



ECOMATE HOLDINGS BERHAD

(Registration No. 202001036445 (1392766-X))

**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THIRD (3RD) QUARTER
ENDED 30 NOVEMBER 2021**

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾

	Individual Quarter		Cumulative Quarter	
	(Unaudited) Current Year Quarter 30/11/2021 RM'000	(Unaudited) Preceding Year Corresponding Quarter 30/11/2020 ⁽²⁾ RM'000	(Unaudited) Current Year To Date 30/11/2021 RM'000	(Unaudited) Preceding Year To Date 30/11/2020 ⁽²⁾ RM'000
Revenue	15,675	N/A	40,924	N/A
Operating Expenses	(12,772)	N/A	(36,905)	N/A
Other Income	153	N/A	666	N/A
Finance Costs	(113)	N/A	(402)	N/A
Profit Before Tax	2,943	N/A	4,283	N/A
Taxation	(319)	N/A	(1,069)	N/A
Total comprehensive income	2,624	N/A	3,214	N/A
Profit After Tax Attributable To:				
Owners of the Company	2,624	N/A	3,214	N/A
Total Comprehensive Income Attributable To:				
Owners of the Company	2,624	N/A	3,214	N/A
Attributable to Equity Holders of the Company:				
Basic earnings per share (sen) ⁽³⁾	0.75	N/A	0.92	N/A
Diluted earnings per share (sen) ⁽⁴⁾	0.75	N/A	0.92	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 accompanying explanatory notes attached to this interim financial report.
- (2) This is the second interim financial report on the Company's unaudited condensed consolidated financial results for the third (3rd) quarter ended 30 November 2021 announced in compliance with the Listing requirements and as such, there are no comparative figures for the preceding year's corresponding quarter.
- (3) Basic earnings per share is calculated based on the Company's weighted average number of ordinary shares as at 30 November 2021.
- (4) 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

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2021**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾**

	Note	Unaudited As at 30/11/2021 RM'000	Audited As at 28/02/2021 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		7,923	4,856
Prepaid lease payments		6,900	6,900
Right-of-use assets		3,118	4,406
		<u>17,941</u>	<u>16,162</u>
Current Assets			
Inventories		11,293	10,161
Trade receivables		5,295	2,584
Other receivables, deposits and prepayments		2,474	1,519
Fixed deposits with a licensed bank		3,116	1,091
Cash and bank balances		16,895	7,322
		<u>39,073</u>	<u>22,677</u>
TOTAL ASSETS		<u>57,014</u>	<u>38,839</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		22,730	3,926
Merger reserve		(3,449)	-
Retained profits		11,277	8,063
TOTAL EQUITY		<u>30,558</u>	<u>11,989</u>
Non-Current Liabilities			
Bank borrowings	B8	7,169	7,517
Lease liabilities	B8	1,056	2,242
Deferred tax liabilities		710	517
		<u>8,935</u>	<u>10,276</u>
Current Liabilities			
Trade payables		6,250	5,652
Other payables and accruals		6,883	4,887
Amount owing to directors		-	48
Bank borrowings	B8	3,123	4,483
Lease liabilities	B8	1,160	1,254
Derivative liabilities		76	11
Current tax liabilities		29	239
		<u>17,521</u>	<u>16,574</u>
TOTAL LIABILITIES		<u>26,456</u>	<u>26,850</u>
TOTAL EQUITY AND LIABILITIES		<u>57,014</u>	<u>38,839</u>
NET ASSETS PER ORDINARY SHARE (RM) ⁽²⁾		<u>0.09</u>	<u>5.99</u>

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 accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per ordinary share is calculated based on the Company's number of ordinary shares at the end of the reporting year (2022 : 350,000,000 shares; 2021 : 2,000,000 shares)

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY ⁽¹⁾

	<u>Non-distributable</u>		<u>Distributable</u>	<u>Total Equity</u> RM'000
	<u>Share Capital</u>	<u>Merger Reserve</u>	<u>Retained Profits</u>	
	RM'000	RM'000	RM'000	
<u>9 months ended 30 November 2021</u>				
As at 1 March 2021 (Audited)	3,926	-	8,063	11,989
Contributions by and distributions to owners of the Group				
- Issuance of shares	23,545	(7,375)	-	16,170
- Adjustment on acquisition of Ecomate	(3,926)	3,926	-	-
- Listing expenses	(815)	-	-	(815)
Total transactions with owners	18,804	(3,449)	-	15,355
Total comprehensive income for the period	-	-	3,214	3,214
As at 30 November 2021 (Unaudited)	22,730	(3,449)	11,277	30,558

Note:

- (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 accompanying explanatory notes attached to this interim financial report.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2021

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾

	Unaudited Current Year 9 Months Ended 30/11/2021 RM'000	Unaudited Preceding Corresponding 9 Months Ended 30/11/2021 RM'000
Cash Flow From Operating Activities		
Profit before tax	4,283	N/A
Adjustments for:		
Depreciation of property, plant and equipment	525	N/A
Depreciation of right-of-use assets	699	N/A
Loss on fair value derivative	65	N/A
Unrealised gain on foreign exchange	(53)	N/A
Interests on lease liabilities	112	N/A
Interest expenses	290	N/A
Interest income	(39)	N/A
Operating profit before working capital changes	5,882	N/A
Changes in working capital		
Inventories	(1,132)	N/A
Trade receivables	(2,711)	N/A
Other receivables, deposits and prepayments	(955)	N/A
Trade payables	598	N/A
Other payables and accruals	1,996	N/A
Amount due to directors	(48)	N/A
Cash From Operations	3,630	N/A
Interest paid	(402)	N/A
Interest received	39	N/A
Tax paid	(1,086)	N/A
Net Cash From Operating Activities	2,181	N/A
Cash Flows For Investing Activities		
Purchase of property, plant and equipment	(2,505)	N/A
Net Cash For Investing Activities	(2,505)	N/A
Cash Flows From Financing Activities		
Proceeds from issuance of ordinary shares	16,170	N/A
Payment of share issue expenses	(815)	N/A
Net increase in fixed deposits pledged	(2,025)	N/A
Net movement in bankers' acceptances	(1,173)	N/A
Net movement in lease liabilities	(1,778)	N/A
Repayment of term loans	(535)	N/A
Net Cash Flows From Financing Activities	9,844	N/A
Net Changes In Cash and Cash Equivalents	9,520	N/A
Effect of exchange differences	53	N/A
Cash and Cash Equivalents at Beginning of the Financial Period	7,322	N/A
Cash and Cash Equivalents at End of the Financial Period	16,895	N/A

Note:

- (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 accompanying explanatory notes attached to this interim financial report.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
PART A – EXPLANATORY NOTES PURSUANT TO THE MALAYSIA FINANCIAL REPORTING STANDARDS
("MFRS") 134: INTERIM FINANCIAL REPORTING**

1. Basis of Preparation

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

This is the second interim financial report on the Company's unaudited condensed consolidated financial results for the third (3rd) quarter ended 30 November 2021 announced in compliance with the listing Requirements 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 Accountant's Report as disclosed in the Prospectus dated 15 October 2021 and the accompanying explanatory note attached to this interim financial report.

2. Significant Accounting Policies

The significant accounting policies and presentation adopted for the interim financial statements are consistent with those adopted as disclosed in the Accountant's Report in the Prospectus dated 15 October 2021, except for the adoption of the following new amendments to MFRSs:

MFRS and / or IC Interpretations (Including The Consequential Amendments)
Amendments to MFRS 3: Definition of a Business
Amendments to MFRS 4: Extension of the Temporary Exemption from Applying MFRS 9
Amendments to MFRS 9, MFRS139 and MFRS 7: Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108: Definition of Material
Amendments to References to the Conceptual Framework in MFRS Standards

The Group has not applied in advanced any accounting standards and / or interpretations (including the consequential amendments. If any) that have been issued by the MASB but are yet effective for the financial year ended 28 February 2021.

3. Auditors' Report on Preceding Annual Financial Statements

There was no qualified report issued by the auditors in the financial statements of the Group for the financial year ended 28 February 2021.

4. Seasonality or Cyclicity of Operations

There were no material seasonal or cyclical factors affecting the business operations of the Group in the current quarter.

5. Exceptional Items

There were no material exceptional items during the current financial quarter under review.

6. Material Changes in Estimates

There were no material changes in estimates amount that had a material effect for the current financial period under review.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2021

7. Debt and Equity Securities

The company issued 49,000,000 new ordinary shares at an IPO price of RM0.33 per ordinary share pursuant to the IPO exercise on 8 November 2021. The listing and quotation for the Company's entire enlarged issued and paid-up share capital of approximately RM23,544,502 comprising 350,000,000 ordinary shares in the Company on the ACE Market of Bursa Malaysia Securities Berhad was completed on the same day.

Save as disclosed above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review.

8. Dividend Paid

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

9. Segment Information

The Group is principally engaged in manufacturing of furniture and furniture parts.

No products and services segment information is presented as the Group's revenue and profit or loss are mainly confined to a single operating segment, namely furniture manufacturing.

Segment assets is not presented, as all non-current assets are located in Malaysia.

Segment revenue is presented based on the geographical location of the customers.

	Individual Quarter		Cumulative Quarter	
	Unaudited 30/11/2021 RM'000	Unaudited 30/11/2020 ⁽¹⁾ RM'000	Unaudited 30/11/2021 RM'000	Unaudited 30/11/2020 ⁽¹⁾ RM'000
Malaysia	6,812	N/A	15,430	N/A
Asia (excluding Malaysia)	3,577	N/A	10,378	N/A
North America	1,231	N/A	5,546	N/A
Europe	1,277	N/A	4,388	N/A
Australasia	2,496	N/A	4,900	N/A
Africa	282	N/A	282	N/A
Total	15,675	N/A	40,924	N/A

Note:

(1) This is the second interim financial report on the Company's unaudited condensed consolidated financial results for the third (3rd) quarter ended 30 November 2021 announced in compliance with the Listing requirements and as such, there are no comparative figures for the preceding year's corresponding quarter.

N/A – Not applicable

10. Valuation of Property, Plant and Equipment

There was no valuation of property, plant and equipment in the current financial quarter under review.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2021

11. Capital Commitments

The material capital commitments of the Group as at 30 November 2021 are as follow:

	RM'000
Leasehold vacant industrial land	1,725
Additions of Property, Plant and Equipment	1,605

12. Material Subsequent Event

There were no material events subsequent to the end of the current financial period that have not been reflected in the interim financial reports for the said period as at the date of this report.

13. Changes in the Composition of the Group

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

14. Contingent Liabilities

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

15. Significant Related Party Transactions

	Individual Quarter		Cumulative Quarter	
	Unaudited 30/11/2021 RM'000	Unaudited 30/11/2020 ⁽¹⁾ RM'000	Unaudited 30/11/2021 RM'000	Unaudited 30/11/2020 ⁽¹⁾ RM'000
Purchases	100	N/A	188	N/A
Fire protection maintenance expense	14	N/A	17	N/A

Note:

(1) This is the second interim financial report on the Company's unaudited condensed consolidated financial results for the third (3rd) quarter ended 30 November 2021 announced in compliance with the Listing requirements and as such, there are no comparative figures for the preceding year's corresponding quarter.

N/A – Not applicable

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2021

B. EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. Review of Performance

(a) Results for current quarter

The Group recorded a revenue of RM15.7 million and profit before tax of RM2.9 million for the current financial quarter ended 30 November 2021. The Group had incurred listing expenses of approximate RM0.27 million for the current financial quarter.

The Group's revenue was mainly derived from manufacture and sale of furniture and furniture parts. Malaysia was the largest regional market, which contributed approximately 43.46% to the Group's revenue in the current financial period.

(b) Results for financial year-to-date

The Group recorded a revenue of RM40.9 million and profit before tax of RM4.3 million for the nine months ended 30 November 2021.

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

2. Comparison with Immediate Preceding Quarter's Results

The Group's performance for the third quarter ended 30 November 2021 (Q3FY2022) are tabled below:

Description	Q3FY2022 RM'000	Q2FY2022 RM'000	Variance %
Revenue	15,675	6,454	142.87
Profit/(Loss) before tax ("PBT"/ "LBT")	2,943	(1,808)	262.78

The Group's revenue for the current financial quarter ended 30 November 2021 increased by approximately RM9.22 million or 142.87% to approximately RM15.68 million compared to RM6.45 million in the preceding financial quarter ended 31 August 2021. The revenue growth was mainly due to the higher sales demand from customers located in Malaysia.

The Group's PBT for the current financial quarter ended 30 November 2021 increased by approximately RM4.75 million or 262.78% from loss of RM1.81 million in the preceding financial quarter ended 31 August 2021 to RM2.94 million. The improvement in profit before tax was mainly due to higher revenue contribution in the current financial quarter under review.

The higher revenue and PBT for the current quarter under review as compared with the preceding quarter was mainly due to the preceding quarter that the Group's production of furniture affected by the temporary suspension of manufacturing operations in the whole of Q2FY2022 in order to comply with government directives to mitigate the spread of COVID-19.

3. Prospects and Outlook for the Current Financial Year

The Group is principally involved in the design, manufacture and sale of home furniture products, where it operates in 4 principal geographical areas (i.e. Asia, North America, Australasia and Europe). The furniture industries where the Group operates in, are highly sensitive to macroeconomic factors particularly the general economy and uncertainties surrounding the future economic prospects of the countries it exports to.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2021

The Government's implementation of the MCO 3.0 in June 2021 to contain the spread of COVID-19 causing most business and social activities to be severely disrupted with major macro-economic impacts. Due to this nationwide lockdown measure, the Group temporarily suspended production from 1 June 2021 as the Ministry of International Trade and Industry of Malaysia categorised the furniture manufacturing sector as a non-essential sector. The Group resumed production in mid of September 2021 following the completion of 14 days after the second dose COVID-19 vaccination for the workers.

In addition, the Board will continue to monitor the status and progress of COVID-19 and will regularly review the performance and progress of the Group's operations and financial performance as well as introduce measures to minimise its operating costs, if required. The Board expects that the Group's prospects for the financial year ending 28 February 2022 to be challenging.

4. Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast or profit guarantee in the current financial quarter under review.

5. Tax Expense

	Individual Quarter		Cumulative Quarter	
	Unaudited 30/11/2021 RM'000	Unaudited 30/11/2020 ⁽¹⁾ RM'000	Unaudited 30/11/2021 RM'000	Unaudited 30/11/2020 ⁽¹⁾ RM'000
Current tax expense	319	N/A	876	N/A
Deferred tax expense	-	N/A	193	N/A
	<u>319</u>	<u>N/A</u>	<u>1,069</u>	<u>N/A</u>

Note:

(1) This is the second interim financial report on the Company's unaudited condensed consolidated financial results for the third (3rd) quarter ended 30 November 2021 announced in compliance with the Listing requirements and as such, there are no comparative figures for the preceding year's corresponding quarter.

N/A – Not applicable

6. Status of Corporate Proposals

There were no corporate proposals announced which remain uncompleted during the quarter under review as at the date of this report.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2021

7. Utilisation of Proceeds Raised from the IPO

The gross proceeds from the IPO amounting to RM16.2 million is intended to be utilised in the following manner:

Details of Use of Proceeds	Proposed	Actual	Deviation	Balance	Estimated Timeframe for Utilisation Upon Listing⁽¹⁾
	Utilisation	Utilisation			
	RM'000	RM'000	RM'000	RM'000	
Machinery and equipment	6,000	(3,319)	-	2,681	Within 12 months
Factory and hostel construction	2,000	-	-	2,000	Within 24 months
Purchase of raw material	5,270	(403)	-	4,867	Within 6 months
Estimated listing expenses	2,900	(2,900)	-	-	Immediate
	16,170	(6,622)	-	9,548	

Note:

(1) From the date of listing of the Company on the ACE Market of Bursa Securities on 8 November 2021.

8. Group's Borrowings and Debt Securities

	Unaudited As At 30/11/2021 RM'000	Audited As At 28/02/2021 RM'000
Non-current		
Lease liabilities	1,056	2,242
Term loans	7,169	7,517
	8,225	9,759
Current		
Bankers' acceptances	2,663	4,038
Lease liabilities	1,160	1,254
Term loans	460	445
	4,283	5,737
Total borrowings	12,508	15,496

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2021

9. Financial Instruments - Derivatives

The Group uses derivative financial instruments, mainly foreign currency option forward contracts to hedge its exposure to fluctuations in foreign exchange arising from sales. The Group does not hold or issue derivative financial instruments for trading purposes.

	(Unaudited) As at 30/11/2021		(Unaudited) As at 30/11/2020 ⁽¹⁾	
	Contract/ Notional Amount RM'000	Fair Value - Net Loss Amount RM'000	Contract/ Notional Amount RM'000	Fair Value - Net Loss Amount RM'000
Forward currency contracts				
Less than one year	9,999	76	N/A	N/A

Note:

(1) This is the second interim financial report on the Company's unaudited condensed consolidated financial results for the third (3rd) quarter ended 30 November 2021 announced in compliance with the Listing requirements and as such, there are no comparative figures for the preceding year's corresponding quarter.

N/A – Not applicable

10. Material Litigation

There were no material litigation involving the Group as at 30 November 2021.

11. Earnings Per Share

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

		Unaudited Current Quarter 30/11/2021 RM'000	Unaudited Current Year To Date 30/11/2021 RM'000
Profit after tax attributable to			
owners of the Company	(RM)	2,624	3,214
Number of ordinary shares ('000)	(shares)	350,000	350,000
Basic earnings per share ⁽¹⁾	(sen)	0.75	0.92
Diluted earnings per share ⁽²⁾	(sen)	0.75	0.92

Notes:

(1) Basic earnings per share is calculated based on the Company's share capital of 350,000,000 ordinary shares as at 30 November 2021.

(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.

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2021

12. Notes to the Statement of Comprehensive Income:

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

	Unaudited Current Quarter 30/11/2021 RM'000	Unaudited Current Year To Date 30/11/2021 RM'000
Depreciation		
- property, plant and equipment	222	525
- right-of-use assets	194	699
Short term leases	23	79
Interest expenses	113	402
Loss on fair value derivative	58	65
Interest income	(24)	(39)
Unrealised loss/(gain) on foreign exchange	1	(53)
	<hr/>	<hr/>

13. Proposed Dividends

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

BY ORDER OF THE BOARD

ECOMATE HOLDINGS BERHAD

10th January 2022

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