notes.

The Company may mandate the conversion of the principal amount of the convertible notes together with accrued unpaid interest into conversion shares if at any time the volume weighted average price of the shares for three consecutive trading days is at least 361.27% of the minimum conversion price. Upon such mandatory conversion, the principal amount of the convertible notes together with accrued unpaid interest will convert into conversion shares at a price equal to 93.5% of the volume weighted average price of the shares on the Catalist on the last trading day of such three consecutive trading days.

In addition, the principal amount of the convertible notes together with accrued unpaid interest will also automatically convert into conversion shares on the maturity date at the higher of (a) the minimum conversion price and (b) the price equal to 93.5% of the volume weighted average price of the shares on the Catalist on the maturity date.

The initial minimum conversion price is S\$0.06922 per share, with an agreed fixed exchange rate of US\$1.00 = S\$1.35 applicable on conversion of the convertible notes. The minimum conversion price will be subject to customary anti-dilution adjustments.

The proceeds received from the issue of the convertible notes are classified entirely as liability, as follows:

	Group and Company	
	31 December 2022	31 December 2021
	(Unaudited) S\$	(Audited) S\$
Liability component at the reporting date	1,996,756	-

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18. Share Capital

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

	Group and the Company			
	31 December 2022		31 December 2021	
	(Unaudited)		(Audited)	
	No. of shares	Amount	No. of shares	Amount
		S\$		S\$
<u>Issued and paid-up share capital</u>				
At beginning of financial period	186,849,739	23,830,385	121,108,700	9,499,017
Issuance of new ordinary shares ⁽¹⁾	-	-	40,348,314	7,141,652
Conversion of convertible notes ⁽²⁾	-	-	17,932,584	3,192,000
Issuance of new ordinary shares ⁽³⁾	-	-	894,841	537,800
Issuance of new ordinary shares ⁽⁴⁾	-	-	6,565,300	3,459,916
Issuance of new ordinary shares ⁽⁵⁾	372,830	-	-	-
At end of financial period	<u>187,222,569</u>	<u>23,830,385</u>	<u>186,849,739</u>	<u>23,830,385</u>

(1) On 31 May 2021, the Company issued 40,348,314 ordinary shares ("Consideration Shares") at the issue price of S\$0.177 per share for the acquisition of the entire share capital in Moonstake Pte Ltd (which in-turn owns the entire share capital of Moonstake Limited) ("Moonstake Completion").

(2) Following the Moonstake Completion on 31 May 2021, the Company converted its convertible notes automatically into 17,932,584 fully paid ordinary shares in the capital of the Company ("Conversion Shares") at the conversion price of S\$0.177 per Conversion Share ("Automatic Conversion").

(3) On 28 September 2021, the Company issued 894,841 ordinary shares at the issue price of S\$0.601 per share to finance the Group's business expansion, working capital and general corporate purposes.

(4) On 3 November 2021, the Company issued 6,565,300 ordinary shares at the issue price of S\$0.527 per share to finance the Group's business expansion, working capital and general corporate purposes.

(5) On 1 April 2022 and 7 April 2022, the Company issued and allotted 186,415 ordinary shares and 186,415 ordinary shares respectively under the Performance Share Plan.

Convertible Notes Due 2024

The Company had on 30 December 2022 issued US\$1,490,000 3.5% per annum convertible notes due in December 2024 at an initial minimum conversion price of S\$0.0692 per share.

Based on the initial minimum conversion price of S\$0.0692 per share and assuming the convertible notes are fully converted, the number of new ordinary shares to be issued would be approximately 29,067,919 shares as at 31 December 2022 (31 December 2021: Nil).

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Performance Share Plan

On 31 January 2022, 31 March 2022 and 29 April 2022, the Company announced total awards of 313,150 shares to two employees of the Company and Yusaku Mishima, the executive director of the Company under the Performance Share Plan. The shares to be issued pursuant to the awards are subject to the service condition to be satisfied by respective participants. Once the service condition is satisfied, the shares to be issued pursuant to the awards shall be released to the participants after the respective periods.

On 1 April 2022, 7 April 2022 and 3 January 2023, the Company issued and allotted 186,415 ordinary shares, 186,415 ordinary shares and 49,383 ordinary shares respectively under the Performance Share Plan.

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

	As at 31 December 2022 (Unaudited)	As at 31 December 2021 (Audited)
Total number of issued shares	187,222,569	186,849,739

The Company did not have any treasury shares as at 31 December 2022 and 31 December 2021.

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

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

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

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

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

	Group			
	3 months ended 31 December		12 months ended 31 December	
	4Q 2022	4Q 2021	FY 2022	FY 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Loss attributable to the owners of the Group (S\$)	(7,866,565)	(1,264,373)	(12,394,736)	(1,106,360)
Weighted average number of ordinary shares in issue	187,222,569	184,494,794	187,122,977	156,732,688
Basic loss per share (cents)	(4.20)	(0.69)	(6.62)	(0.71)
Weighted average number of ordinary shares (diluted) in issue	187,222,569	184,494,794	187,122,977	162,628,332
Diluted loss per share (cents)	(4.20)	(0.69)	(6.62)	(0.68)

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20. Net Asset Value

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

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

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Net (liability)/ asset value (S\$)	(2,699,864)	9,452,622	(2,420,908)	7,951,157
Number of ordinary shares in issue	187,222,569	186,849,739	187,222,569	186,849,739
Net (liability)/ asset value per ordinary share (cents)	(1.44)	5.06	(1.29)	4.26

21. Subsequent Events

On 3 January 2023, the Company issued and allotted 49,383 ordinary shares under the Performance Share Plan.

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

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

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

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

Not applicable.

23A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable as the audit opinion for FY2021 was issued based on material uncertainty relating to going concern.

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

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

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

Review for the performance of the Group for the financial year ended 31 December 2022 (“FY 2022”) and 31 December 2021 (“FY 2021”)

CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

Financial Performance – FY 2022 vs FY 2021

Revenue

The overall revenue decreased by approximately S\$1.4 million or 28.8% to approximately S\$3.6 million in FY 2022, from approximately S\$5.0 million in FY 2021. The revenue from staking services registered was lower by approximately S\$1.0 million from S\$4.4 million in FY 2021 to S\$3.4 million in FY 2022, mainly attributable to lower digital wallets and staking services by approximately S\$0.8 million as a result of lower market prices of crypto assets due to weakened cryptocurrency market in FY 2022 compared to FY 2021, and lower research and development services by approximately S\$0.3 million. The lower revenue from staking services was partly offset by higher agency service fee by approximately S\$0.1 million. The revenue from Moonstake Pte Ltd and Moonstake Limited only commenced from the month of June 2021 since the acquisition was completed on 31 May 2021.

In addition, the lower overall revenue was partly attributable to lower mechanical and electrical services (“M&E”) by approximately S\$0.4 million as compared to FY 2021 following the shift in business growth towards a focus on blockchain agency, consulting and staking services by the Group.

Gross profit and gross profit margin

The overall gross profit was approximately S\$2.8 million in FY 2022, which decreased by approximately S\$1.4 million from approximately S\$4.2 million in FY 2021. The overall gross profit margin (“GPM”) decreased from 84.8% in FY 2021 to 79.3% in FY 2022.

The overall gross profit generated in FY 2022 was mainly contributed by the blockchain technology services, of which the GPM was approximately 82.3% in FY 2022 due to revenue generated from digital wallets and staking services. The cost of sales incurred by this business segment was mainly the cost of outsourcing consulting services and commission expenses paid.

The M&E business generated a gross loss of approximately S\$0.05 million in FY 2022 as compared to a gross profit of approximately S\$0.12 million in FY 2021. All entities under M&E business segment are placed under creditors' voluntary liquidation or disposed in FY 2022.

Other operating income

Other operating income increased by approximately S\$0.31 million, from approximately S\$0.69 million in FY 2021 to approximately S\$1.0 million in FY 2022. This was primarily due to (i) gain on liquidation of approximately S\$0.31 million of Acmes-Kings Corporation Pte Ltd, DLF Pte Ltd, and DLF Prosper Venture Pte Ltd, which are currently under creditors' voluntary liquidation (FY 2021: Nil), (ii) gain on disposal of subsidiary DLF Engineering Pte Ltd of approximately S\$0.16 million (FY 2021: Nil) and (iii) over accrued expenses in past years written off of approximately S\$0.32 million. The increase was partly offset by (i) amount owing to the two liquidated subsidiaries (Acmes Power Building Services Pte Ltd and Acmes Properties Pte Ltd) of approximately S\$0.32 million written off in FY 2021 following the formal dissolution of these subsidiaries (FY 2022: Nil), (ii) lower government grant received in FY 2022 of approximately S\$0.04 million, (iii) discount received from a service provider of approximately S\$0.06 million for settlement of outstanding balances (FY 2022: Nil), and (iv) reversal of impairment on trade and other receivables previously made of approximately S\$0.09 million due to recovery in FY 2021 (FY 2022: S\$0.02 million).

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Financial Performance – FY 2022 vs FY 2021 (Cont'd)

Operating Expenses

Selling and distribution expenses were approximately S\$1.9 million in FY 2022 and increased by approximately S\$0.7 million as compared to FY 2021. The selling and distribution expenses mainly comprised (i) marketing consultancy and advertising services of approximately S\$1.0 million, and (ii) salaries for sales and marketing staff of approximately S\$0.9 million. The increase in selling and distribution expenses was mainly due to increase in headcount and expenses incurred to promote the blockchain business.

Administrative expenses were approximately S\$4.5 million in FY 2022, which increased by approximately S\$1.3 million from approximately S\$3.2 million in FY 2021. The increase in the administrative expenses was mainly attributable to (i) higher staff costs of approximately S\$0.8 million due to an increase in headcount in FY 2022, (ii) higher software amortisation expenses of approximately S\$0.2 million, (iii) higher outsourcing fees incurred for product development of approximately S\$0.1 million, and (iv) higher consulting and professional fees provision of approximately S\$0.2 million.

Other operating expenses were approximately S\$9.8 million in FY 2022, increased by approximately S\$8.3 million from approximately S\$1.5 million in FY 2021. The other operating expenses mainly consist of (i) impairment loss on crypto assets of approximately S\$3.6 million (FY 2021: S\$0.9 million) as a result of lower market prices of crypto assets due to weakened cryptocurrency market in FY 2022, (ii) loss on disposal of crypto assets of approximately S\$0.8 million (FY 2021: S\$0.1 million) and (iii) impairment loss on goodwill of approximately S\$5.4 million (FY 2021: Nil).

Finance costs

The finance costs incurred were approximately S\$1,463 in FY 2022 (FY 2021: S\$5,387) for a new office lease commencing in September 2022 of S\$1,270 (FY 2021: S\$5,387) and accrued interest of S\$193 (FY 2021: Nil) for the convertible notes issued on 30 December 2022.

Income tax expenses

No income tax expenses were incurred in FY 2022 (FY 2021: S\$95,952).

Total comprehensive loss for the period

As a result of the foregoing, the comprehensive loss for the twelve months under review increased by approximately S\$11.1 million to approximately S\$12.2 million in FY 2022 from a loss of approximately S\$1.1 million in FY 2021.

Financial Performance – 4Q 2022 vs 4Q 2021

Revenue

The overall revenue decreased by approximately S\$1.1 million or 77.7% to approximately S\$0.3 million in 4Q 2022, from approximately S\$1.4 million in 4Q 2021. The revenue from staking services registered was lower by approximately S\$1.0 million from S\$1.3 million in 4Q 2021 to S\$0.3 million in 4Q 2022, mainly attributable to lower digital wallets and staking services by approximately S\$0.9 million as a result of lower market prices of crypto assets due to weakened cryptocurrency market in 4Q 2022 compared to 4Q 2021.

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Financial Performance – 4Q 2022 vs 4Q 2021 (Cont'd)

Revenue (Cont'd)

In addition, the lower overall revenue was attributable to lower mechanical and electrical services (“M&E”) by approximately S\$0.08 million as compared to 4Q 2021 following the shift in business growth towards a focus on blockchain agency, consulting and staking services by the Group.

Gross profit and gross profit margin

The overall gross profit was approximately S\$0.2 million in 4Q 2022, which decreased by S\$1.0 million from approximately S\$1.2 million in 4Q 2021. The overall GPM decreased from 87.8% in 4Q 2021 to 69.3% in 4Q 2022.

The overall gross profit generated in 4Q 2022 was mainly contributed by the blockchain technology services, of which the GPM was approximately 69.3% in 4Q 2022. The cost of sales incurred by this business segment was mainly the cost of outsourcing consulting services and commission expenses paid.

The M&E business generated nil gross profit in 4Q 2022 following the liquidation or disposal of the subsidiaries under this segment in 4Q 2022 as compared to a gross loss of approximately S\$0.01 million in 4Q 2021.

Other operating income

Other operating income increased by approximately S\$0.29 million, from approximately S\$0.12 million in 4Q 2021 to approximately S\$0.41 million in 4Q 2022. This was primarily due to (i) over accrued expenses in past years written off of approximately S\$0.32 million, (ii) gain on disposal of subsidiary DLF Engineering Pte Ltd of approximately S\$0.014 million in 4Q 2022 (4Q 2021: Nil) and (iii) gain on liquidation of subsidiaries DLF Pte Ltd and DLF Prosper Venture Pte Ltd of approximately S\$0.015 million in 4Q 2022 (4Q 2021: Nil). The increase was partially offset by the reversal of impairment on trade receivables collected of approximately S\$0.047 million in 4Q 2021 (4Q 2022: Nil) and gain on disposal of rights-of-use assets of approximately S\$0.03 million in 4Q 2021 (4Q 2022: Nil).

Operating Expenses

Selling and distribution expenses were approximately S\$0.52 million in 4Q 2022 and increased by approximately S\$0.30 million as compared to 4Q 2021. The selling and distribution expenses mainly comprised (i) marketing consultancy and advertising services of approximately S\$0.24 million, and (ii) salaries for sales and marketing staff of approximately S\$0.28 million. The increase in selling and distribution expenses was mainly due to increase in headcount and expenses incurred to promote the blockchain business.

Administrative expenses were approximately S\$1.53 million in 4Q 2022, which increased by approximately S\$0.57 million from approximately S\$0.96 million in 4Q 2021. The increase in the administrative expenses was mainly attributable to (i) higher software amortisation expenses of approximately S\$0.14 million, (ii) higher staff costs of approximately S\$0.38 million due to an increase in headcount in 4Q 2022, (iii) higher consulting and professional fee provision of approximately S\$0.16 million and (iv) higher software development and maintenance expense of approximately S\$0.1 million, offset by lower outsourcing fee incurred for product development of approximately S\$0.21 million.

Other operating expenses were approximately S\$6.4 million in 4Q 2022, which increased by approximately S\$5.0 million from approximately S\$1.4 million in 4Q 2021. The other operating expenses mainly consist of (i) impairment loss on crypto assets of approximately S\$1.0 million (4Q 2021: S\$0.9 million), (ii) loss on disposal of crypto assets of approximately S\$0.1 million (4Q 2021: S\$0.5 million) and (iii) impairment loss on goodwill of approximately S\$5.4 million (4Q 2021: Nil).

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Financial Performance – 4Q 2022 vs 4Q 2021 (Cont'd)

Finance costs

The finance costs incurred were approximately S\$1,125 in 4Q 2022 (4Q 2021: S\$3,431) for a new office lease commencing in September 2022 of S\$932 (4Q 2021: S\$3,431) and accrued interest for the convertible notes issued on 30 December 2022 of S\$193 (4Q 2021: Nil).

Income tax expenses

No income tax expenses were incurred in 4Q 2022 (4Q 2021: Income tax credit of S\$12,334).

Total comprehensive loss for the period

As a result of the foregoing and net currency translation differences on consolidation of entities, the comprehensive loss for the three months under review increased by approximately S\$6.9 million to approximately S\$8.2 million in 4Q 2022 from approximately S\$1.3 million in 4Q 2021.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Non-current assets decreased by approximately S\$9.0 million to approximately S\$4.6 million as at 31 December 2022 from approximately S\$13.6 million as at 31 December 2021. The decrease was mainly due to a decrease in intangible assets of approximately S\$9.1 million. The decrease in intangible assets was mainly due to (i) a decrease in the value of crypto assets of approximately S\$4.2 million mainly due to lower market prices of crypto assets and (ii) impairment loss on goodwill recorded of approximately S\$5.4 million (FY 2021: Nil) due to weakened cryptocurrency market in FY 2022, resulting in a lower forecasted revenue from digital wallet and staking services, as well as research and development services. The lower non-current assets value was partly offset by higher software development costs of approximately S\$0.5 million and the recognition of rights-of-use assets of approximately S\$0.1 million.

Current assets decreased by approximately S\$3.2 million to approximately S\$3.0 million as at 31 December 2022 from approximately S\$6.2 million as at 31 December 2021, mainly due to a reduction in cash and bank balances of approximately S\$3.1 million, following the partial repayment of loan to a shareholder of approximately S\$0.3 million and payment for operating expenses of approximately S\$4.8 million. The decrease in cash and bank balances was partially offset by funds raised from convertible notes issue of approximately S\$2.0 million.

Non-current liabilities increased by approximately S\$6.8 million to approximately S\$7.4 million as at 31 December 2022 from approximately S\$0.6 million as at 31 December 2021. The increase was mainly due to (i) the convertible notes issued on 30 December 2022 of approximately S\$2.0 million, (ii) the reclassification of loans from shareholder from current liabilities of approximately S\$3.1 million, following the Company's entry into an agreement with the shareholder (North Ventures Pte Ltd) to extend the repayment date of the shareholder loans to after 30 April 2024, and (iii) the reclassification of advances in crypto assets from third party under trade and other payables from current liabilities of approximately S\$2.0 million, following the Company's entry into an agreement with the third party to extend the repayment date to after 31 December 2024. The increase was offset partially by lower contract liabilities by approximately S\$0.3 million following the fulfilment of contract obligations.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

Current liabilities decreased by approximately S\$6.8 million to approximately S\$2.9 million as at 31 December 2022 from approximately S\$9.7 million as at 31 December 2021. The decrease was primarily due to (i) the reclassification of loans from shareholder to non-current liabilities of approximately S\$3.1 million, (ii) the reclassification of advances in crypto assets from third party under trade and other payables to non-current liabilities of approximately S\$2.0 million, (iii) reduction in trade and other payables of approximately S\$1.0 million following the repayment of trade payables, (iv) partial repayment of shareholder's loans of approximately S\$0.3 million, (v) decrease in contract liabilities of approximately S\$0.2 million following the fulfilment of contract obligations, and (vi) payment of tax liabilities of approximately S\$0.3 million.

As a result, the Group recorded a positive working capital of approximately S\$0.1 million as at 31 December 2022 as compared to a negative working capital of approximately S\$3.5 million as at 31 December 2021.

The Board is of the view that the Group will be able to operate as a going concern based on the factors set out below:

- (a) The Group is in a positive working capital position;
- (b) The current liabilities include items which won't lead to the actual cash payment by the company including liabilities related to the non-cash share-based compensation of S\$47,000 (included in the trade and other payables) and contract liabilities of S\$327,187 (which relate to agency service fee collected in advance to be recognised to profit and loss over the remaining period of the agreement);
- (c) The crypto-currencies of S\$1,288,338 which can be converted to fiat currencies easily are included in the intangible assets in the non-current assets; and
- (d) Based on the expected cashflow forecast, including those from our blockchain business, the Group has sufficient cash to fulfil its current obligations as and when they fall due.
- (e) The Group will continue to explore suitable corporate funds raising exercise(s) to facilitate investment to support business growth, including potential acquisition of income generating assets, and liabilities repayment as and when they fall due.

The shareholder equity decreased by approximately S\$12.2 million from approximately S\$9.5 million as at 31 December 2021 to a deficit of approximately S\$2.7 million as at 31 December 2022. This was primarily attributable to the total comprehensive loss incurred for the current financial year of approximately S\$12.2 million, which included an impairment loss on goodwill of approximately S\$5.4 million. The impairment loss on goodwill is a non-cash item and does not affect the cash position of the Group. The Board confirms that the Group will be able to meet its short-term debt obligations when they fall due based on the implementation of the aforementioned steps and continue to operate as a going concern and confirmed that all material disclosures have been provided for trading of the Company's shares to continue in an orderly manner.

CONSOLIDATED STATEMENT OF CASH FLOWS

FY 2022 vs FY 2021

The Group's net cash outflow in operating activities was approximately S\$3.6 million in FY 2022. This consisted of cash used in operating activities before changes in working capital of approximately S\$4.1 million, net working capital inflow of approximately S\$0.7 million and income tax paid of approximately S\$0.2 million. The discrepancy between loss before income tax and operating cash flows was mainly attributable to Moonstake Group that received a part of its revenue in crypto of approximately S\$2.1 million which was accounted under intangible assets but not treated as cash and cash equivalents for accounting purposes.

A net cash outflow of approximately S\$1.2 million was recorded in investing activities in FY 2022, primarily due to the payment of software development costs of approximately S\$0.8 million, purchase of crypto assets of approximately S\$0.3 million and cash outflow of approximately S\$0.1 million following the creditors' voluntarily liquidation of subsidiaries.

A net cash inflow of approximately S\$1.7 million was recorded in financing activities in FY 2022. This was due to proceeds received from the issuance of convertible notes of approximately S\$2.0 million in December 2022, offset by partial repayment of loans from shareholder of S\$0.3 million.

4Q 2022 vs 4Q 2021

The Group's net cash outflow in operating activities was approximately S\$0.6 million in 4Q 2022. This consisted of cash used in operating activities before changes in working capital of approximately S\$1.5 million, net working capital inflow of approximately S\$0.9 million. The discrepancy between loss before income tax and operating cash flows was mainly attributable to Moonstake Group that received a part of its revenue in crypto of approximately S\$0.2 million which was accounted under intangible assets but not treated as cash and cash equivalents for accounting purposes.

A net cash outflow of approximately S\$0.3 million was recorded in investing activities in 4Q 2022, primarily due to the payment of software development costs of approximately S\$0.2 million, and cash outflow of approximately S\$0.1 million following the creditors' voluntarily liquidation of subsidiaries.

A net cash inflow of approximately S\$2.0 million was recorded in financing activities in 4Q 2022. This was due to proceeds received from the issuance of convertible notes of approximately S\$2.0 million in December 2022.

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

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

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26. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Following the completion of the acquisition of Moonstake Group on 31 May 2021, the staking business generated S\$3.4 million revenue for FY 2022. It was noted that the weakened cryptocurrency prices experienced in 2022, coupled with the collapse of several major cryptocurrency firms in the recent months, have resulted in reduced investors' appetite for cryptocurrency and in-turn impacted the revenue from the staking business of the Group especially for 2H 2022. As a result of these controversies, clearer regulation of digital assets across the industry is widely expected to be implemented in near terms. In addition, the completion of the long anticipated Ethereum Merge in September 2022 is expected to bode well for the long-term development of blockchain and cryptocurrency industry. As the industry goes through this transition, market volatility will stay on the high side. Nevertheless, the fundamentals of cryptocurrency and blockchain have not changed, and it is expected that they will continue to grow in relevance. The management is confident that the revenue generated by the staking business will contribute positively to the performance of the Group. The Group will continue to ramp-up its efforts to focus on projects with positive cash flows and to further develop a suite of products. The Group does not hold or acquire crypto assets for speculative purposes and is adopting prudence risk management approach to mitigate the market price risk of crypto assets.

In FY 2021, the Group raised US\$5,342,000 from the series of placement of ordinary shares as well as secured a US\$2,000,000 interest free loan from the controlling shareholder, North Ventures Pte Ltd. In FY 2022, the Group raised US\$1,490,000 from the issuance of convertible notes to an investor. Utilising a part of the proceeds from these exercises, the Group continues to work on various initiatives in the fast-moving blockchain and digital asset sectors for our long-term growth. In addition, the Group will continue to explore various additional funding options depending on the market conditions as well as the nature of the growth investment in the blockchain technology business segment.

On 12 August 2022, the Group announced the completion of the disposal of shares in DLF Engineering Pte Ltd. On 27 October 2022, the Group announced the placement of the remaining M&E Engineering Services subsidiaries, being DLF Pte Ltd and DLF Prosper Venture Pte Ltd, under Creditors' Voluntarily Liquidation. These are in alignment with the Group's intention to exit from the M&E Engineering Services business segment entirely in order to focus its resources wholly on its growing blockchain technology services business moving forward.

27. If a decision regarding dividend has been made:

(a) Whether an interim/ final ordinary dividend has been declared/ recommended; and

Nil.

(b)(i) Amount per share (cents)

Not applicable.

(b)(ii) Previous corresponding period

Not applicable.

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- (c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated).**

Not applicable.

- (d) **The date the dividend is payable.**

Not applicable.

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

Not applicable.

- 28. If no dividend has been declared/ recommended, a statement to that effect and the reason(s) for the decision.**

No dividend has been declared or recommended for the financial year ended 31 December 2022 in view of the loss incurred during the financial year and to conserve cash for the Group's business operations and growth.

- 29. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group does not have a general mandate from shareholders for IPT pursuant to Rule 920(1)(a)(ii) of the Catalist Rules. There were no IPT entered into by the Group for FY 2022 as required to be disclosed pursuant to Rule 1204(17) of the Catalist Rules.

- 30. In the review of the performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please refer to the Paragraph 24 above for details.

- 31. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable. There was no dividend declared for FY 2022 and FY 2021.

- 32. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is related to a director or chief executive officer or substantial shareholder of the Company pursuant to Catalist Rule 704(10).

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33. **Disclosures on Incorporation of Entities, Acquisition and Realisation of Shares pursuant to Catalyst Rule 706A.**

As announced by the Company on 10 February 2022, the Company's indirectly wholly owned subsidiary, being ACMES-Kings Corporation Pte Ltd, will be placed into creditors' voluntary liquidation ("CVL"). On 21 February 2022, the Company announced that Acmes-Kings has been placed under creditors' voluntary liquidation pursuant to the resolutions deemed passed at the extraordinary general meetings of the Subsidiary. This subsidiary is consolidated until the date they cease to be a subsidiary of the Group. The CVL did not have any material impact on the net tangible assets per share and earnings per share of the Company and the Group for FY2022.

As announced by the Company on 12 August 2022, the Company has completed the disposal of shares in DLF Engineering Pte Ltd.

As announced by the Company on 27 October 2022, the Company has applied for creditors' voluntary liquidation for DLF Pte Ltd and DLF Prosper Venture Pte Ltd. These subsidiaries are consolidated until the date they cease to be a subsidiary of the Group. The CVL did not have any material impact on the net tangible assets per share and earnings per share of the Company and the Group.

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

To the best of the Board of Directors' knowledge, nothing has come to their attention which may render the unaudited condensed financial results of the Group for the fourth quarter and twelve months ended 31 December 2022 to be false or misleading in any material aspect.

Manfred Fan Chee Seng
Executive Chairman

Yusaku Mishima
Executive Director

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35. Use of Proceeds

a) Use of Proceeds from Issuance of Convertible Notes in FY 2021

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

On 31 May 2021, the Notes were automatically converted into 17,932,584 fully paid ordinary shares in the capital of the Company at the conversion price of S\$0.178 per Conversion Share in accordance with the terms and conditions of the Notes. Refer to Note 16.1 for further information on the increase in share capital.

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

Purposes	Allocation of Net Proceeds Received (US\$)	Amount Utilised (US\$)	Balance (US\$)
Working capital for Moonstake Pte Ltd and Moonstake Limited including sales and marketing expenses and software development/ maintenance expenses	1,500,000	(1,500,000)	-
Working capital (including working capital required by the Group’s newly set-up blockchain subsidiary, OIO Singapore Pte Ltd) and general corporate purposes (including the repayment of the Company’s liabilities including recurring professional fees)	869,000	(869,000)	-
Total	2,369,000	(2,369,000)	-

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

Purposes	US\$
Software development/ maintenance expenses	969,276
Sales/marketing expenses and other miscellaneous expenses	530,724
Total	1,500,000

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

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

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

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35. Use of Proceeds (Cont'd)

b) Use of Proceeds from Issuance of Ordinary Shares in FY 2021

(i) September Placement Proceeds

On 9 September 2021, the Company announced that it had entered into a subscription agreement with an investor (the “**Subscriber**”), pursuant to which the Subscriber will subscribe for, and the Company will allot and issue to the Subscriber, an aggregate of 894,841 new ordinary in the capital of the Company at an issue price of S\$0.601 for each Subscription Shares, amounting to a consideration of US\$400,000 (the “**Net Proceeds**”). The shares subscription was completed on 28 September 2021.

As at the date of this report, the Net Proceeds have been utilised as follows:- ⁽¹⁾

Purposes	Allocation of Net Proceeds Received (US\$)	Amount Utilised (US\$)	Balance (US\$)
Financing the Group's business expansion (including organic expansion and mergers and acquisitions)	240,000	(240,000)	-
Working capital and general corporate purposes (including the repayment of the Group's liabilities)	160,000	(160,000)	-
Total	400,000	(400,000)	-

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

Purposes	US\$
Repayment of the Company's liabilities including emoluments and professional fee	84,068
Payment of monthly personnel costs and professional fees	75,932
Total	160,000

The above utilisation is in accordance with the intended use of the Net Proceeds, as stated in the Company's announcement dated 9 September 2021.

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35. Use of Proceeds (Cont'd)

(ii) October Placement Proceeds

On 20 October 2021, the Company announced that it had entered into separate subscription agreements with several investors (the “**Subscribers**”), pursuant to which the Subscribers will subscribe for, and the Company will allot and issue to the Subscribers, an aggregate of 6,565,300 new ordinary shares in the capital of the Company at an issue price of S\$0.527 for each Subscription Shares, amounting to an aggregate gross consideration of US\$2,542,000 (the “**Proposed Subscription**”). The shares subscription was completed on 3 November 2021.

As at the date of this report, the Net Proceeds have been utilised as follows:- ⁽¹⁾

Purposes	Allocation of Net Proceeds Received (US\$)	Amount Utilised (US\$)	Balance (US\$)
Financing the Group’s business expansion (including organic expansion and mergers and acquisitions)	1,525,200	(1,525,200)	-
Working capital and general corporate purposes (including the repayment of the Group’s liabilities)	1,016,800	(1,016,800)	-
Total	2,542,000	(2,542,000)	-

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

Purposes	US\$
Repayment of the Company’s liabilities including emoluments and professional fee	515,844
Payment of monthly personnel costs and professional fees	500,956
Total	1,016,800

The above utilisation is in accordance with the intended use of the Net Proceeds, as stated in the Company’s announcement dated 20 October 2021.

⁽¹⁾ In respect of the above use of the September Placement Proceeds and the October Placement Proceeds, the Company had classified injections of capital into subsidiaries to support business operations as part of its organic expansion of the Group’s business activities as these expenses (including staff costs) were incurred in respect of growth of new product lines. For the purposes of this announcement and the use of proceeds of the Notes, injections into subsidiaries which are for the purposes of present requirements, including staff costs, have been classified as being allocated to working capital and general corporate purposes

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35. Use of Proceeds (Cont'd)

c) Use of Proceeds from Issuance of Convertible Notes in FY 2022

On 30 December 2022, the Company announced that it had entered into subscription agreements with an investor (the “**Subscriber**”) for the issuance by the Company to the Subscribers of 3.50% convertible notes up to an aggregate principal amount of US\$1,490,000 (“**Proposed Subscription**”). After deducting the estimated expenses of US\$11,852 in relation to the Proposed Subscription, the net proceeds received was US\$1,478,148 (the “**Net Proceeds**”).

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

Purposes	Allocation of Net Proceeds Received (US\$)	Amount Utilised (US\$)	Balance (US\$)
Financing the Group’s business expansion (including organic expansion and mergers and acquisitions)	295,630	-	295,630
Working capital and general corporate purposes (including the repayment of the Group’s liabilities)	1,182,518	(498,448)	684,070
Total	1,478,148	(498,448)	979,070

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

Purposes	US\$
Repayment of the Company’s liabilities including emoluments and professional fee	371,629
Payment of monthly personnel costs and professional fees	126,819
Total	498,448

The above utilisation is in accordance with the intended use of the Net Proceeds, as stated in the Company’s announcement dated 30 December 2022.

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

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

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BY ORDER OF THE BOARD

Manfred Fan Chee Seng
Executive Chairman

1 March 2023

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

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