



**ANNUAL REPORT
2024-25**

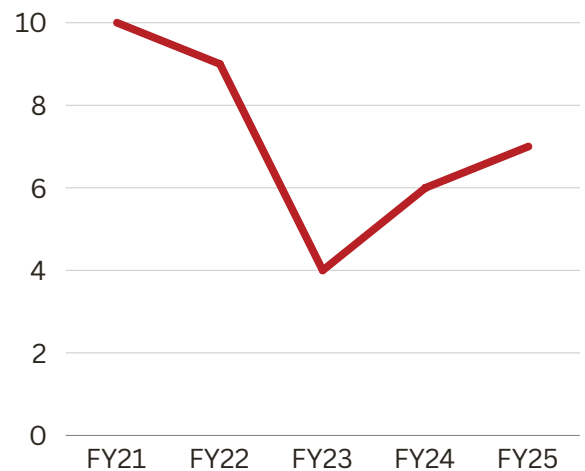
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MESSAGE FROM THE BOARD

Welcome to our 28th annual report, the Board of Directors is excited to share this with the shareholders, together with managements report on the company's business performance and future outlook.

During FY25, your company has shown its resilience amidst increasing global supply chain uncertainty, caused by military conflicts in Europe and Middle East, deteriorating relationship with China and a looming tariff war US is waging with several of our key export markets. Management team has steered your company through these uncertainties to deliver a good financial outcome, and set the company on a robust growth path over the next 3-5 years. We encourage you to read this report in detail for understanding our growth plans and strategy.



GROWTH CONTINUES TO REVIVE

FROM VISION TO VOGUE

Squantic was born from a simple yet powerful idea: fashion should be fearless, expressive, and globally inspired. What started as a passion project has grown into a bold, contemporary clothing brand with a worldwide presence. With every stitch, we honour our roots while embracing the future of fashion—clean lines, purposeful design, and an inclusive spirit.



MANAGEMENT DISCUSSION



MESSAGE FROM OUR CEO

Your company has shown a robust growth over the last 12 months, 15% higher than the planned revenue, and a significant improvement in margins. My management team is committed to delivering higher level of growth and margin in the next 3-5 years, and are taking some concrete steps to address market uncertainties that exist.

We have embarked on a significant digitalisation drive across our core business and support functions, including Finance and Procurement. We are diversifying our manufacturing base to newer markets in Brazil, India and Thailand, and are looking to penetrate in high growth markets in India, China, Spain, Brazil and Argentina, while maintaining our market share in developed markets.

We are confident of achieving 9% or higher CAGR over the next 5 years.

OUR PRIORITIES FOR FY26

To position Scontics better in the global marketplace, we plan to consolidate our support functions such as Finance, Procurement etc in a low cost country, create manufacturing capacity in India and start direct to customer e-commerce platform in emerging markets such as India, Brazil and Spain. These are expected to add 5% to our bottomline and 3% of additional revenue growth.



BUSINESS PERFORMANCE

FY25



REVENUE GROWTH

7% growth rate in a market where our competitors degrew by 5% YoY on an average, driven primarily by growth in emerging markets



COST SAVINGS

Our operating profit grew by 16% on account of a more efficient marketing spend ROI delivered by our Marketing Director, and cost control measures executed by our CFO



SETTING GROWTH COURSE

We are investing heavily in e-commerce capabilities in India, and in consolidating support functions in low cost high talent pool location in India

Revenue Drivers

Our fastest growing markets continue to be in Asia, and a few such as Spain, across Europe. North America is showing a reduced pace of growth driven by tariff related uncertainties and a perceived inflationary pressures. We expect such conditions to persist over the next 24 months.

We have seen robust growth opportunities in apparels for teens, a segment led by companies such as Zara, Brandy Melville, H&M, GAP and Hollister. Our SVP of Marketing for APAC, Sam Coolman is taking charge of the new division and relocating to Madrid to drive this business segment.

COST DRIVERS

Several of our competitors are using lower cost locations such as Poland, India, South East Asia and Puerto Rico for their Global Capabilities Center. After a feasibility study done by EY, we have selected India as our chosen location for setting up a 1,500 employee GCC, starting with Finance and Procurement functions. Our CFO is leading the charge on that, and is in the process of selecting the right service provide to drive this initiative.

Led by McKinsey and Co. study, we have decided to invest heavily in creating e-commerce platform across some of our key emerging markets, starting with India and Brazil. Our Channel Development Team and Marketing Team are working together to drive this initiative, and we expect to start seeing results by Q3 of FY26. This will save us 25% in gross margin vs selling our merchandise on Amazon and other e-commerce platforms.

FUTURE PLANS AND GROWTH

LAUNCH OF TEENS SEGMENT

We have recently formally launched our Teens Apparel segment across a few test markets, to capture a reasonable market share in this segment that is expected to grow to USD 350 billion by 2032.

Our key target segment is high school and college goers, who have demonstrated a high degree of independence in lifestyle decision making, and are key influencers in the family for fashion purchases.

We are in the process of identifying a GenZ brand ambassador to go to market with, and then address each micro-market in a custom manner.

LAUNCH OF E-COMMERCE

As you know, our e-commerce revenue is limited to less than 5% of total revenue, and with increased penetration of e-commerce in emerging markets, we need to build this channel robustly. Global platforms such as Amazon erode the margin significantly, and we believe we have enough brand equity to enable traffic to our own platform. We have set aside a separate marketing budget to go after this market.

SUPPLY CHAIN

To maintain supply chain continuity and to continue to innovate with our suppliers, we are developing several new manufacturing hubs across India and a few other Asian countries. This will also help the company counter any headwinds coming out of trade differences between the US and China in the medium term.

GROWTH ASPIRATIONS

The management team is confident of delivering at least 9% rate of growth across our global portfolio, driven by robust double digit growth in emerging markets. Board has approved our business plan for the next 5 years, and we aspire to be a USD 5 billion enterprise by 2030.



OUR KEY MARKETS



GLOBAL HEADQUARTERS

Squantic Inc
5 Folsom St
San Francisco, CA 94105
United States

EUROPEAN HEADQUARTERS

Squantic Inc
Avenida de la Deputonio
Madrid 28005
Spain

APAC HEADQUARTERS

Building 8, 24th Floor
DLF Cyber City
Sector 24, Gurugram 122002
India

GLOBAL CAPABILITY CENTER

Level 16, Prestige Trade Tower
Palace Rd, High Grounds
Bengaluru, Karnataka 560001
India

SUMMARY OF BUSINESS RESULTS

FY25

The table below summarises the business performance for FY25. These have been summarised from the financial statements audited and signed off by our external auditors - Another Big 4 LLP.

Detailed financial statements are available to our investors, and have been emailed to your registered address. If you want to obtain a copy of the audited financial statements, please reach out to Investor Relations team at investors@squantics.com.

SUMMARY OF AUDITED FINANCIAL STATEMENTS

Particulars (Amounts in USD million)	Q1 FY25	Q2 FY25	Q3 FY25	Q4FY2 5	Total FY25	Total FY24	YoY	YoY %
Revenue from Operations	725	819	689	775	3008	2812	196	7%
Direct Material Costs	295	340	290	322	1247	1150	97	8%
Employee Costs	104	118	101	112	435	421	14	3%
Marketing and Advertising	51	55	55	49	210	232	-22	-9%
Office Expenses	88	95	86	90	359	341	18	5%
Travel and Administration	21	34	18	16	89	86	3	3%
Other Expenses	18	23	15	12	68	64	4	6%
Operating Profit	148	154	124	174	600	518	82	16%
Operating Profit as a % of Revenue	20%	19%	18%	22%	20%	18%		
EBITA (inclusive of other income)	156	163	136	185	640	556	84	15%
EBIDTA as a % of Revenue	22%	20%	20%	24%	21%	20%		
Net Profit	115	116	107	134	472	417	55	13%
Net Profit as a % of Revenue	16%	14%	16%	17%	16%	15%		



THANK YOU

WEBSITE

www.squantic.com

ADDRESS

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