

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE 2022<sup>(1)</sup>**

	Note	Individual quarter		Cumulative quarter	
		Current year quarter 30.06.2022 RM'000	Preceding year corresponding quarter 30.06.2021 <sup>(2)</sup> RM'000	Current year-to-date 30.06.2022 RM'000	Preceding year corresponding year-to-date 30.06.2021 <sup>(2)</sup> RM'000
<b>Revenue</b>	A9	20,899	N/A	38,796	N/A
Cost of sales		(10,669)	N/A	(19,163)	N/A
<b>Gross profit</b>		10,230	N/A	19,633	N/A
Other income	B5	2,006	N/A	4,161	N/A
Administration expenses		(4,815)	N/A	(6,933)	N/A
<b>Operating profit</b>		7,421	N/A	16,861	N/A
Finance costs		(526)	N/A	(935)	N/A
<b>Profit before tax ("PBT")<sup>(3)</sup></b>	B15	6,895	N/A	15,926	N/A
Tax expense	B6	(382)	N/A	(739)	N/A
<b>Profit for the financial period</b>		6,513	N/A	15,187	N/A
Other comprehensive income, net of tax		-	N/A	-	N/A
<b>Total comprehensive income for the financial period</b>		6,513	N/A	15,187	N/A
<b>Profit attributable to:</b>					
Owners of the parent		6,513	N/A	15,187	N/A
Non-controlling interests		-	N/A	-	N/A
		6,513	N/A	15,187	N/A
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		6,513	N/A	15,187	N/A
Non-controlling interests		-	N/A	-	N/A
		6,513	N/A	15,187	N/A
<b>Earnings per ordinary share attributable to owners of the Company:</b>					
Basic earnings per share (sen) <sup>(4)</sup>	B14	0.81	N/A	1.90	N/A
Diluted earnings per share (sen) <sup>(4)</sup>	B14	0.81	N/A	1.90	N/A

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

**Notes:**

N/A – Not applicable

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Accountants' Report dated 29 April 2022 included in the prospectus of SFP Tech Holdings Berhad (“**SFP Tech**” or “**Company**”) dated 26 May 2022 (“**Prospectus**”) and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the second interim financial report on the Company’s unaudited condensed financial results for the second (2<sup>nd</sup>) quarter ended 30 June 2022 announced in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”). There are no comparative figures for the preceding corresponding quarter and year-to-date as the Company was listed on the ACE Market of Bursa Securities on 20 June 2022 and as such no interim financial report was prepared for the comparative financial period concerned.
- (3) Administrative expenses for the current year quarter includes one-off non-recurring listing expenses of RM2.29 million. Other income for the cumulative year-to-date includes one-off non-recurring bargain purchase arising from the acquisition of EEASB using the acquisition method of accounting of RM1.61 million. For illustration purposes only, the Group’s normalised financial performance after adjusting for the one-off non-recurring listing expenses and one-off non-recurring bargain purchase is as follows:

	Individual quarter		Cumulative quarter	
	Current year quarter RM'000	Preceding year Corresponding quarter RM'000	Current year-to-date RM'000	Preceding year Corresponding Year-to-date RM'000
PBT	6,895	N/A	15,926	N/A
Less: Purchase Bargain	-	N/A	(1,606)	N/A
Add: Listing expenses	2,293	N/A	2,293	N/A
<b>Adjusted PBT</b>	<b>9,188</b>	<b>N/A</b>	<b>16,613</b>	<b>N/A</b>

- (4) Basic earnings per share (“**EPS**”) and diluted EPS is calculated based on the profits attributable to owners of the Company divided by 800,000,000 ordinary shares in SFP Tech (“**Share(s)**”) in issue as at 30 June 2022. There are no dilutive instruments as at the end of the financial period.

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022<sup>(1)</sup>**

	Note	Unaudited As at 30.06.2022 RM'000	Audited As at 31.12.2021 RM'000
<b>Non-current asset</b>			
Property, plant and equipment		100,888	81,801
Deferred tax asset		16	-
Intangible asset		2,826	3,339
<b>Total non-current assets</b>		<b>103,730</b>	<b>85,140</b>
<b>Current assets</b>			
Inventories		5,730	3,776
Trade receivables		19,503	11,994
Other receivables, deposits and prepayments		10,425	6,576
Tax recoverable		159	-
Cash and cash equivalents		93,072	25,464
<b>Total current assets</b>		<b>128,889</b>	<b>47,810</b>
<b>Total assets</b>		<b>232,619</b>	<b>132,950</b>
<b>Equity</b>			
Share capital		119,925	*
Invested equity		-	2,000
Merger reserve		(53,077)	-
Retained earnings		87,686	72,499
<b>Total equity</b>		<b>154,534</b>	<b>74,499</b>
<b>Non-current liabilities</b>			
Borrowings	B9	47,791	30,839
Deferred tax liabilities		2,416	2,416
Deferred income		1,896	2,244
<b>Total non-current liabilities</b>		<b>52,103</b>	<b>35,499</b>
<b>Current liabilities</b>			
Trade payables		1,788	1,362
Other payables and accruals		9,369	13,082
Contract liabilities		616	-
Borrowings	B9	13,876	8,480
Current tax liabilities		333	28
<b>Total current liabilities</b>		<b>25,982</b>	<b>22,952</b>
<b>Total liabilities</b>		<b>78,085</b>	<b>58,451</b>
<b>Total equity and liabilities</b>		<b>232,619</b>	<b>132,950</b>
<b>Net assets per share (RM)<sup>(2)</sup></b>		<b>0.19</b>	<b>0.09</b>

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

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**Notes:**

- \* Amount is less than RM1,000.
- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the Accountants' Report dated 29 April 2022 included in the Prospectus of the Company dated 26 May 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on the net assets divided by 800,000,000 Shares in issue as at 30 June 2022 (31 December 2021: 592,560,000 Shares, factoring in the Acquisitions (as defined in Note A7 below) which have been completed on 18 March 2022).

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SECOND QUARTER ENDED 30 JUNE 2022<sup>(1)(2)</sup>**

	<----- Attributable to owners of the parent ----->				
	<----- Non-distributable ----->			Distributable	
	Share capital RM'000	Invested Equity RM'000	Merger Reserves RM'000	Retained earnings RM'000	Total Equity RM'000
<b>Balance as at 1 January 2022</b>	-	2,000	-	72,499	74,499
Profit for the financial period	-	-	-	15,187	15,187
Acquisition of Subsidiaries	59,256	(2,000)	(53,077)	-	4,179
Issuance of new Shares	62,232	-	-	-	62,232
Listing expenses	(1,563)	-	-	-	(1,563)
<b>Balance as at 30 June 2022</b>	<b>119,925</b>	<b>-</b>	<b>(53,077)</b>	<b>87,686</b>	<b>154,534</b>

**Notes:**

\* Amount is less than RM1,000.

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the Accountants' Report dated 29 April 2022 included in the Prospectus of the Company dated 26 May 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the second interim financial report on the Company's unaudited condensed financial results for the second (2<sup>nd</sup>) quarter ended 30 June 2022 announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding period available as the Company was listed on the ACE Market of Bursa Securities on 20 June 2022 and as such no interim financial report was prepared for the comparative financial period concerned.

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 30 JUNE 2022<sup>(1)</sup>**

	<b>Current year- to-date 30.06.2022 RM'000</b>	<b>Preceding year-to-date 30.06.2021<sup>(2)</sup> RM'000</b>
<b>Cash flows from operating activities</b>		
<b>PBT</b>	<b>15,927</b>	<b>N/A</b>
<b>Adjustments for:</b>		
Amortisation of intangible assets	514	N/A
Bargain purchase	(1,606)	N/A
Deferred income released	(348)	N/A
Depreciation of property, plant and equipment	3,615	N/A
Interest expenses	934	N/A
Interest income	(90)	N/A
Listing expenses	2,293	N/A
Unrealised (gain) / loss on foreign exchange	(1,263)	N/A
<b>Operating profit before working capital changes</b>	<b>19,976</b>	<b>N/A</b>
Changes in working capital:		
Inventories	153	N/A
Trade and other receivables	(6,839)	N/A
Trade and other payables	(5,938)	N/A
Contract liabilities	(166)	N/A
<b>Cash generated from operations</b>	<b>7,186</b>	<b>N/A</b>
Income tax paid	(435)	N/A
Interest paid	(934)	N/A
Interest received	90	N/A
<b>Net cash from operating activities</b>	<b>5,907</b>	<b>N/A</b>
<b>Cash flows from investing activities</b>		
Net cash from acquisition of a subsidiary	2,448	N/A
Purchase of property, plant and equipment	(2,245)	N/A
<b>Net cash used in investing activities</b>	<b>203</b>	<b>N/A</b>
<b>Cash flows from financing activities</b>		
Drawdown of term loans	8,076	N/A
Proceed from issuance of shares	62,232	N/A
Payment of listing expenses	(3,856)	N/A
Repayment of finance lease	(3,924)	N/A
Repayment of term loans	(1,664)	N/A
<b>Net cash used in financing activities</b>	<b>60,864</b>	<b>N/A</b>
<b>Net increase in cash and cash equivalents</b>	<b>66,973</b>	<b>N/A</b>
Effect of changes in foreign exchange rate	635	N/A
<b>Cash and cash equivalents at beginning of financial period</b>	<b>23,840</b>	<b>N/A</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>91,448</b>	<b>N/A</b>

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	<b>Current year- to-date 30.06.2022 RM'000</b>	<b>Preceding year-to-date 30.06.2021<sup>(2)</sup> RM'000</b>
<b>Cash and cash equivalents at the end of the financial period comprises:</b>		
Fixed deposits with licensed banks	1,624	N/A
Cash and bank balances	91,448	N/A
Less: Fixed deposits pledged to licensed banks or maturity period more than 3 months	(1,624)	N/A
Less: Bank overdraft	-	N/A
<b>Cash and cash equivalents at the end of the financial period</b>	<b>91,448</b>	<b>N/A</b>

**Notes:**

N/A – Not applicable

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the Accountants' Report dated 29 April 2022 included in the Prospectus of the Company dated 26 May 2022 and the accompanying explanatory notes attached to this interim financial report.
- (2) This is the second interim financial report on the Company's unaudited condensed financial results for the second (2<sup>nd</sup>) quarter ended 30 June 2022 announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding period available as the Company was listed on the ACE Market of Bursa Securities on 20 June 2022 and as such no interim financial report was prepared for the comparative financial period concerned.

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## **SFP TECH HOLDINGS BERHAD**

(Registration No. 202101004713 (1405012-M))

(Incorporated in Malaysia)

### **INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

#### **A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING**

##### **A1. Basis of preparation**

The interim financial report of SFP Tech Holdings Berhad (“**SFP Tech**” or “**Company**”) and its subsidiaries (“**Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRS**”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“**MASB**”) and Rule 9.22 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”).

This is the Company’s second interim financial report on the unaudited condensed consolidated financial results for the second quarter ended 30 June 2022 announced by the Company in compliance with the Listing Requirements. As such, there are no comparative figures for the preceding year’s corresponding period.

The interim financial statements should be read in conjunction with the Accountants’ Report dated 29 April 2022 (“**Accountants’ Report**”) as disclosed in the Prospectus of the Company dated 26<sup>th</sup> May 2022 (“**Prospectus**”) and the accompanying notes attached to this interim financial report.

##### **A2. Summary of significant accounting policies**

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in preparation of the Accountants’ Report as disclosed in the Prospectus except for the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group.

*Amendment to MFRS 16 Leases: Covid-19 - Related Rent Concessions beyond 30 June 2021*

*Amendments to MFRS 3 Business Combination: Reference to the Conceptual Framework*  
*Amendments to MFRS 116 Property, Plant and Equipment: Property, Plant and Equipment - Proceeds before Intended Use*

*Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts - Cost of Fulfilling a Contract*

*Annual Improvements to MFRS Standards 2018 - 2020*

#### **Effective for annual period beginning on or after 1 January 2023**

*MFRS 17 Insurance Contracts*

*Amendments to MFRS 4 Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9*

*Amendments to MFRS 17 Insurance Contracts*

*Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current*

*Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies*

*Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*

*Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*



**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

**Effective date yet to be confirmed**

*Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.*

**A3. Auditors' report on preceding annual financial statements**

SFP Tech was incorporated under the Companies Act, 2016 on 8 February 2021. The Company completed the acquisition of its subsidiaries, STSB and EEASB on 18 March 2022.

The auditors' report for the preceding financial year ended 31 December 2021 was issued without any qualification.

**A4. Seasonal or cyclical factors**

The Group's operation was not significantly affected by any unusual seasonal or cyclical factors.

**A5. Unusual items affecting assets, liabilities, equity, net income or cash flows**

There were no extraordinary and exceptional items of unusual nature affecting the assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review and year-to-date.

**A6. Changes in estimates**

There were no material changes in the estimates that have a material effect to the Group during the current quarter under review and year-to-date.

**A7. Debt and equity securities**

On 18 March 2022, the Company had completed the acquisition of the entire issued share capital in the following companies:

- (a) Acquisition of the entire equity interest in STSB comprising 2,000,000 ordinary shares for a purchase consideration of RM55,076,900, satisfied by the issuance of 550,769,000 ordinary shares of SFP Tech ("**Share(s)**") at an issue price of RM0.10 per Share; and
- (b) Acquisition of the entire equity interest in EEASB comprising 500,000 ordinary shares for a purchase consideration of RM4,179,000, satisfied by the issuance of 41,790,000 Share at an issue price of RM0.10 per Share.

On 26 May 2022, SFP Tech issued its Prospectus in conjunction with the Company's listing on the ACE Market of Bursa Securities. The Company has undertaken an initial public offering ("**IPO**") comprising the public issue of 207,440,000 new Shares in the Company at an IPO price of RM0.30 per Share, payable in full upon application allocated in the following manner:

- 40,000,000 new Shares made available for application by the Malaysian Public;
- 24,000,000 new Shares made available for application by eligible Directors, employees and person(s) who have contributed to the success of the Group;

## SFP TECH HOLDINGS BERHAD

(Registration No. 202101004713 (1405012-M))

(Incorporated in Malaysia)

### INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022

- 43,440,000 new Shares made available by way of private placement to select investors; and
- 100,000,000 new Shares made available by way of private placement to selected Bumiputera Investors approved by the Ministry of International Trade and Industry, Malaysia.

On 20 June 2022, the Company was successfully admitted to the Official List of Bursa Securities and the Company's entire enlarged issued share capital of RM121,488,000 comprising 800,000,000 Shares shall be listed and quoted on the ACE Market of Bursa Securities.

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

#### A8. Dividend

The Company did not pay any dividend in the financial period ended 30 June 2022.

#### A9. Segmental information

The Group is predominantly an engineering supporting services provider with integrated capabilities in providing automation equipment solutions.

The segmental information based on the nature of the business segments as well as by geographical location are as follows:

- (a) Revenue contribution by business segments

	Individual quarter		Cumulative quarter	
	Current year quarter 30.06.2022 RM'000	Preceding year quarter 30.06.2021 <sup>(1)</sup> RM'000	Current year-to-date 30.06.2022 RM'000	Preceding year-to-date 30.06.2021 <sup>(1)</sup> RM'000
<b>Revenue</b>				
Sheet metal fabrication	6,683	N/A	12,331	N/A
CNC machining	9,766	N/A	18,262	N/A
Mechanical assembly	1,023	N/A	2,668	N/A
Automated equipment solutions	3,427	N/A	5,535	N/A
<b>Total</b>	<b>20,899</b>	<b>N/A</b>	<b>38,796</b>	<b>N/A</b>

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(b) Revenue contribution by geographical locations

	Individual quarter		Cumulative quarter	
	Current year quarter 30.06.2022 RM'000	Preceding year quarter 30.06.2021 <sup>(1)</sup> RM'000	Current year- to-date 30.06.2022 RM'000	Preceding year-to-date 30.06.2021 <sup>(1)</sup> RM'000
<b>Malaysia</b>	17,913	N/A	32,517	N/A
<b>Foreign Markets</b>				
USA	1,751	N/A	3,414	N/A
Singapore	1,235	N/A	2,865	N/A
	<b>20,899</b>	<b>N/A</b>	<b>38,796</b>	<b>N/A</b>

Note:

- (1) This is the second interim financial report on the Company's unaudited condensed financial results for the second (2<sup>nd</sup>) quarter ended 30 June 2022 announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as the Company was listed on the ACE Market of Bursa Securities on 20 June 2022 and as such no interim financial report was prepared for the comparative financial period concerned.

**A10. Valuation of property, plant and equipment**

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

**A11. Material events subsequent to the end of the current financial quarter**

There were no significant events subsequent to the end of the current quarter under review.

**A12. Changes in the composition of the Group**

Save for the Acquisitions as disclosed in Note A7 above, there were no other material changes to the composition of the Group during the current financial quarter under review.

**A13. Contingent liabilities and contingent assets**

There were no contingent liabilities or contingent assets in the Group since the end of the last reporting period as at 30 June 2022.

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

**A14. Capital commitments**

	(Unaudited) As at 30.06.22 RM'000	(Audited) As at 31.12.21 RM'000
<b>Authorised and contracted for</b>		
- Building	27,343	34,867
- Property, plant & equipment	22,084	11,249
	<u>49,427</u>	<u>46,116</u>
<b>Authorised but not contracted for</b>		
- Property, plant & equipment	13,268	3,568

**A15. Related party transactions**

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

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022****B. ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1. Review of performance - Comparison with previous year's corresponding quarter and financial year-to-date**

	<b>Current year Quarter 30.06.2022 RM'000</b>	<b>Preceding Year Corresponding Quarter 30.06.2021<sup>(1)</sup> RM'000</b>	<b>Current Year- To-Date 30.06.2022 RM'000</b>	<b>Preceding Year Corresponding Year-To-Date 30.06.2021<sup>(1)</sup> RM'000</b>
Revenue	20,899	N/A	38,796	N/A
Gross Profit	10,230	N/A	19,633	N/A
Profit before interest and tax	7,421	N/A	16,861	N/A
PBT	6,895	N/A	15,926	N/A
Profit after tax	6,513	N/A	15,187	N/A
Profit attributed to owners of the company	<b>6,513</b>	<b>N/A</b>	<b>15,187</b>	<b>N/A</b>

**Notes:**

N/A Not applicable

(1) This is the second interim financial report on the Company's unaudited condensed financial results for the second (2<sup>nd</sup>) quarter ended 30 June 2022 announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as the Company was listed on the ACE Market of Bursa Securities on 20 June 2022 and as such no interim financial report was prepared for the comparative financial period concerned.

The Group recorded revenue of RM20.90 million and RM38.80 million for the current quarter and year-to-date ended 30 June 2022 respectively.

The Group's revenue was principally derived from the CNC machining segment and sheet metal fabrication segment which in aggregate contributing for RM16.45 million and RM30.59 million, which accounted for approximately 78.71% and 78.86% of the total revenue for the current quarter and year-to-date ended 30 June 2022 respectively. The Group's revenue was mainly derived from customers in Malaysia which contributed approximately 85.72% and 83.82% of the Group's total revenue for the current quarter and year-to-date ended 30 June 2022 respectively.

The Group recorded PBT of RM6.90 million for the current quarter ended 30 June 2022 and RM15.93 million for the year-to-date ended 30 June 2022 after deducting administrative expenses and finance costs. The administrative expenses for current quarter and financial year-to-date were RM4.82 million and RM6.93 million respectively, which mainly comprised of staff costs, depreciation of non-manufacturing related property, plant and equipment and a one-off non-recurring IPO expenses recorded in the current quarter under review which amounted to approximately RM2.29 million. The PBT for the year-to-date ended 30 June 2022 also included a one-off non-recurring other income of RM1.61 million being bargain purchase arising from the acquisition of EEASB using the acquisition method of accounting which was recognised on the quarter ended 31 March 2022.

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

**B2. Review of performance - Comparison with Immediate Preceding Quarter's Results**

	Quarter Ended		Variance RM'000	%
	30.06.2022 RM'000	31.03.2022 RM'000		
Revenue	20,899	17,897	3,002	16.77
PBT	6,895	9,031	(2,136)	(23.65)

The Group recorded an increase in revenue of RM3.00 million or approximately 16.77% for the current quarter ended 30 June 2022 as compared to the preceding quarter ended 31 March 2022. The increase was mainly due to higher contribution from the automated equipment solutions segment and CNC machining segment of RM1.32 million and RM1.27 million, respectively.

However, the Group's PBT decrease by RM2.14 million or approximately 23.65% for the current quarter ended 30 June 2022 as compared to the preceding quarter ended 31 March 2022 due mainly to the higher administrative expenses arising from the one-off non-recurring listing expenses of RM2.29 million. However, the decrease was partially offset by higher other income attributed to the bargain purchase arising from the acquisition of EEASB amounting to RM1.61 million.

**B3. Prospects of the Group**

Prospects of the Group are favorable taking into consideration the Group's competitive strengths, business strategies and the outlook of the Engineering Supporting Industry ("ESI").

As disclosed in the Prospectus, the Group has a unique position with integrated capabilities within the ESI, to cross-sell both engineering supporting services and automated equipment solutions to the Group's existing and potential customers.

In addition, the Group plans to expand its production capacity and capabilities of its engineering supporting services segment through the construction of Manufacturing Plant 3 and purchase of new machineries. The construction of Manufacturing Plant 3 is expected to be completed by the in the third quarter of 2022 and fully operational by the fourth quarter of 2022. The Group intends to purchase additional equipment and machineries over the next 3 years to increase its maximum production capacity.

The Group also plans to expand its product and service offerings in the automated equipment solutions segment. The Group plans to venture into the semiconductor back-end inspection industry by manufacturing vision inspection equipment handler platforms embedded with camera imaging and electronics system. Designing and manufacturing of the generic machine frame is expected to begin in the first quarter of 2023.

Based on the above, the Board of Directors ("Board") is optimistic of the Group's future prospects and expects the Group's expansion plans to contribute positively to its financial performance in the future.

**B4. Variance of actual profits from forecast profits**

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

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

**B5. Other income**

	Individual quarter		Cumulative quarter	
	Current year quarter 30.06.2022 RM'000	Preceding year quarter 30.06.2021 <sup>(1)</sup> RM'000	Current year-to-date 30.06.2022 RM'000	Preceding year-to-date 30.06.2021 <sup>(1)</sup> RM'000
Bargain purchase <sup>(2)</sup>	-	N/A	1,606	N/A
Realised gain on foreign exchange	553	N/A	553	N/A
Unrealised gain on foreign exchange	1,046	N/A	1,263	N/A
Government grant	174		348	
Scrape income	161	N/A	301	N/A
Interest income	72	N/A	90	N/A
<b>Total</b>	<b>2,006</b>	<b>N/A</b>	<b>4,161</b>	<b>N/A</b>

**Notes:**

- (1) This is the second interim financial report on the Company's unaudited condensed financial results for the second (2<sup>nd</sup>) quarter ended 30 June 2022 announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as the Company was listed on the ACE Market of Bursa Securities on 20 June 2022 and as such no interim financial report was prepared for the comparative financial period concerned.
- (2) Arising from the acquisition of EEASB using the acquisition method of accounting.

**B6. Tax expense**

	Individual quarter		Cumulative quarter	
	Current year quarter 30.06.2022 RM'000	Preceding year quarter 30.06.2021 <sup>(1)</sup> RM'000	Current year-to-date 30.06.2022 RM'000	Preceding year-to-date 30.06.2021 <sup>(1)</sup> RM'000
Current tax expense	382	N/A	739	N/A
Effective tax rate (%)	7.16	N/A	5.15	N/A
Statutory tax rate (%)	24.00	N/A	24.00	N/A

**Notes:**

N/A – Not applicable

- (1) This is the second interim financial report on the Company's unaudited condensed financial results for the second (2<sup>nd</sup>) quarter ended 30 June 2022 announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as the Company was listed on the ACE Market of Bursa Securities on 20 June 2022 and as such no interim financial report was prepared for the comparative financial period concerned.

The effective tax rate of the Group of 7.16% and 5.15% for the Current Quarter and Cumulative Quarter respectively was lower than the statutory tax rate of 24.00% mainly due to income not subject to tax of RM20.60 million and RM5.46 million arising from tax incentive due to pioneer status tax exemption of STSB and EEASB respectively.

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

**B7. Status of corporate proposals**

Save as disclosed in A7 above, there are no other corporate proposals announced by the Company but not completed as at the date of this interim report.

**B8. Utilisation of Proceeds from IPO**

The status of utilisation of proceeds from IPO as at 30 June 2022 is as follows:

<b>Details of utilisation</b>	<b>Proposed utilisation</b>	<b>Actual utilisation</b>	<b>Estimated time frame for utilisation upon listing</b>
	<b>RM'000</b>	<b>RM'000</b>	
Purchase of new machinery and equipment	24,500	N/A	Within 36 months
Construction of Manufacturing Plant 3	15,000	N/A	Within 24 months
Repayment of bank borrowings	10,000	N/A	Within 12 months
Working capital expenditure	5,132	N/A	Within 12 months
Estimated listing expenses	4,600	3,856	Within 3 months
D&D centre	3,000	N/A	Within 12 months
<b>Total</b>	<b>62,232</b>	<b>3,856</b>	

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company.

**B9. Borrowings**

As at 30 June 2022, the Group has total borrowings of RM61.67 million and are predominantly denoted in RM.

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>As at</b>	<b>As at</b>
	<b>30.06.2022</b>	<b>31.12.2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-current liabilities (secured)</b>		
Term loans	34,114	25,640
Hire purchase	13,677	5,199
	47,791	30,839
<b>Current liabilities (secured)</b>		
Term loans	4,092	3,847
Hire purchase	9,784	4,633
Bank overdraft	-	-
	13,876	8,480



**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

	(Unaudited) As at 30.06.2022 RM'000	(Audited) As at 31.12.2021 RM'000
<b>Total borrowings</b>		
Term loans	38,206	29,487
Hire purchase	23,461	9,832
Bank overdraft	-	-
	<u>61,667</u>	<u>39,319</u>

The Group's borrowings in RM equivalent analysed by currency are as follows:

	(Unaudited) As at 30.06.2022 RM'000	(Audited) As at 31.12.2021 RM'000
RM	55,258	32,999
United States Dollar	6,409	6,320
	<u>61,667</u>	<u>39,319</u>

**B10. Derivative financial instruments**

As at 30 June 2022, the Group does not have any derivative financial instruments.

**B11. Fair value of financial liabilities**

There was no gain or loss arising from fair value changes of financial liabilities for the current quarter under review and year-to-date as the Group did not have any financial liabilities measured at fair value.

**B12. Material litigation**

Save as disclosed below, our Group is not engaged in any material litigation, claim or arbitration either as plaintiff or defendant and there is no proceeding pending or threatened or any fact likely to give rise to proceedings which might materially affect our position or business as at the date of this report.

**Industrial Court of Malaysia Case No. 9/4-1611/21 involving STSB (“Industrial Court Case”)**

Reference is made to the Industrial Court case as stated in Prospectus. On 27 July 2022, the Industrial Court had awarded the judgement in favour of STSB and thereby dismissed the Industrial Court Case.

**B13. Dividend**

On 19 August 2022, the Board declared an interim single tier dividend of 0.5 sen per Share totalling RM4.00 million in respect of the financial year ending 31 December 2022. The interim single tier dividend will be paid on 28 September 2022 to the shareholders whose names appear in the Record of Depositors on 12 September 2022.

**SFP TECH HOLDINGS BERHAD**

(Registration No. 202101004713 (1405012-M))

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022****B14. Earnings per share**

	Individual quarter		Cumulative quarter	
	Current year quarter 30.06.2022	Preceding year quarter <sup>(1)</sup> 30.06.2021	Current year-to-date 30.06.2022	Preceding year-to- date <sup>(1)</sup> 30.06.2021
Profit attributable to owners of the Company (RM'000)	6,513	N/A	15,187	N/A
Number of ordinary shares in issue ('000)	800,000	N/A	800,000	N/A
Basic EPS (sen) <sup>(2)</sup>	0.81	N/A	1.90	N/A
Diluted EPS (sen) <sup>(2)</sup>	0.81	N/A	1.90	N/A

**Notes:**

N/A Not applicable

- (1) This is the second interim financial report on the Company's unaudited condensed financial results for the second (2<sup>nd</sup>) quarter ended 30 June 2022 announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as the Company was listed on the ACE Market of Bursa Securities on 20 June 2022 and as such no interim financial report was prepared for the comparative financial period concerned.
- (2) Basic EPS and diluted EPS is calculated based on the profits attributable to owners of the Company divided by 800,000,000 Shares in issue as at 30 June 2022. There are no dilutive instruments as at the end of the financial period.

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**INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

**B15. Notes to the Condensed Consolidated Statement of Profit and Other Comprehensive Income**

Profit for the period was derived after taking into consideration of the following:-

	Individual quarter		Cumulative quarter	
	Current year quarter 30.06.2022 RM'000	Preceding year quarter <sup>(1)</sup> 30.06.2021 RM'000	Current year-to-date 30.06.2022 RM'000	Preceding year-to-date <sup>(1)</sup> 30.06.2021 RM'000
<b>After charging/(crediting) :</b>				
Amortisation of intangible assets	257	N/A	514	N/A
Depreciation on property, plant & equipment	1,915	N/A	3,615	N/A
Expenses related to short term leases – premises	31	N/A	62	N/A
Expenses related to low value assets -		N/A		N/A
- machinery	-	N/A	-	N/A
- office equipment	3	N/A	7	N/A
Interest expense	526	N/A	935	N/A
Loss/(Gain) on foreign exchange		N/A		
- realised	(568)	N/A	(553)	N/A
- unrealised	(1,046)	N/A	(1,263)	N/A
Deferred income release	(174)	N/A	(348)	N/A
Interest income	(72)	N/A	(90)	N/A

**Notes:**

N/A Not applicable

(1) This is the second interim financial report on the Company's unaudited condensed financial results for the second (2<sup>nd</sup>) quarter ended 30 June 2022 announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and year-to-date as the Company was listed on the ACE Market of Bursa Securities on 20 June 2022 and as such no interim financial report was prepared for the comparative financial period concerned.

Save for the above, the other disclosure items as required under Rule 16, Part A of Appendix 9B of the Listing Requirements are not applicable.

**BY ORDER OF THE BOARD**  
**SFP TECH HOLDING BERHAD**  
**19 AUGUST 2022**