



CAPE EMS BERHAD
(Registration No.: 199901026859 (501759-M))
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT
FIRST QUARTER ENDED 31 MARCH 2024

CAPE EMS BERHAD
(Incorporated in Malaysia)
(Registration No.: 199901026859 (501759-M))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024 ⁽³⁾

	<u>31.3.2024</u> Unaudited RM'000	<u>31.12.2023</u> Audited RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	240,815	239,438
Goodwill on acquisition	85,695	6,244
	<hr/>	<hr/>
Total non-current assets	326,510	245,682
Current assets		
Inventories	73,455	65,503
Trade receivables	220,940	177,584
Other receivables	45,994	74,731
Current tax assets	347	572
Fixed deposits with licensed banks	3,892	31,180
Other investments	102,695	101,832
Cash and bank balances	59,629	76,589
	<hr/>	<hr/>
Total current assets	506,952	527,991
	<hr/>	<hr/>
Total assets	833,462	773,673
EQUITY AND LIABILITIES		
Equity		
Share capital ⁽¹⁾	324,021	324,021
Exchange translation reserve	2,075	1,217
Revaluation reserve	26,502	26,650
Retained profits	116,854	103,301
	<hr/>	<hr/>
Total equity attributable to owners of the Company	469,452	455,189
Non-controlling interests	463	(33)
	<hr/>	<hr/>
Total equity	469,915	455,156
Liabilities		
Non-current liabilities		
Lease liabilities	11,836	9,204
Loans and borrowings	97,137	100,905
Deferred tax liabilities	13,971	14,018
	<hr/>	<hr/>
Total non-current liabilities	122,944	124,127
	<hr/>	<hr/>

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2024 ⁽³⁾ (CONT'D)

	<u>31.3.2024</u>	<u>31.12.2023</u>
	Unaudited	Audited
	RM'000	RM'000
EQUITY AND LIABILITIES (CONT'D)		
Liabilities (Cont'd)		
Current liabilities		
Trade payables	130,461	102,531
Other payables	33,025	17,681
Amount due to related party	-	74
Lease liabilities	4,686	4,810
Loans and borrowings	62,311	63,628
Current tax liabilities	10,120	5,666
	<hr/>	<hr/>
Total current liabilities	240,603	194,390
	<hr/>	<hr/>
Total liabilities	363,547	318,517
	<hr/>	<hr/>
Total equity and liabilities	833,462	773,673
	<hr/> <hr/>	<hr/> <hr/>
Net assets per share attributable to owners of the		
Company (RM) ⁽²⁾	0.47	0.46
	<hr/> <hr/>	<hr/> <hr/>

Note:

- (1) Based on 992,000,000 ordinary shares in issue as at 31 December 2023 and 31 March 2024 respectively.
- (2) Net assets per share attributable to owners of the Company is calculated based on equity attributable to owners of the Company divided by the total number of ordinary shares in issue.
- (3) The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial report.

CAPE EMS BERHAD
(Incorporated in Malaysia)
(Registration No.: 199901026859 (501759-M))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024 ⁽¹⁾

	Individual quarter		Cumulative quarter	
	3 months ended		3 months ended	
	<u>31.3.2024</u>	<u>31.3.2023</u>	<u>31.3.2024</u>	<u>31.3.2023</u>
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	154,483	137,349	154,483	137,349
Cost of sales	<u>(128,912)</u>	<u>(115,800)</u>	<u>(128,912)</u>	<u>(115,800)</u>
Gross profit	25,571	21,549	25,571	21,549
Other income	4,191	884	4,191	884
Finance income	858	349	858	349
Administration expenses	(9,508)	(7,767)	(9,508)	(7,767)
Distribution costs	(530)	(397)	(530)	(397)
Other expenses	-	(361)	-	(361)
Finance costs	<u>(2,524)</u>	<u>(2,694)</u>	<u>(2,524)</u>	<u>(2,694)</u>
Profit before tax	18,058	11,563	18,058	11,563
Income tax expense	<u>(4,594)</u>	<u>(3,063)</u>	<u>(4,594)</u>	<u>(3,063)</u>
Profit for the financial period	<u>13,464</u>	<u>8,500</u>	<u>13,464</u>	<u>8,500</u>
Other comprehensive income, net of tax				
Items that will not be reclassified subsequently to profit or loss				
Realisation of revaluation reserve upon depreciation of revalued assets	148	133	148	133
Transfer of revaluation reserve to retained profits	(148)	(133)	(148)	(133)
Foreign currency translation differences for foreign operation, net of tax	<u>858</u>	<u>125</u>	<u>858</u>	<u>125</u>
Other comprehensive income for the financial period	<u>858</u>	<u>125</u>	<u>858</u>	<u>125</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024 ⁽¹⁾ (CONT'D)**

	Individual quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Total comprehensive income for the financial period	<u>14,322</u>	<u>8,625</u>	<u>14,322</u>	<u>8,625</u>
Profit attributable to:-				
Owners of the Company	13,405	8,500	13,405	8,500
Non-controlling interests	<u>59</u>	<u>-</u>	<u>59</u>	<u>-</u>
Profit for the financial period	<u>13,464</u>	<u>8,500</u>	<u>13,464</u>	<u>8,500</u>
Total comprehensive income attributable to:-				
Owners of the Company	14,263	8,625	14,263	8,625
Non-controlling interests	<u>59</u>	<u>-</u>	<u>59</u>	<u>-</u>
Total comprehensive income for the financial period	<u>14,322</u>	<u>8,625</u>	<u>14,322</u>	<u>8,625</u>
Earnings per share				
- Basic (sen)	<u>1.35</u>	<u>1.07</u>	<u>1.35</u>	<u>1.07</u>
- Diluted (sen)	<u>1.35</u>	<u>1.07</u>	<u>1.35</u>	<u>1.07</u>

Note:

- (1) The unaudited condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial report.

CAPE EMS BERHAD
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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024 ⁽¹⁾

	← Attributable to owners of the Company →				
	Share capital	Exchange translation reserve	Revaluation reserve	Retained profits	Total equity
Unaudited	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2023	100,000	420	25,683	68,922	195,025
Transaction with owners:					
Shares issued	155,700	-	-	-	155,700
Share issuance expenses	(4,726)	-	-	-	(4,726)
Total transaction with owners	150,974	-	-	-	150,974
Profit for the financial period	-	-	-	8,500	8,500
Realisation of revaluation reserve upon depreciation of revalued assets	-	-	(133)	133	-
Other comprehensive income for the financial period	-	125	-	-	125
Total comprehensive income for the financial period	-	125	(133)	8,633	8,625
Balance at 31 March 2023	250,974	545	25,550	77,555	354,624

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024 ⁽¹⁾ (CONT'D)**

	← Attributable to owners of the Company →				Total	Non-controlling interests	Total equity
	Share capital	Non-distributable Exchange translation reserve	Revaluation reserve	Distributable Retained profits			
Unaudited	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance at 1 January 2024	324,021	1,217	26,650	103,301	455,189	(33)	455,156
Transaction with owners:							
Acquisition of subsidiary	-	-	-	-	-	437	437
Total transaction with owners	-	-	-	-	-	437	437
Profit for the financial period	-	-	-	13,405	13,405	59	13,464
Realisation of revaluation reserve upon depreciation of revalued assets	-	-	(148)	148	-	-	-
Other comprehensive income for the financial period	-	858	-	-	858	-	858
Total comprehensive income for the financial period	-	858	(148)	13,553	14,263	59	14,322
Balance at 31 March 2024	324,021	2,075	26,502	116,854	469,452	463	469,915

Note:

⁽¹⁾ The unaudited condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024 ⁽¹⁾

	3 months ended	
	<u>31.3.2024</u>	<u>31.3.2023</u>
	Unaudited RM'000	Unaudited RM'000
OPERATING ACTIVITIES		
Profit before tax	18,058	11,563
Adjustments for:-		
Depreciation of property, plant and equipment	4,357	3,155
Depreciation of right-of-use assets	1,489	1,944
Fair value gain on financial assets measured at fair value through profit or loss	(561)	-
Interest expense	2,364	1,968
Interest income	(858)	(349)
Lease liabilities interest expense	161	726
Unrealised (gain) / loss on foreign exchange	(3,355)	345
	<hr/>	<hr/>
Operating profit before working capital changes	21,655	19,352
Changes in working capital:-		
Inventories	(936)	4,721
Receivables	(40,433)	(62,059)
Payables	22,838	41,566
Related parties	(74)	(11)
	<hr/>	<hr/>
Cash flows generated from operations	3,050	3,569
Tax paid	(827)	(1,311)
	<hr/>	<hr/>
Net cash flows from operating activities	2,223	2,258
	<hr/>	<hr/>
INVESTING ACTIVITIES		
Interest received	858	327
Purchase of property, plant and equipment	(10,629)	(1,036)
Acquisition of subsidiary	(18,154)	-
Fair value gain on financial assets measured at FVTPL	561	-
	<hr/>	<hr/>
Net cash flows used in investing activities	(27,364)	(709)
	<hr/>	<hr/>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2024 ⁽¹⁾ (CONT'D)**

	3 months ended	
	<u>31.3.2024</u>	<u>31.3.2023</u>
	Unaudited	Unaudited
	RM'000	RM'000
FINANCING ACTIVITIES		
Dividends paid	(5,456)	-
Interest paid	(2,364)	(1,968)
Proceeds from issuance of share capital	-	150,974
Lease liabilities interest paid	(161)	(726)
Net short-term borrowings	(923)	2,111
Placement of a fixed deposit pledged to a licensed bank	(458)	(1,467)
Repayment of term loans	(6,329)	(1,849)
Proceeds from / (Repayment of) lease liabilities - principal portion	<u>(1,661)</u>	<u>(2,350)</u>
Net cash flows (used in) / from financing activities	<u>(17,352)</u>	<u>144,725</u>
CASH AND CASH EQUIVALENTS		
Net changes	(42,493)	146,274
Effect of exchange rate changes	(1,521)	135
At beginning of period	<u>202,926</u>	<u>25,665</u>
At end of period	<u><u>158,912</u></u>	<u><u>172,074</u></u>
CASH AND CASH EQUIVALENTS COMPRISE:-		
Cash and bank balances	59,629	175,023
Fixed deposits with licensed banks	3,892	10,730
Other investments	102,695	-
Bank overdrafts	<u>(2,989)</u>	<u>(2,949)</u>
	163,227	182,804
Less: Fixed deposits with licensed banks pledged to banks	(3,892)	(10,730)
Less: Secured bank guarantee	<u>(423)</u>	<u>-</u>
	<u><u>158,912</u></u>	<u><u>172,074</u></u>

Note:

- (1) The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the unaudited condensed consolidated interim financial report.



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PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING AND INTERNATIONAL ACCOUNTING STANDARDS (“IAS”) 34: INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

This condensed consolidated interim financial report is unaudited and has been prepared in accordance with Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), MFRS 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) (“MFRS 134”) and IAS 34: *Interim Financial Reporting* issued by the International Accounting Standard Board (“IASB”) (“IAS 34”).

This unaudited condensed consolidated interim financial report should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this condensed consolidated interim financial report.

A2. Material Accounting Policies

The accounting policies and presentations adopted by the Company and its subsidiaries (“Group”) are consistent with those adopted for the audited financial statements of the Group for the financial year ended 31 December 2023, except for the adoption of the following new accounting standards, interpretations and amendments issued by Malaysian Accounting Standards Board (“MASB”).

MFRS and amendments to MFRS adopted during the financial period

The Group has applied the following new standards/amendments/improvements to MFRSs which are mandatory for the financial 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
- Amendments to MFRS 107 – Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements

The adoption of abovementioned MFRS and amendments to MFRS do not have material impact on the interim financial statements of the Group.



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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 AND IAS 34 (CONT'D)

A2. Material Accounting Policies (Cont'd)

Amendments to MFRS in issue but not yet effective

The following are Amendments to MFRS with effective date on or after 1 January 2024 issued by MASB and they have not been early adopted by the Group. The Group intends to adopt these amendments to the published standards, if applicable, when they become effective in the respective period.

(a) Effective for period beginning on or after 1 January 2025

- Amendments to MFRS 121 – The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

(b) Amendments effective for a 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 amendments to the published standards are not expected to have any material impacts to the current year and prior year financial statements of the Group upon their first adoption.

A3. Auditors' Report

The audited consolidated financial statements of the Group for the financial year ended 31 December 2023 were not subject to any audit qualification.

A4. Seasonal or Cyclical Factors

The Group's operations are not subject to any significant seasonal or cyclical factors.

A5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flow of the Group for the current quarter and financial period under review.



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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 AND IAS 34 (CONT'D)

A6. Significant Changes in Accounting Estimates

There were no material changes in estimates that have any material effect in the current quarter and financial period under review.

A7. Debt and Equity Securities

There was no issuance and repayment of debts and equity securities during the current quarter and financial period under review.

A8. Dividends Paid

On 20 November 2023, the Company declared a second interim single-tier dividend of 0.55 sen per ordinary share in respect of the financial year ended 31 December 2023, amounting to RM5.5 million, which was paid on 2 February 2024 to the shareholders of the Company whose names appear in the Record of Depositors on 19 January 2024. The dividend was accounted for in equity as an appropriation of retained earnings in the preceding quarter.

A9. Property, plant and equipment

The Group acquired property, plant and equipment amounting to RM7.2 million during the financial period under review.

There were no material disposals of property, plant and equipment during the financial period under review.

A10. Impairment losses

There were no significant impairment losses or reversal of impairment losses arising from property, plant and equipment, financial assets or other assets during the current quarter and financial period under review.

A11. Segment Information

The Group is principally involved in electronics manufacturing services (“EMS”) and other related supporting goods and services. The Managing Director/Group Chief Executive Officer, who is the Group’s chief operating decision maker monitors the segment performance of electronics manufacturing services and other related supporting goods and services in aggregate due to the inter-related nature of the two revenue streams. Segmental information is not prepared as the die casting and machining segment has not met the quantitative thresholds for reporting segment.

The Group’s non-current assets located outside Malaysia are not material and therefore not separately disclosed.



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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 AND IAS 34 (CONT'D)

A11. Segment Information (Cont'd)

Revenue segmented by geographical markets

	Individual quarter		Cumulative quarter	
	3 months ended		3 months ended	
	<u>31.3.2024</u>	<u>31.3.2023</u>	<u>31.3.2024</u>	<u>31.3.2023</u>
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Asia	67,672	69,752	67,672	69,752
Americas	85,127	65,982	85,127	65,982
Europe	1,684	1,615	1,684	1,615
	<u>154,483</u>	<u>137,349</u>	<u>154,483</u>	<u>137,349</u>

A12. Material Events Subsequent to the Statement of Financial Position Date

There were no material events subsequent to the end of the current financial period under review that have not been reflected in this condensed consolidated interim financial report.

A13. Changes in the Composition of the Group

On 26 January 2024, the Group acquired 100% of the issued share capital and voting rights of iConn Inc. ("iConn"), a company incorporated and based in United States of America for a total consideration of USD 16.5 million (approximately RM76.6 million).

The acquisition of iConn, which specialises in virtual manufacturing services such as design for manufacturing, engineering, and sourcing, complements and enhances Group's EMS operations. This integration broadens the Group's service offerings and is expected to strengthen Group's market position by increasing attractiveness to current and prospective customers.

As of the financial period under review, the measurement of the fair value of identifiable assets acquired and liabilities assumed is ongoing. Therefore, the allocation of purchase price was based upon a preliminary valuation, and the estimates and assumptions used are subject to change within the one-year measurement period.

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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 AND IAS 34 (CONT'D)**A13. Changes in the Composition of the Group (Cont'd)**

Summary of effects of the Proposed Acquisition on the statement of financial position of the Group is illustrated as follows:

The provisional fair values of the identifiable assets and liabilities relating to acquisition:	Total fair value recognized on acquisition of iConn RM'000
Assets	
Property, plant and equipment	364
Right-of-use assets	3,223
Inventories	7,015
Trade and other receivables	16,532
Cash and cash equivalents	1,856
Total assets	28,990
Liabilities	
Trade and other payables	(26,432)
Lease liabilities	(3,315)
Loans and borrowings	(2,422)
Other non-current liabilities	(1,250)
Current tax liabilities	(853)
Total liabilities	(34,272)
Total identifiable net liabilities acquired	(5,282)
Goodwill on acquisition	79,451
Purchase consideration	74,169
Purchase consideration	74,169
Deposit paid in FYE2023	(49,980)
Retention sum not due	(4,179)
Cash and cash equivalents acquired	(1,856)
Net cash outflow on acquisition	18,154

A14. Contingent Liabilities

There were no material contingent liabilities since the end of the last audited consolidated financial statements for the financial year ended 31 December 2023.



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PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134 AND IAS 34 (CONT'D)

A15. Commitments

	<u>31.3.2024</u> Unaudited RM'000	<u>31.3.2023</u> Unaudited RM'000
Authorised and contracted for:		
Equipment, furniture and fittings	2,087	32
Plant and machinery	2,584	7,461
Renovation and electrical installation	4,281	327
Motor vehicle	276	-
	<u>9,228</u>	<u>7,820</u>

A16. Significant Related Party Transactions

There were no significant related party transactions for the current quarter and financial period under review.

A17. Derivatives

There were no derivatives used in the current quarter and financial period under review.

A18. Fair Value of Financial Liabilities

There were no gains or losses arising from fair value changes of the Group's financial liabilities for the current quarter and financial period under review.

**CAPE EMS BERHAD**

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PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS**B1. Review of Performance****Current quarter against corresponding quarter**

	Individual quarter		Cumulative quarter	
	3 months ended		3 months ended	
	<u>31.3.2024</u>	<u>31.3.2023</u>	<u>31.3.2024</u>	<u>31.3.2023</u>
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Revenue	154,483	137,349	154,483	137,349
Profit before tax ("PBT")	18,058	11,563	18,058	11,563
Profit after tax ("PAT")	<u>13,464</u>	<u>8,500</u>	<u>13,464</u>	<u>8,500</u>
Reconciliation of PAT to normalized PAT	13,464	8,500	13,464	8,500
Add:				
Listing expenses	<u>-</u>	<u>4,145</u>	<u>-</u>	<u>4,145</u>
Normalised PAT ⁽¹⁾	<u>13,464</u>	<u>12,645</u>	<u>13,464</u>	<u>12,645</u>

The Group achieved a revenue of RM154.5 million for the current quarter and the financial period-to-date. The Group's increased revenue in the current quarter and the financial period-to-date was mainly attributable to the increase of revenue from the Group's EMS segment for both industrial and consumer electronic products, particularly in wireless communication equipment, electronic cigarettes and light electric vehicle respectively.

In line with the increase in revenue, the Group's PBT and PAT increased by RM6.5 million or 56.2% and RM5.0 million or 58.8% respectively in the current quarter and financial period-to-date.

Note:

⁽¹⁾ Normalised PAT is calculated based on the profit for the financial period plus the listing expenses.

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PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)**B2. Comparison with Immediate Preceding Quarter (Q4'23 vs Q1'24)**

	Individual quarter 3 months ended		Variance (%)
	<u>31.3.2024</u>	<u>31.12.2023</u>	
	Unaudited RM'000	Unaudited RM'000	
Revenue	154,483	147,741	4.6
Profit before tax ("PBT")	18,058	12,641	42.9
Profit after tax ("PAT")	<u>13,464</u>	<u>5,470</u>	<u>146.1</u>
Reconciliation of PAT to normalized PAT	13,464	5,470	146.1
Add:			
Acquisition expenses	<u>-</u>	<u>2,338</u>	
Normalised PAT ⁽¹⁾	<u>13,464</u>	<u>7,808</u>	<u>72.4</u>

The Group's revenue increased by RM6.7 million or 4.6%, from RM147.7 million in the preceding quarter to RM154.5 million in the current quarter. The increase was attributed to an increase in sales arising from both industrial and consumer electronic products, particularly in electronic cigarettes and light electric vehicle.

The Group's PBT increased by RM5.4 million or 42.9% from RM12.6 million in the preceding quarter to RM18.0 million in the current quarter due to a more favourable product mix arising from higher sales in higher margin products and after taking into account of the non-recurring acquisition expenses of approximately RM2.3 million in the preceding quarter.

As a result of the above in addition to the under provision of tax expenses during the preceding quarter, the Group's normalized PAT broadened by 72.4% to RM13.4 million.

Note:

⁽¹⁾ Normalised PAT is calculated based on the profit for the financial period plus the acquisition expenses.



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PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B3. Prospects for the Group

The Group's strategic focus revolves around our core competency in providing EMS covering both industrial and consumer electronic products. It is further complemented by our capabilities in aluminium die cast manufacturing, providing sourcing, procurement expertise, marketing and distribution added services to our clients.

Following the acquisition of iConn Inc. since January 2024, the Group is transitioning to an asset light manufacturing model, digitalisation includes integrating online and offline capabilities to boost our efficiency, reduce capital expenditure, and enhance our adaptability to dynamic market changes nowadays. We are committed to innovation and our internal team continues to develop intellectual property to boost customer loyalty and generate licensing revenue. Additionally, the Group is expanding into green technology solutions, particularly involved in battery pack manufacturing, to meet the growing demand for sustainability and demonstrate its environmental responsibility.

Further, the Group had ventured to the business of Light Electric Vehicle (LEV) and it will bring in additional revenue and earnings for the Group.

Despite facing a challenging global landscape characterised by uncontrollable factors such as persistent and intensify US-China trade tension recently, global earthquake disaster, latest Iran-Israeli conflict and red sea shipping crisis are abounded, the Group remains vigilant and cautiously in managing our business operations. While the Group continues to monitor the strong demand in the industrial electronic products' market, we continuously enhance our efficiency, competitiveness, and our swift response to unexpected market changes. At this juncture, the order flow from our customers remains strong in providing revenue and earnings visibility to the Group.

Barring any unforeseen circumstances, the Board is optimistic about the Group's medium to long term performance. We are leveraging on our core competitiveness to expand our business persistently and we expect the Group's expansion to contribute positively to its financial performance in the future.

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PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)**B4. Profit Forecast**

Not applicable as the Group did not issue any profit forecast during the financial period under review.

B5. Taxation

	Individual quarter		Cumulative quarter	
	3 months ended		3 months ended	
	<u>31.3.2024</u>	<u>31.3.2023</u>	<u>31.3.2024</u>	<u>31.3.2023</u>
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Current tax expense	4,641	3,105	4,641	3,105
Realisation of deferred tax upon depreciation of revalued assets	(47)	(42)	(47)	(42)
	<u>4,594</u>	<u>3,063</u>	<u>4,594</u>	<u>3,063</u>
Effective tax rate (%) ⁽¹⁾	25.4	26.5	25.4	26.5

Note:

⁽¹⁾ The overall effective tax rate of 25.4% and 26.5% for individual and for cumulative quarter ended 31 March 2024 and 31 March 2023 were higher than the statutory tax rate of 24.0% mainly due to certain non-deductible expenses for tax purposes.

B6. Status of Corporate Proposals

There was no outstanding uncompleted corporate proposal for the current quarter and financial period under review.

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PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)**B7. Utilisation of Proceeds from the Public Issue**

The gross proceeds from the Public Issue of RM155,700,000 are expected to be used in the following manner:

Details of use of proceeds	Estimated timeframe for use from the date of Listing	Proposed utilisation RM'000	Re-allocation RM'000	Actual utilisation up to 31.3.2024 RM'000	Balance unutilised RM'000
Construction of New Senai 226 Warehouse and installation of automated storage facilities	Within 48 months	53,105	-	(74)	53,031
Setting-up of new cleanroom facility and purchase of new automated production lines for EMS operations	Within 24 months	62,810	-	-	62,810
Installation of energy saving cooling system	Within 24 months	3,688	-	-	3,688
Purchase of new machinery and equipment for die cast manufacturing related services	Within 12 months	4,599	(768) ⁽²⁾	(3,831)	-
Working capital	Within 12 months	20,498	2,247 ⁽¹⁾⁽²⁾	(22,745)	-
Estimated listing expenses	Within 3 months	11,000	(1,479) ⁽¹⁾	(9,521)	-
Total estimated proceeds		155,700	-	(36,171)	119,529

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 16 February 2023.

Note:

- (1) The unutilised balance of RM1.5 million allocated for estimated listing expenses was allocated to working capital.
- (2) The unutilised balance of RM0.8 million allocated for the purchase of new machinery and equipment for die cast manufacturing related services was allocated to working capital.

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PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)**B8. Borrowings and Lease Liabilities**

	<u>31.3.2024</u> Unaudited RM'000	<u>31.12.2023</u> Audited RM'000
Borrowings		
<i>Secured:</i>		
<u>Current</u>		
Term loans	16,284	15,911
Bank overdrafts	2,989	2,817
Short-term financing	43,038	44,900
	<hr/>	<hr/>
	62,311	63,628
<u>Non-current</u>		
Term loans	97,137	100,905
	<hr/>	<hr/>
	159,448	164,533
	<hr/>	<hr/>
Borrowings denominated in the following currencies:		
Ringgit Malaysia	139,686	141,447
United States Dollar	19,762	23,086
	<hr/>	<hr/>
	159,448	164,533
	<hr/>	<hr/>
Lease liabilities		
Current	4,686	4,810
Non-current	11,836	9,204
	<hr/>	<hr/>
	16,522	14,014
	<hr/>	<hr/>

B9. Material litigation

The Group is not engaged in any material litigation, claim and/or arbitration, whether as plaintiff or defendant, which might materially and adversely affect the financial or business position of the Group.

B10. Dividends

As of the date of this unaudited condensed consolidated interim financial report, the Company declared a single-tier interim dividend of 0.67 sen per ordinary share in respect of the financial year ending 31 December 2024, amounting to RM6.7 million, to be paid on 15 August 2024 to the shareholders of the Company whose names appear in the Record of Depositors on 29 July 2024.



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PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B11. Earnings per share (“EPS”)

The basic and diluted EPS for the current quarter and financial period under review are computed as follows:

	Individual quarter 3 months ended		Cumulative quarter 3 months ended	
	<u>31.3.2024</u> Unaudited RM'000	<u>31.3.2023</u> Unaudited RM'000	<u>31.3.2024</u> Unaudited RM'000	<u>31.3.2023</u> Unaudited RM'000
Profit attributable to owners of the Company	13,405	8,500	13,405	8,500
Weighted average number of ordinary shares in issue (basic) (unit)	992,000 ⁽¹⁾	791,824 ⁽²⁾	992,000 ⁽¹⁾	791,824 ⁽²⁾
Basic EPS (sen)	<u>1.35</u>	<u>1.07</u>	<u>1.35</u>	<u>1.07</u>

Note:

- ⁽¹⁾ Calculated on the basis of 992,000,000 ordinary shares after the private placement of 69,000,000 new ordinary shares on the Main Market of Bursa Malaysia Securities Berhad on 12 December 2023.
- ⁽²⁾ Calculated on the basis of the weighted average of 750,000,000 ordinary shares before listing and 923,000,000 ordinary shares after the listing of Company on the Main Market of Bursa Malaysia Securities Berhad on 10 March 2023.
- ⁽³⁾ The Company does not have any dilutive potential ordinary shares as at end of the current quarter and financial period under review.

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PART B: ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)**B12. Profit before tax ⁽¹⁾**

	Individual quarter		Cumulative quarter	
	3 months ended		3 months ended	
	<u>31.3.2024</u>	<u>31.3.2023</u>	<u>31.3.2024</u>	<u>31.3.2023</u>
	Unaudited	Unaudited	Unaudited	Unaudited
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	4,357	3,155	4,357	3,155
Depreciation of right-of-use assets	1,489	1,944	1,489	1,944
Expenses relating to short-term leases	777	97	777	97
Finance costs	2,524	2,694	2,524	2,694
Fair value gain on financial assets measured at fair value through profit or loss	(561)	-	(561)	-
Finance income	(858)	(349)	(858)	(349)
Foreign exchange (gain)/loss:				
- realised	902	(782)	902	(782)
- unrealised	(3,355)	345	(3,355)	345

Note:

⁽¹⁾ Save as disclosed above, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Listing Requirements are not applicable.