SALT INVESTMENTS LIMITED
(the "Company")
(Incorporated in Singapore)
(Registration No. 198700983H)

Company's Responses to Queries Raised by the Securities Investors Association (Singapore) in respect of the Annual Report for FY2025 published by the Company on 14 September 2025.

Q1. For the financial year ended 31 March 2025, the group recorded its first revenue in six years after acquiring a 51% stake in Prosper Excel Engineering Pte. Ltd ("Prosper Excel"). A further 60% stake in TT Oil (Singapore) Pte. Ltd. ("TT Oil") was completed on 1 June 2025. In the CEO's statement, it was mentioned that the group will pursue strategic partnerships to drive revenue growth and profitability while seeking growth in maritime digitalisation, payments, and finance.

Revenue for the year was $2.13 million while the group's loss after tax was $(6.19) million.

(i) **Can management clarify whether the group is actively seeking further acquisitions, and if so, what is the search process, target criteria and geographical focus of its prospective targets?**

Response

The Company continues to be on an active lookout for acquisition and collaboration opportunities within the marine and offshore sector. Our focus remains on earnings-accretive businesses and collaboration opportunities that complement our existing operations or natural extension of the coverage of our existing operations. In evaluating the suitability of an acquisition or collaboration opportunity, the factors that we would take into consideration include whether there are established revenue streams, experienced management or experienced leadership, and whether there is strategic fit with our maritime services platform. Shareholders will be updated promptly when material developments occur in any of our pursuit of expansion and growth.

(ii) **Given that the group is effectively rebuilding its business, what is the group's sustainable competitive advantage in the highly competitive marine and offshore industry?**

Response

Our competitive advantage is built on three primary pillars: (1) operational expertise through Prosper Excel's technical capabilities in maritime engineering as well as integrated service offerings combining engineering services with marine lubricants distribution via TT Oil; (2) extensive business and commercial networks of the stakeholders of our Group including the personal business networks of our Group's senior management; and (3) established customer relationships across both business segments that enable cross-selling opportunities. This integrated approach differentiates us in the highly fragmented marine services market.

It was disclosed that Prosper Excel achieved a gross margin of 19.6% in calendar year 2024. The company provided Prosper Excel with $750,000 in working capital support as part of the acquisition. Prosper reported a loss of $(318,000) in 2025 and a cash outflow from operating activities of $(731,000).

(iii) **What are management's operational and financial priorities for Prosper Excel to achieve profitability? Is Prosper Excel expected to be self-sustaining or will further capital injections be required?**

Response

Management's priorities for Prosper Excel are to secure new maritime contracts, enhance operational efficiency, and realise synergies with TT Oil. While initial integration has resulted in modest numbers, targeted contract growth and disciplined cost management are expected to drive improvements, as evidenced by early progress in FY2026. Given the capital requirements of maritime operations, additional working capital may be necessary to support expansion and growth, which will be provided through group internal resources as far as practicable. Should earnings-accretive expansion and growth opportunities present themselves requiring significantly more working capital than currently envisaged, the Company would not exclude the possibility of raising further capital.

Q2. An impairment charge of $2.48 million was recognised in FY2025 in relation to the acquisition of Prosper Excel. A partial write-down of the initial $10.61 million in goodwill was recognised as the annual assessment showed that the carrying amount of goodwill is not supported by anticipated future cash flows.

The "impairment of goodwill, customer relations and investment in subsidiary" was also identified as a key audit matter by the independent auditors.

4 INTANGIBLE ASSETS

Group	Goodwill SG$'000	Customer Relations SG$'000	Assets under Construction SG$'000	Total SG$'000
Cost				
At 1 April 2023, 31 March 2024 and 1 April 2024	-	-	-	-
Additions	-	-	4,000	4,000
Acquisitions through business combination	10,610	376	-	10,986
At 31 March 2025	10,610	376	4,000	14,986
Accumulated amortisation				
At 1 April 2023, 31 March 2024 and 1 April 2024	-	-	-	-
Amortisation for the year	-	106	-	106
At 31 March 2025	-	106	-	106
Accumulated impairment				
At 1 April 2023, 31 March 2024 and 1 April 2024	-	-	-	-
Provision for the year	2,475	-	-	2,475
At 31 March 2025	2,475	-	-	2,475
Carrying amount				
At 31 March 2024	-	-	-	-
At 31 March 2025	8,135	270	4,000	12,405

(Source: company annual report; emphasis added)

Management used a discount rate of 8.73% to estimate the recoverable amount. The acquisition of Prosper Excel was for $11.7 million, of which $10.6 million was allocated to goodwill.

(i) **How was the discount rate of 8.73% determined? Was a sensitivity analysis performed, and would the impairment be significantly higher if a discount rate of 10% or 12% was used?**

Response

The 8.73% discount rate was set by the independent valuers using standard market risk methods and validated by external auditors. Sensitivity analysis showed impairment would range from S$1.8M to S$3.0M with modest discount rate changes of ±0.5%. While discount rates of 10% - 12% would increase impairment, such rates fall outside the reasonable range given current market conditions and Prosper Excel's risk profile.

(ii) **Given the goodwill impairment immediately after acquisition, does the board consider that the company may have overpaid for Prosper Excel? How does the board reconcile the purchase price allocation with the due diligence and valuation conducted during the acquisition?**

Response

The Board believes the acquisition was appropriately priced based on the following key facts: The Company invested S$7.5 million in economic terms, which was below the independent fair value assessment of S$7.91 million. The higher accounting cost of S$11.67 million resulted from our share price appreciation between signing and completion - a positive market response. Even after the impairment adjustment, our current carrying value of S$9.03 million still exceeds our original investment, confirming soundness of the pricing.

(iii) **What safeguards are embedded in the company's acquisition framework to prevent overpaying for acquisitions and to align vendor incentives with long-term performance (for example, through earnouts)?**

Response

Our acquisition framework includes: (1) independent external valuations for larger transactions; (2) comprehensive due diligence by in-house team and, as necessary, external advisors; (3) review by the Audit Committee and Board of all material terms; (4) deployment of legal protective measures such as requiring market standard warranties and indemnities to be given by sellers; and (5) employment of share-based consideration or a blend of cash and share-based consideration to align the interests of the sellers with the interests of the Group. Where commercially possible, include enhanced safeguards such as performance-based (earn-out) payments.

(iv) **Can the board share more of its insights on why it approved the acquisition of 60% of TT Oil for $6.0 million (total purchase consideration) and how the board expects the TT Oil acquisition to deliver long-term shareholder value? TT Oil has net tangible assets of $1.99 million as at 31 May 2024, and an internal valuation using the discounted cash flow method resulted in an enterprise value of $7.1 million for the 60% stake.**

Response

The Board wishes to clarify the recent acquisition of TT Oil was undertaken to strengthen our Marine Offshore segment. This move builds on previous success and creates a business platform that combines marine engineering services with marine lubricants distribution, allowing us to better serve our customers and expand into new markets.

Key reasons for this acquisition include the opportunity to:

- Grow recurring revenue from TT Oil's established client base and order patterns;

- Achieve greater efficiency by combining logistics and shared services in both our engineering and lubricants businesses; and

- Enhance shareholder value through earnings growth and strategic positioning in Asia and beyond.

The Board evaluated TT Oil primarily for its potential to generate strong, predictable cash flows in the years ahead. Our decision relied on a thorough review of financial forecasts, not just asset values, because TT Oil is a profitable, asset-light business. The analysis indicates a significant positive uplift to the overall earnings of our Group in the mid- to long-term, particularly, after the first year following the acquisition.

To safeguard the Company's financial flexibility, part of the purchase was settled with shares rather than all in cash. This helps maintain healthy reserves for future growth and ensures the interests of TT Oil's seller and its stakeholders remain aligned with those of the Company and its shareholders.

Q3. The company first announced its unaudited financial results on 30 May 2025. Following the finalisation of audit, the audited results were released on 11 September 2025, nearly 3.5 months later.

Net loss for the financial year increased from $(3.35) million (unaudited) to $(6.19) million (audited), an increase of roughly 84%. Equity decreased by 11.5% from $22.0 million to $19.5 million.

The company's announcement on discrepancies between unaudited and audited accounts can be found here:
https://links.sgx.com/1.0.0/corporate-announcements/7AH7T94WSTJ8CH36/5a49d154acb0c839beb7290928a53390e2a7f160594934dd240970771dba8598

(i) **Can the audit committee (AC) help shareholders better understand the underlying reasons for the material variances? For example, why was the working capital loan to the subsidiary not initially classified correctly in the unaudited results based on the substance and accounting principles governing intercompany balances?**

Response

The variances mentioned in the query primarily resulted from reclassifying S$750,000 from a loan to an investment adjustment. This accounting change reflects the economic reality of our support to the subsidiary and has no impact on our Group's overall financial position.

(ii) **What are the challenges faced by the company's finance and accounting staff in meeting the Singapore Financial Reporting Standards (International) (SFRS(I)) especially due to acquisitions?**

Response

Managing acquisition accounting under international standards requires specialised expertise. Our experienced Chief Financial Officer works closely with external auditors and valuation specialists to ensure accuracy. The extended timeline reflected our commitment to getting the accounting right rather than rushing to meet deadlines.

(iii) **What role did the Audit Committee (AC) play in the preparation and review of the financial statements, and does the AC consider that its oversight was adequate and sufficient?**

Response

The AC would like to assure shareholders of the Company of the AC's strong commitment to effective oversight. All AC members are experienced professionals and independent directors, meeting regularly to review important matters in our financial reporting.

Recent enhancements include closer monitoring of accounts related to acquisitions, more frequent reviews of areas requiring judgment (such as asset valuations), and ongoing examination of internal audit reports.

We ensure that our external auditors have independent access and are able to provide assurance that financial reporting follows strict standards. The AC would continue to improve its processes in line with regulatory developments, with an objective of ensuring that our financial disclosures remain clear, accurate, and reliable for shareholders of the Company.

(iv) **What specific enhancements have been made to the group's reporting functions, internal review processes and controls?**

<u>Response</u>

Following our recent acquisitions and business transformation, we have strengthened our reporting processes through enhanced Audit Committee oversight, increased external advisor involvement for complex transactions, and improved documentation standards. We continue to evaluate our systems to ensure they remain robust as our business grows and continue to evolve and innovate.