

EVD BERHAD

Company Registration No. 201901045325 (1354655 – D)
(INCORPORATED IN MALAYSIA)

QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2023

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS ⁽¹⁾

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		QUARTER ENDED	QUARTER ENDED	PERIOD ENDED	PERIOD ENDED
		31/12/2023 (Unaudited)	31/12/2022 ⁽²⁾ (Audited)	31/12/2023 (Unaudited)	31/12/2022 ⁽²⁾ (Audited)
		RM'000	RM'000	RM'000	RM'000
Revenue	B1	9,886	31,758	48,251	95,999
Cost of Sales		(15,309)	(24,431)	(43,533)	(78,644)
Gross (Loss) / Profit		(5,423)	7,327	4,718	17,354
Other Income		153	5,004	2,450	5,641
		(5,270)	12,331	7,168	22,995
Selling and marketing expenses		(121)	(148)	(527)	(345)
Administrative expenses		(1,171)	(1,625)	(11,708)	(6,377)
Other expenses		(13,921)	(4,899)	(15,325)	(6,289)
Finance costs		(13)	(46)	(79)	(94)
Net reversal of impairment losses on financial assets and contract assets		-	(113)	-	434
(Loss) / Profit before taxation	B5	(20,496)	5,500	(20,471)	10,325
Income tax expense	B6	(147)	(1,717)	(108)	(2,933)
(Loss) / Profit after taxation		(20,643)	3,783	(20,579)	7,392
Other comprehensive income:					
Foreign currency translation differences		(35)	390	(580)	685
Total comprehensive (expenses) / income for the financial period		(20,678)	4,173	(21,159)	8,077
(Loss) / Profit after tax attributable to:					
: Owners of the Company		(20,632)	3,816	(20,517)	7,454
: Non-controlling interest		(11)	(33)	(62)	(62)
		(20,643)	3,783	(20,579)	7,392
Total comprehensive (expenses) / income attributable to:					
: Owners of the Company		(20,667)	4,206	(21,079)	8,139
: Non-controlling interest		(11)	(33)	(62)	(62)
		(20,678)	4,173	(21,159)	8,077
Attributable to Equity Holders of the Company:	B11				
- Basic (loss) / earnings per share (sen)		(5.00)	0.94	(5.00)	3.01
- Diluted (loss) / earnings per share (sen)		(0.69)	0.13	(0.69)	0.38

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QUARTERLY REPORT FOR FOURTH QUARTER ENDED 31 DECEMBER 2023

CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS ⁽¹⁾

Notes:

1. The basis of preparation of the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Statements for the Financial Year ended 31 December 2022 and accompanying explanatory notes attached to this interim financial report.
2. Acquisition of EVD Engineering Sdn. Bhd. and its subsidiaries (“EVE Group”) and EV-Dynamic Sdn. Bhd. (“EV-Dynamic”) were completed on 27 April 2022. Therefore, the Company has included 5 months results of the EVE Group and EV-Dynamic into the Condensed Consolidated Statements of Profit and Loss for financial quarter and financial period ended 31 December 2022.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

		AS AT 31/12/2023 (Unaudited)	AS AT 31/12/2022 (Audited)
	Note	RM'000	RM'000
Non-current assets			
Equipment		4,432	5,140
Right-of-use assets		486	1,117
Deferred tax assets		120	120
Goodwill on consolidation		61,632	61,632
		66,670	68,009
Current assets			
Trade receivables		28,956	44,498
Other receivables, deposits and prepayments		4,103	1,963
Contract assets		70,829	78,531
Current tax assets		2,212	1,962
Fixed deposits with licensed banks		16,880	28,343
Cash and bank balances		5,085	20,257
		128,065	175,554
Total assets		194,735	243,563
Equity			
Share capital		54,586	53,780
RCPS		61,749	61,950
Warrant reserve		4,272	4,272
Foreign exchange translation reserve		105	685
Retained profits		(13,116)	7,401
		107,596	128,088
Non-controlling interest		(124)	(62)
		107,472	128,026
Non-current liabilities			
Borrowings	B8	90	266
Deferred tax liabilities		-	418
Lease liabilities		146	672
		236	1,356

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023 CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾ (CONTINUED)

		AS AT 31/12/2023 (Unaudited)	AS AT 31/12/2022 (Audited)
	Note	RM'000	RM'000
Current liabilities			
Trade payables		58,025	66,755
Contract liabilities		17,342	26,484
Other payables and accruals		3,615	5,083
Lease liabilities		166	756
Borrowings	B8	7,124	13,511
Current tax liabilities		755	1,592
		<u>87,027</u>	<u>114,181</u>
Total liabilities		<u>87,262</u>	<u>115,537</u>
Total equity and liabilities		<u>194,735</u>	<u>243,563</u>
Net assets per ordinary shares attributable to owners of the Company (RM)		<u>0.26</u>	<u>0.31</u>

Notes:

- (1) The basis of preparation of the Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 31 December 2022 and accompanying explanatory notes attached to this interim financial report.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY ⁽¹⁾

	Share capital	RCPS	Warrant reserve	Non- distributable Foreign exchange translation reserve	Distributable Retained profits	Attributable to Owners of the Company	Non- controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2023	53,780	61,950	4,272	685	7,401	128,088	(62)	128,026
Loss after taxation for the financial period	-	-	-	-	(20,517)	(20,517)	(62)	(20,579)
Other comprehensive income for the financial period:								
- Foreign currency translation differences	-	-	-	(580)	-	(580)	-	(580)
Total comprehensive expenses for the financial period	-	-	-	(580)	(20,517)	(21,097)	(62)	(21,159)
Total contribution by owners of the Company:								
- Issuance of new ordinary shares	605	-	-	-	-	605	-	605
Conversion of RCPS	201	(201)	-	-	-	-	-	-
Balance as at 31 December 2023 (Unaudited)	54,586	61,749	4,272	105	(13,116)	107,597	(124)	107,472

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY ⁽¹⁾

	Share capital	RCPS	Warrant reserve	Non-distributable Foreign exchange translation reserve	Distributable (Accumulated losses)/ Retained profits	Attributable to Owners of the Company	Non-controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2022	-	-	-	-	(53)	(53)	-	(53)
Profit after taxation for the financial period	-	-	-	-	7,454	7,454	(62)	7,392
Other comprehensive income for the financial period:								
- Foreign currency translation differences	-	-	-	685	-	685	-	685
Total comprehensive income for the financial period	-	-	-	685	7,454	8,139	(62)	8,077
Contribution by owners of the Company:								
- Issuance of new ordinary shares	57,451	-	-	-	-	57,451	-	57,451
- Warrant reserve	(4,299)	-	4,299	-	-	-	-	-
- Exercise of warrant reserve	27	-	(27)	-	-	-	-	-
Total contribution by owners of the Company	53,179	-	4,272	-	-	57,451	-	57,451
Issuance of RCPS	-	62,551	-	-	-	62,551	-	62,551
Conversion of RCPS	601	(601)	-	-	-	-	-	-
Balance as at 31 December 2022 (Audited)	53,780	61,950	4,272	685	7,401	128,088	(62)	128,026

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY ⁽¹⁾ (CONTINUED)

Notes:

- (1) The basis of preparation of the Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾

	PERIOD ENDED 31/12/2023 (Unaudited) RM'000	PERIOD ENDED 31/12/2022 (Audited) RM'000
CASH FLOWS (FOR) / FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(20,470)	10,325
Adjustments for :		
Amortisation of intangible asset	-	4,103
Bargain purchase	-	(4,599)
Depreciation of equipment	1,023	741
Depreciation of right-of-use assets	631	1,016
Interest expense on lease liabilities	28	70
Equipment written off	-	250
Reversal of impairment loss	-	(785)
Gain on disposal of equipment	(20)	-
Gain on lease modification	-	(6)
Impairment loss		
- contract assets	13,617	139
- trade receivables	-	211
Interest income	(604)	(294)
Interest expenses	853	915
Net unrealised (gain) / loss on foreign exchange	(187)	(75)
Operating profit before working capital changes	(5,129)	12,011
Decrease in contract cost assets	-	229
Decrease in trade and other receivables	13,403	(7,582)
(Increase) / decrease in contract assets	(5,916)	1,064
Decrease in contract liabilities	(9,142)	(15,775)
Decrease in trade and other payables	(10,198)	544
Cash used in operations	(16,982)	(9,509)
Net income tax paid	(1,866)	(1,616)
Net cash used in operations activities	(18,848)	(11,125)
CASH FLOWS FROM / (FOR) INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash and cash equivalents	-	41,759
Withdrawal/(Additions) to fixed deposits with maturity period more than 3 months and pledged with licensed banks	6,420	(180)
Interest income received	604	295
Increase in escrow and collateral account	(23)	(12)
Purchase of equipment	(419)	(1,378)
Proceed for disposal of equipment	124	-
Net cash from investing activities	6,706	40,484

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾ (CONTINUED)

	PERIOD ENDED 31/12/2023 (Unaudited) RM'000	PERIOD ENDED 31/12/2022 (Audited) RM'000
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Advances from a director	-	52
Interest paid	(881)	(985)
Proceed from ordinary shares issuance	605	1,810
Net (repayment)/drawdown of borrowings	(6,726)	(4,881)
Net repayment of lease liabilities	(863)	(1,078)
Net cash used in financing activities	(7,865)	(5,082)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(20,007)	24,276
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR	24,721	-
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	(393)	445
CASH AND CASH EQUIVALENT AT THE END OF THE FINANCIAL PERIOD	4,321	24,721

Cash and cash equivalents included in the statements of cash flows comprised the following amount:

	PERIOD ENDED 31/12/2023 (Unaudited) RM'000	PERIOD ENDED 31/12/2022 (Audited) RM'000
Fixed deposits with licensed banks	16,880	28,343
Cash and bank balances	5,085	20,257
Bank overdraft	(180)	(17)
	21,785	48,583
Less:		
Fixed deposits with maturity period more than 3 months and pledged with licensed banks	(16,468)	(22,931)
Cash placed in collateral and Escrow account	(996)	(931)
CASH AND CASH EQUIVALENT AT THE END OF THE FINANCIAL PERIOD	4,321	24,721

Notes:

- (1) The basis of preparation of the Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134

(1) BASIS OF PREPARATION

The interim financial report of EVDB and its subsidiary (“**Group**”) are unaudited and have been prepared in accordance with Malaysia Financial Reporting Standards (“**MFRS**”) 134: Interim Financial Reporting, issued by Malaysian Accounting Standards Board (“**MASB**”) and Chapter 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the Annual Financial Statements for the Financial Year Ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

On 10 January 2024, the Company changed the financial year end from 31 December to 30 June. The next financial year will commence from 1 January 2023 to 30 June 2024, covering a period of 18 months. Thereafter, the financial year shall revert to 12 months ending 30 June for each subsequent year.

(2) SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and presentation adopted for the interim financial reports are consistent with those adopted in the most recent annual financial statements.

- (a) The Group has adopted the following new accounting standards and interpretation (including the consequential amendments):

MFRSs and /or IC Interpretations (Including The Consequential amendments)

MFRS 17 Insurance Contracts

Amendments to MFRS 17 Insurance Contracts

Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information

Amendments to MFRS 101: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred tax related to Assets and Liabilities arising from a Single Transaction

Amendments to MFRS 112: Income Taxes

- (b) The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:

MFRSs and /or IC Interpretations (Including The Consequential amendments)

Effective Date

Amendments to MFRS 10 and MFRS 128: Sale or Contribution Of Assets between an Investor and its Associate or Joint Venture

Deferred

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback

1 January 2024

Amendments to MFRS 101: Classification of Liabilities as Current or Non-current

1 January 2024

Amendments to MFRS 101: Non-current Liabilities with Covenants

1 January 2024

Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

1 January 2024

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact to the financial report of the Group.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (CONTINUED)

(3) AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors have expressed an unqualified opinion on the Company's statutory financial statements for the financial year ended 31 December 2022 in their report dated 25 April 2023.

(4) SEASONAL OR CYCLICAL FACTORS

The operations of the Group were not significantly affected by seasonality and cyclical factors.

(5) EXCEPTIONAL ITEMS

There were no material exceptional items affecting the assets, liabilities, net equity, net income or cash flows for the financial period under review.

(6) MATERIAL CHANGES IN ESTIMATES

There were no changes in estimates for the current financial quarter under review.

(7) DEBT AND EQUITY SECURITIES

During the 12-months period from 1 January 2023 to 31 December 2023, the Company has issued 8,064,300 new ordinary shares as follows:-

Conversion of redeemable convertible preferences shares of 8,064,300 at exercise price of RM0.10 per share from 1 January 2023 to 31 December 2023.

As at 31 December 2023, the outstanding redeemable convertible preferences shares and warrants remained at 2,469,948,992 and 86,474,336 respectively.

(8) DIVIDENDS PAID

There were no dividends paid during the financial period under review.

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PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (CONTINUED)

(9) SEGMENTAL INFORMATION

Segmental information is presented in respect of the Group's business segment which form the primary basis of segmental reporting.

a) The segmental result as at financial period ended 31 December 2023 was as follows:

12-Months Period Ended 31 December 2023	<u>Transportation</u>	<u>Healthcare</u>	<u>Others</u>	<u>Consolidated adjustment</u>	<u>Group</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	42,967	3,082	2,202	-	48,251
Inter-segment revenue	67,461	2,543	315	(70,319)	-
Total revenue	<u>110,428</u>	<u>5,625</u>	<u>2,517</u>	<u>(70,319)</u>	<u>48,251</u>
Gross profit					4,718
Net operating expenditure					(6,774)
Finance cost					(79)
Loss before tax					(6,853)
Income Tax expense					(108)
Loss after tax					<u>(6,961)</u>
Revenue by geographical:					
- Malaysia					46,836
- Philippines					1,415
					<u>48,251</u>

b) The segmental result as at financial period ended 31 December 2022 was as follows:

12-Months Period Ended 31 December 2022	<u>Transportation</u>	<u>Healthcare</u>	<u>Others</u>	<u>Consolidated adjustment</u>	<u>Group</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	88,772	4,840	2,387	-	95,999
Inter-segment revenue	92,165	3,040	-	(95,205)	-
Total revenue	<u>180,937</u>	<u>7,880</u>	<u>2,387</u>	<u>(95,205)</u>	<u>95,999</u>
Gross profit					17,354
Net operating expenditure					10,419
Finance cost					(94)
Profit before tax					10,325
Income Tax expense					(2,933)
Profit after tax					<u>7,392</u>
Revenue by geographical:					
- Malaysia					93,463
- Philippines					2,536
					<u>95,999</u>

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PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD 134 (CONTINUED)

(10) VALUATION OF EQUIPMENT

There were no revaluations of equipment in the financial period under review. As at 31 December 2023, all equipment were stated at cost less accumulated depreciation and impairment losses.

(11) MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There were no material event during and subsequent to the end of the financial period.

(12) CHANGES IN THE COMPOSITION OF THE GROUP

There was no material change in the composition of the Group for the current financial quarter under review.

(13) CAPITAL COMMITMENTS

There were no capital expenditure contracted for at the end of the financial period under review.

(14) CONTINGENT LIABILITIES AND ASSETS

There were no contingent liabilities and contingent assets as the date of this interim report.

(15) SIGNIFICANT RELATED PARTY TRANSACTION

The significant related party transactions and balances during the financial year under review as described below were carried out in the ordinary course of business and on agreed commercial terms with the related parties:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/12/2023	QUARTER ENDED 31/12/2022	PERIOD ENDED 31/12/2023	PERIOD ENDED 31/12/2022
	RM'000	RM'000	RM'000	RM'000
Rentals payable	311	306	1,244	796

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

PART B - EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE BURSA LISTING REQUIREMENTS FOR THE ACE MARKET (CONTINUED)

(1) REVIEW OF GROUP PERFORMANCE

Results for current quarter vs corresponding quarter of preceding financial year and Current financial period-to-date vs corresponding period-to-date of preceding financial year

Description	CURRENT QUARTER ENDED 31/12/2023 (Unaudited) (RM'000)	FINANCIAL QUARTER ENDED 31/12/2022 ⁽¹⁾ (Audited) (RM'000)	Variance		CURRENT PERIOD ENDED 31/12/2023 (Unaudited) (RM'000)	FINANCIAL PERIOD ENDED 31/12/2022 ⁽¹⁾ (Audited) (RM'000)	Variance	
			RM'000	%			RM'000	%
Revenue :								
Transportation	8,852	29,649	(20,797)	(70)	42,967	88,772	(45,807)	(52)
Healthcare	787	1,080	(293)	(27)	3,082	4,840	(1,758)	(36)
Others	247	1,029	(782)	(76)	2,202	2,387	(183)	(8)
Total	9,886	31,758	(21,872)	(69)	48,251	95,999	(47,748)	(50)

Notes:

⁽¹⁾ Acquisition of EVD Engineering Sdn. Bhd. and its subsidiaries ("EVE Group") and EV-Dynamic Sdn. Bhd. ("EV-Dynamic") were completed on 27 April 2022. Therefore, the Company has included 5 months results of the EVE Group and EV-Dynamic into the Condensed Consolidated Statements of Profit and Loss for financial quarter and financial period ended 31 December 2022.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

PART B - EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE BURSA LISTING REQUIREMENTS FOR THE ACE MARKET (CONTINUED)

(1) REVIEW OF GROUP PERFORMANCE (CONTINUED)

In the current quarter, the Group registered revenue of RM9.89 million compared to RM31.76 million in the correspondence quarter, down by 68.87%. On year-on-year basis, the Group achieved revenue of RM48.25 million in the current financial period, decreased by 49.74% from RM96.00 million in the corresponding financial period end 31 December 2022.

The variance is explained as per below:

(i) Transportation

The Group's revenue mainly derived from the provision of transportation system solutions for the following: -

- (aa) System Solution for railways and urban transit; and
- (bb) Intelligent Transportation System solutions for roads and highways.

The revenue in the current quarter was mainly contributed by highway project namely WCE and KVMRT variation work order certified by main contractor.

(ii) Healthcare

Healthcare's revenue relates to the contract involved in the provision of services for hospital industries.

Revenue derived from healthcare decreased as the project was at the final defect liability stage and the revenue recognised for this quarter was for the balance of works performed.

(iii) Others

Others revenue was mainly relates to the service and maintenance engaged to the customers.

Decreased revenue in others was due to the completion of maintenance works in the current quarter under review.

Gross profit margin showed in adverse percentage mainly due to the additional project costs incurred and thus reduced its profit margin.

Other income consisted of interest income from the fixed deposit. The decrease was due to bargain purchase from the acquisition of a subsidiary of RM4.60 million recorded in the fourth quarter of 2022.

On operating expenses, overall expenses increased mainly due to the higher staff cost incurred in the current financial period as compared to the corresponding preceding financial period. This increase was due to the completion of railway KVMRT project staff costs reclassification to administration expenses.

As a result, the Group achieved a loss before tax of RM20.50 million in the current quarter versus profit before tax of RM5.50 million in the corresponding quarter. On year-to-date, the Group recorded loss before tax of RM20.47 million against profit before tax of RM10.33 million in the corresponding financial period.

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QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

PART B - EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE BURSA LISTING REQUIREMENTS FOR THE ACE MARKET (CONTINUED)

(2) COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

Description	CURRENT QUARTER ENDED 31/12/2023 (Unaudited) (RM'000)	PRECEDING QUARTER ENDED 30/09/2023 (Unaudited) (RM'000)	Variance	
			RM'000	%
Revenue	9,886	11,042	(1,156)	(10)
(Loss)/ Profit before tax	(20,496)	156	(20,652)	(13,328)

In the current quarter, revenue of the Group was registered at RM9.89 million with 10.47% decrease from immediate preceding quarter. The gross profit margin dropped as a result from the additional project costs incurred in the current quarter.

The reduction on the administration expenses is due to reversal of bonus provision which no longer required in the current quarter.

Provision for impairment losses on contract assets of RM13.62 million is recorded for this quarter.

With the above, the Group incurred loss before tax of RM20.50 million in the current quarter against profit before tax of RM0.16 million in the immediate preceding quarter.

(3) PROSPECTS

The infrastructure construction industry is set for a positive outlook in 2024, driven by on-going development projects, new mega projects with bullish government initiatives. The growth is expected to be higher at 7.2% in 2024 as compared to 6.5% in 2023.

The Group intends to leverage on the opportunities with the upcoming transportation projects announced and assumed the revival of the delayed projects in 2024. Meantime, the Group will capitalise on the existing completed railway and highway projects to secure the service and maintenance segment which have reached the scheduled maintenance timeline, with the aims to provide one stop service solutions and additional recurrent income to the Group.

Despite of the positive outlook, yet the Group remains conscious and adaptive to the external environment such as inflation, price rising of materials, upskilled labour and sub-contractors as well as the technology advancement towards projects awarded.

The Group aimed to be vigilant and conscious with efficient project management and effective internal control to ensure the sustainability of the operation within the Group.

(4) PROFIT FORECAST OR GUARANTEE

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement during the current financial quarter under review.

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PART B - EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE BURSA LISTING REQUIREMENTS FOR THE ACE MARKET (CONTINUED)

(5) (LOSS) / PROFIT BEFORE TAX

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/12/2023	QUARTER ENDED 31/12/2022	PERIOD ENDED 31/12/2023	PERIOD ENDED 31/12/2022
	RM'000	RM'000	RM'000	RM'000
After charging:				
Amortisation of intangible asset	-	4,103	-	4,103
Bargain purchase	-	(4,599)	-	(4,599)
Depreciation:-				
- equipment	214	566	1,023	741
- right-of-use assets	74	517	631	1,016
Equipment written off	-	107	-	250
Gain on lease modification	-	(7)	-	(7)
Impairment loss				
- contact assets	13,617	139	13,617	139
- trade receivables	-	211	-	211
Interest expense on lease liabilities	5	44	28	70
Interest expenses	47	540	853	915
Net unrealised loss / (gain) on foreign exchange	-	108	(187)	(75)
After crediting:				
Interest income	(490)	(141)	(604)	(294)
Reversal of impairment loss	-	(785)	-	(785)
After other comprehensive income:				
Foreign currency translation differences	(35)	502	(580)	685

(6) TAX EXPENSE

The breakdown of income tax expense are as follows: -.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/12/2023	QUARTER ENDED 31/12/2022	PERIOD ENDED 31/12/2023	PERIOD ENDED 31/12/2022
	RM'000	RM'000	RM'000	RM'000
Income tax expenses:				
- current financial year	(5)	1,432	628	2,856
- underprovision in the previous finance year	152	282	152	277
	147	1,714	780	3,133
Deferred tax expense:				
- Originating and recognition of temporary differences	-	(78)	(672)	(281)
- underprovision in the previous finance year	-	81	-	81
	147	1,717	108	2,933

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(7) STATUS OF CORPORATE PROPOSALS

On 27 March 2023, The Company has proposed a special issue of up to 132,323,000 new ordinary shares of the Company to Bumiputera investors to be identified or approved by the Ministry of International Trade and Industry (“Proposed special issue”). The applications had been submitted on 20 April 2023.

The Company had on 12 June 2023, 19 June 2023 and 27 June 2023 obtained approval via letter from Equity Compliance Unit of Securities Commission Malaysia, Bursa Malaysia Securities Berhad and Ministry of Investment, Trade and Industry respectively.

The Company had on 26 July 2023 obtained approval from shareholders through an Extraordinary General Meeting on the proposed special issue.

On 4 December 2023, the Company has submitted the applications to Bursa Malaysia Securities Berhad and Equity Compliance Unit of Securities Commission Malaysia to seek an extension of time of six months up to 19 June 2024 to implement the proposed special issue.

(8) BORROWINGS

The Group’s borrowings as at 31 December 2023 were as follows:-

	<u>Current liabilities</u> RM’000	<u>Non-Current liabilities</u> RM’000	<u>Total</u> RM’000
Secured			
Group borrowings:			
- Bankers’ acceptance	3,387	-	3,387
- Trust receipts	3,383	-	3,383
- Bank overdraft	180	-	180
- Hire purchase	174	90	264
Total	<u>7,124</u>	<u>90</u>	<u>7,214</u>

All the borrowings are secured and denominated in Ringgit Malaysia.

(9) MATERIAL LITIGATION

The material litigations as at the date of this report are as follow:

- a) Winding Up Petition served by Exypnos Engineering Sdn Bhd against EVD Engineering Sdn Bhd

On 19 October 2023, Exypnos Engineering Sdn Bhd (“Exypnos”) has filed the Winding Up Petition against EVD Engineering Sdn Bhd (“EVDE”).

The Winding up Petition was filed following the Statutory Notice of Demand and adjudication decisions pursuant to the Construction Industry Payment and Adjudication ACT 2012 (“CIPPA 2012”) dated 21 August 2023, 29 August 2023 and 5 September 2023 respectively.

The amount claimed is RM728,860.57 which includes adjudicated amount, interest, cost of representation and cost of adjudication proceedings.

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EVDE has engaged an Advocate and Solicitor to defend the case in the High Court by filing of the relevant Affidavits. An affidavit was filed and the court granted an extension of time for the winding up petition to 25 April 2024.

(9) MATERIAL LITIGATION (CONTINUED)

- b) Winding Up Petition served by Yee Cheng Construction Sdn Bhd against EVD Engineering Sdn Bhd

On 16 November 2023, Yee Cheng Construction Sdn Bhd (“Yee Cheng”) has filed the Winding Up Petition against EVD Engineering Sdn Bhd (“EVDE”).

The Winding up Petition was filed following the Statutory Notice of Demand and adjudication decisions pursuant to the Construction Industry Payment and Adjudication ACT 2012 (“CIPPA 2012”) dated 22 September 2023 and 2 October 2023 respectively.

The amount claimed is RM870,413.24 which includes adjudicated sum plus interest, cost of representation and cost of adjudication proceedings.

EVDE has engaged an Advocate and Solicitor to defend the case in the High Court by filing of the relevant Affidavits. Winding up petition is fixed for hearing on 26 February 2024.

- c) Civil Suit between EVD Engineering Sdn Bhd and North Line Eng (M) Sdn Bhd

On 29 November 2023, the sub-contractor, North Line Eng (M) Sdn Bhd (“North Line”) had filed a court action at Kuala Lumpur Session Court against EVD Engineering Sdn Bhd (“EVDE”), a wholly owned subsidiary of the Company.

North Line has filed Writ of Summons which require EVDE to file the Memorandum of Appearance within 14 days from the issued date of the Writ of Summons. However, it was not attended by the employee-in-charge. The Case Management was fixed on 2 January 2024 for e-Review and subsequently North Line has successfully obtained Judgement in Default of Appearance on the same day.

The amount of claim is RM600,291.85 inclusive of principal sum and interest.

EVDE has engaged an Advocate and Solicitor to defend the case in the appropriate Court and have filed Setting-Aside Application. Case management is set for hearing on 15 February 2024.

(10) PROPOSED DIVIDENDS

The board of Directors has not recommended any dividend for the current financial quarter under review.

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PART B - EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE BURSA LISTING REQUIREMENTS FOR THE ACE MARKET (CONTINUED)

(11) (LOSS) / EARNINGS PER SHARE

The basic and diluted earnings per share for the current financial quarter and year-to-date are computed as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	QUARTER ENDED 31/12/2023	QUARTER ENDED 31/12/2022	PERIOD ENDED 31/12/2023	PERIOD ENDED 31/12/2022
(a) Basic (loss) / earnings per share				
(Loss) / Profit after tax attributable to owners of the Company (RM'000)	(20,632)	3,816	(20,517)	7,454
Weighted average number of issued ordinary shares ('000)	412,469	406,374	410,033	247,706
Basic (loss) / earnings per share (sen)	(5.00)	0.94	(5.00)	3.01
(b) Diluted (loss) / earnings per share				
(Loss) / Profit after tax attributable to owners of the Company (RM'000)	(20,632)	3,816	(20,517)	7,454
Weighted average number of issued ordinary shares ('000)	412,469	406,374	410,033	247,706
Adjusted for redeemable convertible preference shares ('000)	2,474,632	2,478,297	2,477,064	1,667,746
Adjusted for warrant reserve ('000)	86,474	86,474	86,474	43,860
Adjusted weighted average shares ('000)	2,973,575	2,971,145	2,973,571	1,959,312
Diluted (loss) / earnings per share (sen)	(0.69)	0.13	(0.69)	0.38