



FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021**

FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021⁽¹⁾

| | Individual Quarter | | Cumulative Quarter | |
|--|-----------------------------------|--|-----------------------------------|--|
| | 3 months ended | | 9 months ended | |
| | Unaudited 30/09/2021 RM'000 | Unaudited 30/09/2020 ⁽²⁾ RM'000 | Unaudited 30/09/2021 RM'000 | Unaudited 30/09/2020 ⁽²⁾ RM'000 |
| Revenue | 22,781 | N/A | 75,121 | N/A |
| Cost of sales | (19,228) | N/A | (61,622) | N/A |
| Gross profit | 3,553 | N/A | 13,499 | N/A |
| Other income | 373 | N/A | 901 | N/A |
| Selling and distribution expenses | (255) | N/A | (879) | N/A |
| Administrative expenses ⁽³⁾ | (1,791) | N/A | (7,787) | N/A |
| Other expenses | (440) | N/A | (1,090) | N/A |
| Profit from operations | 1,440 | N/A | 4,644 | N/A |
| Finance costs | (17) | N/A | (84) | N/A |
| Profit before tax | 1,423 | N/A | 4,560 | N/A |
| Tax expense | (314) | N/A | (1,707) | N/A |
| Profit after tax | 1,109 | N/A | 2,853 | N/A |
| Other comprehensive income: - | | | | |
| <i>Item that will be reclassified subsequently to profit or loss</i> | | | | |
| Foreign currency translations differences | (51) | N/A | (79) | N/A |
| Total comprehensive income for the financial period | 1,058 | N/A | 2,774 | N/A |
| Profit attributable to: - | | | | |
| Owners of the Company | 955 | N/A | 2,624 | N/A |
| Non-controlling interest | 154 | N/A | 229 | N/A |
| | 1,109 | N/A | 2,853 | N/A |
| Total comprehensive income attributable to: - | | | | |
| Owners of the Company | 930 | N/A | 2,585 | N/A |
| Non-controlling interest | 128 | N/A | 189 | N/A |
| Total comprehensive income for the period | 1,058 | N/A | 2,774 | N/A |
| Earnings per share attributable to owners of the Company (sen): - | | | | |
| Basic ⁽⁴⁾ | 0.34 | N/A | 1.01 | N/A |
| Diluted ⁽⁵⁾ | 0.34 | N/A | 1.01 | N/A |

NOTES:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the audited financial statements of Flexidynamic Holdings Berhad (“**Flexidynamic**” or “the Company”) and its subsidiaries (“the Group”) for the financial year ended 31 December 2020, the Accountants’ Report as disclosed in the Prospectus dated 9 March 2021 (“Prospectus”) and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the fourth interim financial report on the Group’s unaudited condensed consolidated financial results for the third (3rd) quarter ended 30 September 2021 announced in compliance with the ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and as such, there are no comparative figures for the preceding quarter and preceding year’s corresponding period.

FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021⁽¹⁾ (Cont'd)

(3) Administration expenses included one-off listing expenses of RM 2.44 million. For illustration purpose only, the Company's normalised financial performance after adjusting for the one-off listing expenses is as follows:

| | Individual Quarter | | Cumulative Quarter | |
|----------------------------|-----------------------------------|--|-----------------------------------|--|
| | 3 months ended | | 9 months ended | |
| | Unaudited 30/09/2021 RM'000 | Unaudited 30/09/2020 ⁽²⁾ RM'000 | Unaudited 30/09/2021 RM'000 | Unaudited 30/09/2020 ⁽²⁾ RM'000 |
| Profit before tax | 1,423 | N/A | 4,560 | N/A |
| Add: Listing expenses | - | N/A | 2,440 | N/A |
| Adjusted profit before tax | <u>1,423</u> | <u>N/A</u> | <u>7,000</u> | <u>N/A</u> |

(4) Basic earnings per share is based on the Company's weighted average number of ordinary shares 283,891,200 for the current quarter and 259,640,914 for the current period-to-date.

(5) The diluted earnings per share of the Company for the current quarter is equivalent to the basic earnings per share as the Company does not have any convertible options as at the end of the reporting period.

N/A – Not applicable

FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2021⁽¹⁾

| | Unaudited As At 30/09/2021 RM'000 | Audited As At 31/12/2020 RM'000 |
|---|--|--|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 16,869 | 16,400 |
| Deferred tax assets | 4,268 | 2,164 |
| Other receivables | 136 | 181 |
| Total non-current assets | <u>21,273</u> | <u>18,745</u> |
| Current assets | | |
| Inventories | 9,210 | 6,117 |
| Trade receivables | 25,822 | 13,793 |
| Other receivables | 4,190 | 4,747 |
| Fixed deposits with a licensed financial institution | 3,039 | 3,000 |
| Cash and bank balances | 31,141 | 15,344 |
| Total current assets | <u>73,402</u> | <u>43,001</u> |
| TOTAL ASSETS | <u><u>94,675</u></u> | <u><u>61,746</u></u> |
| EQUITY AND LIABILITIES | | |
| EQUITY | | |
| Share capital | 35,354 | 20,866 |
| Merge deficit | (20,431) | (20,431) |
| Capital reserve | 631 | 631 |
| Foreign exchange reserve | (26) | 13 |
| Retained earnings | 25,931 | 23,307 |
| Equity attributable to owners of the Company | <u>41,459</u> | <u>24,386</u> |
| Non-controlling interest | <u>547</u> | <u>358</u> |
| TOTAL EQUITY | <u>42,006</u> | <u>24,744</u> |
| LIABILITIES | | |
| Non-current liabilities | | |
| Bank borrowings | 9,401 | 9,218 |
| Lease liabilities | 903 | 1,081 |
| Total non-current liabilities | <u>10,304</u> | <u>10,299</u> |
| Current Liabilities | | |
| Trade payables | 18,649 | 12,771 |
| Other payables and accruals | 989 | 1,342 |
| Contract liabilities | 19,421 | 10,087 |
| Bank borrowings | 984 | 918 |
| Lease liabilities | 389 | 370 |
| Tax payable | 1,933 | 1,215 |
| Total current liabilities | <u>42,365</u> | <u>26,703</u> |
| TOTAL LIABILITIES | <u>52,669</u> | <u>37,002</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>94,675</u></u> | <u><u>61,746</u></u> |
| Net assets per ordinary share (sen) ⁽²⁾ | 0.15 | 0.12 |

NOTES:

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020, the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.

(2) Net assets per ordinary share is calculated based on the number of ordinary shares in issue of 283,891,200 shares. (2020: 208,660,200).

FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021⁽¹⁾

| | ← Non Distributable | | | → Distributable | | Total RM'000 | Non- Controlling Interest RM'000 | Total Equity RM'000 |
|--|----------------------------|-----------------------------|------------------------------|--|--------------------------------|-----------------|---|---------------------------|
| | Share Capital RM'000 | Merger Deficit RM'000 | Capital Reserve RM'000 | Foreign Exchange Reserve RM'000 | Retained Earnings RM'000 | | | |
| Balance at 1 January 2021 | 20,866 | (20,431) | 631 | 13 | 23,307 | 24,386 | 358 | 24,744 |
| Transactions with owners: | | | | | | | | |
| Additional shares subscription | 15,046 | - | - | - | - | 15,046 | - | 15,046 |
| Share issuance expenses | (558) | - | - | - | - | (558) | - | (558) |
| Total transactions with owners | 14,488 | - | - | - | - | 14,488 | - | 14,488 |
| Profit after tax | - | - | - | - | 2,624 | 2,624 | 229 | 2,853 |
| Foreign currency translations differences | - | - | - | (39) | - | (39) | (40) | (79) |
| Total comprehensive (loss)/income for the period | - | - | - | (39) | 2,624 | 2,585 | 189 | 2,774 |
| Balance at 30 September 2021 (Unaudited) | 35,354 | (20,431) | 631 | (26) | 25,931 | 41,459 | 547 | 42,006 |

NOTES:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020, the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the fourth interim financial report on the Group's unaudited condensed consolidated financial results for the third (3rd) quarter ended 30 September 2021 announced in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding quarter's corresponding period.

FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021⁽¹⁾

| | 9 months ended Unaudited 30/09/2021 RM'000 | 9 months ended Unaudited 30/09/2020⁽²⁾ RM'000 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 4,560 | N/A |
| Adjustments for: - | | |
| Depreciation of property, plant and equipment | 695 | N/A |
| Interest expenses | 84 | N/A |
| Interest income | (108) | N/A |
| Property, plant and equipment written off | 11 | N/A |
| Unrealised gain on foreign exchange | (733) | N/A |
| | <hr/> | <hr/> |
| Operating profit before working capital changes | 4,509 | N/A |
| Increase in inventories | (3,093) | N/A |
| Increase in receivables | (11,368) | N/A |
| Increase in payables | 15,159 | N/A |
| | <hr/> | <hr/> |
| Cash generated from operations | 5,207 | N/A |
| Tax paid | (3,093) | N/A |
| Net cash from operating activities | <hr/> <u>2,114</u> | <hr/> <u>N/A</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (597) | N/A |
| Interests received | 98 | N/A |
| Net cash used in investing activities | <hr/> <u>(499)</u> | <hr/> <u>N/A</u> |

FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021⁽¹⁾ (Cont'd)

| | 9 months ended Unaudited 30/09/2021 RM'000 | 9 months ended Unaudited 30/09/2020⁽²⁾ RM'000 |
|---|---|---|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividends paid | (300) | N/A |
| Interests paid | (84) | N/A |
| Proceeds from issuance of ordinary shares | 15,046 | N/A |
| Share issuance expenses | (558) | N/A |
| Drawdown of bank borrowings | 2,134 | N/A |
| Repayments of bank borrowings | (2,340) | N/A |
| Repayments of lease liabilities | (297) | N/A |
| Net cash generated from financing activities | 13,601 | N/A |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 15,216 | N/A |
| CASH & CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD | 18,344 | N/A |
| EFFECT OF EXCHANGE RATES CHANGES | 620 | N/A |
| CASH & CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD | 34,180 | N/A |
| Represented by: - | | |
| CASH AND CASH EQUIVALENTS | | |
| Cash and bank balances | 31,141 | N/A |
| Fixed deposits with a licensed bank | 3,039 | N/A |
| | 34,180 | N/A |

NOTES:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020, the Accountants' Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the fourth interim financial report on the Group's unaudited condensed consolidated financial results for the third (3rd) quarter ended 30 September 2021 announced in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding quarter and preceding year's corresponding period.

N/A – Not applicable

FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021

PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A1. BASIS OF PREPARATION

The interim financial report of Flexidynamic Holdings Berhad (“Flexidynamic” or “the Company”) and its subsidiaries (“the Group”) are unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Boards and Paragraph 9.22 and Appendix 9B of the Listing Requirements.

This is the fourth interim financial report on the Group’s unaudited condensed consolidated financial results for the third (3rd) quarter ended 30 September 2021 announced in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year’s corresponding quarter.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020, the Accountants’ Report as disclosed in the Prospectus and the accompanying explanatory notes attached to this interim financial report.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and presentation adopted for the interim financial statements are consistent with those adopted as disclosed in the Group’s audited financial statements for the financial year ended 31 December 2020, except for the adoption of MFRS 7 Financial Instruments. The adoption of this standard did not have any material impact on the Group’s financial statements.

The new and amended standards and interpretations that are issued, but not yet effective for 31 December 2021 reporting period are as below and have not been early adopted by the Group.

| Standards | Effective for financial period beginning on or after |
|--|---|
| Amendments to MFRSs – Annual Improvements to MFRS Standards 2018 - 2020 | 1 January 2022 |
| Amendments to MFRS 3: Business Combinations – Reference to the Conceptual Framework | 1 January 2022 |
| Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use | 1 January 2022 |
| Amendments to MFRS 137: Provision, Contingent Liabilities and Contingent Assets – Onerous Contract – Cost of Fulfilling a Contract | 1 January 2022 |
| MFRS 17: Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 101: Presentation of Financial Statements – Classification of Liabilities as Current or Non-current | 1 January 2023 |
| Amendments to MFRS 101: Presentation of Financial Statements – Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates | 1 January 2023 |
| Amendments to MFRS 112: Deferred tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |

FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021

A2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The new and amended standards and interpretations that are issued, but not yet effective for 31 December 2021 reporting period are as below and have not been early adopted by the Group.

| Standards | Effective for financial period beginning on or after |
|---|---|
| Amendment to MFRS 10 and MFRS128: Sales or Contribution of Assets between an Investor and its Associate or Joint Venture* | Deferred to a date to be determined and announced |

* Not applicable to the Group's operation

The directors do not expect that the adoption of the standards and amendment listed above will have a material impact on the financial statements of the Group in the future periods.

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report for the preceding financial year ended 31 December 2020 was issued without any qualification.

A4. SEASONAL OR CYCLICAL FACTORS

The nature of the Group's business was not subject to any significant seasonal and cyclical factors during the current financial quarter and period-to-date under review.

A5. MATERIAL AND UNSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOW

There were no material and unusual items affecting assets, liabilities, equity, net income or cashflows during the financial quarter under review.

A6. MATERIAL SUBSEQUENT EVENT

No material subsequent event to the end of the current financial quarter under review.

A7. DEBT AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review.

A8. DIVIDEND PAID

No dividends were paid during the current financial quarter under review.

FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021**A9. SEGMENTAL INFORMATION**

The Group is principally engaged in the business of design, engineering, installation and commissioning of glove chlorination systems, as well as design and installation of storage tanks and process tanks for glove manufacturing industry.

For management purposes, majority of the Group's operations involves in a single operating segment, i.e. the glove manufacturing industry. Accordingly, the information by business segment is not presented.

The following table provides an analysis of the Group's revenue by geographical segment: -

| | Individual Quarter 3 months ended | | Cumulative Quarter 9 months ended | |
|-------------------------|--------------------------------------|--|--------------------------------------|-----------------------------------|
| | Unaudited 30/09/2021 RM'000 | Unaudited 30/09/2020 ⁽¹⁾ RM'000 | Unaudited 30/09/2021 RM'000 | Unaudited 30/09/2020 RM'000 |
| Local | 14,639 | N/A | 44,312 | N/A |
| Overseas ⁽²⁾ | 8,142 | N/A | 30,809 | N/A |
| | <u>22,781</u> | <u>N/A</u> | <u>75,121</u> | <u>N/A</u> |

Notes:

(1) This is the fourth interim financial report on the Group's unaudited condensed consolidated financial results for the third (3rd) quarter ended 30 September 2021 announced in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year's corresponding quarter.

(2) Includes Vietnam, Thailand and Sri Lanka.

N/A – Not applicable

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There has been no valuation made on any property, plant and equipment during the current financial quarter under review.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current financial quarter under review.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021

A12. CAPITAL COMMITMENTS

The capital commitment of the Group as at 30 September 2021 is as follow: -

| | Unaudited As At 30/09/2021 RM'000 | Unaudited As At 30/09/2020⁽¹⁾ RM'000 |
|---|--|--|
| Authorised and contracted for: - Property, plant and equipment | 456 | N/A |

Note:

(1) This is the fourth interim financial report on the Group's unaudited condensed consolidated financial results for the third (3rd) quarter ended 30 September 2021 announced in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year's corresponding quarter.

N/A – Not applicable

A13. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions during the current financial quarter under review.

FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021

PART B – EXPLANATORY NOTES PURSUANT TO CHARTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. PERFORMANCE REVIEW

(a) *Results for current quarter*

The Group recorded a revenue of RM22.78 million and profit before tax of RM1.42 million for the current financial quarter ended 30 September 2021. The Group had incurred listing expenses of approximately RM0.03 million for the current financial quarter.

The Group's revenue is mainly derived from the design, engineering, installation, and commissioning of glove chlorination system. The Group's revenue for the current quarter was derived locally and overseas, where is 58.99% and 41.01% of the Group's revenue in the current quarter.

(b) *Results for financial period-to-date*

The Group recorded a revenue of RM75.12 million and profit before tax of RM4.56 million for the current financial period ended 30 September 2021.

This is the fourth interim financial report on the Company's unaudited condensed consolidated financial results for the current financial quarter ended 30 September 2021 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding quarter.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER RESULTS

| | Individual Quarter | | Change | |
|---------------------------|-----------------------------------|----------------------------------|---------|---------|
| | 3 months ended | | | |
| | Unaudited 30/09/2021 RM'000 | Unaudited 30/6/2021 RM'000 | RM'000 | % |
| Revenue | 22,781 | 27,522 | (4,741) | (17.23) |
| Profit before tax | 1,423 | 2,715 | (1,292) | (47.59) |
| Profit after tax | 1,109 | 2,013 | (904) | (44.91) |
| Profit attributable to: - | | | | |
| Owners of the Company | 955 | 2,051 | (1,096) | (53.44) |

The Group's revenue for the current financial quarter ended 30 September 2021 decreased by approximately RM4.74 million or 17.23% to approximately RM22.78 million compared to RM27.52 million in the preceding financial quarter ended 30 June 2021. The decreased in revenue was mainly due to implementation of the enhanced movement control order ("EMCO") caused by the outbreak of COVID-19 had resulted in delayed in our scheduled deliveries of products.

The Group's profit before tax for the current financial quarter ended 30 September 2021 decreased by approximately RM1.29 million from a profit before tax of RM2.72 million in the preceding financial quarter ended 30 June 2021 to a profit before tax of RM1.42 million. The decreased in profit before tax was mainly due to increase of pricing of material and tool and accessories.

FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021

B3. PROSPECT AND OUTLOOK FOR THE CURRENT FINANCIAL YEAR

With the availability of vaccines for the Covid-19 virus, the usage of rubber gloves among healthcare professionals may gradually decrease from levels recorded in 2020 and 2021 at the peak of the pandemic. Nevertheless, the demand for rubber gloves are expected to remain high which is premised on the continuous usage of medical gloves among healthcare professionals worldwide during mass vaccination, especially in the near term as countries have made arrangements to procure Covid-19 vaccines and in the longer term, it will be continuously driven by heightened awareness of the usage of rubber gloves as a protection against virus and diseases due to the Covid-19 pandemic as well as the increase in demand for healthcare services due to various factors including growing accessibility to healthcare services, rising population and growing ageing population, and rising prevalence of chronic and other contagious diseases. With this anticipated growth in global demand, there will be continuous establishment of new and/or expansion and/or upgrading of glove manufacturing facilities, which creates demand for glove chlorination systems.

As such, the prospects for glove chlorination manufacturers, including our Group, remain positive in tandem with the growth in the glove manufacturing industry as a result of continuous growth in global demand for rubber gloves.

In line with our business expansion plan,

- (a) We have acquired 2 new factories and we intend to purchase additional machinery to enhance our manufacturing capability by undertaking the manufacturing of long and cylindrical products in house after the new factories are handed over by the developer.
- (b) We had hired 2 sales engineers to carry out sales and marketing activities to continue expanding our customer base within the glove manufacturing and glove related industries.

B4. VARIANCE FROM PROFIT FORECAST

The Group did not publish any profit forecast for the current quarter under review in any public documents.

FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021**B5. TAX EXPENSE**

| | Individual Quarter 3 months ended | | Cumulative Quarter 9 months ended | |
|--------------------|--------------------------------------|--|--------------------------------------|--|
| | Unaudited 30/09/2021 | Unaudited 30/09/2020 ⁽¹⁾ | Unaudited 30/09/2021 | Unaudited 30/09/2020 ⁽¹⁾ |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Income tax | 827 | N/A | 3,811 | N/A |
| Deferred tax | (513) | N/A | (2,104) | N/A |
| | <u>314</u> | <u>N/A</u> | <u>1,707</u> | <u>N/A</u> |
| Effective tax rate | 22.07% ⁽²⁾ | N/A | 37.43% ⁽³⁾ | N/A |

Notes:

- (1) This is the fourth interim financial report on the Group's unaudited condensed consolidated financial results for the third (3rd) quarter ended 30 September 2021 announced in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year's corresponding quarter.
- (2) The Group's effective tax rate is lower than statutory tax rate for the current financial quarter ended 30 September 2021 due to under-provision of income tax and under recognised of deferred tax in the prior financial year.
- (3) The Group's effective tax rate is higher than statutory tax rate for the current financial period ended 30 September 2021 due to the incurrance of certain expenses that are not deductible for tax reporting purpose, which include one-off listing expenses and depreciation.
- (4) Tax expense is recognised based on management's best estimate.

*N/A – Not applicable***B6. STATUS OF CORPORATE PROPOSAL**

There were no other corporate proposals announced as at the date of this report except the corporate proposal as stated below.

Proposed employees' share option scheme ("ESOS")

On 14 September 2021, the Company announced proposed establishment of an ESOS of up to 25% of the total number of issued shares of Flexidynamic at any point in time during the duration of the Proposed ESOS ("Proposed ESOS").

The Proposed ESOS was approved by the shareholders of the Company at an Extraordinary General Meeting held on 29 October 2021.

FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021**B7. UTILISATION OF PROCEEDS RAISED FROM THE INITIAL PUBLIC OFFERING (“IPO”)**

The gross proceeds from the IPO amounting to RM15.05 million is intended to be utilised in the following manner:

| Detail of Utilisation of Proceeds | Proposed Utilisation RM'000 | Actual Utilisation RM'000 | Balance to be Utilised RM'000 | Estimate Timeframe for Utilisation Upon Listing⁽²⁾ |
|--|--|--------------------------------------|--|--|
| (1) Repayment of bank borrowings drawn to fund the acquisition of new factories ⁽¹⁾ | 6,380 | - | 6,380 | Within 18 months |
| (2) Renovation of new factories ⁽¹⁾ | 420 | - | 420 | Within 18 months |
| (3) Acquisition of machinery and equipment ⁽¹⁾ | 1,630 | - | 1,630 | Within 18 months |
| (4) Working capital | 3,616 | 900 | 2,716 | Within 24 months |
| (5) Estimated listing expenses | 3,000 | 3,000 | - | Within 1 month |
| | 15,046 | 3,900 | 11,146 | |

Note:

- (1) On 23 August 2021, the Company had announced that the Board has resolved to extend the timeframe for the utilisation of the proceeds raised from its IPO exercise in conjunction with the listing of the Company on the ACE Market of Bursa Malaysia Securities Berhad on 30 March 2021. The Board has resolved to extend the timeframe for the utilisation of IPO proceeds earmarked for the repayment of bank borrowings drawn to fund the acquisition of new factories, renovation of new factories and acquisition of machinery and equipment from within 12 months to within 18 months.
- (2) The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 9 March 2021 and the announcement for the extension for timeframe for the utilisation of IPO proceeds dated 23 August 2021.

B8. BORROWINGS

| | Unaudited As At 30/09/2021 RM'000 | Unaudited As At 30/09/2020⁽¹⁾ RM'000 |
|-------------------------|--|--|
| Current: | | |
| Bank borrowings | 984 | N/A |
| Lease liabilities | 389 | N/A |
| | 1,373 | N/A |
| Non-current: | | |
| Bank borrowings | 9,401 | N/A |
| Lease liabilities | 903 | N/A |
| | 10,304 | N/A |
| Total borrowings | 11,677 | N/A |

Note:

- (1) This is the fourth interim financial report on the Group's unaudited condensed consolidated financial results for the third (3rd) quarter ended 30 September 2021 announced in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year's corresponding quarter.

N/A – Not applicable

FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021**B9. MATERIAL LITIGATION**

The Group is not engaged in any material litigation either as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

B10. PROPOSED DIVIDEND

No dividend has been declared or proposed during the current financial quarter under review and for the financial period-to-date.

B11. EARNINGS PER SHARE

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

| | Individual Quarter | | Cumulative Quarter | |
|---|-------------------------|--|-------------------------|-------------------------|
| | 3 months ended | | 9 months ended | |
| | Unaudited 30/09/2021 | Unaudited 30/09/2020 ⁽¹⁾ | Unaudited 30/09/2021 | Unaudited 30/09/2020 |
| Profit after tax attributable to owners of the Company (RM'000) | 955 | N/A | 2,624 | N/A |
| Weighted average number of ordinary shares in issue ('000) | 283,891 | N/A | 259,641 | N/A |
| Basic earnings per share (sen) | 0.34 | N/A | 1.01 | N/A |
| Diluted earnings per share (sen) ⁽²⁾ | 0.34 | N/A | 1.01 | N/A |

Notes:

- (1) This is the fourth interim financial report on the Group's unaudited condensed consolidated financial results for the third (3rd) quarter ended 30 September 2021 announced in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year's corresponding quarter.
- (2) The diluted earnings per share of the Company is equivalent to the basic earnings per share as the Company does not have convertible options at the end of the reporting period.

N/A- Not applicable

FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE THIRD (3RD) QUARTER ENDED 30 SEPTEMBER 2021**B12. PROFIT BEFORE TAX**

| | Individual Quarter | | Cumulative Quarter | |
|---|-----------------------------------|--|-----------------------------------|--|
| | 3 months ended | | 9 months ended | |
| | Unaudited 30/09/2021 RM'000 | Unaudited 30/09/2020 ⁽¹⁾ RM'000 | Unaudited 30/09/2021 RM'000 | Unaudited 30/09/2020 ⁽¹⁾ RM'000 |
| Profit before tax is arrived at after charging/(crediting): - | | | | |
| Depreciation of property, plant and equipment | 235 | N/A | 695 | N/A |
| Interest expenses | 17 | N/A | 84 | N/A |
| Property, plant and equipment written off | 7 | N/A | 11 | N/A |
| Realised loss on foreign exchange | 174 | N/A | 412 | N/A |
| Unrealised gain on foreign exchange | (297) | N/A | (733) | N/A |
| Interest income | (81) | N/A | (108) | N/A |

Note:

(1) This is the fourth interim financial report on the Group's unaudited condensed consolidated financial results for the third (3rd) quarter ended 30 September 2021 announced in compliance with the Listing Requirements of Bursa Securities and as such, there are no comparative figures for the preceding year's corresponding quarter.

N/A- Not applicable

By Order of the Board

Flexidynamic Holdings Berhad

Dated: 22 November 2021