

EUROSPORTS GLOBAL LIMITED
Company Registration Number: 201230284Z

**Unaudited Condensed Interim Financial Statements
For The Six Months Ended 30 September 2021**

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"). The Sponsor has not independently verified the contents of this announcement.

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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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Group		Increase / (Decrease) %
		Six Months Ended		
		30-Sep-21 S\$'000	30-Sep-20 S\$'000	
Revenue		21,071	24,367	(13.5)
Cost of sales		<u>(16,861)</u>	<u>(20,497)</u>	(17.7)
Gross profit		4,210	3,870	8.8
Other income		1,347	1,679	(19.8)
Interest income		12	33	(63.6)
Other gains		492	71	592.9
Marketing and distribution expenses		(846)	(577)	46.6
Administrative expenses		(6,475)	(5,974)	8.4
Other losses		(103)	(412)	(75.0)
Finance costs		<u>(212)</u>	<u>(423)</u>	(49.9)
Loss before tax	5	(1,575)	(1,733)	(9.1)
Income tax expense	6	<u>-</u>	<u>-</u>	n.m.
Loss, net of tax, representing total comprehensive loss		<u>(1,575)</u>	<u>(1,733)</u>	(9.1)
Loss, net of tax and total comprehensive loss attributable to:				
Owners of the parent		(1,083)	(1,967)	(44.9)
Non-controlling interests		<u>(492)</u>	<u>234</u>	(310.3)
Total comprehensive loss, net of tax		<u>(1,575)</u>	<u>(1,733)</u>	(9.1)
		Cents	Cents	
Loss per share:				
Basic and diluted	7	<u>(0.42)</u>	<u>(0.75)</u>	(44.0)

Note:
n.m. denotes not meaningful

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Notes	Group		Company	
		As at 30-Sep-21 S\$'000	31-Mar-21 S\$'000	As at 30-Sep-21 S\$'000	31-Mar-21 S\$'000
ASSETS					
<u>Non-current assets</u>					
Plant and equipment	10	3,079	3,526	-	-
Right-of-use assets		2,448	3,498	2,448	3,498
Intangible assets	11	3,926	3,089	-	-
Investment in subsidiaries		-	-	7,197	7,197
Other non-financial assets		90	-	-	-
Total non-current assets		9,543	10,113	9,645	10,695
<u>Current assets</u>					
Inventories		14,890	13,317	-	-
Trade and other receivables		748	918	1,134	1,341
Other non-financial assets		6,615	1,039	410	418
Cash and cash equivalents		10,207	16,608	1,073	3,849
Total current assets		32,460	31,882	2,617	5,608
Total assets		42,003	41,995	12,262	16,303
EQUITY AND LIABILITIES					
<u>Equity</u>					
Share capital	12	17,306	17,624	17,306	17,624
Other reserves		83	206	-	123
Accumulated losses		(3,562)	(2,602)	(11,715)	(12,646)
Equity attributable to owners of the parent		13,827	15,228	5,591	5,101
Non-controlling interests		1,905	2,397	-	-
Total equity		15,732	17,625	5,591	5,101
<u>Non-current liabilities</u>					
Other financial liabilities	13	4,659	5,000	-	-
Lease liabilities		383	1,951	384	1,523
Total non-current liabilities		5,042	6,951	384	1,523
<u>Current liabilities</u>					
Trade payables		2,874	3,648	4,026	3,969
Other financial liabilities	13	3,167	3,744	-	3,483
Lease liabilities		2,843	2,768	2,261	2,227
Other non-financial liabilities	14	12,301	7,205	-	-
Income tax payables		44	54	-	-
Total current liabilities		21,229	17,419	6,287	9,679
Total liabilities		26,271	24,370	6,671	11,202
Total equity and liabilities		42,003	41,995	12,262	16,303

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

	Group					
	Share capital S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Attributable to parent S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
Current year:						
Opening balance at 1 April 2021	17,624	(2,602)	206	15,228	2,397	17,625
Movements in equity:						
Purchase of treasury shares	(318)	-	-	(318)	-	(318)
Loss, net of tax	-	(1,083)	-	(1,083)	(492)	(1,575)
<u>Other comprehensive loss:</u>						
Transfer of fair value changes attributable to changes in credit risk of convertible bond upon redemption	-	123	(123)	-	-	-
Closing balance at 30 September 2021	<u>17,306</u>	<u>(3,562)</u>	<u>83</u>	<u>13,827</u>	<u>1,905</u>	<u>15,732</u>
Previous year:						
Opening balance at 1 April 2020	17,801	(8,521)	144	9,424	622	10,046
Movements in equity:						
Acquisition of non-controlling interest of a subsidiary	-	32	-	32	(67)	(35)
Purchase of treasury shares	(126)	-	-	(126)	-	(126)
Total comprehensive loss, net of tax	-	(1,967)	-	(1,967)	234	(1,733)
Closing balance at 30 September 2020	<u>17,675</u>	<u>(10,456)</u>	<u>144</u>	<u>7,363</u>	<u>789</u>	<u>8,152</u>

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

	Company			
	Share capital S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Total equity S\$'000
Current year:				
Opening balance at 1 April 2021	17,624	(12,646)	123	5,101
Movements in equity:				
Purchase of treasury shares	(318)	-	-	(318)
Profit, net of tax	-	808	-	808
<u>Other comprehensive loss:</u>				
Transfer of fair value changes attributable to changes in credit risk of convertible bond upon redemption	-	123	(123)	-
Closing balance at 30 September 2021	<u>17,306</u>	<u>(11,715)</u>	<u>-</u>	<u>5,591</u>
Previous year:				
Opening balance at 1 April 2020	17,801	(16,366)	144	1,579
Movements in equity:				
Purchase of treasury shares	(126)	-	-	(126)
Total comprehensive loss, net of tax	-	(1,096)	-	(1,096)
Closing balance at 30 September 2020	<u>17,675</u>	<u>(17,462)</u>	<u>144</u>	<u>357</u>

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	Six Months Ended	
	30-Sep-21	30-Sep-20
	S\$'000	S\$'000
<u>Cash flows (used in) / from operating activities</u>		
Loss before tax	(1,575)	(1,733)
Adjustments for:		
Depreciation of plant and equipment	495	635
Depreciation of right-of-use assets	1,049	1,022
Loss on disposal of plant and equipment	62	83
Fair value (gain) / loss on convertible bond	(483)	174
Interest income	(12)	(33)
Interest expense on financial liabilities	165	294
Interest expense on lease liabilities	47	129
Other gains	-	(16)
Foreign exchange adjustment unrealised gains	-	(67)
Operating cash flows before changes in working capital	(252)	488
Inventories	(1,573)	2,975
Trade and other receivables	170	430
Other non-financial assets	(5,666)	205
Other non-financial liabilities	5,096	(1,445)
Trade payables	(774)	(682)
Net cash flows (used in) / from operations	(2,999)	1,971
Income taxes expense	(9)	(2)
Net cash flows (used in) / from operating activities	(3,008)	1,969
<u>Cash flows used in investing activities</u>		
Additions to intangible assets	(837)	(412)
Purchase of plant and equipment	(578)	(547)
Disposal of plant and equipment	468	677
Interest received	12	33
Net cash flows used in investing activities	(935)	(249)
<u>Cash flows (used in) / from financing activities</u>		
Acquisition of non-controlling interest of a subsidiary	-	(35)
Increase of other financial liabilities	2,565	1,541
Security deposits for bank facilities	-	2,480
Purchase of treasury shares	(318)	(126)
Payment of lease liabilities	(1,540)	(1,884)
Repayment of convertible bond	(3,000)	-
Interest paid	(165)	(145)
Net cash flows (used in) / from financing activities	(2,458)	1,831
Net (decrease) / increase in cash and cash equivalents	(6,401)	3,551
Cash and cash equivalents, statement of cash flows, beginning balance	12,163	1,966
Cash and cash equivalents, statement of cash flows, ending balance (Note D1)	5,762	5,517

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

D1. Cash and cash equivalents in the statement of cash flows:

	Group	
	Six Months Ended	
	30-Sep-21	30-Sep-20
	S\$'000	S\$'000
Cash and cash equivalents	10,207	9,962
Security deposits for bank facilities	(4,445)	(4,445)
Cash and cash equivalents for statement of cash flows purposes, ending balance	5,762	5,517

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

EuroSports Global Limited (the “**Company**”) is incorporated in Singapore and its shares are publicly traded on the Catalist Board of Singapore Exchange Securities Trading Limited. These condensed interim consolidated financial statements as at and for the six months ended 30 September 2021 comprise the Company and its subsidiaries (collectively, the “**Group**”). The principal activities of the Company are those of an investment holding company and the provision of management services.

The principal activities of the Group are:

- (a) Distribution and retailing of imported automobiles, import of parts and accessories and repairs and servicing of automobiles;
- (b) Developing innovative new technologies, services and solutions for electric motorcycles;
- (c) Distribution of automobiles, parts and accessories in Indonesia; and
- (d) Trading and distribution of watches and related accessories.

2. BASIS OF PREPARATION

The condensed interim financial statements for the six months ended 30 September 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 March 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”), except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar (“**S\$**”) which is the Company’s functional currency and all values are rounded to the nearest thousand (“**S\$’000**”) except when otherwise indicated.

2.1 NEW AND REVISED STANDARDS ADOPTED

The Group has fully adopted the new and revised 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 on or after 1 April 2021. The adoption of these new and revised SFRS(I)s and SFRS(I) INT did not result in any substantial change to the Group’s accounting policies and has no material effect on the condensed interim financial statements.

2. BASIS OF PREPARATION (CONT'D)

2.2 USE OF JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2021.

3. SEASONAL OPERATIONS

The Group's businesses were not affected significantly by seasonal or cyclical factors during the first half-year ended 30 September 2021 ("1H2022").

4. FINANCIAL INFORMATION BY OPERATING SEGMENTS

4.1 INFORMATION ABOUT REPORTABLE SEGMENT PROFIT OR LOSS, ASSETS AND LIABILITIES

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by SFRS(I) 8 Operating Segments. This disclosure standard has no impact on the reported financial performance or financial position of the Group.

For management purposes the Group is organised into the following major strategic operating segments that offer different products and services: (1) automobiles distribution and (2) sustainable mobility. Such a structural organisation is determined by the nature of risks and returns associated with each business segment and it defines the management structure as well as the internal reporting system.

It represents the basis on which the management reports the primary segment information that is available and that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing the performance. They are managed separately because each business requires different strategies.

The principal segments and type of products and services are as follows:

- (i) Automobiles distribution business retails new luxury automobiles as well as pre-owned automobiles;
- (ii) Sustainable mobility (electric motorcycles); and
- (iii) Other.

Inter-segment sales are measured on the basis that the entity actually used to price the transfers. Internal transfer pricing policies of the Group are as far as practicable based on market prices. The accounting policies of the operating segments are the same as those described in the significant accounting policies.

The management reporting system evaluates performances based on a number of factors. However, the primary profitability measurement to evaluate segment's operating results comprise mainly profit before taxation.

4.2 GEOGRAPHICAL INFORMATION

No geographical information is provided for revenue and non-current assets as the group's customers and the group's operations are located primarily in Singapore.

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

4.3 PROFIT OR LOSS FROM CONTINUING OPERATIONS AND RECONCILIATIONS

Six Months Ended	Automobiles distribution		Sustainability mobility		Other		Consolidated	
	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20	30-Sep-21	30-Sep-20
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Total segment revenue	21,496	26,504	1	-	34	3	21,531	26,507
Inter-segment revenue	(452)	(2,140)	-	-	(8)	-	(460)	(2,140)
Revenue from external parties	21,044	24,364	1	-	26	3	21,071	24,367
Segment profit / (loss)	4,412	4,774	-	-	(202)	(904)	4,210	3,870
Other income	1,265	1,585	82	94	-	-	1,347	1,679
Interest income	12	33	-	-	-	-	12	33
Other gains	471	2	21	67	-	2	492	71
Marketing and distribution expenses	(837)	(576)	(9)	-	-	(1)	(846)	(577)
Administrative expenses	(4,828)	(4,839)	(1,635)	(1,117)	(12)	(18)	(6,475)	(5,974)
- Depreciation of plant and equipment	(370)	(560)	(123)	(73)	(2)	(2)	(495)	(635)
- Depreciation of right-of-use assets	(1,049)	(1,022)	-	-	-	-	(1,049)	(1,022)
Other losses	(104)	(412)	1	-	-	-	(103)	(412)
Finance costs	(212)	(421)	-	(2)	-	-	(212)	(423)
Loss before tax	179	146	(1,540)	(958)	(214)	(921)	(1,575)	(1,733)
Income tax expense	-	-	-	-	-	-	-	-
Loss, net of tax	179	146	(1,540)	(958)	(214)	(921)	(1,575)	(1,733)

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

4.4 ASSETS, LIABILITIES AND RECONCILIATIONS

	Segment assets		Segment liabilities	
	As at		As at	
	30-Sep-21 S\$'000	31-Mar-21 S\$'000	30-Sep-21 S\$'000	31-Mar-21 S\$'000
Automobiles distribution	35,824	35,165	26,021	24,250
Sustainable mobility	6,587	8,061	338	136
Other	66	293	4,823	4,832
	42,477	43,519	31,182	29,218
Elimination of inter-segment	(474)	(1,524)	(4,911)	(4,848)
Total	42,003	41,995	26,271	24,370

5. LOSS BEFORE TAX

The following significant items have been included in arriving at loss before tax:

5.1 OTHER INCOME

	Group	
	Six Months Ended	
	30-Sep-21 S\$'000	30-Sep-20 S\$'000
Commission income	86	72
Government income	187	525
Rental income	96	321
Others	978	761
	1,347	1,679

5.2. OTHER GAINS AND (OTHER LOSSES)

	Group	
	Six Months Ended	
	30-Sep-21 S\$'000	30-Sep-20 S\$'000
Allowance for impairment on trade receivables	(41)	(129)
Bad debts written off	-	(25)
Fair value gain / (loss) on convertible bond	483	(174)
Foreign exchange adjustments gain	9	55
Loss on disposal of plant and equipment	(62)	(84)
Other gains	-	16
	389	(341)
<u>Presented in profit or loss as:</u>		
Other gains	492	71
Other losses	(103)	(412)
Net	389	(341)

5. LOSS BEFORE TAX (CONT'D)

5.3. MARKETING AND DISTRIBUTION EXPENSES AND ADMINISTRATIVE EXPENSES

The major components include the following:

	Group	
	Six Months Ended	
	30-Sep-21	30-Sep-20
	S\$'000	S\$'000
Marketing and distribution expenses		
Advertising and promotions	328	268
Employee benefits expense	235	219
Entertainment	149	26
Administrative Expenses		
Rental expense of premises	313	451
Consultancy expenses	480	178
Depreciation of plant and equipment	495	635
Depreciation of right-of-use assets	1,049	1,022
Distributor support fee	200	100
Employee benefits expense	2,969	2,722

6. INCOME TAX EXPENSES

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	Six Months Ended	
	30-Sep-21	30-Sep-20
	S\$'000	S\$'000
Current tax expense	-	-
Deferred tax	-	-
	-	-

7. LOSS PER SHARE

	Group	
	Six Months Ended	
	30-Sep-21	30-Sep-20
Loss, net of tax attributable to owners of the parent (S\$'000)	(1,083)	(1,967)
Weighted average number of equity shares	259,225,134	261,069,246
Loss per share – basic and diluted (cents)	(0.42)	(0.75)

Loss per share is computed based on the loss, net of tax attributable to owners of the parent divided by the weighted average number of equity shares. Diluted loss per share is similar to basic loss per share as there were no potential dilutive ordinary shares existing as at 1H2022 and first half year ended 30 September 2020 ("1H2021").

8. DIVIDENDS

No dividend has been paid for 1H2022 (1H2021: Nil).

9. NET ASSET VALUE

	<u>Group</u>		<u>Company</u>	
	As at		As at	
	30-Sep-21	31-Mar-21	30-Sep-21	31-Mar-21
Net asset value (“NAV”) per ordinary shares (cents)	5.35	5.86	2.16	1.96
Equity attributable to owners of the parent (S\$’000)	13,827	15,228	5,591	5,101
Number of ordinary shares used in computation of NAV per ordinary shares (’000)	<u>258,302</u>	<u>259,745</u>	<u>258,302</u>	<u>259,745</u>

10. PLANT AND EQUIPMENT

During 1H2022, the Group acquired plant and equipment amounting to S\$578,000 (1H2021: S\$547,000) and disposed of plant and equipment amounting to S\$468,000 (1H2021: S\$677,000).

11. INTANGIBLE ASSETS

	<u>Group</u>
	Development cost S\$’000
At 31 March 2021	
Cost	3,089
Accumulated amortisation and impairment	-
Carrying value	<u>3,089</u>
Six months ended 30 September 2021	
<u>Cost:</u>	
At 1 April 2021	3,089
Additions	837
At 30 September 2021	<u>3,926</u>
<u>Accumulated amortisation and impairment:</u>	
At 1 April 2021 and 30 September 2021	-
<u>Carrying value:</u>	
At 30 September 2021	<u>3,926</u>

Development cost relates to sustainable mobility in developing the electric motorcycles. The amortisation of the development cost begins when the development is complete and the asset is available for use.

All research costs and development costs not eligible for capitalisation have been expensed and are recognised in profit or loss.

11. INTANGIBLE ASSETS (CONT'D)

The intangible assets were tested for impairment at the end of the reporting period. An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset or a cash-generating unit (“CGU”) is the higher of its fair value less costs of disposal or its value in use. The recoverable amounts of cash-generating units have been measured based on the fair value less costs of disposal method or the value in use method as appropriate for the separate CGUs.

The value in use was measured by management. The value in use is a recurring fair value measurement (Level 3). The quantitative information about the value in use measurement using significant unobservable inputs for the cash generating unit are consistent with those used for the measurement last performed and is analysed as follows:

The value in use is prepared on the assumption that the electric motorcycles are expected to generate revenue from year 2023 onwards.

Valuation technique and unobservable inputs	Range (weighted average)	
Discounted cash flow method:	30-Sep-21	31-Mar-21
Estimated discount rates using pre-tax rates that reflect current market assessments at the risks specific to the intangible assets.	50%	50%
Terminal growth rate	4%	4%
Cash flow forecasts derived from the most recent financial budgets and plans approved by management.	5 years	5 years

Actual outcomes could vary from these estimates. There is no impairment to the carrying value of the intangible assets:

- a) If the estimated discount rate applied to the discounted cash flows has been 2.5 % less favourable than management’s estimate; or
- b) If the estimated terminal growth rate applied to the discounted cash flows had been 2.5% less favourable than management’s estimates.

12. SHARE CAPITAL

	The Group and the Company			
	30-Sep-21		31-Mar-21	
	Number of shares	Amount	Number of shares	Amount
	'000	S\$'000	'000	S\$'000
Beginning of interim period	259,745	17,624	260,665	17,675
Purchase of treasury shares	(1,443)	(318)	(4,420)	(749)
Sale of treasury shares	-	-	3,500	698
End of interim period	258,302	17,306	259,745	17,624

The ordinary shares of no par value are fully paid, carry one vote each and have no right to fixed income.

Treasury shares:

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

	30-Sep-21		31-Mar-21	
	Number of treasury shares	Amount	Number of treasury shares	Amount
	'000	S\$'000	'000	S\$'000
	Beginning of interim period	5,255	845	4,335
Purchase during the year	1,443	318	4,420	749
Sale during the year	-	-	(3,500)	(698)
End of interim period	6,698	1,163	5,255	845

During 1H2021, the Company bought back 1,442,700 shares by way of market acquisition and all shares acquired are held as treasury shares. As at 30 September 2021, the Company held 6,697,900 treasury shares which represented approximately 2.59% of the 258,302,100 total issued shares (excluding treasury shares and subsidiary holdings). As at 30 September 2020, the Company held 4,334,900 treasury shares which approximately 1.66% of the 260,665,100 total issued shares (excluding treasury shares and subsidiary holdings).

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the reporting period.

There were no holdings in the Company by any subsidiary as at the end of the reporting period and as at the end of the corresponding period of the immediately preceding financial year.

13. OTHER FINANCIAL LIABILITIES

	Group		Company	
	As at		As at	
	30-Sep-21 S\$'000	31-Mar-21 S\$'000	30-Sep-21 S\$'000	31-Mar-21 S\$'000
Non-current:				
<u>Secured</u>				
Bank loans	4,659	5,000	-	-
Non-current, total	4,659	5,000	-	-
Current:				
<u>Secured</u>				
Trust receipts and bills payables	3,167	261	-	-
<u>Unsecured</u>				
Convertible bond	-	3,483	-	3,483
Current, total	3,167	3,744	-	3,483
Total	7,826	8,744	-	3,483
The non-current portion is repayable as follow:				
Due within 2 to 5 years	4,659	5,000	-	-

13A. Bank loans

The bank loans of the Group are secured by corporate guarantee by the Company.

13B. Trust receipt and bills payables

The credit facilities for trust receipts and bills payables provide among other matters for the following:

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

14. Other non-financial liabilities

	Group	
	Six Months Ended	
	30-Sep-21 S\$'000	30-Sep-20 S\$'000
Warranty provision	974	907
Deposits from customers	11,327	6,298
Total	12,301	7,205

14A. Deposits from customers

Deposits from customers are not refundable and will be utilised upon purchases of automobiles by customers.

15. CATEGORIES FINANCIAL ASSETS AND LIABILITIES

The following table categorises the carrying amount of financial assets and liabilities recorded as at 30 September 2021 and 31 March 2021:

	Group		Company	
	As at		As at	
	30-Sep-21 S\$'000	31-Mar-21 S\$'000	30-Sep-21 S\$'000	31-Mar-21 S\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	10,956	17,526	2,207	5,190
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	13,926	13,628	6,671	7,719
Financial liabilities at fair value through profit or loss	-	3,483	-	3,483
	13,926	17,111	6,671	11,202

16. SUBSEQUENT EVENTS

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

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

The condensed interim financial statements for the six months ended 30 September 2021 have not been audited or reviewed by the Company's auditors.

2. 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.

Review of the Group's performance:

Revenue

Revenue of the Group decreased by S\$3.30 million or 13.5%, from S\$24.37 million in 1H2021 to S\$21.07 million in 1H2022, mainly due to decrease in the sales of automobiles by S\$4.82 million, offset by increase in sales of parts and accessories by S\$1.50 million or 107.9%, from S\$1.40 million in 1H2021 to S\$2.91 million in 1H2022. The sale of automobiles made up S\$18.13 million or 86.0% (1H2021: S\$22.95 million or 94.2%) of total revenue of the Group.

Cost of sales

Cost of sales of the Group decreased by S\$3.64 million or 17.7%, from S\$20.50 million in 1H2021 to S\$16.86 million in 1H2022. This is in tandem with the decrease in revenue.

Review of the Group's performance: (cont'd)

Gross profit and gross profit margin

Gross profit of the Group increased by S\$0.34 million or 8.8%, from S\$3.87 million in 1H2021 to S\$4.21 million in 1H2022. Gross profit margin increased by 4.1 percentage point, from 15.9% in 1H2021 to 20.0% in 1H2022. The higher profit margin was mainly due to reduce in sales of used automobiles with lower profit margins.

Other income

Other income of the Group decreased by S\$0.33 million or 19.8%, from S\$1.68 million in 1H2021 to S\$1.35 million in 1H2022. It was mainly due to decrease in government income by S\$0.34 million and rental income by S\$0.23 million, offset by increase in other income by S\$0.22 million.

Other gains and (other losses), net

Other gains and (other losses), net of S\$0.39 million was mainly due to fair value gain of S\$0.48 million on convertible bond that was matured and fully redeemed on 9 September 2021, offset by allowance for impairment on trade receivables of S\$0.04 million and loss on disposal of plant and equipment of S\$0.06 million.

Marketing and distribution expenses

Marketing and distribution expenses of the Group increased by S\$0.27 million or 46.6%, from S\$0.58 million in 1H2021 to S\$0.85 million in 1H2022, mainly due to increase in advertising and promotions of S\$0.06 million and entertainment expenses by S\$0.16 million.

Administrative expenses

Administrative expenses of the Group increased by S\$0.50 million or 8.4%, from S\$5.97 million in 1H2021 to S\$6.47 million in 1H2022, mainly due to increase in employee benefits expenses by S\$0.25 million, consultancy expenses by S\$0.30 million and distributor support fee by S\$0.10 million, offset by decrease in rental expense of premises by S\$0.14 million and depreciation of plant and equipment by S\$0.14 million.

Finance costs

Finance costs of the Group decreased by 0.21 million or 49.9%, from S\$0.42 million in 1H2021 to S\$0.21 million in 1H2022. It was mainly due to decrease in interest expense of convertible bond by S\$0.09 million and interest expense of right-of-use asset by S\$0.08 million.

Review of the Group's financial position:

Non-current assets

Non-current assets of the Group decreased by S\$0.57 million, from S\$10.11 million as at 31 March 2021 to S\$9.54 million as at 30 September 2021, mainly due to:

- (a) decrease in plant and equipment by S\$0.45 million mainly from depreciation of plant and equipment and disposal of motor vehicles, and
- (b) depreciation of right-of-use assets of S\$1.05 million; offset by
- (c) increase in intangible assets by S\$0.84 million, which relates to development cost of electric motorcycles.

Review of the Group's financial position: (cont'd)

Current assets

Current assets of the Group increased by S\$0.58 million, from S\$31.88 million as at 31 March 2021 to S\$32.46 million as at 30 September 2021, mainly due to:

- (a) increase in inventories by S\$1.57 million mainly from higher stock level of new automobiles in the warehouse, and
- (b) increase in other non-financial assets by S\$5.58 million mainly due to deposit paid to factory for new automobiles; offset by
- (c) decrease in cash and cash equivalents by S\$6.40 million.

Equity

Equity comprises share capital, accumulated losses, other reserves and non-controlling interest. The decrease in equity by S\$1.89 million was mainly due to the loss attributable to owners of the Company for the period of S\$1.08 million, purchase of treasury shares of S\$0.32 million and share of non-controlling interest loss of S\$0.49 million.

Non-current liabilities

Non-current liabilities of the Group decreased by S\$1.91 million, from S\$6.95 million as at 31 March 2021 to S\$5.04 million as at 30 September 2021, mainly due to reclassification of lease liabilities from non-current liabilities to current liabilities.

Current liabilities

Current liabilities of the Group increased by S\$3.81 million, from S\$17.42 million as at 31 March 2021 to S\$21.23 million as at 30 September 2021, mainly due to:

- (a) increase in other non-financial liabilities of S\$5.10 million mainly for receipt from customers on the sales of new automobiles; offset by
- (b) decrease in trade payables of S\$0.78 million for repayment to suppliers, and
- (c) net decrease in other financial liabilities of S\$0.58 million mainly due to redemption of convertible bond with principal amount of S\$3.00 million upon maturity date on 9 September 2021 and offset by drawdown S\$2.90 million of trust receipts and bill payables.

Review of the Group's cash flows

Net cash flows used in operating activities amounted to S\$3.01 million in 1H2022. This was mainly due to negative operating cash flows before changes in working capital of S\$0.25 million and net working capital outflow of S\$2.75 million.

Net cash flows used in investing activities amounted to S\$0.94 million in 1H2022, mainly due to:

- (a) cash used in (i) addition to intangible assets of S\$0.84 million and (ii) purchases of plant and equipment of S\$0.58 million; offset by
- (b) cash from disposal of plant and equipment of S\$0.47 million.

Net cash flows used in financing activities amounted to S\$2.46 million in 1H2022, was mainly due to:

- (a) cash used in (i) payment of lease liabilities of S\$1.54 million and (ii) repayment of convertible bond of S\$3.00 million; offset by
- (b) cash from other financial liabilities of S\$2.57 million.

3. 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.

4. 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, will continue to incur development expenses and we do not expect to generate meaningful revenue from EST for the next 12 months. EST has digitally launched Scorpio Electric, a premium electric motorcycle brand on 22 October 2021. We have commenced collection of deposits for pre-order reservations of our first electric motorcycle, the X1.

Separately, EST has been incubating a new business venture. EST will unveil a new and separate sustainable mobility brand, focused on serving business-to-business customers.

5. Dividend information

5a. Current financial period reported on

Any dividend declared for the current financial period reported on?

No.

5b. Corresponding period of the immediate preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

5c. Date payable

Not applicable.

5d. Books closure date

Not applicable.

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

No dividend has been declared for the current financial year ended 30 September 2021 as the Group is conserving cash for its business operations.

7. If the Group has obtained a general mandate from shareholders for interested person transactions, the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Listing Manual of Singapore Exchange Securities Trading Limited. If no interested person transactions mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders of the Company for interested person transactions.

8. 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 2021 to be false or misleading in any material aspect.

9. 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 received undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Listing Manual of the SGX-ST.

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

12 November 2021