

**RESPONSES TO QUESTIONS FROM THE SECURITIES INVESTORS ASSOCIATION
(SINGAPORE)**

The Board of Directors (“**Board**”) of EuroSports Global Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the questions from the Securities Investors Association (Singapore) in relation to the annual report of the Group for the financial year ended 31 March 2023. The Board and the Company wishes to provide its responses to the questions as follows:

Q1. The group relinquished the importation and distribution agreement as the exclusive importer and distributor of Alfa Romeo automobiles in Singapore on 31 March 2023. The group remains focused on the Lamborghini automobile distribution business and the development of Scorpio Electric brand electric motorcycles.

Management has expressed its intention to diversify the group's portfolio by adding other automobile brands. However, it should be noted that in previous years, the group discontinued the distributorships of Pagani and Alfa Romeo automobiles in FY2020 and FY2023, respectively.

- (i) **What potential brands is the group considering bringing in, especially as it holds the distributorship of Lamborghini? Does this distributorship limit the group's options for collaborating with other supercar brands?**

Company's response:

The Group specialises in the distribution of ultra-luxury and luxury automobiles and the provision of after-sales services. The Company is the sole authorised dealer for Lamborghini in Singapore since 2002 and Indonesia since 2018.

The Group has always been evaluating car brands, with a particular emphasis on luxury and ultra-luxury brands. The discontinuation of Pagani and Alfa Romeo has added urgency to building up a diverse distributorship portfolio. However, with a limited number of available brands, the Group is of the view that it is not in the interest of the Group to disclose any potential distributorship plans.

The Group will make the appropriate announcement in due time when there are material developments and updates.

- (ii) **Is the group currently evaluating the distributorship of Touring Superleggera? Other than some recent models, such as Arese RH95 and Aero 3, is the brand principal actively launching new models, including options for electric vehicles (EVs)?**

Company's response:

The Company is also the exclusive distributor of Touring Superleggera in Singapore, Malaysia, Brunei and Indonesia and non-exclusive distributor in the PRC since October 2012. Touring Superleggera, a renowned ultra-luxury coachbuilder known for building low-volume bespoke motorcars and one-off commissions, each uniquely crafted according to the customer's specifications. The partnership with Touring Superleggera has been fruitful, and the Group sells these bespoke and one-off motorcars to collectors.

Separately, the development of Scorpio Electric's X1 has entered the Pre-Production Prototype ("PPR") stage. This is the penultimate engineering development milestone prior to mass production. Scorpio has stated that it is currently building PPR units in collaboration with Shenzhen BYD Electronics.

(iii) How much additional testing, certification, and homologation is required before the X1 is deemed ready for mass production?

Company's response:

Developing our own proprietary vehicle platform is an arduous task. While our X1 validation prototype and her predecessors have undergone numerous testings, we will continue to test our future prototypes well past production. This is part of our commitment to quality, that goes beyond being production ready.

As the X1 is intended for European market entry, there are numerous United Nations Economic Commission for Europe and European regulations that the X1 needs to comply with, and the bulk of the work is on certifying individual components and sub-systems of the X1 to the criteria of the above-mentioned regulations.

Once we have complied with the above-mentioned certification requirements for the component and sub-systems, then we are able to submit a request for Type Approval: an approval from national authorities for a vehicle type to be registered on the roads.

The Group will make the appropriate announcement in due time when there are material developments and updates.

(iv) What are the group's plans and funding strategy for the mass production of the X1? Will the group be able to achieve its goal of global deliveries in the second half of 2023?

Company's response:

We are currently in the midst of fundraising through the unlisted convertible, exchangeable bonds. The proceeds will be utilised for the mass production of X1, and the development of new models.

The Group will make the appropriate announcement in due time when there are material developments and updates.

(v) The MOU with Strides Transportation Pte. Ltd. to distribute electric motorcycles in Singapore and Asia lapsed in January 2023. Has management established any new distribution plans for the X1 in Singapore, Asia, or other key international markets?

Company's response:

For clarification, Scorpio Electric Pte Ltd ("Scorpio Electric") has never announced the brand incubated to succeed the partnership. The partnership was entered to evaluate the B2B market space. Scorpio Electric remains focused on luxury premium electric motorcycles for the urban eco-conscious individual.

European homologated, the X1 is an international product. Leveraging on Company's strong distribution experience, Scorpio Electric will set up direct sales or distribution channels within the Asia Pacific and European territories.

- (vi) Scorpio Electric obtained additional US\$6.75 million in funding at a valuation of US\$150 million. **Does management have any plans to raise further funds to support Scorpio's growth or consider spinning off the subsidiary in an IPO? Separately, are there any plans to monetise the investment in Scorpio?**

Company's response:

In addition to the ongoing funding round as mentioned in Q1(iv), we are also evaluating other forms of fundraising to support Scorpio Electric's growth. Moreover, we are considering various avenues to unlock shareholder value, which may include potential exit events, such as Initial Public Offering, de-SPAC, or a strategic trade sale, among others.

The Group will make the appropriate announcement in due time when there are material developments and updates.

Q2. For the financial year ended 31 March 2023, total revenue increased by 12% to \$60.88 million with the sales of Lamborghini automobile making up \$49.99 million or 82% of the group's total revenue.

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS (CONT'D)

4B. Profit or loss from continuing operations and reconciliation

	Group	
	2023 \$'000	2022 \$'000
Revenue by segment		
Automobiles distribution	60,759	54,292
Sustainable mobility	2	3
Other	123	68
Total	60,884	54,363
Segment result		
Automobiles distribution	(1,363)	832
Sustainable mobility	(3,008)	(2,573)
Other	87	(182)
Loss before tax	(4,284)	(1,923)
Income tax expense	(160)	(2)
Loss for the year	(4,444)	(1,925)

(Source: company annual report; emphasis added)

Despite the increase, the segment results slipped from \$832,000 in 2022 to \$(1.36) million in 2023.

- (i) **Can management provide further insight into the underlying reasons for the segment loss of \$(1.36) million in the automobiles distribution segment, despite the group benefiting from strong sales from the Lamborghini dealership?**

Company's response:

While the sales in Lamborghini have increased, the segment loss was mainly contributed by the weak sales and high general operating expenses of maintaining the Alfa Romeo distribution. As such, the Group relinquished the exclusive importation and distribution agreement of Alfa Romeo in Singapore on 31 March 2023.

- (ii) **Are there any financial and operational impacts resulting from the termination of the exclusive distributorship of Alfa Romeo automobiles?**

Company's response:

The Group expects that there will be a positive financial and operational impact given that the Group no longer has to maintain the operating expenses of the Alfa Romeo distribution.

- (iii) **Has management assessed the impact of the tax increases for higher-end vehicles as outlined in the Singapore Budget 2023?**

Company's response:

While the Additional Registration Fee tax increase is progressive in nature and we anticipate slower sales in the short term, we remain confident that sales in the luxury segment will remain resilient.

Q3. As at 31 March 2023, the company and group are now in accumulated loss positions of \$(10.65) million and \$(0.97) million respectively.

Losses in the past three years are \$(3.7) million in FY2021, \$(1.9) million in FY2022 and \$(4.4) million in FY2023.

The remuneration of the executive directors is shown below:

The remuneration paid to and accrued to each Director for FY2021 is as follows:-

Name of Directors	Fees \$'000	Salary \$'000	Fixed Bonus ⁽¹⁾ \$'000	Variable or Performance Related Income / Bonus \$'000	Allowances And Benefits ⁽²⁾ \$'000	Total \$'000
Melvin Goh	-	451	120	-	61	632
Andy Goh	-	377	99	-	54	530

The remuneration paid to and accrued to each Director for FY2022 is as follows:-

Name of Directors	Fees \$'000	Salary \$'000	Fixed Bonus ⁽¹⁾ \$'000	Variable or Performance Related Income / Bonus \$'000	Allowances And Benefits ⁽²⁾ \$'000	Total \$'000
Melvin Goh	-	488	120	-	68	676
Andy Goh	-	405	99	-	64	568

The remuneration paid to and accrued to each Director for FY2023 is as follows:-

Name of Directors	Fees** \$'000	Salary \$'000	Fixed Bonus ⁽¹⁾ \$'000	Variable or Performance Related Income / Bonus \$'000	Allowances And Benefits ⁽²⁾ \$'000	Total \$'000
Melvin Goh	-	509	102	-	82	693
Andy Goh	-	423	84	-	71	578

(Source: company annual report)

In the corporate governance report, it was disclosed that the executive directors have a service agreement with the company, and their remuneration includes fixed pay, annual wage supplement, performance bonuses, transport allowances, usage of company cars, and subscription fees for country club memberships.

- (i) **Can the remuneration committee (RC) help shareholders better understand if the base salaries of the executive directors have been adjusted each year in the past three years (as shown above) as the salary figures have increased each year in the past three years?**

Company's response:

The remuneration paid to and accrued to each Director for FY2020 is as follows:-

Name of Directors	Fees \$'000	Salary \$'000	Fixed Bonus ⁽¹⁾ \$'000	Variable or Performance Related Income / Bonus \$'000	Allowances And Benefits ⁽²⁾ \$'000	Total \$'000
Melvin Goh	-	690	120	-	71	881
Andy Goh	-	593	99	-	65	757
Lim Kim Quee*	35	-	-	-	-	35
Ng Tiak Soon	50	-	-	-	-	50
Tan Siok Sing	35	-	-	-	-	35

During the Covid-19 pandemic, both Melvin and Andy voluntarily undertook a reduction in salary, allowances and benefits for FY2021 (for comparison please refer to FY2020 remuneration table above). These reductions were subsequent restored in FY2022. In 2023, there was a re-structure of their service agreements, resulted in a reduction of their fixed bonus from 3 months to 1 month. The decrease in the fixed bonus was offset by an adjustment to their salaries.

- (ii) **Is there a significant overlap between the roles and responsibilities of Mr Melvin Goh (as executive chairman and CEO) and Mr Andy Goh (as executive director and deputy CEO)?**

Company's response:

Both Melvin and Andy are the co-founders of the Group. Melvin is responsible for overall management, formulating the Group's strategic focus and direction, developing and maintaining relationships with the suppliers and customers, as well as overseeing the Group's general operations. Meanwhile, Andy assists the CEO in all matters related to general management, administration, and operations of the Group. The Board does not see overlapping of responsibilities between Melvin and Andy; rather, their roles complement each other's strengths.

- (iii) **What are the performance criteria used to assess the performance of the executive directors?**

Company's response:

The Executive Directors are assessed based on the work done measured against their responsibilities and job scope. They are also assessed on what plans they have put in place

for improving the business e.g. sustainable mobility business, and what steps they have taken towards the fruition of the project.

(iv) Has the RC reviewed the allowances and benefits given that the group has been loss making for the past three years?

Company's response:

Out of the reported losses in the last 3 years, sustainability mobility segment contributed 74% of the losses. The Board is of the view that it is a necessary investment for the Company's future growth and development.

The remuneration committee ("RC") has been reviewing Melvin and Andy's service agreements annually, and since the initial public offering of the Group, there have been no salary increases.

However, the Company has evolved and expanded since then. With the addition of Scorpio Electric, Melvin and Andy are taking on new responsibilities and a new business model for the Company. Unlike the straightforward Lamborghini business, where the vehicles are produced and manufactured by Lamborghini, the new electric motorcycle business requires Melvin and Andy to oversee the development and production, which was not a part of their previous responsibilities.

(v) Please elaborate further on how the current remuneration practices are aligned to shareholders' interests. Specifically, can the RC help shareholders understand if the level and structure of remuneration are appropriate and proportionate to the sustained performance and value creation (Principle 7 of the Code of Corporate Governance 2018)?

Company's response:

The RC is of the view that the Executive Directors and key management personnels must be rewarded fairly and adequately. In arriving at their remuneration, the RC carefully examined the areas of responsibility and the scope of work of the management, taking into account the development of sustainable mobility. The RC believes that this approach aligns with the principles outlined in the Code of Corporate Governance.

By Order of the Board

Goh Kim San

Executive Chairman and Chief Executive Officer

27 July 2023

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST").

This announcement has not been examined or approved by the SGX-ST and 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.

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