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CMON LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1792)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

The board (the “**Board**”) of directors (the “**Directors**”) of CMON Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 together with the comparative figures for the year ended 31 December 2022 as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2023

	<i>Notes</i>	2023 <i>US\$</i>	2022 <i>US\$</i>
Revenue	3	45,051,708	45,337,007
Cost of sales		<u>(21,436,424)</u>	<u>(26,920,837)</u>
Gross profit		23,615,284	18,416,170
Other income	4	62,898	138,628
Other losses	5	(52,414)	—
Changes in fair value of financial assets at fair value through profit or loss (“FVTPL”)		(14,000)	(112,000)
Selling and distribution expenses		(9,606,817)	(7,841,939)
General and administrative expenses		<u>(12,173,845)</u>	<u>(9,254,962)</u>
Operating profit		1,831,106	1,345,897
Finance costs	6	<u>(468,624)</u>	<u>(342,911)</u>
Profit before income tax		1,362,482	1,002,986
Income tax expense	7	<u>(606,534)</u>	<u>(492,885)</u>
Profit for the year	8	<u>755,948</u>	<u>510,101</u>
Other comprehensive (loss)/income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(10,556)</u>	<u>1,252</u>
Total other comprehensive (loss)/income for the year		<u>(10,556)</u>	<u>1,252</u>
Total comprehensive income for the year		<u>745,392</u>	<u>511,353</u>

	<i>Note</i>	2023 <i>US\$</i>	2022 <i>US\$</i>
Profit/(loss) for the year attributable to:			
Owners of the Company		755,948	579,571
Non-controlling interests		—	(69,470)
		<u>755,948</u>	<u>510,101</u>
Total comprehensive income/(loss) for the year attributable to:			
Owners of the Company		740,886	585,731
Non-controlling interests		4,506	(74,378)
		<u>745,392</u>	<u>511,353</u>
Earnings per share			
Basic and diluted	10	<u>0.0004</u>	<u>0.0003</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	2023 <i>US\$</i>	2022 <i>US\$</i>
Non-current assets			
Property, plant and equipment		18,585,061	19,484,939
Right-of-use assets		1,341,863	235,582
Intangible assets		8,407,056	9,804,094
Deposit placed with a life insurance company		199,400	199,400
Financial assets at FVTPL		154,000	168,000
Rental deposits		89,012	—
		<u>28,776,392</u>	<u>29,892,015</u>
Current assets			
Inventories		2,728,897	2,519,611
Trade and other receivables	11	421,509	47,092
Prepayments and deposits	12	2,199,680	1,321,083
Bank and cash balances	13	3,179,243	3,899,006
		<u>8,529,329</u>	<u>7,786,792</u>
Current liabilities			
Accruals and other payables	14	473,398	204,521
Borrowings	15	4,342,313	3,399,639
Amount due to the ultimate holding company		—	3
Amount due to a related party		47,310	47,310
Income tax payable		104,653	43,052
Contract liabilities		6,652,372	8,260,943
Lease liabilities		387,427	105,385
		<u>12,007,473</u>	<u>12,060,853</u>
Net current liabilities		<u>(3,478,144)</u>	<u>(4,274,061)</u>
Total assets less current liabilities		<u>25,298,248</u>	<u>25,617,954</u>

	<i>Notes</i>	2023 <i>US\$</i>	2022 <i>US\$</i>
Non-current liabilities			
Borrowings	15	1,464,341	3,937,972
Lease liabilities		1,040,386	176,785
Deferred tax liabilities		3,432,704	2,887,772
		<u>5,937,431</u>	<u>7,002,529</u>
NET ASSETS		<u>19,360,817</u>	<u>18,615,425</u>
Capital and reserves			
Share capital	16	11,700	11,700
Reserves		19,411,258	18,670,372
		<u>19,422,958</u>	<u>18,682,072</u>
Equity attributable to owners of the Company		(62,141)	(66,647)
Non-controlling interests		<u>(62,141)</u>	<u>(66,647)</u>
TOTAL EQUITY		<u>19,360,817</u>	<u>18,615,425</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2023

1. GENERAL INFORMATION

CMON Limited (the “**Company**”) is a limited liability company incorporated in the Cayman Islands. The address of the registered office is Offices of Conyers Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The address of its principal place of business is 201 Henderson Road, #07/08-01 Apex @ Henderson, Singapore 159545.

The Company is an investment holding company. The Company and its subsidiaries (together, the “**Group**”) are principally engaged in design, development and sales of board games, miniatures and other hobby products.

The consolidated financial statements are presented in United States dollar (“**US\$**”) unless otherwise stated.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“**IFRSs**”)

In the current year, the Group has adopted all the new and revised IFRSs issued by the International Accounting Standards Board that are relevant to its operations and effective for its accounting year beginning on 1 January 2023. IFRSs comprise International Financial Reporting Standards (“**IFRS**”); International Accounting Standards; and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

3. REVENUE AND SEGMENT INFORMATION

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group’s principal activity is the design, development and sales of board games, miniatures and other hobby products, and it has only one operating segment.

The Group’s revenue is analysed as follows:

	2023 <i>US\$</i>	2022 <i>US\$</i>
Sales of products	40,591,908	41,318,303
Shipping income in connection with sales of products	4,459,800	4,018,704
Revenue from contracts with customers	<u>45,051,708</u>	<u>45,337,007</u>

Disaggregation of revenue from contracts with customers:

Geographical markets

	2023 US\$	2022 US\$
North and South America	22,828,405	23,337,052
Europe	15,067,638	14,745,380
Asia	6,435,189	5,946,765
Oceania	720,476	1,307,810
	<u>45,051,708</u>	<u>45,337,007</u>

Revenue from one customer of the Group represents approximately US\$5,112,187 (2022: US\$7,079,799) of the Group's total revenue during the year ended 31 December 2023.

For the years ended 31 December 2023 and 2022, all revenue were recognised at a point in time (For the details of revenue recognition of the following sales activities, please refer to the below paragraphs).

Sales of products — wholesale

The Group sells a range of board games, miniatures and other hobby products in the wholesale market. Revenue from sales of goods is recognised at a point in time when control of the products has been transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional.

Sales of products — game conventions and online store

The Group sells its products through game conventions and its online store. Revenue from the sales of goods is recognised at a point in time when control of the products has been transferred to customers. Payment of the transaction price is due immediately when the customer purchases the products and takes delivery at game conventions. Advance payments received from customers who place orders on the Group's online store is initially recognised as contract liabilities under IFRS 15.

Sales of products — Kickstarter and crowd-funding platform

The Group launches new products through Kickstarter and other crowd-funding platforms. Upon the successful funding of these pre-orders, the Group recognises the total pledged amount, less administrative fees, as contract liabilities under IFRS 15. Revenue is recognised at a point in time when control of the products has been transferred to customers. The products of the pre-orders are normally completed and delivered within one year.

Shipping income

Shipping income is recognised at a point in time during the period when the goods are picked up from the suppliers' factories. The related shipping and handling charges are included in cost of sales.

Forfeiture income

The amounts represent receipts from customers for pre-orders of specific products which were subsequently abandoned by customers and are recognised as revenue.

At 31 December 2023 and 2022, the total non-current assets other than intangible assets, financial assets at FVTPL and deposit placed with a life insurance company were located in the following locations:

	2023 US\$	2022 US\$
Singapore	17,498,700	17,438,667
The People's Republic of China (the "PRC")	2,428,224	2,281,854
	<u>19,926,924</u>	<u>19,720,521</u>

4. OTHER INCOME

	2023 US\$	2022 US\$
Advertising income	1,190	1,573
Royalty income	22,352	100,434
Interest income from bank	233	243
Government subsidies (<i>note</i>)	25,538	28,813
Other income	13,585	7,565
	<u>62,898</u>	<u>138,628</u>

Note: Government subsidies are awarded to the Group by the government authority. No conditions have been applied on such government subsidies from the government authority.

5. OTHER LOSSES, NET

	2023 US\$	2022 US\$
Loss on disposal of property, plant and equipment	<u>52,414</u>	<u>—</u>

Note: On 20 July 2023, the Group as the vendor entered into an option agreement with and granted the option to an independent third party (the "Purchaser"), pursuant to which the Group has agreed to sell the property situated at Singapore (the "Property") at the consideration of S\$3,025,000 (equivalent to US\$2,166,946) to the Purchaser if the Purchaser exercises her option to purchase the Property within the stipulated time. The disposal had been completed on 13 October 2023. For further details, please refer to the announcements of the Company dated 20 July 2023 and 3 August 2023, and the circular of the Company dated 1 September 2023.

6. FINANCE COSTS

	2023 <i>US\$</i>	2022 <i>US\$</i>
Interest on lease liabilities	25,554	12,223
Interest on borrowings	443,070	330,688
	<u>468,624</u>	<u>342,911</u>

7. INCOME TAX EXPENSE

	2023 <i>US\$</i>	2022 <i>US\$</i>
Current tax		
— Singapore Corporate Income Tax		
— Provision for the year	61,602	—
Deferred tax	544,932	492,885
	<u>606,534</u>	<u>492,885</u>

Hong Kong Profits Tax has been provided at a rate of 16.5% on the estimated assessable profit for the years ended 31 December 2023 and 2022. No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2023 and 2022 as the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2023 and 2022.

Other jurisdictions mainly included Singapore, Japan and the United States. Taxation arising in other jurisdictions of which Singapore is at 17% (2022: 17%), Japan is at 10.3% (2022: 10.3%) and the United States is at 21% (2022: 21%) is calculated at the rates prevailing in the respective jurisdictions.

Under the Enterprise Income Tax Law of the PRC (the “EIT Law”) and Regulation on Implementation of the EIT Law, the tax rate of the PRC subsidiaries of the Group is 25% for the years ended 31 December 2023 and 2022.

The reconciliation between the income tax expense and the product of profit before tax multiplied by the weighted average tax rate of the consolidated companies is as follows:

	2023 <i>US\$</i>	2022 <i>US\$</i>
Profit before income tax	1,362,482	1,002,986
Tax at the applicable domestic tax rate of respective companies	208,086	97,091
Tax effect of income not taxable for tax purpose	(4,095)	(5,077)
Tax effect of expenses not deductible for tax purpose	328,172	93,003
Tax effect of tax losses not recognised	87,586	307,868
Tax exemptions	(13,215)	—
Income tax expense	<u>606,534</u>	<u>492,885</u>

8. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	2023	2022
	<i>US\$</i>	<i>US\$</i>
Cost of inventories	14,745,602	17,440,611
Shipping and handling charges	3,907,692	6,519,847
Employee benefit expenses	3,959,347	3,887,310
Auditor's remuneration	200,000	195,000
Merchant account fee	1,420,692	1,506,421
Royalty expenses	2,985,217	2,544,374
Marketing expenses	1,086,526	901,818
Depreciation of property, plant and equipment	3,489,253	2,985,547
Depreciation of right-of-use assets	196,991	96,792
Amortisation of intangible assets	1,935,755	2,079,955
Game development expenses	4,987,770	3,668,242

9. DIVIDENDS

The Board did not recommend any payment of dividends for the year ended 31 December 2023 (2022: nil).

10. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of US\$755,948 (2022: US\$579,571) and the weighted average number of ordinary shares of 1,806,000,000 (2022: 1,806,000,000) in issue during the year.

Diluted earnings per share

The effects of all potential ordinary shares are anti-dilutive for the years ended 31 December 2023 and 2022.

11. TRADE AND OTHER RECEIVABLES

	2023 <i>US\$</i>	2022 <i>US\$</i>
Trade receivables	375,608	1,240
Provision for loss allowance	—	(1,240)
	<u>375,608</u>	<u>—</u>
Other receivables	45,901	47,092
	<u>421,509</u>	<u>47,092</u>

The Group's trade receivables are primarily due from its wholesale customers and are all denominated in US\$.

During the year ended 31 December 2023, the Group granted credit terms of 0 to 60 days (2022: 0 to 30 days) to its customers.

The aging analysis of trade receivables, based on the invoice date, and net of allowance, is as follows:

	2023 <i>US\$</i>	2022 <i>US\$</i>
1–30 days	20,246	—
31–90 days	355,362	—
	<u>375,608</u>	<u>—</u>

Reconciliation of loss allowance for trade receivables:

	2023 <i>US\$</i>	2022 <i>US\$</i>
At beginning and end of year	1,240	1,240
Written-off	(1,240)	—
	<u>—</u>	<u>1,240</u>

The Group applies the simplified approach under IFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the invoice date aging. The expected credit losses also incorporate forward looking information.

	Within 30 days	31–90 days	Over 180 days	Total
At 31 December 2023				
Weighted average expected loss rate	—	—	—	
Receivable amount (US\$)	20,246	355,362	—	375,608
Loss allowance (US\$)	—	—	—	—
	Within 30 days	31–90 days	Over 180 days	Total
At 31 December 2022				
Weighted average expected loss rate	—	—	100%	
Receivable amount (US\$)	—	—	1,240	1,240
Loss allowance (US\$)	—	—	1,240	1,240

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023	2022
	<i>US\$</i>	<i>US\$</i>
Advances to suppliers	870,925	592,198
Prepaid royalties and game development costs	1,191,166	626,937
Other prepayments	1,696	1,777
Deposits	224,905	100,171
	<u>2,288,692</u>	<u>1,321,083</u>
Analysed as:		
Non-current	89,012	—
Current	<u>2,199,680</u>	<u>1,321,083</u>
	<u>2,288,692</u>	<u>1,321,083</u>

13. BANK AND CASH BALANCES

As at 31 December 2023, the bank and cash balances of the Group denominated in Renminbi (“RMB”) amounted to US\$168,082 (2022: US\$145,596). Conversion of RMB into foreign currencies is subject to the PRC’s Foreign Exchange Control Regulations.

14. ACCRUALS AND OTHER PAYABLES

	2023 US\$	2022 US\$
Accruals for audit fee	120,000	125,000
Other accrued operating expenses	353,398	79,521
	<u>473,398</u>	<u>204,521</u>

15. BORROWINGS

	2023 US\$	2022 US\$
Bank borrowings	<u>5,806,654</u>	<u>7,337,611</u>

The borrowings are repayable as follows:

	2023 US\$	2022 US\$
On demand or within one year	4,342,313	3,399,639
In the second year	421,983	1,081,768
In the third to fifth years, inclusive	277,962	933,844
After five years	764,396	1,922,360
	<u>5,806,654</u>	<u>7,337,611</u>
Less: Amount due for settlement within 12 months (shown under current liabilities)	<u>(4,342,313)</u>	<u>(3,399,639)</u>
Amount due for settlement after 12 months	<u>1,464,341</u>	<u>3,937,972</u>

As at 31 December 2023, including in the bank borrowings, trade loans amounting to US\$3,281,174 (2022: US\$2,346,597) will mature in 2024, bear interest rates at the bank's prevailing 1-month Cost of Funds +2.5% (2022: bank's prevailing 1-month Cost of Funds +2.5%), and are secured by a corporate guarantee from the Company and its subsidiary, first fixed and floating charge over the Group's assets and undertakings, and an assignment of life insurance.

As at 31 December 2023, including in the bank borrowings, the amount of US\$1,227,666 (2022: US\$2,829,863) will mature in 2037, bears interest rate at Singapore Overnight Rate Average ("SORA") in-arrears +1.15% for the period from 3 May 2023 to 3 November 2024 and at SORA in-arrears +4.00% for the remaining tenures (2022: at prevailing Singapore Interbank Offered Rate ("SIBOR") +3.00%) and are secured by first mortgage over the Group's office units and a corporate guarantee from the Company. During the year ended 31 December 2023, the principal amount of US\$1,858,542 and the accrued interests were fully repaid. The charge of first mortgage over a office unit was released resulted by the disposal of a property in Singapore.

As at 31 December 2023, including in the bank borrowings, the amount of US\$1,297,814 (2022: US\$2,161,151) will mature in 2025, bears interest at 3% (2022: 3%) per annum and secured by corporate guarantees from the Company and its subsidiary.

16. SHARE CAPITAL

	Number of shares of the Company	Share capital US\$
Authorised		
Ordinary share capital of HK\$0.00005 each at 31 December 2023 and 2022	<u>7,600,000,000</u>	<u>49,147</u>
Issued and fully paid		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	<u>1,806,000,000</u>	<u>11,700</u>

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

The Group reviews the capital structure frequently by considering the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts, redemption of existing debts or selling assets to reduce debts.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Model and Business Overview

We are a hobby games publisher specialising in developing and publishing mainly tabletop games (including board games and miniature war games). We also started developing and launching mobile games since 2015.

We publish both self-owned games and licensed games. We also distribute third-party tabletop games. We sell our tabletop games mainly through Kickstarter and to wholesalers. We also sell directly to end-users through online stores and through game conventions held two to three times a year.

As at the date of this annual results announcement, we offer a total of 127 games, comprising 121 board games, three miniature war games, two mobile games and one computer game.

For the financial year under review, our revenue was approximately US\$45.1 million, decreasing from approximately US\$45.3 million for the previous financial year. Profit and total comprehensive income for the year attributable to equity holders of the Company was approximately US\$0.8 million, increasing from approximately US\$0.6 million for the year ended 31 December 2022. The increase in profit was mainly due to the decrease in shipping and handling costs and cost of inventories.

During the financial year under review, we launched four Kickstarter games, namely *Marvel United: Multiverse*, *Zombicide: White Death*, *Mordred* and *DCeased — A Zombicide Game*, and raised approximately US\$4.8 million, US\$3.8 million, US\$0.7 million and US\$2.6 million, respectively.

Long-Term Strategies and Outlook

Our strategy is to achieve long-term growth through geographical diversification and product diversification. We remain focused on (1) growing the Asian wholesale markets; (2) marketing and selling directly to end users and gamers online and physically in Asia; and (3) strengthening our game design capabilities and licensing of good intellectual properties (“IPs”).

We strive to become a leading developer and publisher of quality tabletop games and are optimistic about the growth and development of the tabletop games industry. In 2024, we plan to launch new games not only using our own IPs, such as *Zombicide*, but also games based on other popular IPs such as *Marvel* and *Song of Ice & Fire*. Such games will not only help us retain a significant number of players, but will also help us attract new players, so we can grow our revenue base and sustain our competitive position.

FINANCIAL REVIEW

Revenue

Our revenue decreased by approximately 0.6% to approximately US\$45.1 million for the year ended 31 December 2023 from approximately US\$45.3 million for the year ended 31 December 2022, primarily due to the decrease in the recognition of wholesale sales.

Revenue from wholesale sales decreased by approximately 0.6% to US\$18.6 million for the year ended 31 December 2023 from approximately US\$19.8 million for the year ended 31 December 2022. During the year ended 31 December 2023, we recognized revenue from board games such as, but not limited to, *Zombicide: White Death* and *Cyberpunk 2077: Gangs of Night City — The Board Game*.

Revenue via Kickstarter increased to approximately US\$26.4 million for the year ended 31 December 2023 from approximately US\$25.1 million for the year ended 31 December 2022, which was mainly due to the increase in recognition of sales of six Kickstarter projects in 2023 compared to five Kickstarter projects in 2022.

North America and Europe remained as our major markets, with North American and European sales making up approximately 84.1% and 84.0% of our total revenue combined for the year ended 31 December 2023 and 31 December 2022 respectively.

The following tables set out breakdowns of our revenue by categories, by sales channels and by geographical markets in absolute amounts and as percentages of our revenue for the years indicated:

By categories

	Year ended 31 December			
	2023		2022	
	US\$	%	US\$	%
Board games	38,648,230	85.8	39,220,920	86.5
Miniatures war games	2,207,250	4.9	2,515,682	5.6
Mobile games	2,480	—	283,651	0.6
Sub-total	40,857,960	90.7	42,020,253	92.7
Other products	4,193,748	9.3	3,316,754	7.3
Total	<u>45,051,708</u>	<u>100</u>	<u>45,337,007</u>	<u>100</u>

By sales channels

	Year ended 31 December			
	2023		2022	
	US\$	%	US\$	%
Direct				
Kickstarter	26,310,130	58.5	25,135,142	55.4
Online store and game conventions	85,626	0.2	129,219	0.3
Mobile games	2,480	—	283,651	0.6
Wholesales	18,653,471	41.3	19,788,995	43.7
Total	<u>45,051,708</u>	<u>100</u>	<u>45,337,007</u>	<u>100</u>

By geographical markets

	Year ended 31 December			
	2023		2022	
	US\$	%	US\$	%
North and South America	22,828,405	50.7	23,337,052	51.5
Europe	15,067,638	33.4	14,745,380	32.5
Asia	6,435,189	14.3	5,946,765	13.1
Oceania	720,476	1.6	1,307,810	2.9
Total	<u>45,051,708</u>	<u>100</u>	<u>45,337,007</u>	<u>100</u>

Cost of Sales

Our cost of sales decreased by approximately 20.4% to approximately US\$21.4 million for year ended 31 December 2023 from approximately US\$26.9 million for the year ended 31 December 2022, mainly due to the decrease in cost of inventory and shipping and handling cost.

Gross Profit and Gross Profit Margin

Our gross profit increased by approximately 28.2% to approximately US\$23.6 million for the year ended 31 December 2023 from approximately US\$18.4 million for the year ended 31 December 2022 and gross profit margin increased by approximately 11.8 percentage points to approximately 52.4% for the year ended 31 December 2023 from approximately 40.6% for the year ended 31 December 2022. Gross profit increased mainly due to the decrease in cost of sales.

Other Income

Other income decreased to US\$62,898 for the year ended 31 December 2023 from US\$138,628 for the year ended 31 December 2022, which was mainly due to the decrease in royalty income.

Selling and Distribution Expenses

Our selling and distribution expenses increased to approximately US\$9.6 million for the year ended 31 December 2023 from approximately US\$7.8 million for the year ended 31 December 2022. This was partly caused by the increase in royalty expenses to approximately US\$3.0 million for the year ended 31 December 2023 from approximately US\$2.5 million for the year ended 31 December 2022 and, salary expenses also increased to approximately US\$2.7 million for the year ended 31 December 2023 from approximately US\$2.1 million for the year ended 31 December 2022.

General and Administrative Expenses

Our general and administrative expenses increased to approximately US\$12.2 million for the year ended 31 December 2023 from approximately US\$9.3 million for the year ended 31 December 2022. The increase was primarily caused by an increase in game development expenses to approximately US\$5.0 million for the year ended 31 December 2023 from approximately US\$3.7 million for the year ended 31 December 2022.

Finance Costs

Finance costs increased to US\$468,624 for the year ended 31 December 2023 from US\$342,911 for the year ended 31 December 2022. This was primarily caused by increased finance cost from increased interest rates on short term borrowings.

Income Tax Expense

Income tax expense increased to US\$606,534 for the year ended 31 December 2023 from US\$492,885 for the year ended 31 December 2022, mainly due to the increase in Singapore corporate tax for the current year.

Profit and Total Comprehensive Income for the Year Attributable to Equity Holders of the Company

As a result of all the above-mentioned matters, profit and total comprehensive income for the year attributable to equity holders of the Company increased to approximately US\$0.8 million for the year ended 31 December 2023 from approximately US\$0.6 million for the year ended 31 December 2022. The reason for the Group increasing its profit attributable to equity holders of the Company for the year ended 31 December 2023 was mainly due to a decrease in shipping and handling costs and inventory costs.

LIQUIDITY AND FINANCIAL RESOURCES

During the year ended 31 December 2023, we financed our operations primarily through cash generated from our internally generated funds and bank borrowings. As at 31 December 2023 and 2022, the Group had cash and cash equivalents of approximately US\$3.2 million and US\$3.9 million respectively, which were cash at banks and on hand, denominated in United States dollars, Singapore dollars and Chinese Renminbi.

The short-term bank borrowings of the Group increased to approximately US\$4.3 million as at 31 December 2023 from approximately US\$3.4 million as at 31 December 2022.

The long-term borrowings of the Group decreased to approximately US\$1.5 million as at 31 December 2023 from approximately US\$3.9 million as at 31 December 2022.

The long-term bank borrowings as at 31 December 2023 and 31 December 2022 were mainly secured on the property located at 201 Henderson Road #07/08-01, Apex @ Henderson, Singapore 159545 (the “**Headquarters**”) as a corporate guarantee from the Company and a charge over all fixed deposits placed with the relevant bank. As at 31 December 2023, the Group’s total bank borrowings of approximately US\$5.8 million consisted of:

- (i) approximately US\$2.5 million which were denominated in Singapore dollars, including two term loans, amounting to US\$1.2 million with a tenor of 20 years and interests charged at fixed rates from drawdown date until the end of the second year from the respective dates of the banking facility letters and at floating rates for the subsequent years. In May 2020, the Company revised the terms of its bank borrowing amounting to US\$1.3 million, with a tenor of 5 years, interest would be charged at floating rate with effect from 1 May 2020; and
- (ii) approximately US\$3.3 million which were denominated in United States dollars, with a tenor of 60 days to 8 years and interests charged at floating rates.

As at 31 December 2023 and 2022, the Group’s borrowings were repayable as follows:

	2023	2022
	US\$	US\$
Within 1 year	4,342,313	3,399,639
Between 1 and 2 years	421,983	1,081,768
Between 2 and 5 years	277,962	933,844
Over 5 years	764,396	1,922,360
	<u>5,806,654</u>	<u>7,337,611</u>

Going forward, we intend to continue to use external bank borrowings and internally generated funds to fund our working capital, game development activities, acquisition of IPs as well as expansion plans as stated in the prospectus of the Company dated 25 November 2016 (the “**Prospectus**”).

TREASURY POLICIES

The proceeds from our sales made through Kickstarter are generally received prior to product delivery, and therefore, we are not exposed to significant credit risk. Our trade receivables are primarily related to sales to wholesalers. We have policies in place to assess and monitor the creditworthiness of our wholesalers. We perform periodic credit evaluation of our wholesalers and will adjust the credit extended to the wholesalers accordingly. Normally we do not require collaterals from trade debtors. Management makes a periodic collective assessment as well as an individual assessment on the recoverability of trade receivables based on historical payment records, the length of the overdue period, the financial strength of the trade debtors and whether there are any disputes with the debtors in relation to the relevant receivables.

CAPITAL STRUCTURE

During the year ended 31 December 2023, our capital structure consisted of bank borrowings, capital and reserves attributable to equity holders of the Company, comprising share capital, share premium, retained earnings, capital reserves and other reserves.

The board lot size of the ordinary shares with par value of HK\$0.00005 each in the share capital of the Company trading on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) was changed from 10,000 shares per lot to 70,000 shares per lot with effect from 9:00 a.m. on 11 July 2023.

NEW GAMES AND THEIR IMPACT ON FINANCIAL PERFORMANCE

During the year ended 31 December 2023, Kickstarter projects shipped by the Group contributed approximately US\$26.3 million (2022: approximately US\$25.1 million) to the Group’s revenue.

During the year ended 31 December 2023, Kickstarter projects which were successfully launched but not shipped amounted to approximately US\$5.6 million (2022: approximately US\$7.8 million). The shipments of these projects are expected to take place in the first half of 2024.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

During the year ended 31 December 2023, the Group had no significant investments, material acquisitions and disposals of subsidiaries, associates and joint ventures.

On 20 July 2023, an agreement was reached between CMON Global Limited, an indirect wholly-owned subsidiary of the Company, as the vendor, and Ms. Maria Hartati, an independent third party, as the purchaser in respect of the sale and purchase of a property situated at 201 Henderson Road #09-23/24, Apex @ Henderson, Singapore 159545 (the “**Property**”) for a total consideration of S\$3,025,000. The transaction was completed in October 2023. Please refer to the announcements of the Company dated 20 July 2023 and 3 August 2023 and the circular of the Company dated 1 September 2023 for details.

INFORMATION ON EMPLOYEES

As of 31 December 2023, the Group had 87 employees (31 December 2022: 78). Employees are remunerated according to their performance and work experience. On top of basic salaries, discretionary bonus and/or share options may be granted to eligible staff by reference to the Group’s performance as well as the individual’s performance. The total staff cost (including remuneration of the Directors and mandatory provident fund contributions) for the year ended 31 December 2023 amounted to approximately US\$4.0 million (2022: approximately US\$3.9 million).

CHARGES ON ASSETS

As at 31 December 2023, the Headquarters and the Property with a total net book value of approximately US\$1.6 million and deposit pledged with a life insurance company of US\$199,400 were charged as collateral for the Group’s bank borrowings (31 December 2022: approximately US\$3.8 million and US\$199,400, respectively).

FUTURE PLANS FOR MATERIAL INVESTMENTS

As at the date of this annual results announcement, the Group does not have any concrete plan for material investments. However, as stated in the Prospectus, we intend to increase our market share by adding more high-quality games into our portfolio through title acquisition or licensing. We intend to finance our expansion plans primarily through internally generated funds and external borrowings.

GEARING RATIO

As at 31 December 2023, the Group had short-term and long-term bank borrowings of approximately US\$4.3 million (31 December 2022: approximately US\$3.4 million) and approximately US\$1.5 million (31 December 2022: approximately US\$3.9 million), respectively.

As at 31 December 2023, the gearing ratio of the Group, calculated as total liabilities divided by total assets was approximately 48.1% (31 December 2022: approximately 50.6%).

EXPOSURE TO FOREIGN EXCHANGE

The Group mainly operates in China, Singapore and United States with most of its transactions denominated and settled in United States dollars. The Group currently does not have a foreign currency hedging policy. However, the Group will continuously monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any significant contingent liabilities (31 December 2022: nil).

COMMITMENTS

The Group had no capital commitments as at 31 December 2022 and 2023.

PRINCIPAL RISKS AND UNCERTAINTIES

The Directors are of the view that the Group is exposed to the following key risks and uncertainties:

(i) Outsourced manufacturers

The Group relies on a limited number of outsourced manufacturers for the production of tabletop games. To manage this risk, the Group has a practice of maintaining a good working relationship with the outsourced manufacturers by, amongst others, creating goodwill and honouring payments. Besides, the Group will explore and develop business relationship with other suitable outsourced manufacturers and suppliers as part of the contingency planning.

(ii) Loss of key personnel

The Group relies to a significant extent on the executive Directors and certain key senior management. In view of this, we provide a remuneration package that rewards their performance and ties to the Group's results in order to retain our employees. Besides, the Group has implemented controls to minimise the potential loss of key personnel, such as ensuring the executive Directors and certain key senior management do not take the same flight in their air travels. The Group is also developing and training potential new management members.

(iii) Kickstarter

During the year ended 31 December 2023, most of the Group's bestselling tabletop games were launched on Kickstarter. To manage this risk, the Group has identified alternative internet crowd funding platforms for game launching in the event the Group is unable to continue launching games on Kickstarter. Besides, the Group is enhancing its in-house capability to launch tabletop games on its own website if required.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlement of the shareholders of the Company (the "**Shareholders**") to attend and vote at the annual general meeting of the Company to be held on Tuesday, 28 May 2024 (the "**AGM**"), the register of members of the Company will be closed from Thursday, 23 May 2024 to Tuesday, 28 May 2024 (both days inclusive), during which no transfer of shares will be effected. In order to be eligible to attend and vote at the AGM, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 22 May 2024.

CORPORATE GOVERNANCE PRACTICES

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") as its own code of corporate governance. Save as disclosed in this annual results announcement, the Company has, to the best knowledge of the Board, complied with all applicable code provisions of the CG Code during the year ended 31 December 2023. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and performed by different individuals. Mr. Ng Chern Ann is currently the chairman and was re-designated as a joint chief executive officer of the Company with the appointment of Mr. David Doust as joint chief executive officer of the Company on 23 January 2020. In view of Mr. Ng being one of the founders of the Group, and his responsibilities in corporate strategic planning and overall business development, the Board believes that it is in the interests of both the Group and the Shareholders to have Mr. Ng taking up both roles for effective management and business development. The Board also meets regularly to review the operation of the Group led by Mr. Ng. Accordingly, the Board believes that this arrangement will not impact the balance of power and authorisations between the Board and the management of the Company. Now that Mr. Ng and Mr. Doust jointly execute the Group's development strategy and manage the Group's business operations, the Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of the chairman and joint chief executive officer is necessary.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS IN SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of all the Directors, each of the Directors has confirmed that he has complied with the required standard of dealings during the year ended 31 December 2023.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 December 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETING BUSINESS

During the year ended 31 December 2023, none of the Directors, controlling Shareholders or their respective associates had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

AUDIT COMMITTEE

The audit committee of the Company has reviewed with the management the accounting policies and practices adopted by the Group and discussed with the management internal control and financial reporting matters of the Company, including the review of the Group's audited consolidated financial results for the year ended 31 December 2023.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and related notes thereto for the year ended 31 December 2023 as set out in this annual results announcement have been agreed by the auditor of the Company, Zhonghui ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2023. The work performed by Zhonghui ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Zhonghui ANDA CPA Limited on this annual results announcement.

PUBLICATION OF THE ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The annual report of the Company for the year ended 31 December 2023 will be sent to the Shareholders and available on the Company's website (<http://cmon.com>) and the designated website of the Stock Exchange (www.hkexnews.hk) in due course.

By Order of the Board

CMON Limited

Ng Chern Ann

Chairman, Joint Chief Executive Officer and Executive Director

Singapore, 28 March 2024

As at the date of this announcement, the executive Directors are Mr. Ng Chern Ann, Mr. David Doust, Mr. David Preti and Mr. Koh Zheng Kai; the non-executive Director is Mr. Frederick Chua Oon Kian; and the independent non-executive Directors are Mr. Wong Yu Shan Eugene, Mr. Choy Man and Mr. Leung Yuk Hung Paul.