EUROSPORTS GLOBAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number 201230284Z)

RESPONSES TO RELEVANT AND SUBSTANTIAL QUESTIONS FROM SIAS

The Board of Directors ("**Board**") of EuroSports Global Limited (the "**Company**", and together with its subsidiaries, the "**Group**") would like to thank Securities Investors Association (Singapore) ("**SIAS**") for submitting their questions in advance of the Company's Annual General Meeting to be held on 31 July 2025 at 2.00 p.m. The Board wishes to provide its responses to the questions as follows:

Q1. In the joint letter to shareholders, the *executive chairman & CEO* and the *executive director & deputy CEO* described FY2025 as a year of strategic milestones and revenue growth. Group revenue more than doubled year-on-year to $53.62 million, a 113.4% increase. However, gross profit margin declined to 11.8%, due to a higher proportion of lower-margin units sold.

Despite mentions of tight cost control and operations optimisation, the group reported a net loss of $(6.37) million for FY2025, including a $(3.25) million loss from the automobile distribution business. According to the company, the losses were driven by margin pressure in the automotive business, higher financing costs and an evolving product mix.

The automobile distribution segment has accumulated substantial losses over the past decade[1]:

FY2025 - $(3.25) million
FY2024 - $(4.24) million
FY2023 - $(1.36) million
FY2022 - $0.83 million
FY2021 - $(0.33) million
FY2020 - $4.31 million
FY2019 - $1.37 million
FY2018[2] - $(2.92) million
FY2017 - $(6.00) million
FY2016 - $(3.75) million
FY2015 - $(4.53) million

This adds up to an accumulated segment loss of nearly $(20) million, and losses in 8 out of 11 years.

Additionally, administrative expenses have consistently exceeded gross profit in almost every year except FY2020. In some years, administrative expenses were more than double or even triple gross profit, such as in:

- FY2024: gross profit $3.84 million vs administrative expenses $11.11 million
- FY2017: gross profit $5.49 million vs administrative expenses $17.20 million

(i) **Can the independent directors clarify whether they view the automotive distribution business as strategically viable, given a decade-long track record of cumulative segment losses of nearly $(20) million? If there is strategic merit in retaining the business, what structural changes or performance thresholds are being targeted to avoid further capital erosion?**

(ii) **Can management provide concrete examples and quantifiable data to demonstrate its efforts in cost control, especially in light of persistent losses and overhead outpacing gross profit?**

(iii) **Considering that administrative expenses have exceeded gross profit in almost every year, would the board consider commissioning a comprehensive operational audit or cost diagnostic to evaluate the root causes of the group's cost inefficiencies and limited operating leverage? Is the group top-heavy?**

Despite continued losses, the total remuneration of the executive directors increased by 3% to $1.34 million in FY2025, even as the group recorded a net loss of $(6.37) million.

(iv) **Given that the core leadership has remained unchanged for over a decade, has the board considered introducing new professional executives with relevant industry experience and fresh strategic perspectives to revitalise the business?**

ESG responses:

Management notes that over the past 11 years, Singapore has significantly increased taxation on luxury cars, specifically the Additional Registration Fee (ARF), by up to 320% compared to pre-2013 levels. The ARF was increased in 2013, 2022, and 2023. Each phase of tax hikes led to a sharp decline in revenue, resulting in the Group incurring losses in the periods following both 2013 and 2023.

Looking ahead, management believes the Singapore ultra-luxury market is gradually adjusting to the new tax regime. As the exclusive authorised dealer for Lamborghini in Singapore, the Group remains strategically well-positioned. Management is confident that the principal remains committed to the Singapore market and will continue to support a viable margin structure. The automobile distribution business is expected to adapt accordingly and reshape itself into a sustainable, value-generating operation. With the upcoming launch of Temerario, Lamborghini's latest hybrid V8 super sports car, we are encouraged by the strong pre-orders and interest in the new model. In addition, increased aftersales revenues from the inclusion of Alfa Romeo and Jeep are expected to enhance operating leverage.

In terms of cost control, the Group's administrative expenses were $10.7 million in FY2025 and $11.1 million in FY2024 — the lowest and second-lowest levels, respectively, in the last 11 years. In fact, administrative expenses have reduced significantly from the highest in FY2019 of $19.2m to the lowest in FY2025 of $10.7m. These figures also include expenses related to Sustainable Mobility, which began in FY2019. Additionally, the Group's sale and leaseback of its Teban property in FY2014, has led to an incremental rental expense compared to prior ownership. Management remains focused on disciplined cost management across business lines.

Regarding executive directors' remuneration, although there was a 3% increase in FY2025 compared to FY2024, it represents only a 1% increase from FY2014. The Group was built from the ground up by the executive directors, and the Board continues to believe that they bring the necessary vision and experience to lead the Group forward. In parallel, the Group has also been progressively renewing its management team to strengthen execution capabilities and support long-term growth.
The Board notes that the increase was mainly due to adjustments in CPF contribution rates by age group, as prescribed by the CPF Board, as well as increase in benefits-in-kind. Since the Group's listing in 2014, the executive directors and management have voluntarily reduced their remuneration twice in response to revenue declines, most recently during the COVID-19 pandemic.

Q2. The group emphasised its commitment to Scorpio Electric Pte. Ltd. (SEC), which secured a Special Purpose License from the Land Transport Authority in July 2024. This milestone permits the road testing of its electric motorcycle prototype, making SEC the first Singapore- based electric motorcycle brand to reach this stage.

(i) **Can the board outline the key regulatory, operational and commercial milestones necessary for SEC to generate its first revenue? What is the projected timeframe for commercial availability of SEC motorcycles in Singapore?**

ESG responses:

SEC primarily operates on a B2B2C business model, and work closely with international business partners for market entry, expansion and manage regulatory matters. We will deliver the first product to countries in Europe and Southeast Asia (Singapore inclusive), where we currently have 5 distributors appointed. SEC has achieved EU Whole-Vehicle Type-Approval. This is a significant milestone being Singapore's first electric motorcycle manufacturer to achieve an international certification with a clean-sheet design. With this milestone achieved, we are ready to step into mass production and commence deliveries in international markets. SEC will provide next updates on mass production and delivery timelines once we have secured external funding.

(ii) **How does SEC compare to other electric motorcycles manufactured by Chinese competitors or other global brands?**

ESG responses:

SEC consistently conducts competitive benchmarking as part of our product development process, and commercial strategy planning. This competitive benchmarking exercise is integral in our vehicle ideation, design, development and testing. Today we have created a unique maxi scooter catered for the motorcycle enthusiast to redefine the standards of stylish urban mobility. Sustainable mobility adoption is integral in our progress to tackle climate change, and SEC will create distinct sustainable vehicles for global consumers.

(iii) **What is the group's manufacturing strategy for SEC?**

ESG responses:

SEC keeps our manufacturing strategy nimble by working with contract manufacturing partners globally. BYD is our first contract manufacturing partner, and BYD will conduct the final assembly of the Lambda Scorpii.

The SEC investment is carried at $4.24 million, with an additional $8.09 million in receivables due from the entity. In light of the mixed performance of the group's distribution business, some shareholders consider SEC as a potential source of significant value creation and capital recovery.

(iv) **What are the capital requirements to bring SEC to market readiness and commercial scale? Has the board undertaken any independent valuation of SEC as a standalone business? Does the group plan to raise external funding or pursue a spin-off to unlock value?**

SEC has trailblazed to create Singapore's first electric motorcycle for the world. We are currently seeking external funding to enter into mass production and scale up. The Group is strategically evaluating all options to unlock shareholder value.

Q3. The independent auditors have issued a qualified opinion and included a material uncertainty related to going concern in their audit report dated 16 July 2025 for the audited financial statements for the financial year ended 31 March 2025.

The basis for the qualified opinion includes:

- **Assessment of impairment of the group's intangible assets and prepayments**
    - As at 31 March 2025, the group recognised intangible assets of $13.37 million in intangible assets and $3.33 million in prepayments, both relating to the development of an electric motorcycle. Combined, they account for over one- third of total group assets. The auditors were unable to obtain sufficient appropriate evidence to

independently substantiate and verify these assumptions and estimates used by management.

- **Impairment assessment of the company's investment in subsidiary and other receivables**
  - Due to significant uncertainty over the group's ability to fund commercial production and uncertainty surrounding management's assumptions and estimates, the auditors were unable to verify whether the carrying values of these non-financial assets were reasonable and are fairly stated.

(i) **What specific audit evidence did the independent auditors request but not receive? Why was management unable or unwilling to provide the required information?**

(ii) **What steps have the audit committee members taken to address the breakdown in audit evidence, valuation assumptions, and audit transparency? Is there a risk that the financial position of the group is substantially overstated?**

(iii) **What changed between FY2024 and FY2025 that led to a qualification by the independent auditors? Were there previously unchallenged assumptions or modelling issues that have now become unrealistic?**

ESG responses:

Management is unable to comment on the auditor's audit process or the choice of wording used by the auditors, RSM SG Assurance LLP, in the independent auditor's report. However, management disagrees with SIAS's suggestion that management was unable or unwilling to provide RSM SG Assurance LLP with the necessary information.

Throughout the audit, the auditors were given unrestricted access to the required documentation, including budgets and forecasts. In addition, the auditors met with the directors in various meetings — including independent directors in certain meetings—on matters related to, but not limited to, the qualified opinion.

While management is disappointed with the issuance of a qualified opinion, we wish to draw attention to the announcement dated 17 July 2025, which sets out the Board of Directors' commentary on the audit qualification, and invites readers to read it.

By Order of the Board

Goh Kim San
Executive Chairman and Chief Executive Officer
1 August 2025

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*This announcement has been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**Exchange**") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

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