CAPILLARY PTE. LTD.

(Incorporated in Singapore)

(Registration Number: 202125294W)

Annual Report
For the year ended 31 March 2026

Company information

Company registration number	202125294W
Registered office	68 Circular Road #02-01 Singapore 049422
Directors	Pandey Ramendra Kumar Nigudagi Santosh Reddy Tadanki Venkata Ramana
Secretary	Per Lee Chean Fairoza Begum D
Banker	HSBC Bank
Independent auditor	Grant Thornton Audit LLP 8 Marina View Asia Square Tower 1, #40-04/05 Singapore 018960

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CAPILLARY PTE. LTD.

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited financial statements of Capillary Pte. Ltd. (the "Company") for the financial year ended 31 March 2026.

1. Opinion of the directors

In the opinion of the directors,

(a) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2026 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The directors in office at the date of this statement are as follows:

Nigudagi Santosh Reddy
Tadanki Venkata Ramana
Pandey Ramendra Kumar

3. Arrangements to enable directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

4. Directors' interests in shares or debentures

According to the register of directors' shareholdings kept by the Company under Section 164 of the Companies Act, 1967 ("the Act"), the directors of the Company who held office at the end of the financial year had no interests in the shares or debentures of the Company and its related corporations except as stated below:

	Holdings registered in the name of directors		Holdings in which director is deemed to have an interest	
	At the date of appointment/ beginning of year	At the end of financial year	At the date of appointment/ beginning of year	At the end of financial year
Ultimate Holding Company Capillary Technologies International Pte Ltd.				
(No. of ordinary shares)				
Tadanki Venkata Ramana	512,582	512,582	-	
Immediate Holding Company Capillary Technologies India Limited				
(No. of ordinary shares)				
Tadanki Venkata Ramana	101,109	110,843	-	
Nigudagi Santosh Reddy	-	91	-	

5. Share options

Capillary Employees Stock Option Plan ("CESP")

At a meeting of the members of the ultimate holding company held on 29 October 2021, the shareholders of the ultimate holding company have approved the 'Capillary Employees Stock Option Plan' - 2021 (CESP). The plan provides for the issue of 7,175,000 shares to permanent employees of the ultimate holding company and its subsidiaries, whether in India or outside India.

The plan is administered by directors of the holding company. Under CESP all employees are entitled to a grant of options once they have been in service and are eligible based on conditions determined by the directors. The exercise price shall be determined by the directors at the time of grant of options provided that the exercise price shall not be more than the fair market value of the shares as on the date of grant of options.

There shall be a minimum period of one year between the grant of options and vesting of options, with a maximum period of ten years from the date of grant of such options. Vesting of options would be subject to continued employment with the ultimate holding company and its subsidiaries and the options would vest on a quarterly basis. The option grantees may exercise the vested options within ten years from the date of vesting of options, or twelve years from the date of a public listing, whichever is later.

Measurement of fair values

The fair value of the share options granted under the CESP is estimated at the grant date using Black-Scholes method, taking into account the terms and conditions upon which the share options were granted. The model outputs the implied total value of the enterprise when the valuation accounts for all share class rights and preferences, as of the date of the latest financing by the parent Company.

6. Auditors

The auditor, Grant Thornton Audit LLP, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors

Ramendra Kumar Pandey

Pandey Ramendra Kumar
Director

May 05, 2026

Santosh Reddy Nigudagi

Nigudagi Santosh Reddy
Director

May 05, 2026

Grant Thornton

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CAPILLARY PTE. LTD.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Capillary Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 March 2026, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Company as at 31 March 2026, and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information comprises the Directors' statement set out on pages 1 to 2.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF CAPILLARY PTE. LTD.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Grant Thornton Audit LLP

GRANT THORNTON AUDIT LLP
Public Accountants and
Chartered Accountants

Singapore
May 05,2026

CAPILLARY PTE. LTD.

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2026

	Note	2026 S$	2025 S$
ASSETS			
Non-current assets			
Property, plant and equipment	3	2,364	1,948
Investments	4	71,641,781	51,421,801
Other receivables	5	11,346	3,372
Total non-current assets		**71,655,491**	**51,427,121**
Current assets			
Trade and other receivables	5	17,747,215	15,869,723
Cash and bank balances	6	990,510	21,330,890
Total current assets		**18,737,725**	**37,200,613**
Total assets		**90,393,216**	**88,627,734**
EQUITY AND LIABILITIES			
Equity			
Share capital	7	67,274,122	47,150,592
Share application money pending allotment		-	20,123,530
Capital contribution	8	14,726,722	14,726,722
Accumulated deficit		(8,674,454)	(9,200,281)
Capital reserve	9	(2,407,888)	(2,407,888)
Foreign currency translation reserve		213,032	224,473
Total equity		**71,131,534**	**70,617,148**
Current liabilities			
Trade and other payables	11	19,261,682	18,010,586
Total current liabilities		**19,261,682**	**18,010,586**
Total liabilities		**19,261,682**	**18,010,586**
Total equity and liabilities		**90,393,216**	**88,627,734**

CAPILLARY PTE. LTD.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

	Note	2026 S$	2025 S$
Revenue	12	13,237,395	13,566,501
Other income	13	117,819	43,939
		13,355,214	**13,610,440**
Items of expense:			
Professional and consultancy services		5,103,309	8,126,408
Employee benefits expense	14	696,204	162,898
Finance costs	15	59,378	60,539
Depreciation and amortisation expense	3	2,491	979
Other expenses	16	6,968,005	5,205,232
		12,829,387	**13,556,056**
Profit before tax		**525,827**	**54,384**
Current tax expenses	17	-	-
Profit for the financial year		**525,827**	**54,384**
Other comprehensive income			
Item that may not be reclassified subsequently to profit and loss			
Exchange difference on translation to presentation currency		(11,441)	357,882
Total comprehensive income for the year		**514,386**	**412,266**

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CAPILLARY PTE. LTD.

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

	Share capital S$	Capital contribution S$	Accumulated deficit S$	Capital reserve S$	Share Application Money Pending Allotment S$	Foreign currency translation reserve S$	Total S$
Balance as at 01 April 2024	47,150,592	14,726,722	(9,254,665)	(2,407,888)	-	(133,409)	50,081,352
Issuance of share capital	-	-	-	-	20,123,530	-	2,01,23,530
Total comprehensive income for the financial year	-	-	54,384	-	-	357,882	412,266
Balance as at 31 March 2025	**47,150,592**	**14,726,722**	**(9,200,281)**	**(2,407,888)**	**20,123,530**	**224,473**	**7,06,17,148**
Balance as at 01 April 2025	47,150,592	14,726,722	(9,200,281)	(2,407,888)	20,123,530	224,473	7,06,17,148
Issuance of share capital	20,123,530	-	-	-	(20,123,530)	-	-
Transfer from Foreign Currency Translation Reserve (FCTR) to Retained Earnings	-	-	-	-	-	(11,441)	(11,441)
Total comprehensive income for the financial year	-	-	525,827	-	-	-	525,827
Balance as at 31 March 2026	**67,274,122**	**14,726,722**	**(8,674,454)**	**(2,407,888)**	**-**	**213,032**	**71,131,534**

1. **Capital contribution -** The Ultimate Holding Company and Holding Company had a share option scheme under which it granted employee stock options to certain employees of the Parent Company without any cross charge. Capital contribution from the Ultimate Holding Company is used to recognise the value of equity-settled share-based payments provided to employees of the Company, as part of their remuneration by the Ultimate Holding Company and Holding Company.

2. **Accumulated deficit -** Accumulated deficit represents the losses incurred till date, less any transfer to general reserve, dividends or other distributions paid to the shareholders.

3. **Capital reserve -** Capital reserve is on account of common control transaction.

4. **Foreign currency translation reserve-** The foreign currency translation difference account represents exchange differences arising from the translation of the financial statements of the Company from the functional currency to the presentation currency of the Company.

5. **Share Application money pending allotment:** The Company received USD 15 million from its immediate holding company in the prior financial year. The shares were subsequently allotted in Financial year 2026.

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CAPILLARY PTE. LTD.

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2026

	Note	2026 S$	2025 S$
Cash flows from operating activities			
Profit before income tax		525,827	54,384
Adjustments for:			
Depreciation and amortisation expenses		2,491	979
Provision for bad debts		127,619	469,075
Exchange differences		49,940	358,696
Operating cash flows before movements in working capital		**705,877**	**883,134**
Movements in working capital:			
Trade receivables and other receivables		(1,973,254)	(3,810,043)
Trade payables and other payables		1,215,267	3,933,234
Tax Paid		-	-
Cash generated from/ (used in) operations		**(757,987)**	**123,191**
Net cash generated from operating activities		**(52,110)**	**1,006,325**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(2,906)	(2,216)
Purchase of investments		(20,219,980)	-
Advance for investments in equity shares of subsidiary company			(1,200,293)
Net cash used in investing activities		**(20,222,886)**	**(1,202,509)**
Cash flows from financing activities			
Issue of equity share capital, net		-	20,123,530
Net cash generated from financing activities		**-**	**20,123,530**
Net increase in cash and cash equivalents		**(20,274,997)**	**19,927,346**
Cash and cash equivalents at beginning of financial year		21,330,890	1,403,544
Effect of foreign exchange rates		(65,383)	-
Cash and cash equivalents at end of financial year	6	**990,510**	**21,330,890**

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

1. Corporate information

Capillary Pte. Ltd. (the "Company") is a limited liability company incorporated on 21 July 2021 and domiciled in the Republic of Singapore. The Company's registered office is location at 68, Circular Road, #02-01, Singapore 049422. The principal activities of the Company are those of providing cloud based intelligent customer engagement software solutions to retail chain operators.

The Company is a wholly-owned subsidiary of Capillary Technologies India Limited, a company incorporated in India, which is its Immediate Holding Company. The Company's Ultimate Holding Company is Capillary Technologies International Pte. Ltd.; a company incorporated in Singapore.

2. Material accounting policy information

2.1 Basis of preparation

The financial statements of the Company have been drawn up in accordance with Financial Reporting Standards in Singapore ("FRSs"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements of the Company are presented in Singapore Dollars ("S$"), and the functional currency of the Company is United States dollars ("USD"). All financial information presented in Singapore Dollars has been rounded to the nearest dollar, unless otherwise indicated.

These financial statements are the separate financial statements of the Company. Under FRS 110, the Company is exempted from the requirements to prepare consolidated financial statements as the immediate holding company (i.e., Capillary Technologies India Limited) produces consolidated financial statements available for public use.

2.2 Going concern

The Company earned a net profit of S$ 525,827 for the financial year ended 31 March 2026 (2025: profit of S$54,384). There is positive net worth of S$ 71,131,534 (2025: S$70,617,148) and net current liability amounting to S$523,957 (2025: net current asset of S$19,190,027) as at 31 March 2026. Further the Company has negative cash flows from operations amounting to S$52,110 (2025: positive cash flows of S$1,006,325) during the year ended 31 March 2026. The company had received USD 15 Million from the immediate Holding company in financial year ended 31 March 2025. Though the accumulated reserves of the Company is substantially eroded, the management of the Company basis its business plan, expects that there will be a significant increase in the operations of the Company that will lead to improved cash flows and long-term sustainability and the Company will be able to generate sufficient profit in future years to meet the operational requirements as they arise and to meet its liabilities as and when they fall due. Accordingly, The financial statement has been prepared on a going concern basis.

2.3 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial period except that in the current financial period, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 April 2025. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

2. Material accounting policy information (continued)

2.4 Standards issued but not yet effective

As at the date of authorisation of these financial statements, the following are the new or amended standards that are not yet effective but may be early adopted for the current financial year.

Description	Effective for annual periods beginning on or after
FRS 118: *Presentation and Disclosure Financial Statements*	1 January 2027
FRS 119: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

Adoption of new and revised standards

Some accounting pronouncements which have become effective from 1 January 2025 and have therefore been adopted do not have a significant impact on the Company financial results or position.

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Company and no Interpretations have been issued that are applicable and need to be taken into consideration by the Company at either reporting date.

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement.

- FRS 118 replaces FRS 1 Presentation of Financial Statements and provides guidance on presentation and disclosure in financial statements, focusing on the statement of profit or loss.
- FRS 118 introduces new requirements to:
- Present the statement of profit or loss with specified categories and defined subtotals. Entities are required to classify all income and expenses into one of the five categories in the statement of profit or loss:
- FRS 118 introduces new requirements to: Present the statement of profit or loss with specified categories and defined subtotals. Entities are required to classify all income and expenses into one of the five categories in the statement of profit or loss: operating, investing, financing, income taxes and discontinued operations, whereof the first three are new.
- provide disclosures improve aggregation and disaggregation of financial information which apply to the primary financial statements In addition, narrow-scope amendments have been made to FRS 7 Statement of Cash Flows, which introduces the use of “operating profit or loss” as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method.
- FRS 118 is effective for annual reporting periods beginning on or after 1 January 2027 with earlier application permitted. FRS 118 requires retrospective application with specific transition provisions. Management anticipates that the new requirements will change the current presentation and disclosure in the financial statements.

2. Material accounting policy information (continued)

2.5 Foreign currencies transactions and balances

The financial statements of the Company are presented in Singapore Dollar ("S$") which is the Company's presentation currency. The currency of the primary economic environment in which the Company operates (its functional currency) is US Dollars. Accordingly, during the current year, differences arising on account of translating the financial statements into S$ have been presented as part of foreign currency translation reserve forming part of equity.

In preparing the financial statements, transactions in currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

2.6 Subsidiaries

A subsidiary is an investee that is controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.7 Investment in Others

Investments in others comprise investments in equity instruments and other securities that are not classified as subsidiaries, associates, or joint ventures. Such investments are initially recognized at cost, including transaction costs. Subsequent measurement is carried out at fair value through profit or loss or other comprehensive income, as applicable, in accordance with the relevant accounting standards. Where fair value cannot be reliably measured, investments are measured at cost less impairment, if any. Dividends and other returns from investments are recognized in the Statement of Profit and Loss when the right to receive such income is established. Impairment is assessed at each reporting date, and any loss is recognized in the Statement of Profit and Loss.

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed so as to allocate the cost of assets less their residual values over their estimated useful lives, using the reducing balance method.

The following estimated useful life as under:

	Useful lives
Computers	3 years
Office equipment	5 years
Furniture and fixtures	10 years

3. Material accounting policy information (continued)

2.8 Property, plant and equipment (continued)

Software grouped under computer systems is being amortised over its estimated useful life of 5 years using reducing balance method.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.
An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.9 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, (or, where applicable, when an annual impairment testing for an asset is required), the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.10 Financial instruments

(i) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables that do not contain a significant financing component, are measured at the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party.

Subsequent measurement

Financial assets at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the financial asset to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost include trade and other receivables, and cash and cash equivalents.

2. Material accounting policy information (continued)

2.10 Financial instruments (continued)

(ii) Financial assets (continued)

These assets are subsequently measured at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income which will not be reclassified subsequently to profit or loss. Dividends from such investments are to be recognised in profit or loss when the Company's right to receive payments is established. For investments in equity instruments which the Company has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(iii) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

(ii) Financial liabilities (continued)

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are recognized, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2. Material accounting policy information (continued)

2.10 Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables & contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment which could affect debtors' ability to pay.

The Company considers a financial asset in default when contractual payments are 180 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand which are subject to an insignificant risk of changes in value.

2.12 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.13 Employee benefits

(i) Defined contribution plans

The Company makes contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Employment leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to balance sheet date.

2. Material accounting policy information (continued)

2.14 Revenue recognition

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(i) Rendering of services

Retainer services

The Company is engaged in the business of providing cloud based intelligent customer engagement software solutions to retail chain operators. Revenue is recognized on an accrual basis as and when services are rendered in accordance with the arrangement with the customers.

Campaign services

During the year ended March 31, 2025, the Company changed its business model for the campaign services and has entered into a new arrangement with its service providers by which, the Company is acting as an agent and not as a principal for these transactions.

The below mentioned table demonstrates the total income from campaign services if it would have been recorded on a net basis.

	2026 S$	2025 S$
Income from campaign services on a principal basis	-	-
Income from campaign services on an agent basis	608,669	603,034
Less: Cost of campaign services	-	-
Income from campaign services on a net basis	**608,669**	**603,034**

2. Material accounting policy information (continued)

2.14 Revenue recognition (continued)

(i) Rendering of services (continued)

Installation services

The Company provides a one-time installation service that are bundled together with the retainer services. The Company recognises revenue from installation services over time because the customer simultaneously receives and consumes the benefits provided to them. The Company uses an input method in measuring progress of the installation services because there is a direct relationship between the Company's effort and the transfer of service to the customer. The Company recognises revenue on the basis of the milestone achieved which correlates with hours expended relative to the total expected hours to complete the service.

Progress billings to the customers are based on a payment schedule in the contract and are typically triggered upon achievement of specified installation milestones. A contract asset is recognised when the Company has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Company has not yet performed under the contract but has received advanced payments from the customer.

Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Company performs under the contract.

The Company pays sales commission to its employees for retainer contract that they obtain. Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Company recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Company expects to receive in exchange for the goods or services to which the contract costs relate less the costs that relate directly to providing the goods and that have not been recognised as expenses. The maximum period over which the Company expects to derive benefit from contracts entered into with customers is 3 years. The Company has elected to apply the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred where the amortisation period of the asset that would otherwise be recognised is over year or less.

2.15 Taxes

(i) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Material accounting policy information (continued)

2.15 Taxes (continued)

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at the end of each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of each balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2. Material accounting policy information (continued)

2.16 Share capital

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.17 Contingencies

A contingent liability is:

(i) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

(ii) a present obligation that arises from past events but is not recognised because:
- (a) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- (b) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent liabilities and assets are not recognised on the balance sheet of the Company, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.18 Related party

A related party is defined as follows:

(a) A person or a close member of that person’s family is related to the Company if that person:

- a) Has control or joint control over the Company;
- b) Has significant influence over the Company; or
- c) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following applies:

- a) The entity and the Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- c) Both entities are joint ventures of the same third party;
- d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- e) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- f) The entity is controlled or jointly controlled by a person identified in (i) above; or
- g) A person identified in (i)a) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company.

2. Material accounting policy information (continued)

2.19 Transaction with shareholders

Transactions with shareholders in their capacity as shareholders are accounted directly within the applicable component of equity.

These include contributions from or distributions to the Ultimate Holding Company and/or Holding Company in cash or in kind.

2.20 Common control restructuring

Business combinations arising from transfers of interests in entities that are under the common control are accounted using pooling of interest method.

The difference between any consideration given and the aggregate historical carrying amounts of assets and liabilities of the acquired entity are recorded in shareholders' equity.

2.21 Share based payment

The cost of equity-settled share-based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions.

This cost is recognised in profit or loss, with a corresponding increase in the share based payment reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense/other expense.

2.22 Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgement made in applying accounting policies

Determination of functional currency

The financial statements of the Company are presented in Singapore Dollar ("S$") which is the Company's presentation currency. The currency of the primary economic environment in which the Company operates (its functional currency) is United States Dollar ("US$"). Accordingly, during the current year, differences arising on account of translating the financial statements into US$ have been presented as part of foreign currency translation reserve forming part of equity.

Management considers economic environment in which the Company operates and factors such as the currency that mainly influences the prices for its revenue items; the currency of the country whose competitive forces and regulations mainly determine the prices for its revenue items; and the currency that mainly influences labour, material and other costs of providing goods or services. It also considers other relevant factors that may also provide evidence of the Company's functional currency.

2. Material accounting policy information (continued)

2.23 Significant accounting judgments and estimates (continued)

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

The Company based its assumptions and estimates on parameters available when the Financial Statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Fair value of stock option plan

Significant estimates are involved in determining the share-based payments expenses. The share-based payments are recognized based on their respective grant date fair values. The fair value of each employee stock option is estimated on the date of grant using the binomial model. The determination of the fair value of share-based payment awards using the binomial model is affected by the stock price and a number of assumptions, including expected volatility, expected life, risk-free interest rate and expected dividends. The Company believes that its current assumptions generate a representative estimate of fair value. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 10.

Impairment of investment in subsidiary

Investment in subsidiary is tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets and, where applicable, cash-generating units, have been determined based on value-in-use calculations. These calculations require the use of estimates.

Provision for expected credit losses of trade receivables and contract assets

For trade receivables, the Company has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Company determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions.

3. Property, plant and equipment

	Computers S$	Total S$
At cost		
At 1 April 2024	2,899	**2,899**
Additions	2,216	**2,216**
Disposals / discard	814	**814**
At 31 March 2025	**4,301**	**4,301**
Additions	2,907	**2,907**
Disposals / discard	-	**-**
At 31 March 2026	**7,208**	**7,208**
Accumulated depreciation		
At 1 April 2024	1,374	**1,374**
Depreciation charge	979	**979**
At 31 March 2025	**2,353**	**2,353**
Depreciation charge	2,491	**2,491**
At 31 March 2026	**4,844**	**4,844**
Net carrying amount		
At 31 March 2026	**2,364**	**2,364**
At 31 March 2025	**1,948**	**1,948**

4. Investments

	2026 S$	2025 S$
a. Investment in subsidiaries		
Unquoted equity investment, at cost		
Cost of investments is comprised of the following subsidiaries:		
Capillary Technologies LLC	66,131,067	45,911,087
2,424,694 shares (31 March 2025: 2,424,694) members unit		
Capillary Technologies DMCC	657,945	657,945
1,886 shares (31 March 2025: 1,886) equity shares		
Capillary Technologies Europe Limited	4,852,749	4,852,749
389,409 (31 March 2025: 389,409) equity shares		
b. Investment in others		
Unquoted equity investment, at cost		
Investment in facets Cloud Inc.		
1,500,000 (31 March 2025: 1,500,000) common stock	20	20
	71,641,781	**51,421,801**

	2026 S$	2026 S$
Unquoted equity shares at beginning of the year, at cost	51,421,801	51,421,801
Addition	20,219,980	-
Unquoted equity shares at end of the year, at cost	**71,641,781**	**51,421,801**

4. Investments (continued)

Details of the subsidiaries are as follows:

Name	Country of Incorporation	Principal activities	Percentage of equity held	
			2026	**2025**
Capillary Technologies LLC	United States of America	Cloud based intelligent, customer engagement and software solutions	100%	100%
Capillary Technologies DMCC	United Arab Emirates	Cloud based intelligent, customer engagement and software solutions	100%	100%
Capillary Technologies, Shanghai Co. Ltd	China	engagement and software solutions	100%	100%
Capillary Technologies (Malaysia) Sdn Bhd	Malaysia	Cloud based intelligent, customer engagement and software solutions	100%	100%
PT Capillary Technologies Indonesia	Indonesia	Cloud based intelligent, customer engagement and software solutions	100%	100%
Capillary Technologies Europe Limited	Europe	Cloud based intelligent, customer engagement and software solutions	100%	100%

5. Trade and other receivables

	2026 S$	2025 S$
Trade receivables:		
Third parties	6,159,229	5,986,095
Less: Allowance for credit losses	(344,261)	(481,233)
	5,814,968	**5,504,862**
Other receivables (current)		
Amount due from related parties	10,462,518	9,161,012
Contract assets[1]	846,559	861,352
Deposits	17,563	9,543
Capitalised contract costs[2]	426	1,733
Statutory dues receivable	178,019	167,134
Advances paid	115,730	32,600
Prepaid expenses	311,432	131,486
	11,932,247	**10,364,861**
Total	**17,747,215**	**15,869,723**
Other receivables (non-current)		
Capitalised contract costs	316	239
Prepaid expenses	11,030	3,133
	11,346	**3,372**

Trade receivables are non-interest bearing and are generally on 30 to 45 day's terms. Other receivables relate to Amount due from related parties are unsecured, non-interest bearing and repayable on demand and denominated in United state Dollars.

The movement in allowance for expected credit losses of trade receivables is as follow:

	2026 S$	2025 S$
Movement in allowance for expected credit losses:*		
Opening balance	481,233	14,567
Provision made during the year	127,619	469,075
Provision (Utilized/reversed) during the year	(264,591)	(2,409)
Closing balance	**344,261**	**481,233**

* *The movement does not include any bad debts written off during the financial year (2025: S$Nil)*

Trade receivables are denominated in the following currencies:

	2026 S$	2025 S$
United States Dollars	15,911,371	14,386,659
Vietnamese dong	27,532	-
Singapore Dollars	130,075	276,964
Indonesian rupiah	208,508	-
Malaysian Ringgit	-	2,251
	16,277,486	**14,665,874**

[1] Contract assets represent the unbilled revenue, that primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. The contract assets are transferred to the receivables when the rights become unconditional and is current but not due. There are no allowances against such contract assets in the current reporting year.

	2026 S$	2025 S$
Contract assets		
Opening balance	861,352	1,225,947
Add: Satisfied performance obligations not invoiced	846,559	861,352
Less: Contract assets invoiced	(861,352)	(1,225,947)
Closing balance	**846,559**	**861,352**

[2] Capitalised contract costs represent capitalised commission costs paid to sales team and set out below is the movement in the capitalised contract costs:

5. Trade and other receivables (continued)

	2026 S$	2025 S$
Deferred contract costs		
Opening balance	1,972	4,286
Amortisation	(1,230)	(2,314)
Closing balance	**742**	**1,972**
Current	426	239
Non-current	316	1,733
	742	**1,972**

6. Cash and bank balances

	2026 S$	2025 S$
Cash and cash equivalents: Cash at bank	990,510	21,330,890
	990,510	**21,330,890**

The carrying amounts are assumed to be a reasonable approximation of fair value. The Company maintains its cash and cash equivalents with reputed banks who exhibit minimal credit risk characteristics and consequently credit risk allowance on these balances is negligible.

The cash and bank balances as at the reporting date are denominated in the following currencies:

	2026 S$	2025 S$
United States Dollar	897,152	21,140,164
Singapore Dollar	93,358	190,726
	990,510	**21,330,890**

7. Share capital

	As at 31 March 2026		As at 31 March 2025	
	Number of shares	S$	Number of shares	S$
Issued, subscribed and fully paid-up capital:				
Opening balance	3,185,219,421	47,150,592	3,185,219,421	47,150,592
Issued during the year	750,000,000	20,123,530	-	-
Closing balance	**3,935,219,421**	**67,274,122**	**3,185,219,421**	**47,150,592**

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value. The Company has employee share option plan under which options to subscribe for the Company's ordinary shares have been granted to employees of the Company.

8. Capital contribution

	2026 S$	2025 S$
Capital contribution from Holding/Ultimate Holding Company	14,726,722	14,726,722

9. Capital reserve

Pursuant to the Business and Loan Transfer Agreement (‘BTA’) dated 1 November 2021, the Ultimate Holding Company has transferred the business including transfer of Business Assets and Liability to CPL at a consideration of USD 0.22 million (S$0.29 million).

The excess of consideration paid over net assets acquired has been presented as a ‘Capital reserve’ since this represents a business combination under ‘common control’ in accordance with FRS 103 Business Combination and applicable accounting pronouncements.

	Balance as on date of BTA S$
(a) Business assets	29,744,784
(b) Business liabilities	31,862,067
(c) Net business assets (a)-(b)	**(2,117,283)**
(d) Consideration paid	290,605
(e) Capital reserve (c)-(d)	**2,407,888**

10. Share-based payments

(i) Capillary Employees Stock Option Scheme (“CESP”)

The shareholders of the Company have approved the 'Capillary Employees Stock Option Scheme' - 2021 (CESP). The plan provides for the issue of 7,175,000 options to eligible employees and eligible directors of the Capillary Group. Capillary Group shall mean the Company and its wholly owned subsidiaries, either existing or as may be incorporated from time to time and its Holding company and any successor company thereof.

The plan is administered by a Board of Directors of the Company/ nomination and remuneration committee constituted by the Board (as the case may be) (Administrator). Under CESP all employees are entitled to a grant of options once they have been in service and eligible based on conditions determined by the Administrator. The exercise price shall be as may be determined by the Administrator at the time of grant of options provided that the exercise price shall not be more than the fair market value of the shares as on the date of grant of options.

There shall be a minimum period of one (1) year between the grant of options and vesting of options, with a maximum period of ten (10) years from the date of grant of such options. Vesting of options would be subject to continued employment with the Company and the options would vest on a quarterly basis. The option grantee may exercise the vested options as per the scheme

Measurement of fair values

The fair value of the share options granted under the CESP is estimated at the grant date using Black-Scholes method, taking into account the terms and conditions upon which the share options were granted. The model outputs the implied total value of the enterprise when the valuation accounts for all share class rights and preferences, as of the date of the latest financing by the parent Company.

10. Share-based payments

(i) Capillary Employees Stock Option Scheme ("CESP") (continued)

	31 March 2026	31 March 2025
Dividend yield (%)	-	0%
Expected volatility (%)	-	61.90%
Risk-free interest rate (% p.a.)	-	6.60%
Expected life of option (years)	-	5.5
Weighted average share price as per Pre discount on	-	₹ 526.70
lack of marketability ("DLOM")	-	S$8.29
Weighted average share price as per Post-Discount	-	₹ 509.51
for Lack of Marketability ("DLOM")	-	S$8.02

The expected life of the share options is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Movements during the year

The following table illustrates the number and Weighted Average Exercise Price (WAEP) of, and movements in, CESP plan during the year:

	As on and for the year ended 31 March 2026		As on and for the year ended 31 March 2025	
	Number of options	WAEP	Number of options	WAEP
Option outstanding at the beginning of year	-	-	920	1.82
Granted during the year				
Forfeited/lapsed during the year	-	-	(920)	-
Modified/exercised during the year			-	-
Options outstanding at the end of the year			-	-
Exercisable at end of year	-	-	-	-

There are no vested and unvested options as at the year end.

Expense recognised in statement of profit and loss and other comprehensive income

The expense recognised for employee services received during the year is shown in the following table:

	2026 S$	2025 S$
Expense arising from equity settled share-based payment transaction of CESP recognised in statement of comprehensive income	-	-

11. Trade and other payables

	2026 S$	2025 S$
Trade payables:		
Third parties[1]	4,116,610	2,843,450
Related parties	10,723,248	10,379,044
	14,839,858	**13,222,494**
Other payables (current)		
Accrued operating expenses	20,035	8,401
Payable towards share purchase	-	87,083
Advance from customers	505,745	166,609
Contract liabilities[1]	3,896,044	4,525,999
	4,421,824	**4,788,092**
	19,261,682	**18,010,586**

Trade payables are denominated in the following currencies:

	2026 S$	2025 S$
United States Dollar	12,985,568	11,463,804
Singapore Dollar	1,852,390	17,58,563
Euro	1,784	-
Philippine peso	116	127
	14,839,858	**13,222,494**

Trade amounts are trade in nature, non-interest bearing and to be settled in cash. Trade payables are normally settled at 30 to 90 days term. Amount due to related parties are unsecured, non-interest bearing, trade and repayable on demand.

Contract liabilities represents amounts billed or collected in accordance with contractual terms in advance of when the service is performed. Contract liabilities are recognised as revenue as the Company performs under the contract. The current portion of contract liabilities represents the balance that the Company and the Company estimates will be earned as revenue over the next twelve months.

	2026 S$	2025 S$
Contact liabilities:		
Opening balance	4,525,999	4,965,451
Add: Revenue to be recognized from performance obligations to be satisfied in succeeding year	3,896,044	4,525,999
Less: Revenue recognized that was included in contract liability at the beginning of the year	(4,525,999)	(4,965,451)
Closing balance	**3,896,044**	**4,525,999**

12. Revenue

(a) Disaggregation of revenue

	2026 S$	2025 S$
Revenue recognised over time:		
Installation services	1,619,862	1,909,604
Retainer services	11,008,864	11,053,863
	12,628,726	**12,963,467**
Revenue recognised at a point-in-time:		
Campaign services	608,669	603,034
	13,237,395	**13,566,501**

No individually customers accounted for more than 10% of the total revenue.

(b) Contract balances

	2026 S$	2025 S$
Trade receivables	5,814,968	5,504,862
Contract assets	846,559	861,352
Contract liabilities	3,896,044	4,525,999

The Company expects to recognise all the unsatisfied performance obligation within next year.

13. Other income

	2026 S$	2025 S$
Gain on sale of investment	81,292	5,271
Miscellaneous income	36,527	38,668
	117,819	**43,939**

14. Employee benefit expense

	2026 S$	2025 S$
Salaries, wages and bonuses	667,093	150,141
Defined contribution plan related expenses	9,403	79
Sales commission expenses	1,230	2,694
Other employee benefit related expenses (also refer note 10 for employee stock option expenses)	18,478	9,984
	696,204	**162,898**

15. Finance costs

	2026 S$	2025 S$
Bank charges	59,378	42,444
Interest expenses on persuade consideration payable	-	18,095
	59,378	**60,539**

16. Other operating expense

	2026 S$	2025 S$
Travelling and conveyance	123,705	59,882
Communication costs	3,339	1,927
Selling and marketing expenses	186,062	14,135
Provision for bad debts	127,619	469,075
Rates and service taxes	59,662	74,829
Software and server charges	6,319,802	4,091,746
Property, plant and equipment written off	-	812
Loss on account of foreign exchange fluctuations (net)	54,431	103,943
Miscellaneous expenses	93,385	388,883
	6,968,005	**5,205,232**

17. Income tax expense

The current year income tax expense varied from the amount of income tax expense determined by applying the Singapore income tax rate of 17% to loss before income tax as a result of the following:

	2026 S$	2025 S$
Accounting (loss)/profit before tax	525,827	54,384
Income tax (benefit)/expense at statutory rate at 17%	89,391	9,245
Effects of		
Non-deductible expenses	-	-
Deferred tax assets not recognised	-	-
Others	(89,391)	(9,245)
Income tax expense recognised in profit or loss	-	-

At the reporting date, the Company has unabsorbed tax losses available for offsetting against any future taxable income subject to the provisions of tax legislation. The deferred income tax benefits have not been recognised in the financial statements as it is not probable that future taxable profit will be available against which the deductible temporary differences can be utilised.

18. Related party transactions

(a) Names of the related parties and description of relationship

Nature of relationship	Name of the party
Related party where control exists	Capillary Technologies International Pte. Ltd., the Ultimate Holding Company
	Capillary Technologies India Limited, India, the Immediate Holding Company
	Capillary Brierley Inc, USA, Sub Subsidiary
Subsidiary companies	Capillary Technologies DMCC, UAE
	Capillary Technologies Shanghai Co. Ltd., China
	Capillary Technologies (Malaysia) Sdn Bhd, Malaysia
	PT Capillary Technologies Indonesia, Indonesia
	Capillary Technologies LLC
	Persuade Holdings Inc.
	Capillary Technologies Europe Limited, UK
Key managerial personnel	Mr. Aneesh Reddy Boddu
	Mr. Nigudagi Santosh Reddy
	Mr. Tadanki Venkata Ramana
	Mr. Pandey Ramendra Kumar

Summary of transactions and outstanding balances with above related parties are as follows:

	2026 S$	2025 S$
1) Transactions during the year		
(a) Professional and consultancy services		
Capillary Technologies India Limited, India	24,032,240	19,820,728
Capillary Technologies (Malaysia) Sdn Bhd, Malaysia	195,500	607,860
Capillary Technologies Inc., USA	177,797	-
(b) Reimbursement of expenses incurred by the Company		
Professional and consultancy services		
Capillary Technologies DMCC, UAE	1,780,326	2,166,290
PT Capillary Technologies Indonesia, Indonesia	202,493	243,780
Capillary Technologies LLC, USA	14,682,908	9,798,165
Capillary Technologies Europe Limited, UK	2,581,735	699,041
Software and server charges		
Capillary Technologies DMCC, UAE	1,098,560	884,887
Capillary Technologies India Limited, India	2,371,542	2,436,881
Capillary Brierley Inc USA	1,311,697	1,439,044
Capillary Technologies Inc., USA	29,679	30,552
Capillary Technologies Europe Limited, UK	655,456	834,605
Capillary Technologies LLC, USA	1,232,041	443,923
Campaign Services		
Capillary Technologies (Malaysia) Sdn Bhd, Malaysia	3,396	7,901
PT Capillary Technologies Indonesia, Indonesia	740	3,927

18. Related party transactions (continued)

	2026 S$	2025 S$
1) Transactions during the year (continued)		
Other expenses		
Capillary Technologies Europe Limited, UK	174,004	-
Capillary Technologies (Malaysia) Sdn Bhd, Malaysia	561	-
Capillary Technologies LLC, USA	126,589	-
Capillary Technologies International Pte Ltd, Singapore	215,975	-
Capillary Technologies India Limited, India	623,888	-

Summary of transactions and outstanding balances with above related parties are as follows (continued):

	2026 S$	2025 S$
(c) Reimbursement of expenses incurred on behalf of the Company		
Campaign services		
Capillary Technologies India Limited, India	-	30,245
Capillary Technologies DMCC, UAE	815,833	858,330
Other expenses		
Capillary Technologies LLC, USA	505,463	-
Capillary Technologies India Limited, India	57,517	-
Capillary Technologies DMCC, UAE	373,442	-
Capillary Technologies (Malaysia) Sdn Bhd, Malaysia	8,625	-
Capillary Technologies International Pte Ltd, Singapore	13,298	-
(d) Equity shares application money pending allotment		
Capillary Technologies India Limited, India	-	20,123,530
(e) Payments made by group companies on behalf of the Company		
Capillary Technologies International PTE Ltd	-	124,551
Capillary Technologies India Limited, India	-	46,894
Capillary Technologies DMCC, UAE	-	1,048,992
Capillary Technologies LLC, USA	480,634	686,473
(f) Payments collected by the Company on behalf of the group companies		
Capillary Technologies DMCC, UAE	328,296	17,110
Capillary Technologies India Limited, India	92,011	101,168
Capillary Technologies (Malaysia) Sdn Bhd, Malaysia	510,786	5,040
PT Capillary Technologies Indonesia, Indonesia	117,148	4,827
Capillary Technologies International Pte Ltd, Singapore	-	40,943

18. Related party transactions (continued)

	2026 S$	2025 S$
Outstanding balances as at year end		
Trade payables		
Capillary Technologies India Limited, India	8,481,525	4,490,727
Capillary Technologies Europe Limited, UK	-	245,397
Capillary Technologies LLC, USA	2,827,723	3,033,022
Capillary Technologies Inc., USA	178,453	-
Other receivables		
Capillary Technologies India Limited, India	6,245,721	3,333,144
Capillary Technologies (Malaysia) Sdn Bhd, Malaysia	1,366,666	1,104,086
Capillary Technologies DMCC, UAE	2,537,872	1,808,344
Capillary Technologies Europe Limited, UK	594,658	-
PT Capillary Technologies Indonesia, Indonesia	184,165	167,375
Capillary Brierley Inc, USA	96,821	138,164
Capillary Technologies International Pte Ltd, Singapore	201,006	-
Equity share capital		
Capillary Technologies India Limited, India	67,274,122	47,150,592
Investments		
Capillary Technologies LLC, USA	66,131,067	45,911,087
Capillary Technologies DMCC, UAE	657,945	657,945
Capillary Technologies Europe Limited, UK	4,852,749	4,852,749

Key managerial personnel's interests in the share-based payments plan:

Key management personnel are the directors having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. The directors did not receive any remuneration during the financial years ended 31 March 2026 and 31 March 2025.

19. Financial instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2.9.

Financial assets and liabilities

The management assessed that cash and bank balances, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Non-current financial assets and liabilities are discounted using an appropriate discounting rate where the time value of money is material. There are no financial instruments which are measured at fair value through profit and loss or fair value through other comprehensive income as at 31 March 2026 and 31 March 2025.

19. Financial instruments (continued)

Fair value of assets and liabilities (continued)

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at 31 March 2026 and 31 March 2025:

	Carrying and fair value	
	2026	**2025**
	S$	**S$**
Financial assets		
(i) Trade receivables	16,277,486	14,665,874
(ii) Cash and bank balances	990,510	21,330,890
(iii) Other financial assets	864,122	870,895
Total	**18,132,118**	**36,867,679**
Financial liabilities		
(i)Trade payables	14,839,858	13,222,494
(ii) Other financial liabilities	525,780	262,093
Total	**15,365,637**	**13,484,587**

(a) Fair value hierarchy

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

There have been no transfers between Level 1, Level 2 and Level 3 for the year ended 31 March 2026 and 31 March 2025.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities not measured at fair value

Cash and cash equivalents, other receivables, other payables and provisions

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

19. Financial instruments (continued)

Fair value of assets and liabilities (continued)

(b) Assets and liabilities not measured at fair value (continued)

Trade receivables and trade payables

The carrying amounts of these receivables and payables (including trade balances due to holding and related companies) approximate their fair values as they are subject to normal trade credit terms.

Amount payable/receivable from the related companies, borrowings and other assets/liabilities

The carrying amounts of amount payable/receivable from the related companies, borrowings and other assets/liability approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

20. Financial risk management objectives and policies

The Company's activities expose it to a variety of financial risks from its operations. The key financial risks include currency risk, interest rate risk, price risk, liquidity risk and credit risk.

The directors review and agree policies and procedures for the management of these risks, which are executed by the management team. It is, and has been throughout the current financial year, the Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) Currency risk

Currency risk is the risk that fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency exchange fluctuations mainly in US Dollar (“USD”), Euros (“EUR”), Indonesian rupiah (“IDR”), Vietnamese dong(“VND”), Malaysia Ringgit (“MYR”), Thai Baht (“THB”), Hong Kong Dollar (“HKD”) and United Arab Emirates Dirham (“AED”). The Company also holds cash and bank balances denominated in foreign currencies for working capital purposes.

The Company are exposed to currency translation risk arising from its net investments in foreign operation. The Company does not have any formal policy on managing its foreign exchange risk.

20. Financial risk management objectives and policies (continued)

(a) Currency risk (continued)

	USD S$	SGD S$	EUR S$	MYR S$	IDR S$	PHP S$	VND S$
31 March 2026							
Financial assets							
Trade and other receivables	15,911,372	994,197	-	-	208,507	-	27,532
Cash and bank balances	897,152	93,358	-	-		-	
	16,808,523	**1,087,555**	**-**	**-**	**208,508**	**-**	**27,532**
Financial liabilities							
Trade and other payables	12,985,567	2,378,170	1,784	-	-	116	-
	12,985,567	**2,378,170**	**1,784**	**-**	**-**	**116**	**-**
Net financial assets/ (liabilities)	**3,822,956**	**(1,290,615)**	**(1,784)**	-	**208,508**	**(116)**	**27,532**
31 March 2025							
Financial assets							
Trade and other receivables	9,227,749	267,582	-	7,384	-	-	-
Cash and bank balances	21,140,164	190,726	-	-	-	-	-
	30,367,913	**458,308**	**-**	**7,384**	**-**	**-**	**-**
Financial liabilities							
Trade and other payables	7,698,958	367,005	-	-	-	5,461	-
	7,698,958	**367,005**	**-**	**-**	**-**	**5,461**	**-**
Net financial assets/ (liabilities)	**22,668,954**	**91,303**	**-**	**7,384**	**-**	**(5,461)**	**-**

20. Financial risk management objectives and policies (continued)

(b) Foreign exchange risk sensitivity

The following table details the sensitivity to a 5% increase and decrease in the Singapore Dollars against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period-end for a 5% change in foreign currency rates.

If the Singapore Dollars strengthens by 5% (2025: 5%) with all other variables including tax rate being held constant, the effects on the net profit/(loss) after tax will be as follows:

	Increase/(Decrease) Profit after tax 2026 S$	Increase/(Decrease) Loss after tax 2025 S$
USD	(191,148)	1,133,448
SGD	64,531	4,565
EURO	89	-
MYR	-	369
IDR	(10,425)	-
PHP	6	(273)
VND	(69)	-

A 5% weakening of the Singapore Dollars against the relevant foreign currencies at 31 March would have had the equal but opposite effect on profit/(loss) after tax for the year on the basis that all other variables remained constant.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the company's financial instruments will fluctuate because of changes in market interest rates. The company does not expect any significant effect on the Company’s profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financials instruments at the end of the financial year.

(d) Price risk

At balance sheet date, the Company has no significant exposure to price risk.

(e) Liquidity risk

Liquidity risk refers to the risk that the Company will encounter difficulties in meeting its short-term obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. It is managed by matching the payment and receipt cycles. The Company’s objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Company finances its working capital requirements through a combination of funds generated from operations and bank borrowings. The directors are satisfied that funds are available to finance the operations of the Company.

20. Financial risk management objectives and policies (continued)

(e) Liquidity risk (continued)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations.

	One year or less S$	1 to 5 years S$	More than 5 years S$
31 March 2026			
Financial assets			
Trade receivables and other receivables	17,141,608	-	-
Cash and bank balances	990,510	-	-
	18,132,118	**-**	**-**
Financial liabilities			
Trade payables and other payable	4,304,318	11,061,320	-
	4,304,318	**11,061,320**	**-**
Net financial assets/(liabilities)	**13,827,800**	**(11,061,320)**	**-**
31 March 2025			
Financial assets			
Trade receivables and other receivables	15,536,769	-	-
Cash and bank balances	21,330,890	-	-
	36,867,659	**-**	**-**
Financial liabilities			
Trade payables and other payable	2,164,744	11,319,842	
	2,164,744	**11,319,842**	**-**
Net financial assets/(liabilities)	**34,702,915**	**(11,319,842)**	**-**

(f) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's and the Company's exposure to credit risk arises primarily from trade receivables. For other financial assets (including investment securities, cash and short-term deposits and derivatives), the Company and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Company trades only with recognised and creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

20. Financial risk management objectives and policies (continued)

(f) Credit risk (continued)

The Company has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 180 days when they fall due, which are derived based on the Company's historical information. With respect to trade receivables, the Company has constituted the terms to review the receivables on periodic basis and to take necessary mitigations, wherever required. The Company creates allowance for unsecured receivables based on historical credit loss experience and is adjusted for forward looking information. The allowance of trade receivables is based on the ageing of the receivables that are due.

Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Company.

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables. Information regarding financial assets that are either past due or impaired is disclosed under trade and other receivables.

As other receivables are not significant, no detailed age analysis has been set out.

21. Financial instruments by category

At the reporting date, the aggregate carrying amounts of financial assets and financial liabilities at amortised cost were as follows:

	2026 S$	2025 S$
Financial assets measured at amortised cost		
Trade and other receivables	17,141,608	15,869,723
Cash and bank Balances	990,510	21,330,890
Total financial assets measured at amortised cost	**18,132,118**	**37,200,613**
Financial liabilities measured at amortised cost		
Trade and other payables	15,365,637	17,923,504
Total financial liabilities measured at amortised cost	**15,365,637**	**17,923,504**

22. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for its shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital plus net debt. Net debt is calculated as total borrowings (including trade and other payables as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as total equity, as shown in the statement of financial position.

22. Capital management (continued)

No specific gearing ratio has been determined by management with the overall objective to keep the ratio as low as possible.

The gearing ratios at 31 March 2026 and 31 March 2025 were as follows:

	2026 S$	2025 S$
Trade and other payables	19,261,682	18,010,586
Less: Cash and bank balances	(990,510)	(21,330,890)
Net debt	18,271,172	(3,320,304)
Total capital	71,131,534	70,617,148
Capital and net debt	89,402,707	67,296,844
Gearing ratio	20.44%	(4.93)%

The Company is not subject to externally imposed capital requirements for the financial year ended 31 March 2026 and 31 March 2025.

23. Events occurring post reporting date

Subsequent to the reporting period, geopolitical developments relating to the conflict in the Middle East have continued. Based on management's assessment of the current facts and circumstances, these events have not had any material impact on the Company's financial position, financial performance, cash flows, or key estimates and judgments as at the reporting date. Accordingly, no adjustments have been made to the accompanying financial statements in respect of these matters.

24. Authorisation of financial statements

The financial statements for the financial year ended 31 March 2026 were authorised for issue in accordance with date of Directors' statement.