

SFP TECH HOLDINGS BERHAD

(Registration No. 202101004713 (1405012-M))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾**

	Note	Individual quarter		Cumulative quarter	
		Current year quarter 30.09.2022 RM'000	Preceding year corresponding quarter 30.09.2021 ⁽²⁾ RM'000	Current year-to-date 30.09.2022 RM'000	Preceding year corresponding year-to-date 30.09.2021 ⁽²⁾ RM'000
Revenue	A9	22,007	N/A	60,803	N/A
Cost of sales		(11,427)	N/A	(30,590)	N/A
Gross profit		10,580	N/A	30,213	N/A
Other income	B5	2,962	N/A	7,123	N/A
Administration expenses		(3,343)	N/A	(10,276)	N/A
Operating profit		10,199	N/A	27,060	N/A
Finance costs		(601)	N/A	(1,536)	N/A
Profit before tax ("PBT")⁽³⁾	B15	9,598	N/A	25,524	N/A
Tax expense	B6	(383)	N/A	(1,122)	N/A
Profit for the financial period		9,215	N/A	24,402	N/A
Other comprehensive income, net of tax		-	N/A	-	N/A
Total comprehensive income for the financial period		9,215	N/A	24,402	N/A
Profit attributable to:					
Owners of the parent		9,215	N/A	24,402	N/A
Non-controlling interests		-	N/A	-	N/A
		9,215	N/A	24,402	N/A
Total comprehensive income attributable to:					
Owners of the Company		9,215	N/A	24,402	N/A
Non-controlling interests		-	N/A	-	N/A
		9,215	N/A	24,402	N/A
Earnings per ordinary share attributable to owners of the Company:					
Basic earnings per share (sen) ⁽⁴⁾	B14	1.15	N/A	3.05	N/A
Diluted earnings per share (sen) ⁽⁴⁾	B14	1.15	N/A	3.05	N/A

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(Registration No. 202101004713 (1405012-M))

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 third interim financial report on the Company's unaudited condensed financial results for the third (3rd) quarter ended 30 September 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 individual quarter and cumulative year-to-date includes one-off non-recurring listing expenses of RM0.16 million and RM2.46 million respectively. 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	9,598	N/A	25,524	N/A
Less: Purchase Bargain	-	N/A	(1,606)	N/A
Add: Listing expenses	164	N/A	2,457	N/A
Adjusted PBT	9,762	N/A	26,375	N/A

- (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 September 2022. There are no dilutive instruments as at the end of the financial period.

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2022⁽¹⁾

	Note	Unaudited As at 30.09.2022 RM'000	Audited As at 31.12.2021 RM'000
Non-current assets			
Property, plant and equipment		108,173	81,801
Deferred tax asset		16	-
Intangible asset		2,569	3,339
Total non-current assets		110,758	85,140
Current assets			
Inventories		6,733	3,776
Trade receivables		22,128	11,994
Other receivables, deposits and prepayments		9,199	6,576
Tax recoverable		159	-
Cash and cash equivalents		84,638	25,464
Total current assets		122,857	47,810
Total assets		233,615	132,950
Equity			
Share capital		119,900	*
Invested equity		-	2,000
Merger reserve		(53,077)	-
Retained earnings		92,901	72,499
Total equity		159,724	74,499
Non-current liabilities			
Deferred tax liabilities		2,416	2,416
Deferred income		1,722	2,244
Borrowings	B9	42,569	30,839
Total non-current liabilities		46,707	35,499
Current liabilities			
Trade payables		1,670	1,362
Other payables and accruals		9,521	13,082
Contract liabilities		1,126	-
Borrowings	B9	14,639	8,480
Current tax liabilities		228	28
Total current liabilities		27,184	22,952
Total liabilities		73,891	58,451
Total equity and liabilities		233,615	132,950
Net assets per share (RM)⁽²⁾		0.20	0.13

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

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 September 2022 (31 December 2021: 592,560,000 Shares, factoring in the Acquisitions (as defined the Prospectus) which have been completed on 18 March 2022).

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾⁽²⁾

	<----- 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
Balance as at 1 January 2022	*	2,000	-	72,499	74,499
Profit for the financial period	-	-	-	24,402	24,402
Acquisition of Subsidiaries	59,256	(2,000)	(53,077)	-	4,179
Issuance of new Shares	62,232	-	-	-	62,232
Listing expenses	(1,588)	-	-	-	(1,588)
Dividend	-	-	-	(4,000)	(4,000)
Balance as at 30 September 2022	119,900	-	(53,077)	92,901	159,724

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 third interim financial report on the Company's unaudited condensed financial results for the third (3rd) quarter ended 30 September 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 THIRD QUARTER ENDED 30 SEPTEMBER 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD ENDED 30 SEPTEMBER 2022⁽¹⁾

	Current year- to-date 30.09.2022 RM'000	Preceding year-to-date 30.09.2021⁽²⁾ RM'000
Cash flows from operating activities		
PBT	25,524	N/A
Adjustments for:		
Amortisation of intangible assets	770	N/A
Bargain purchase	(1,606)	N/A
Deferred income released	(522)	N/A
Depreciation of property, plant and equipment	5,481	N/A
Interest expenses	1,536	N/A
Interest income	(556)	N/A
Listing expenses	2,457	N/A
Unrealised gain on foreign exchange	(2,056)	N/A
Operating profit before working capital changes	31,028	N/A
Changes in working capital:		
Inventories	(849)	N/A
Trade and other receivables	(8,237)	N/A
Trade and other payables	(5,788)	N/A
Contract liabilities	344	N/A
Cash generated from operations	16,498	N/A
Income tax paid	(923)	N/A
Interest paid	(1,536)	N/A
Interest received	556	N/A
Net cash from operating activities	14,595	N/A
Cash flows from investing activities		
Net cash from acquisition of a subsidiary	2,448	N/A
Purchase of property, plant and equipment	(8,808)	N/A
Net cash used in investing activities	(6,360)	N/A
Cash flows from financing activities		
Drawdown of term loans	10,852	N/A
Proceed from issuance of shares	62,232	N/A
Dividend paid	(4,000)	N/A
Payment of listing expenses	(4,045)	N/A
Repayment of finance lease	(6,674)	N/A
Repayment of term loans	(8,736)	N/A
Net cash from financing activities	49,629	N/A
Net increase in cash and cash equivalents	57,864	N/A
Effect of changes in foreign exchange rate	1,310	N/A
Cash and cash equivalents at beginning of financial period	23,840	N/A
Cash and cash equivalents at end of financial period	83,014	N/A

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

	Current year- to-date 30.09.2022 RM'000	Preceding year-to-date 30.09.2021⁽²⁾ RM'000
Cash and cash equivalents at the end of the financial period comprises:		
Fixed deposits with licensed banks	1,624	N/A
Cash and bank balances	83,014	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
Cash and cash equivalents at the end of the financial period	83,014	N/A

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 third interim financial report on the Company's unaudited condensed financial results for the third (3rd) quarter ended 30 September 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 THIRD QUARTER ENDED 30 SEPTEMBER 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 third interim financial report on the unaudited condensed consolidated financial results for the third (3rd) quarter ended 30 September 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 26th 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.

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

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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.

The initial application of the above standards is not expected to have any material impact to the financial statements of the Group upon adoption.

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

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current financial quarter under review and year-to-date.

A8. Dividend

On 19 August 2022, the Company declared an interim single-tier dividend of RM0.005 per Share in respect of the financial year ending 31 December 2022 amounting to RM4.00 million which was paid on 28 September 2022 to shareholders whose names appeared in the Company's record of depositors on 12 September 2022.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 30.09.2022 RM'000	Preceding year quarter 30.09.2021 ⁽¹⁾ RM'000	Current year-to-date 30.09.2022 RM'000	Preceding year-to-date 30.09.2021 ⁽¹⁾ RM'000
Revenue				
Sheet metal fabrication	4,803	N/A	17,134	N/A
CNC machining	11,942	N/A	30,204	N/A
Mechanical assembly	2,157	N/A	4,825	N/A
Automated equipment solutions	3,105	N/A	8,640	N/A
Total	22,007	N/A	60,803	N/A

(b) Revenue contribution by geographical locations

	Individual quarter		Cumulative quarter	
	Current year quarter 30.09.2022 RM'000	Preceding year quarter 30.09.2021 ⁽¹⁾ RM'000	Current year-to-date 30.09.2022 RM'000	Preceding year-to-date 30.09.2021 ⁽¹⁾ RM'000
Malaysia	8,157	N/A	40,674	N/A
Foreign Markets				
USA	11,194	N/A	14,608	N/A
Singapore	2,128	N/A	4,993	N/A
India	512	N/A	512	N/A
Philippines	9	N/A	9	N/A
Korea	7	N/A	7	N/A
	22,007	N/A	60,803	N/A

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Note:

- (1) This is the third interim financial report on the Company's unaudited condensed financial results for the third (3rd) quarter ended 30 September 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

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 September 2022.

A14. Capital commitments

	(Unaudited) As at 30.09.22 RM'000	(Audited) As at 31.12.21 RM'000
Authorised and contracted for		
- Building	21,896	34,867
- Property, plant & equipment	36,167	11,249
	<u>58,063</u>	<u>46,116</u>
Authorised but not contracted for		
- Property, plant & equipment	17,940	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 THIRD QUARTER ENDED 30 SEPTEMBER 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**

	Current year Quarter 30.09.2022 RM'000	Preceding Year Corresponding Quarter 30.09.2021⁽¹⁾ RM'000	Current Year- To-Date 30.09.2022 RM'000	Preceding Year Corresponding Year-To-Date 30.09.2021⁽¹⁾ RM'000
Revenue	22,007	N/A	60,803	N/A
Gross Profit	10,580	N/A	30,213	N/A
Profit before interest and tax	10,199	N/A	27,060	N/A
PBT	9,598	N/A	25,524	N/A
Profit after tax	9,215	N/A	24,402	N/A
Profit attributed to owners of the company	9,215	N/A	24,402	N/A

Notes:

N/A Not applicable

(1) This is the third interim financial report on the Company's unaudited condensed financial results for the third (3rd) quarter ended 30 September 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 RM22.00 million and RM60.80 million for the current quarter and year-to-date ended 30 September 2022 respectively.

The Group's revenue was principally derived from the CNC machining segment and sheet metal fabrication segment which in aggregate contributing for RM16.75 million and RM47.34 million, which accounted for approximately 76.09% and 77.86% of the total revenue for the current quarter and year-to-date ended 30 September 2022 respectively. The Group's revenue was mainly derived from customers in Malaysia and US which contributed in aggregate approximately 87.93% and 90.92% of the Group's total revenue for the current quarter and year-to-date ended 30 September 2022 respectively.

The Group's recorded PBT of RM9.60 million for the current quarter ended 30 September 2022 and RM25.52 million for the year-to-date ended 30 September 2022 after deducting administrative expenses and finance costs. The administrative expenses for the current quarter and financial year-to-date were RM3.34 million and RM10.28 million respectively, which mainly comprised of staff costs, depreciation of non-manufacturing related to property, plant and equipment and a one-off non-recurring IPO expenses recorded in the current quarter under review and financial year-to-date amounting to approximately RM0.16 million and RM2.46 million respectively. The PBT for the year-to-date ended 30 September 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 recognized in the quarter ended 31 March 2022.

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

	Quarter Ended		Variance RM'000	%
	30.09.2022 RM'000	30.06.2022 RM'000		
Revenue	22,007	20,899	1,108	5.30
PBT	9,598	6,895	2,703	39.20

The Group recorded an increase in revenue of RM1.11 million or approximately 5.30% for the current quarter ended 30 September 2022 as compared to the preceding quarter ended 30 June 2022. The increase was mainly due to higher contribution from the CNC machining and Mechanical Assembly segments of RM2.18 million and RM1.13 million, respectively. The increase was partially offset by lower contribution from the sheet metal fabrication segment of RM1.88 million and automated equipment solution segment of RM0.32 million.

The Group's PBT increase by RM2.70 million or approximately 39.20% for the current quarter ended 30 September 2022 as compared to the preceding quarter ended 30 June 2022 due mainly to the higher administrative expenses in the preceding quarter arising from the one-off non-recurring listing expenses of RM2.29 million. Further, the increase was also due to higher other income recorded for the current quarter ended 30 September 2022 attributed to rental income amounting to RM0.78 million as well as higher interest income amounting to RM0.47 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 is in a unique position equipped with vertically 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 advanced machineries. The construction of Manufacturing Plant 3 is expected to be completed and to commence operations by the fourth quarter of 2022. The delay in the completion of construction for Manufacturing Plant 3 was due mainly to unprecedented weather conditions during the second and third quarter of 2022 which delayed construction works. Further, the Group intends to purchase additional equipment and machineries over the next 3 years to increase its 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.

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022**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.

B5. Other income

	Individual quarter		Cumulative quarter	
	Current year quarter 30.09.2022 RM'000	Preceding year quarter 30.09.2021 ⁽¹⁾ RM'000	Current year-to-date 30.09.2022 RM'000	Preceding year-to-date 30.09.2021 ⁽¹⁾ RM'000
Bargain purchase ⁽²⁾	-	N/A	1,606	N/A
Realised gain on foreign exchange	606	N/A	1,159	N/A
Unrealised gain on foreign exchange	793	N/A	2,056	N/A
Government grant	174		522	
Scrape income	143	N/A	444	N/A
Rental income	780	N/A	780	N/A
Interest income	466	N/A	556	N/A
Total	2,962	N/A	7,123	N/A

Notes:

(1) This is the third interim financial report on the Company's unaudited condensed financial results for the third (3rd) quarter ended 30 September 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 30.09.2022 RM'000	Preceding year quarter 30.09.2021 ⁽¹⁾ RM'000	Current year-to-date 30.09.2022 RM'000	Preceding year-to-date 30.09.2021 ⁽¹⁾ RM'000
Current tax expense	383	N/A	1,122	N/A
Effective tax rate (%)	3.99	N/A	4.40	N/A
Statutory tax rate (%)	24.00	N/A	24.00	N/A

Notes:

N/A – Not applicable

(1) This is the third interim financial report on the Company's unaudited condensed financial results for the third (3rd) quarter ended 30 September 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.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2022

The effective tax rate of the Group of 3.99% and 4.40% for the Current Quarter and Cumulative Quarter respectively. Cumulative tax rate was lower than the statutory tax rate of 24.00% mainly due to cumulative income not subject to tax of RM34.28 million and RM8.52 million arising from tax incentive due to pioneer status tax exemption of STSB and EEASB respectively.

B7. Status of corporate proposals

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 September 2022 is as follows:

<u>Details of utilisation</u>	<u>Proposed utilisation</u>	<u>Actual utilisation</u>	<u>Estimated time frame for utilisation upon listing</u>
	RM'000	RM'000	
Purchase of new machinery and equipment	24,500	800	Within 36 months
Construction of Manufacturing Plant 3	15,000	3,618	Within 24 months
Repayment of bank borrowings	10,000	6,264	Within 12 months
Working capital expenditure	5,132	-	Within 12 months
Estimated listing expenses	4,600	4,045	Within 3 months
D&D centre	3,000	11	Within 12 months
Total	62,232	14,738	

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

B9. Borrowings

As at 30 September 2022, the Group has total borrowings of RM57.21 million and are predominantly denoted in RM.

	(Unaudited) As at 30.09.2022 RM'000	(Audited) As at 31.12.2021 RM'000
Non-current liabilities (secured)		
Term loans	29,667	25,640
Hire purchase	12,902	5,199
	<u>42,569</u>	<u>30,839</u>

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Current liabilities (secured)		
Term loans	4,243	3,847
Hire purchase	10,396	4,633
Bank overdraft	-	-
	<u>14,639</u>	<u>8,480</u>
Total borrowings		
Term loans	33,910	29,487
Hire purchase	23,298	9,832
Bank overdraft	-	-
	<u>57,208</u>	<u>39,319</u>

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

	(Unaudited) As at 30.09.2022 RM'000	(Audited) As at 31.12.2021 RM'000
RM	50,705	32,999
United States Dollar	6,503	6,320
	<u>57,208</u>	<u>39,319</u>

B10. Derivative financial instruments

As at 30 September 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.

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B13. Dividend

On 19 August 2022, the Board declared an interim single tier dividend of 0.5sen per Share totalling RM4.00 million in respect of the financial year ending 31 December 2022. The interim single tier dividend was paid on 28 September 2022.

B14. Earnings per share

	Individual quarter		Cumulative quarter	
	Current year quarter 30.09.2022	Preceding year quarter ⁽¹⁾ 30.09.2021	Current year-to-date 30.09.2022	Preceding year-to- date ⁽¹⁾ 30.09.2021
Profit attributable to owners of the Company (RM'000)	9,215	N/A	24,402	N/A
Number of ordinary shares in issue ('000)	800,000	N/A	800,000	N/A
Basic EPS (sen) ⁽²⁾	1.15	N/A	3.05	N/A
Diluted EPS (sen) ⁽²⁾	1.15	N/A	3.05	N/A

Notes:

N/A Not applicable

- (1) This is the third interim financial report on the Company's unaudited condensed financial results for the third (3rd) quarter ended 30 September 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 September 2022. There are no dilutive instruments as at the end of the financial period.

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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 30.09.2022 RM'000	Preceding year quarter ⁽¹⁾ 30.09.2021 RM'000	Current year- to-date 30.09.2022 RM'000	Preceding year-to-date ⁽¹⁾ 30.09.2021 RM'000
After charging/(crediting) :				
Amortisation of intangible assets	257	N/A	771	N/A
Depreciation on property, plant & equipment	1,866	N/A	5,481	N/A
Expenses related to short term leases – premises	30	N/A	92	N/A
Expenses related to low value assets -				
- machinery	-	N/A	-	N/A
- office equipment	4	N/A	11	N/A
Interest expense	601	N/A	1,536	N/A
Loss/(Gain) on foreign exchange		N/A		
- realised	(606)	N/A	(1,159)	N/A
- unrealised	(793)	N/A	(2,056)	N/A
Deferred income release	(174)	N/A	(522)	N/A
Interest income	(466)	N/A	(556)	N/A

Notes:

N/A Not applicable

(1) This is the third interim financial report on the Company's unaudited condensed financial results for the third (3rd) quarter ended 30 September 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
11 NOVEMBER 2022