

EUROSPORTS GLOBAL LIMITED

Company Registration Number: 201230284Z

**Half Year Financial Statements and Related Announcement
For The Six Months Ended 30 September 2020**

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Eric Wong, Director, Investment Banking, Singapore. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone:+65 63375115.

PART I – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i). An income statement and statement of comprehensive income, or statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Increase/ (Decrease) %
	Six Months Ended		
	30-Sep-20 S\$'000	30-Sep-19 S\$'000	
Revenue	24,367	42,468	(42.6)
Cost of Sales	<u>(20,497)</u>	<u>(33,276)</u>	(38.4)
Gross Profit	3,870	9,192	(57.9)
Other Income	1,679	3,098	(45.8)
Interest Income	33	2	n.m.
Other (Charges)/Credits, Net	(341)	492	(169.3)
Marketing and Distribution Expenses	(577)	(1,886)	(69.4)
Administrative Expenses	(5,974)	(8,573)	(30.3)
Finance Costs	(423)	(755)	(44.0)
(Loss)/Profit Before Tax	(1,733)	1,570	(210.4)
Income Tax Expense	-	(11)	n.m.
(Loss)/Profit, Net of Tax	(1,733)	1,559	(211.2)
Total Comprehensive (Loss)/Income	(1,733)	1,559	(211.2)
(Loss)/Profit, Net of Tax and Total Comprehensive (Loss)/Income			
Attributable to:			
Owners of the Company	(1,967)	1,650	(219.2)
Non-Controlling Interest	<u>234</u>	<u>(91)</u>	357.1
	(1,733)	1,559	(211.2)
(Loss)/Earnings Per Share (Cents)			
Basic and Diluted	(0.75)	0.63	(219.0)

Note:

(1) n.m. denotes not meaningful

1(a)(ii). Notes to the Combined Statements of Comprehensive Income

(Loss)/Profit before tax has been arrived at after crediting/(charging):

	Group		Increase/ (Decrease) %
	Six Months Ended 30-Sep-20 S\$'000	30-Sep-19 S\$'000	
Other Income			
Commission Income	72	253	(71.5)
Rental Income	321	749	(57.1)
- <i>includes leasing income</i>	321	457	(29.8)
Deferred Income	-	1,667	(100.0)
Government Grant	525	-	100.0
Other Income	761	429	77.4
Other Credits/(Charges), Net			
Allowance for Impairment on Trade Receivables	(129)	158	(181.6)
Bad Trade Debt Written Off	(25)	-	n.m.
Fair Value Loss on Convertible Bond	(174)	-	100.0
Foreign Exchange Adjustments Gain	54	49	n.m.
(Loss)/Gain on Disposal of Property, Plant and Equipment	(83)	(20)	n.m.
Reduction in the Assignment Levy from Jurong Town Corporation (% ITC)	-	305	(100.0)
Other Gains	16	-	n.m.
Marketing and Distribution Expenses			
Advertising and Promotions	(268)	(1,012)	(73.5)
Sales Commission Expense	(215)	(546)	(60.6)
Entertainment	(51)	(114)	(55.3)
Administrative Expenses			
Staff Cost	(2,722)	(3,193)	(14.7)
Rental Expense	(451)	(244)	84.8
- <i>includes Amortisation of Land Premium</i>	-	(190)	(100.0)
Depreciation of Plant and Equipment	(635)	(821)	(22.7)
Depreciation Right-of-Use Assets	(1,022)	(2,576)	(60.3)
Professional Fees	(308)	(394)	(21.8)
Property Tax	-	(210)	(100.0)
Income Tax (Expense)/Income			
Current Tax (Expense)/Income	-	(11)	(100.0)

Note:

(1) n.m. denotes not meaningful

1(b)(i). A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at		As at	
	30-Sep-20 S\$'000	31-Mar-20 S\$'000	30-Sep-20 S\$'000	31-Mar-20 S\$'000
ASSETS				
Non-Current Assets				
Plant and Equipment	4,329	4,864	-	-
Right-of-Use Assets	4,427	5,449	4,427	5,449
Intangible Assets	2,647	2,235	-	-
Investment in Subsidiaries	-	-	2,197	2,162
Trade and Other Receivables	566	652	125	175
Total Non-Current Assets	11,969	13,200	6,749	7,786
Current Assets				
Right-of-Use Assets	-	-	-	-
Inventories	14,778	17,754	-	-
Trade and Other Receivables	1,301	1,629	2,984	5,745
Other Non-Financial Assets	2,404	2,609	404	420
Cash and Cash Equivalents	9,963	8,891	2,545	29
Total Current Assets	28,446	30,883	5,933	6,194
Total Assets	40,415	44,083	12,682	13,980
EQUITY AND LIABILITIES				
Equity				
Share Capital	17,675	17,801	17,675	17,801
Accumulated Losses	(10,456)	(8,521)	(17,462)	(16,366)
Other Reserves	144	144	144	144
Equity Attributable to Owners of Company	7,363	9,424	357	1,579
Non-Controlling Interest	789	622	-	-
Total Equity	8,152	10,046	357	1,579
Non-Current Liabilities				
Other Financial Liabilities	7,492	7,580	5,668	5,494
Lease Liabilities	2,650	4,063	2,617	3,692
Total Non-Current Liabilities	10,142	11,643	8,285	9,186
Current Liabilities				
Trade and Other Payables	5,745	6,278	1,915	1,143
Other Financial Liabilities	6,995	5,259	-	-
Lease Liabilities	2,662	2,692	2,125	2,072
Other Non-Financial Liabilities	6,696	8,140	-	-
Income Tax Payables	23	25	-	-
Total Current Liabilities	22,121	22,394	4,040	3,215
Total Equity and Liabilities	40,415	44,083	12,682	13,980

1(b)(ii). In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year: (A) the amount repayable in one year or less, or on demand; (B) the amount repayable after one year; (C) whether the amounts are secured or unsecured; and (D) details of any collaterals.

	As at 30-Sep-20		As at 31-Mar-20	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	6,995	-	5,259	-
Amount repayable after one year	7,492	-	7,580	-

Details of Collaterals

As at 30 September 2020, the Group's borrowings are secured by:

- (a) A fixed and floating charge over security deposits, inventories and accounts receivables
- (b) Corporate guarantee by the Company

As at 31 March 2020, the Group's borrowings are secured by:

- (a) A fixed and floating charge over security deposits, inventories and accounts receivables
- (b) Corporate guarantee by the Company

1(c). A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	Six Months Ended	
	30-Sep-20	30-Sep-19
	S\$'000	S\$'000
<u>Cash Flows From Operating Activities</u>		
(Loss)/Profit Before Tax	(1,733)	1,570
Adjustments for:		
Deferred Income	-	(1,667)
Depreciation of Plant and Equipment	635	821
Depreciation of Right-of-Use Asset	1,022	2,576
Fair Value Loss on Convertible Bond	174	-
Foreign Exchange Adjustment Unrealised Gains	(67)	-
Loss on Disposal of Plant and Equipment	83	20
Interest Income	(33)	(2)
Interest Expense	423	755
Other Gain	(16)	-
Reduction in the Assignment Levy from JTC	-	(305)
Operating Cash Flows Before Changes in Working Capital	488	3,768
Inventories	2,975	2,593
Trade and Other Receivables	430	2,682
Other Non-Financial Assets	205	827
Other Non-Financial Liabilities	(1,445)	(1,305)
Trade and Other Payables	(682)	(4,581)
Net Cash Flows From Operations	1,971	3,984
Income Taxes Expense	(2)	(11)
Net Cash Flows From Operating Activities	1,969	3,973
<u>Cash Flows (Used In)/From Investing Activities</u>		
Additions to Intangible Assets	(412)	(769)
Purchase of Plant and Equipment	(547)	(590)
Step Acquisition In A Subsidiary	(35)	-
Disposal of Asset Held for Sale	-	14,591
Disposal of Plant and Equipment	677	917
Interest Received	33	2
Net Cash Flows (Used In)/From Investing Activities	(284)	14,151
<u>Cash Flows From/(Used In) Financing Activities</u>		
Increase/(Decrease) of Other Financial Liabilities	1,541	(11,158)
Security Deposits for Bank Facilities	2,480	(3,575)
Payment of Lease Liabilities	(1,884)	(4,992)
Interest Paid	(145)	(368)
Purchase of Treasury Shares	(126)	(162)
Net Cash Flows From/(Used In) Financing Activities	1,866	(20,255)
Net Increase/(Decrease) in Cash and Cash Equivalents	3,551	(2,131)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	1,966	4,540
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance⁽¹⁾	5,517	2,409

Note:

(1) As at 30 September 2020 and 30 September 2019, cash and cash equivalents is net of security deposits for bank facilities of S\$4.45 million and S\$6.93 million, respectively.

1(d)(i). A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group						
	Share Capital S\$'000	Accumulated Losses S\$'000	Other Reserves S\$'000	Attributable to Owners of the Company S\$'000	Non- Controlling Interest S\$'000	Total Equity S\$'000
As at 1 April 2020	17,801	(8,521)	144	9,424	622	10,046
Movements in Equity:						
Purchase of Treasury Shares	(126)	-	-	(126)	-	(126)
Step Acquisition In A Subsidiary	-	32	-	32	(67)	(35)
Total Comprehensive Income/(Loss) for the Period	-	(1,967)	-	(1,967)	234	(1,733)
As at 30 September 2020	17,675	(10,456)	144	7,363	789	8,152
As at 1 April 2019	18,047	(10,063)	-	7,984	602	8,586
Effects on adoption of SFRS(l) 16	-	(626)	-	(626)	-	(626)
As at 1 April 2019 (Restated)	18,047	(10,689)	-	7,358	602	7,960
Movements in Equity:						
Purchase of Treasury Shares	(162)	-	-	(162)	-	(162)
Total Comprehensive Income/(Loss) for the Period	-	1,650	-	1,650	(91)	1,559
As at 30 September 2019	(17,885)	(9,039)	-	8,846	511	9,357

Company				
	Share Capital S\$'000	Accumulated Losses S\$'000	Other Reserves S\$'000	Total Equity S\$'000
As at 1 April 2020	17,801	(16,366)	144	1,579
Movements in Equity:				
Purchase of Treasury Shares	(126)	-	-	(126)
Total Comprehensive Loss for the Period	-	(1,096)	-	(1,096)
As at 30 September 2020	17,675	(17,462)	144	357
As at 1 April 2019	18,047	(12,956)	-	5,091
Effects on adoption of SFRS(l) 16	-	(244)	-	(244)
As at 1 April 2019 (Restated)	18,047	(13,200)	-	4,847
Movements in Equity:				
Purchase of Treasury Shares	(162)	-	-	(162)
Total Comprehensive Loss for the Period	-	(1,347)	-	(1,347)
As at 30 September 2019	17,885	(14,547)	-	3,338

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

During the half-year ended 30 September 2020 (**1H2021**), the changes in the Company's issued share capital were as follows:

	Company	
	Number of Ordinary Shares (excluding treasury shares)	Issued and Paid-up Share Capital
		S\$
Balance as at 31 March 2020	261,512,600	17,800,561
Purchase of treasury shares during 1H2021	(847,500)	(126,179)
Balance as at 30 September 2020	<u>260,665,100</u>	<u>17,674,382</u>

Treasury Shares

During 1H2021, the Company bought back 847,500 shares by way of market acquisition and all shares acquired are held as treasury shares. As at 30 September 2020, the Company held 4,334,900 treasury shares which represented approximately 1.66% of the 260,665,100 total issued shares (excluding treasury shares and subsidiary holdings). As at 30 September 2019, the Company held 3,028,400 treasury shares which represented approximately 1.16% of the total 261,971,600 total issued shares (excluding treasury shares and subsidiary holdings).

Convertibles Bond

As at 30 September 2020, the Company has a redeemable, convertible and exchangeable bond due of an aggregate amount of S\$6,000,000 (**Convertible Bond**), of which 100% of the Convertible Bond may be converted to up to 25,000,000 ordinary shares of EuroSports Global Limited (**ESG**) based on a conversion price of S\$0.240 per share or up to 50% of the Convertible Bond may be exchanged into shares of EuroSports Technologies Pte. Ltd. (**EST**) at any time prior to the maturity date on 9 September 2021 based on a pre-money valuation (before dilution) of S\$30 million. Further details on this Convertible Bond can be found in the Company's SGXNET announcement dated 28 August 2018. Save for the Convertible Bond, the Company did not have any other outstanding options and convertibles as at 30 September 2020 and 30 September 2019.

On 6 November 2020, the Board announced that pursuant to a conversion notice delivered by the Bondholders to EST, the Bondholders had exercised their rights to exchange 50% of their Convertible Bond (being an aggregate principal amount of S\$3,000,000 into ordinary shares in the capital of EST (the **Exchange**). For further information on the Exchange, please refer to Note 16 and the Company's announcement released on 6 November 2020.

There were no subsidiary holdings as at 30 September 2020, 31 March 2020 and 30 September 2019.

1(d)(iii). To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Ordinary Share Capital

	Number of Ordinary Shares	
	As at	
	30-Sep-20	31-Mar-20
Total number of issued ordinary shares excluding treasury shares	260,665,100	261,512,600

Treasury Shares

Movement in the Company's treasury shares were as follows:

	Number of Treasury Shares	
	As at	
	30-Sep-20	31-Mar-20
Balance at beginning of the year	3,487,400	2,191,400
Purchase of treasury shares	847,500	1,296,000
Balance at the end of the year	4,334,900	3,487,400

As at 30 September 2020, the Company held 4,334,900 treasury shares which represented approximately 1.66% of the total number of issued ordinary shares excluding treasury shares.

1(d)(iv). A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period of 30 September 2020.

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

There were no holdings in EuroSports Global Limited by any subsidiary at the end of the current financial period and as at the end of the corresponding period of the immediately preceding financial year.

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

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

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

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as compared to its audited financial statements for the financial year ended 31 March 2020.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

In the current financial period, the Group has adopted all the new and revised Singapore Financial Reporting Standards (International) (~~SFRS(I)s~~) and related Interpretations to SFRS(I) (~~SFRS(I) INT~~) that are relevant to the Group and effective for the financial period beginning 1 April 2020. The adoption of these new and revised SFRS(I)s and SFRS(I) INT does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends: (a) Based on the weighted average number of ordinary shares on issue; and (b) On a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	Six Months Ended	
	30-Sep-20	30-Sep-19
(Loss)/Profit, Net of Tax Attributable to Owners of the Company (S\$'000)	(1,967)	1,650
Weighted Average Number of Ordinary Shares	261,069,246	262,217,10
(Loss)/ Earnings Per Share - Basic and Diluted (cents)	(0.75)	0.63

(Loss)/Earnings Per Share is computed based on the (Loss)/Profit, Net of Tax Attributable to Owners of the Company divided by the Weighted Average Number of Ordinary Shares.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the: (a) current financial period reported on; and (b) immediately preceding financial year.

	Group		Company	
	As at		As at	
	30-Sep-20	31-Mar-20	30-Sep-20	31-Mar-20
NAV per Ordinary Shares (cents)	2.82	3.60	0.14	0.60
Equity Attributable to Owners of the Company (S\$'000)	7,363	9,424	357	1,579
Number of Shares used in computation of NAV per Ordinary Shares (000)	261,069	261,513	261,069	261,513

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(a) Review of Group's Performance

Revenue

Revenue of the Group decreased by S\$18.10 million or 42.6%, from S\$42.47 million in the half-year ended 30 September 2019 (~~1H2020~~) to S\$24.37 million in 1H2021, was mainly due to significant decrease in the sales of automobiles by S\$16.49 million, which made up S\$22.95 million or 94.2% (1H2020: S\$39.44 million or 92.9%) of total revenue of the Group.

Cost of sales

Cost of sales of the Group decreased by S\$12.78 million or 38.4%, from S\$33.28 million in 1H2020 to S\$20.50 million in 1H2021. This is in tandem with the decrease in revenue.

Gross Profit and Gross Profit Margin

Gross profit of the Group decreased by S\$5.32 million or 57.9%, from S\$9.19 million in 1H2020 to S\$3.87 million in 1H2021, while gross profit margin of the Group decreased by 5.7 percentage point, from 21.6% in 1H2020 to 15.9% in 1H2021. The lower profit margin was mainly due to an increase in sales of new automobiles with lower profit margins.

Other Income

Other income of the Group decreased by S\$1.42 million or 45.8%, from S\$3.10 million in 1H2020 to S\$1.68 million in 1H2021. The decrease in other income mainly due to:

- (a) decrease in (i) commission income of S\$0.18 million, (ii) rental income of S\$0.43 million and (iii) deferred income of S\$1.67 million; and offset by
- (b) increase in (i) government grant of S\$0.53 million and (ii) other income of S\$0.33 million.

Other Credits/(Charges), Net

Other credits/(charges), net of S\$0.34 million was mainly due to adjustment on fair value loss on convertible bond of S\$0.17 million and allowance for impairment on trade receivables of S\$0.13 million.

Marketing and Distribution Expenses

Marketing and distribution expenses of the Group decreased by S\$1.31 million or 69.4%, from S\$1.89 million in 1H2020 to S\$0.58 million in 1H2021, mainly due to decrease in advertising and promotions of S\$0.74 million and sales commission expense of S\$0.33 million.

Administrative Expenses

Administrative expenses of the Group decreased by S\$2.60 million or 30.3%, from S\$8.57 million in 1H2020 to S\$5.97 million in 1H2021, mainly due to decrease in (i) staff cost of S\$0.47 million, (ii) depreciation of plant and equipment of S\$0.19 million and (iii) depreciation right-of-use assets of S\$1.55 million.

Finance Costs

Finance costs of the Group decreased by 0.33 million or 44.0%, from S\$0.76 million in 1H2020 to S\$0.42 million in 1H2021 mainly due to decrease in interest of long and short term loan and interest expense on right-of-use asset of S\$0.14 million and S\$0.11 million respectively.

(b) Review of Group's Financial Position

Non-Current Assets

Non-current assets of the Group decreased by S\$1.23 million, from S\$13.20 million as at 31 March 2020 to S\$11.97 million as at 30 September 2020, mainly due to:

- (a) decrease in plant and equipment by S\$0.54 million mainly due to depreciation of plant and equipment and disposal of motor vehicles; and
- (b) decrease in right-of-use assets by S\$1.02 million due to depreciation right-of-use assets; and offset by
- (c) increase in intangible assets by S\$0.41 million, which relates to development cost of electric motorcycles.

Current Assets

Current assets of the Group decreased by S\$2.43 million, from S\$30.88 million as at 31 March 2020 to S\$28.45 million as at 30 September 2020, mainly due to:

- (a) decrease in inventories by S\$2.98 million mainly due to lower stock level of new automobiles in the warehouse and provision on watches of S\$0.90 million; and
- (b) decrease in trade and other receivables by S\$0.33 million mainly due to receipt from customers for the sales of new automobiles; and offset by
- (c) increase in cash and cash equivalents by S\$1.07 million.

Equity

Equity comprises share capital, accumulated losses and non-controlling interest. The decrease in equity by S\$1.89 million was due to:

- (a) the loss attributable to owners of the Company for period of S\$1.97 million; and
- (b) step acquisition of remaining 30% shareholdings in a subsidiary of S\$0.03 million; and
- (c) the purchase of treasury shares of S\$0.12 million; and offset by
- (d) share of non-controlling interest profit of S\$0.23 million.

Non-Current Liabilities

Non-current liabilities of the Group decreased by S\$1.50 million, from S\$11.64 million as at 31 March 2020 to S\$10.14 million as at 30 September 2020, mainly due to payment of lease liabilities and other financial liabilities.

Of the total S\$7.49 million of other financial liabilities, S\$1.64 million (US\$1.3 million) raised by EST on 21 November 2019 will be automatically converted into EST Ordinary Shares. For further information, please refer to Note 16 and the Company's announcement released on 9 November 2020.

Current Liabilities

Current liabilities of the Group decreased by S\$0.27 million, from S\$22.39 million as at 31 March 2020 to S\$22.12 million as at 30 September 2020, mainly due to:

- (a) decrease in trade and other payables due to repayment to suppliers; and
- (b) decrease in other non-financial liabilities of S\$0.92 million mainly due to partial settlement to overseas dealer on the sales of automobiles to overseas customers; and offset by

- (c) Net increase in other financial liabilities mainly due to receipt of temporary bridging loan of S\$5.00 million and offset by (i) settlement of trust receipt of S\$2.23 million, (ii) settlement of floor stock of S\$0.74 million and (iii) settlement of term loan of S\$0.29 million.

(c) Review of Group's Cash Flows

Net cash flows from operating activities amounted to S\$1.97 million in 1H2021. This was mainly due to positive operating cash flows before changes in working capital of S\$0.49 million and net working capital inflow of S\$1.48 million.

Net cash flows used in investing activities amounted to S\$0.28 million in 1H2021. This was mainly due to:

- (a) cash used in (i) addition to intangibles assets of S\$0.41 million and (ii) purchases of plant and equipment of S\$0.55 million; and offset by
- (b) cash from (i) disposal of plant and equipment of S\$0.68 million.

Net cash flows from financing activities amounted to S\$1.87 million in 1H2021. This was mainly due to:

- (a) cash from (i) increase in other financial liabilities of S\$1.54 million and (ii) withdrawal of security deposits for bank facilities of S\$2.48 million; and offset by
- (b) cash used in (i) payment of lease liabilities of S\$1.88 million, (ii) interest paid of S\$0.14 million and (iii) purchase of treasury shares of S\$0.13 million.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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

Given the volatility of global economy and prolonged COVID-19 pandemic, the Group's performance is expected to be negatively affected due to slowdown of demand. The automobile industry remains highly challenging amidst intense competition and highly regulated environment in Singapore and regional market in which we operate. Our subsidiary, EuroSports Technologies Pte. Ltd. (~~EST~~) which is developing sustainable mobility (electric motorcycles), will continue to incur development expenses and we do not expect to generate meaningful revenue from EST for the next 12 months.

11. If a decision regarding dividend has been made: (a) Whether an interim (final) ordinary dividend has been declared (recommended); (b) (i) Amount per share, cents (ii) Previous corresponding period, cents; (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

(a) Dividend Declared (Recommended) for the Current Financial Period Reported On

None.

(b) Dividend Declared (Recommended) for Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared (recommended) for the current financial year ended 30 September 2020 as the Group is conserving cash amid COVID-19 and uncertain economic outlook.

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

The Company has not obtained an IPT mandate.

14. Negative confirmation pursuant to the Rule 705(5)

The Board of Directors of the Company hereby confirm, to the best of their knowledge, nothing has come to its attention which may render financial results for the half-year ended 30 September 2020 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H of the Catalist Rules) in accordance with Rule 720(1) of the Catalist Rules.

16. Acquisition or sale of shares in subsidiaries and/or associated companies under Rule 706(A)

Acquisition of Remaining Shareholding in Subsidiary

On 2 September 2020, the Board announced that the Company has increased its shareholding in JES Auto Pte Ltd (~~%JES Auto~~) from 65,000 shares (65%) to 100,000 shares (100%) by acquiring the remaining 35,000 shares (35%) from independent and unrelated third party, Eden Capital Pte. Ltd., with whom it had jointly incorporated JES Auto (the ~~%Acquisition~~).

The purchase consideration for the Acquisition was S\$35,000 (~~%Purchase Consideration~~). The Purchase Consideration was arrived at on a willing-buyer and willing-seller basis, taking into account the net asset value of JES Auto as at 30 June 2020 of approximately S\$200,456 and the prevailing market conditions. No valuation was carried out in connection with the Acquisition. The Purchase Consideration has been paid in full in cash and funded entirely through internal resources.

For further information on the Acquisition, please refer to the Company's announcement released on 2 September 2020. As to date, the Company is inactive in nature.

Exchange 50% of 5% Redeemable, Convertible and Exchangeable Bonds into Ordinary Shares in the Capital of EST

On 6 November 2020, the Board announced that pursuant to a conversion notice delivered by the Bondholders to EST, the Bondholders had exercised their rights to exchange 50% of their Convertible Bond (being an aggregate principal amount of S\$3,000,000 into ordinary shares in the capital of EST (the **%Exchange+**). Pursuant to the Exchange and in accordance with the term and conditions of the Convertible Bonds based on a pre-money valuation (before dilution) of EST at a value of S\$30 million, EST will allot and issue 181,811 ordinary shares in the capital of EST (**%EST Ordinary Shares+**) to the Bondholders.

Following the allotment and issuance of EST Ordinary Shares, the issued share capital of EST will increase from 2,000,000 EST Ordinary Shares to 2,181,811 EST Ordinary Shares. With the issuance of 181,811 EST Ordinary Shares, the Company's holdings in EST will be reduced to 91.67%. The net liabilities value of EST as at 30 September 2020 approximates S\$2,600,086.

For further information on the Exchange, please refer to the Company's announcement released on 6 November 2020.

Fundraising and Conversion of Convertible Loans By Subsidiary

On 9 November 2020, the Board announced that EST had entered into share subscription agreement with various investors (**%EST Equity Investors+**) for the subscription of EST Ordinary Shares for an aggregate consideration of US\$5,000,000 (the **%EST Equity Fundraising+**). EST will allot and issue an aggregate of 272,725 EST ordinary shares to the EST Equity Investors (**%EST Subscription Shares+**).

As a result of the EST Equity Fundraising, a Next Equity Financing has occurred. In accordance with the terms of the EST Convertible Loan Agreements, the Convertible Loans (with an aggregate principle amount of US\$1,300,000) will be automatically converted into EST Ordinary Shares after the closing of the EST Equity Fundraising (the **%EST CLA Conversion+**). EST will allot and issue an aggregate of 94,544 EST Ordinary Shares to the investors under the EST Convertible Loan Agreements (**%EST Conversion Shares+**).

Following the allotment and issuance of the EST Subscription Shares, the issued share capital of EST will be increased from 2,181,811 EST Ordinary Shares to 2,454,536 EST Ordinary Shares. Thereafter, following the allotment and issuance of the EST Conversion Shares, the issued and paid-up share capital of EST will be increased from 2,454,536 EST Ordinary Shares to 2,549,080 EST Ordinary Shares. Therefore, EST will have issued a total of 367,269 EST Ordinary Shares the Company's holdings in EST will be reduced to 78.46%. The net liabilities value of EST as at 30 September 2020 approximates S\$2,600,086.

For further information on the EST Equity Fundraising and EST CLA Conversion, please refer to the Company's announcement released on 9 November 2020.

Save as disclosed above, there is no other acquisition and/or sales of shares in any subsidiaries of the Group during 1H2021 which is required to be reported under Rule 706(A) of the Catalist Rules.

By Order of the Board
EuroSports Global Limited
Goh Kim San
Executive Chairman and Chief Executive Officer

10 November 2020