

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2023⁽¹⁾

	Note	Individual quarter		Cumulative quarter	
		Unaudited Current year quarter 31.03.2023 RM'000	Unaudited Preceding year corresponding quarter 31.03.2022 RM'000	Unaudited Current year-to-date 31.03.2023 RM'000	Unaudited Preceding year corresponding year-to-date 31.03.2022 RM'000
Revenue	A9	34,613	17,897	34,613	17,897
Cost of sales		(21,574)	(8,494)	(21,574)	(8,494)
Gross profit		13,039	9,403	13,039	9,403
Other income	B5	761	2,137	7616	2,137
Administration expenses		(2,933)	(2,118)	(2,933)	(2,118)
Operating profit		10,867	9,422	10,867	9,440
Finance costs		(551)	(409)	(551)	(409)
Finance income		355	18	355	18
Profit before tax ("PBT")	B15	10,671	9,031	10,671	9,031
Tax expense	B6	(568)	(357)	(568)	(357)
Profit for the financial period		10,103	8,674	10,103	8,674
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income for the financial period		10,103	8,674	10,103	8,674
Profit attributable to:					
Owners of the parent		10,103	8,674	10,103	8,674
Non-controlling interests		-	-	-	-
		10,103	8,674	10,103	8,674
Total comprehensive income attributable to:					
Owners of the Company		10,103	8,674	10,103	8,674
Non-controlling interests		-	-	-	-
		10,103	8,674	10,103	8,674
Earnings per ordinary share attributable to owners of the Company:					
Basic earnings per share (sen)	B14	1.26 ⁽²⁾	1.46 ⁽³⁾	1.26 ⁽²⁾	1.46 ⁽³⁾
Diluted earnings per share (sen)	B14	1.26 ⁽²⁾	1.08 ⁽³⁾	1.26 ⁽²⁾	1.08 ⁽³⁾

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

Notes:

- (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 Group's audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic earnings per share ("**EPS**") and diluted EPS are 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 31 March 2023. There are no dilutive instruments as at the end of the financial period.
- (3) Basic EPS and diluted EPS are calculated based on the profits attributable to owners of the Company divided by 592,560,000 Shares in issue as at 31 March 2022 and enlarged number of shares in issue of 800,000,000 Shares, pursuant to the initial public offering ("**IPO**") completion, respectively.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

SFP TECH HOLDINGS BERHAD

(Registration No. 202101004713 (1405012-M))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023⁽¹⁾**

	Note	Unaudited As at 31.03.2023 RM'000	Audited As at 31.12.2022 RM'000
Non-current assets			
Property, plant and equipment		125,570	122,303
Investment property		2,475	2,498
Intangible asset		2,055	2,311
Total non-current assets		130,100	127,112
Current assets			
Inventories		8,540	6,598
Trade receivables		44,313	24,394
Other receivables, deposits and prepayments		17,282	9,003
Cash and cash equivalents		53,378	72,191
Total current assets		123,513	112,186
Total assets		253,613	239,298
Equity			
Share capital		119,489	119,489
Merger reserve		(53,077)	(53,077)
Retained earnings		106,579	100,476
Total equity		172,991	166,888
Non-current liabilities			
Deferred tax liabilities		3,225	3,115
Deferred income		1,374	1,548
Borrowings	B9	39,896	38,642
Total non-current liabilities		44,495	43,305
Current liabilities			
Trade payables		8,256	1,799
Other payables and accruals		11,859	11,062
Contract liabilities		235	758
Borrowings	B9	15,363	14,992
Current tax liabilities		414	494
Total current liabilities		36,127	29,105
Total liabilities		80,622	72,410
Total equity and liabilities		253,613	239,298
Net assets per share (RM) ⁽²⁾		0.22	0.21

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

Notes:

- (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 accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on the total equity divided by 800,000,000 Shares in issue as at 31 March 2023.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

SFP TECH HOLDINGS BERHAD

(Registration No. 202101004713 (1405012-M))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2023⁽¹⁾**

	<----- 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 2023	119,489	-	(53,077)	100,476	166,888
Profit for the financial period	-	-	-	10,103	10,103
Dividend	-	-	-	(4,000)	(4,000)
Balance as at 31 March 2023	119,489	-	(53,077)	106,579	172,991

Note:

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

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2023⁽¹⁾

	Unaudited Current year- to-date 31.03.2023 RM'000	Unaudited Preceding year-to-date 31.03.2022 RM'000
Cash flows from operating activities		
PBT	10,671	9,031
Adjustments for:		
Amortisation of intangible assets	257	257
Bargain purchase	-	(1,606)
Deferred income released	(174)	(174)
Depreciation of property, plant and equipment	1,924	1,701
Depreciation on investment property	23	-
Interest expenses	551	409
Interest income	(355)	(18)
Unrealised loss/(gain) on foreign exchange	302	(217)
Operating profit before working capital changes	13,199	9,383
Changes in working capital:		
Inventories	(1,942)	(476)
Trade and other receivables	(28,307)	(3,753)
Trade and other payables	7,070	974
Contract liabilities	(523)	222
Cash used in generated from operations	(10,503)	6,350
Income tax paid	(538)	(204)
Interest paid	(551)	(409)
Interest received	355	18
Net cash (used in) operating activities	(11,237)	5,755
Cash flows from investing activities		
Net cash from acquisition of a subsidiary	-	2,448
Purchase of property, plant and equipment	(2,102)	(5,126)
Net cash used in investing activities	(2,102)	(2,678)
Cash flows from financing activities		
Drawdown of term loans	2,484	2,409
Dividend paid	(4,000)	-
Repayment of finance lease	(2,856)	(1,532)
Changes in fixed deposits pledged with licensed banks	(600)	-
Repayment of term loans	(773)	(943)
Net cash used in financing activities	(5,745)	(66)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

	Unaudited Current year- to-date 31.03.2023 RM'000	Unaudited Preceding year-to-date 31.03.2022 RM'000
Net (decrease)/increase in cash and cash equivalents	(19,084)	3,011
Effect of changes in foreign exchange rate	(328)	332
Cash and cash equivalents at beginning of financial period	71,158	23,840
Cash and cash equivalents at end of financial period	51,746	27,183
Cash and cash equivalents at the end of the financial period comprises:		
Fixed deposits with licensed banks	1,633	1,624
Cash and bank balances	51,746	27,330
Less: Fixed deposits pledged to licensed banks or maturity period more than 3 months	(1,633)	(1,624)
Less: Bank overdraft	-	(147)
Cash and cash equivalents at the end of the financial period	51,746	27,183

Note:

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

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

SFP TECH HOLDINGS BERHAD

(Registration No. 202101004713 (1405012-M))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

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 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**”).

The interim financial statements should be read in conjunction with 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 Group’s annual audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report except for the following new amendments to MFRSs that have been issued by MASB but are not yet effective for the Group.

Effective for annual periods beginning on or after 1 January 2024

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

Amendments to MFRS 101 Presentation of Financial Statements - Non-Current Liabilities with Covenants

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

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, SFP Technology Sdn Bhd (“**STSB**”) and SFP Automation Sdn Bhd (“**SASB**”) on 18 March 2022.

The auditors’ report for the preceding financial year ended 31 December 2022 was issued without any qualification.

SFP TECH HOLDINGS BERHAD

(Registration No. 202101004713 (1405012-M))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

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 17 February 2023, the Company declared a second 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 23 March 2023 to shareholders whose names appeared in the Company's record of depositors on 6 March 2023.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

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	
	Unaudited Current year quarter 31.03.2023 RM'000	Unaudited Preceding year quarter 31.03.2022 RM'000	Unaudited Current year-to-date 31.03.2023 RM'000	Unaudited Preceding year-to-date 31.03.2022 RM'000
Revenue				
Sheet metal fabrication	3,375	5,648	3,375	5,648
CNC machining	3,838	8,496	3,838	8,496
Mechanical assembly	25,769	1,645	25,769	1,645
Automated equipment solutions	1,631	2,108	1,631	2,108
Total	34,613	17,897	34,613	17,897

(b) Revenue contribution by geographical locations

	Individual quarter		Cumulative quarter	
	Unaudited Current year quarter 31.03.2023 RM'000	Unaudited Preceding year quarter 31.03.2022 RM'000	Unaudited Current year- to-date 31.03.2023 RM'000	Unaudited Preceding year-to-date 31.03.2022 RM'000
Malaysia	17,128	14,604	17,128	14,604
Foreign Markets				
<i>Hong Kong</i>	12,568	-	12,568	-
<i>USA</i>	3,115	1,663	3,115	1,663
<i>Singapore</i>	1,398	1,630	1,398	1,630
<i>India</i>	322	-	322	-
<i>Others⁽¹⁾</i>	82	-	82	-
	34,613	17,897	34,613	17,897

Note:

(1) Others comprise of Philippines, Netherlands and China

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

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 31 March 2023.

A14. Capital commitments

	Unaudited As at 31.03.2023 RM'000	Audited As at 31.12.2022 RM'000
Authorised and contracted for		
- Building	12,853	15,536
- Property, plant & equipment	22,428	29,197
	35,281	44,733
Authorised but not contracted for		
- Property, plant & equipment	17,940	17,940

A15. Related party transactions

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

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

SFP TECH HOLDINGS BERHAD

(Registration No. 202101004713 (1405012-M))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023**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**

	Unaudited Current year Quarter 31.03.2023 RM'000	Unaudited Preceding Year Corresponding Quarter 31.03.2022 RM'000	Unaudited Current Year- To-Date 31.03.2023 RM'000	Unaudited Preceding Year Corresponding Year-To-Date 31.03.2022 RM'000
Revenue	34,613	17,897	34,613	17,897
Gross Profit	13,039	9,403	13,039	9,403
Profit before interest and tax	10,867	9,422	10,867	9,422
PBT	10,671	9,031	10,671	9,031
Profit after tax	10,103	8,674	10,103	8,674
Profit attributed to owners of the company	10,103	8,674	10,103	8,674

The Group recorded revenue of RM34.61 million for the current quarter and year-to-date ended 31 March 2023 which represented an increase of RM16.72 million or 93.40% as compared to the revenue recorded of RM17.90 million for the preceding year corresponding quarter and corresponding year-to-date ended 31 March 2022.

During the quarter under review, the Group's revenue was principally derived from the Mechanical Assembly segment which contributed RM25.77 million accounting for approximately 74.45% of the total revenue for the current quarter which represented an increase of RM24.12 million or 1,466.50% as compared to the revenue generated from the Mechanical Assembly segment in the preceding year corresponding quarter of RM1.65 million. The increase was mainly driven by sales of assembled mechanical systems to new customers from both Malaysia and Hong Kong. The increase in revenue from the Mechanical Assembly segment was partially offset by decrease in the aggregate revenue generated by the other business segments for the current quarter by RM7.41 million or 45.58% as compared to the preceding year corresponding quarter due to reduced orders from our customers amidst global slowdown in the industries they operate in.

During the quarter under review, the Group's revenue was mainly derived from customers in Malaysia and Hong Kong which contributed in aggregate of approximately 85.79% of the Group's total revenue for the current quarter and year-to-date ended 31 March 2023 as compared to the preceding year corresponding quarter whereby the revenue was predominately from Malaysia, which accounted for 81.60%.

The Group recorded PBT of RM10.67 million for the current quarter ended and year-to-date ended 31 March 2023 after deducting administrative expenses of RM2.93 million, which mainly comprised of staff costs and depreciation of non-manufacturing related to property, plant and equipment and finance costs of RM0.57 million. As compared to the PBT generated by the Group for the preceding year corresponding quarter and year-to-date ended 31 March 2022, it represented an increase of RM1.64 million or 18.16% due mainly to higher revenue generated by the Group for the current quarter ended and year-to-date ended 31 March 2023.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

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

	<u>Quarter Ended</u>		Variance	%
	31.03.2023	31.12.2022		
	RM'000	RM'000	RM'000	
Revenue	34,613	24,981	9,632	38.56
PBT	10,671	9,284	1,387	14.94

The Group recorded an increase in revenue of RM9.63 million or approximately 38.56% for the current quarter ended 31 March 2023 as compared to the preceding quarter ended 31 December 2022. The increase was mainly due to higher contribution from Mechanical Assembly segment of RM14.94 million. The increase was partially offset by lower contribution from the CNC machining segment of RM2.18 million and automated equipment solution segment of RM3.07 million. The increase in Mechanical Assembly segment during the quarter was driven by new and recurring order from new and existing customers. The reduction in revenue from the CNC machining segment was mainly due to lower orders from one customer whilst the reduction in revenue from the automated equipment solutions segment was mainly due to completion of project from an existing customer.

The Group's PBT increased by RM1.39 million or approximately 14.94% for the current quarter ended 31 March 2023 as compared to the preceding quarter ended 31 December 2022 due mainly to lower administrative and tax expenses incurred. The decrease in the administrative expenses were mainly driven by reduction in unrealised foreign exchange loss by RM2.25 million which was partially offset by increase in staff related expenses of RM0.33 million due to additional hiring of personnel in the current quarter ended 31 March 2023. The lower tax expenses for the current quarter ended 31 March 2023 as compared to the preceding quarter ended 31 December 2022 was due to over provision of tax. The overall lower administrative expenses was offset by lower other income recorded due to the weakening of the United States Dollar against the Malaysian Ringgit which resulted in Group not recognising any realised gain on foreign exchange in current quarter as compared to realised gain on foreign exchange of RM0.50 million recognised in the prior quarter.

B3. Prospects of the Group

The global seasonal adjustment in the electrical and electronic industry is expected to have a softening impact on the Group's orders predominantly for the CNC Machining and Sheet Metal Fabrication business segments. Nonetheless, the Group will continue to explore opportunities within this business segment by working closely with existing customers for the development of new products and enhancement of existing products provided as well as to capitalise opportunities to capture new customers. Further, as part of the Group's business strategy, the Group has also capitalised on growth opportunities and oriented its direction towards the high value-add mechanical assembly segment and envisage to further grow this business segment with sporadic large project-based business opportunities.

The Group has reorganised its manufacturing plants to better streamline its business operations, whereby Manufacturing Plant 1 and 2 are positioned to expand the Group's sheet metal fabrication business operations. Manufacturing Plant 2 also houses the Group's existing large format CNC machining operations. Manufacturing Plant 3 houses the Group's multi geometry CNC machining, mechanical assembly, and automated equipment solutions business operations.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

The Group's vision inspection equipment handler platforms' first-generation equipment from the design and development (D&D) activities was developed in conjunction with certain customer's end application space. The Group anticipates that the project will contribute to the Group's revenue in the FYE 2023.

Based on the above, the Board of Directors ("Board") is optimistic of the Group's future prospects and leveraging on its competitive advantage 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.

B5. Other income

	Individual quarter		Cumulative quarter	
	Unaudited Current year quarter 31.03.2023 RM'000	Unaudited Preceding year quarter 31.03.2022 RM'000	Unaudited Current year-to-date 31.03.2023 RM'000	Unaudited Preceding year-to-date 31.03.2022 RM'000
Bargain purchase ⁽¹⁾	-	1,606	-	1,606
Unrealised gain on foreign exchange	-	217	-	217
Government grant	174	174	174	174
Scrape income	291	140	291	140
Rental income	296	-	296	-
Total	761	2,137	761	2,137

Note:

- (1) Arising from the acquisition of SFP Automation Sdn Bhd using the acquisition method of accounting.

B6. Tax expense

	Individual quarter		Cumulative quarter	
	Unaudited Current year quarter 31.03.2023 RM'000	Unaudited Preceding year quarter 31.03.2022 RM'000	Unaudited Current year-to-date 31.03.2023 RM'000	Unaudited Preceding year-to-date 31.03.2022 RM'000
Current tax expense	568	357	568	357
Effective tax rate (%)	5.32	3.95	5.32	3.95
Statutory tax rate (%)	24.00	24.00	24.00	24.00

The effective tax rate of the Group of 5.32% for the current quarter and cumulative quarter respectively was lower than the statutory tax rate of 24.00% mainly due to cumulative income not subject to tax of RM28.66. million and RM1.58 million arising from tax incentive due to pioneer status tax exemption of STSB and SASB respectively.

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

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 the IPO

The status of utilisation of proceeds from IPO as at 31 March 2023 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	15,788	Within 36 months
Construction of Manufacturing Plant 3	15,000	10,903	Within 24 months
Repayment of bank borrowings	10,000	10,000	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	156	Within 12 months
Total	62,232	40,892	

The utilisation of proceeds as disclosed above should be read in conjunction with the prospectus of the Company dated 26 May 2022 (“**Prospectus**”).

B9. Borrowings

As at 31 March 2023, the Group has total borrowings of RM55.26 million and are predominantly denoted in RM.

	Unaudited As at 31.03.2023 RM'000	Audited As at 31.12.2022 RM'000
Non-current liabilities (secured)		
Term loans	29,275	27,735
Hire purchase	10,621	10,907
	<u>39,896</u>	<u>38,642</u>
Current liabilities (secured)		
Term loans	4,174	4,322
Hire purchase	11,189	10,670
	<u>15,363</u>	<u>14,992</u>
Total borrowings		
Term loans	33,449	32,057
Hire purchase	21,810	21,577
	<u>55,259</u>	<u>53,634</u>

SFP TECH HOLDINGS BERHAD

(Registration No. 202101004713 (1405012-M))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

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

	Unaudited As at 31.03.2023 RM'000	Audited As at 31.12.2022 RM'000
RM	49,205	47,460
United States Dollar	6,054	6,174
	<u>55,259</u>	<u>53,634</u>

B10. Derivative financial instruments

As at 31 March 2023, 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.

Sam Poh Beng has filed an application for Judicial Review to the high court seeking for the decision of the Industrial Court to be reviewed and quashed. The hearing for application for Judicial Review is fixed on 26 May 2023

B13. Dividend

On 17 February 2023, the Board declared a second 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 second interim single tier dividend was paid on 23 March 2023.

The total dividends declared for the 12-months financial year ended 31 December 2022 is 1.0 sen per Share.

SFP TECH HOLDINGS BERHAD

(Registration No. 202101004713 (1405012-M))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023**B14. Earnings per share**

	Individual quarter		Cumulative quarter	
	Unaudited Current year quarter 31.03.2023	Unaudited Preceding year quarter 31.03.2022	Unaudited Current year-to-date 31.03.2023	Unaudited Preceding year-to-date 31.03.2022
Profit attributable to owners of the Company (RM'000)	10,103	8,674	10,103	8,674
Number of ordinary shares in issue ('000)	800,000	592,560	800,000	592,560
Diluted number of ordinary shares in issue ('000)	800,000	800,000	800,000	800,000
Basic EPS (sen)	1.26 ⁽¹⁾	1.46 ⁽²⁾	1.26 ⁽¹⁾	1.46 ⁽²⁾
Diluted EPS (sen)	1.26 ⁽¹⁾	1.08 ⁽²⁾	1.26 ⁽¹⁾	1.08 ⁽²⁾

Notes:

- (1) Basic EPS and diluted EPS are calculated based on the profits attributable to owners of the Company divided by 800,000,000 Shares in issue as at 31 March 2023.
- (2) Basic EPS and diluted EPS are calculated based on the profits attributable to owners of the Company divided by 592,600,000 Shares in issue as at 31 March 2022 and enlarged number of shares in issue of 800,000,000 Shares, pursuant to the IPO completion, respectively.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK
--

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2023

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	
	Unaudited Current year quarter 31.03.2023 RM'000	Unaudited Preceding year quarter 31.03.2022 RM'000	Unaudited Current year- to-date 31.03.2023 RM'000	Unaudited Preceding year-to-date 31.03.2022 RM'000
After charging/(crediting) :				
Amortisation of intangible assets	257	257	257	257
Depreciation on property, plant & equipment	1,924	1,701	1,924	1,701
Expenses related to short term leases – premises	96	31	96	31
Expenses related to low value assets				
- office equipment	8	4	8	4
Loss/(Gain) on foreign exchange				
- realised	144	15	144	15
- unrealised	302	(217)	302	(217)
Deferred income release	(174)	(174)	(174)	(174)
Interest income	(355)	(18)	(355)	(18)
Interest expenses	551	409	551	409

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
12 MAY 2023