

TOYO VENTURES HOLDINGS BERHAD

(Company No.202001001322 (1357641-P))

(Incorporated in Malaysia)

**QUARTERLY REPORT
FOR THE SECOND FINANCIAL QUARTER ENDED
31 MARCH 2024**

TOYO VENTURES HOLDINGS BERHAD
(Company No.202001001322 (1357641-P))
(Incorporated in Malaysia)

QUARTERLY REPORT

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TOYO VENTURES HOLDINGS BERHAD

(Company No.202001001322 (1357641-P))

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INCOME STATEMENTS
FOR THE SECOND FINANCIAL QUARTER ENDED 31 MARCH 2024**

(The figures have not been audited)

| | Note | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---------------------------------------|------|---|---|--|--|
| | | Current quarter ended 31/3/2024 RM'000 | Corresponding quarter ended 31/3/2023 RM'000 | Current period to date ended 31/3/2024 RM'000 | Corresponding period to date ended 31/3/2023 RM'000 |
| Revenue | | 18,737 | 21,825 | 43,523 | 45,164 |
| Cost of sales | | (14,784) | (16,561) | (34,326) | (34,783) |
| Gross profit | | <u>3,953</u> | <u>5,264</u> | <u>9,197</u> | <u>10,381</u> |
| Interest income | | 9 | 2 | 17 | 9 |
| Other operating income | | 1,712 | 329 | 3,873 | 384 |
| Operating expenses | | (4,949) | (4,038) | (10,822) | (10,025) |
| Other expenses | | (13,545) | - | (13,545) | - |
| Finance cost | | (132) | (214) | (286) | (347) |
| (Loss)/Profit before taxation | B13 | <u>(12,952)</u> | <u>1,343</u> | <u>(11,566)</u> | <u>402</u> |
| Taxation | B6 | <u>(33)</u> | <u>(355)</u> | <u>(413)</u> | <u>(657)</u> |
| (Loss)/Profit for the period | | <u><u>(12,985)</u></u> | <u><u>988</u></u> | <u><u>(11,979)</u></u> | <u><u>(255)</u></u> |
| (Loss)/Profit Attributable to: | | | | | |
| Owners of the Company | | <u><u>(12,985)</u></u> | <u><u>988</u></u> | <u><u>(11,979)</u></u> | <u><u>(255)</u></u> |
| Basic(loss)/earnings | | | | | |
| per ordinary share (sen) | B14 | <u>(9.77)</u> | <u>0.84</u> | <u>(9.01)</u> | <u>(0.22)</u> |
| Diluted earnings | | | | | |
| per ordinary share (sen) | B14 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

Note :

The Condensed Consolidated Income Statements should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 30 September 2023.

TOYO VENTURES HOLDINGS BERHAD

(Company No.202001001322 (1357641-P))

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2024

| | | As At 31/3/2024 RM'000 | As At 30/09/2023 RM'000 (Audited) |
|--|------|---------------------------------------|--|
| ASSETS | Note | | |
| Non-Current Assets | | | |
| Property, plant and equipment | A9 | 21,072 | 21,162 |
| Prepayment | | 900 | - |
| Power plant development project | | 318,720 | 316,344 |
| | | <u>340,692</u> | <u>337,506</u> |
| Current Assets | | | |
| Inventories | | 18,770 | 18,743 |
| Trade and other receivables | | 131,543 | 128,556 |
| Tax recoverable | | 971 | 913 |
| Fixed deposits with licensed banks | | 2,451 | 916 |
| Cash and bank balances | | 86,788 | 87,199 |
| | | <u>240,523</u> | <u>236,327</u> |
| Total Assets | | <u><u>581,215</u></u> | <u><u>573,833</u></u> |
| EQUITY | | | |
| Share capital | A7 | 153,371 | 131,605 |
| Other reserves | | 1,251 | 7,530 |
| (Accumulated loss)/Retained earnings | | <u>(12,530)</u> | <u>1,679</u> |
| Total equity | | <u>142,092</u> | <u>140,814</u> |
| LIABILITIES | | | |
| Non-Current Liabilities | | | |
| Lease liabilities | | 323 | 438 |
| Loan and borrowings | B8 | 4,076 | 3,715 |
| Other payables | | 408,462 | 406,359 |
| Deferred tax liabilities | | <u>1,012</u> | <u>1,012</u> |
| | | <u>413,873</u> | <u>411,524</u> |
| Current Liabilities | | | |
| Lease liabilities | | 248 | 347 |
| Loan and borrowings | B8 | 5,874 | 5,454 |
| Trade and other payables | | 19,070 | 15,449 |
| Tax payable | | 58 | - |
| Contract liabilities | | <u>-</u> | <u>245</u> |
| | | <u>25,250</u> | <u>21,495</u> |
| Total Liabilities | | <u>439,123</u> | <u>433,019</u> |
| Total Equity and Liabilities | | <u><u>581,215</u></u> | <u><u>573,833</u></u> |
| Net Assets Per Share Attributable to Owners of the Company (RM) | | <u>1.07</u> | <u>1.20</u> |

Note:

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 30 September 2023.

TOYO VENTURES HOLDINGS BERHAD

(Company No.202001001322 (1357641-P))

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SECOND FINANCIAL QUARTER ENDED 31 MARCH 2024**

(The figures have not been audited)

| | <-----Attributable to Owners of the Company-----> | | | | Total Equity RM '000 |
|--|---|-------------------------------|-----------------------------------|---|----------------------------|
| | <-----Non-Distributable Reserves-----> | | | Distributable Reserve | |
| | Share Capital RM '000 | Exchange Reserve RM'000 | Share Option Reserve RM'001 | Retained Earnings/ (Accumulated Loss) RM '000 | |
| At 1 October 2022 | 131,605 | 6,830 | - | 2,559 | 140,994 |
| Loss for the period | - | - | - | (255) | (255) |
| Exchange differences on translation of foreign operations | - | (541) | - | - | (541) |
| Total comprehensive loss for the period | - | (541) | - | (255) | (796) |
| Transaction with the owners: | | | | | |
| Dividend paid | - | - | - | (1,766) | (1,766) |
| At 31 March 2023 | <u>131,605</u> | <u>6,289</u> | <u>-</u> | <u>538</u> | <u>138,432</u> |
| At 1 October 2023 | 131,605 | 7,530 | - | 1,679 | 140,814 |
| Loss for the period | - | - | - | (11,979) | (11,979) |
| Exchange difference on translation of foreign operations | - | (7,334) | - | - | (7,334) |
| Total comprehensive loss for the period | - | (7,334) | - | (11,979) | (19,313) |
| Transaction with owners: | | | | | |
| Issuance of ordinary shares pursuant to : | | | | | |
| - Exercise of Warrant B | 9,243 | - | - | - | 9,243 |
| - Exercise of Share Grant | 12,487 | - | - | - | 12,487 |
| - Exercise of Employee Share Option | 36 | - | (3) | - | 33 |
| - Share Option issued | - | - | 1,058 | - | 1,058 |
| Dividend paid | - | - | - | (2,230) | (2,230) |
| | 21,766 | - | 1,055 | (2,230) | 20,591 |
| At 31 March 2024 | <u>153,371</u> | <u>196</u> | <u>1,055</u> | <u>(12,530)</u> | <u>142,092</u> |

Note :

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 30 September 2023.

TOYO VENTURES HOLDINGS BERHAD
(Company No.202001001322 (1357641-P))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED CASH FLOW STATEMENTS
FOR THE SECOND FINANCIAL QUARTER ENDED 31 MARCH 2024
(The figures have not been audited)

| | Current period to date ended 31/3/2024 RM'000 | Corresponding period to date ended 31/3/2023 RM'000 |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| (Loss)/Profit before taxation | (11,566) | 402 |
| Adjustments for: | | |
| Non-cash items | - | (1) |
| Bad debts written off | - | 226 |
| Depreciation of property, plant and equipment | 877 | 766 |
| Interest expense | 286 | 347 |
| Interest income | (17) | (9) |
| Reversal of impairment loss on receivables | (56) | - |
| Property, plant and equipment written off | 2 | 44 |
| Share grant expenses | 12,487 | - |
| Employee share option expenses | 1,058 | - |
| Unrealised gain on foreign exchange | (3,144) | (264) |
| Operating (loss)/profit before working capital changes | (73) | 1,511 |
| Changes in working capital: | | |
| (Increase)/Decrease in inventories | (27) | 2,127 |
| Increase in receivables | (5,998) | (3,766) |
| Increase/(Decrease) in payables | 10,126 | (9,301) |
| Cash generated from/(used in) operations | 4,028 | (9,429) |
| Tax paid, net of refunds | (413) | (467) |
| Net cash generated from/(used in) operating activities | 3,615 | (9,896) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of property, plant and equipment | (789) | (398) |
| Acquisition of power plant development project | (3,454) | (2,355) |
| Interest received | 8 | 9 |
| Net cash used in investing activities | (4,235) | (2,744) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net changes in banker's acceptance | (436) | 750 |
| Proceeds from issuance of ordinary shares | 9,243 | - |
| Interest paid | (235) | (347) |
| Dividends paid | (2,230) | (1,766) |
| Placement of fixed deposits with licensed banks | (26) | (916) |
| Repayment of lease liabilities | (213) | (236) |
| Repayment of term loans | (315) | (377) |
| Share option proceeds | 33 | - |
| Advances from non-current other payables | 1,925 | 78,603 |
| Net cash generated from financing activities | 7,746 | 75,711 |
| Net increase in cash and cash equivalents | 7,126 | 63,071 |
| Effect of foreign exchange translation | (6,561) | 1,911 |
| Cash and cash equivalents at beginning of the interim period | 85,165 | 19,091 |
| Cash and cash equivalents at end of the interim period | 85,730 | 84,073 |
| CASH AND CASH EQUIVALENTS COMPRISE: | | |
| Cash and bank balances | 86,788 | 85,821 |
| Short term fixed deposit | 1,509 | - |
| Bank overdraft | (2,567) | (1,748) |
| | 85,730 | 84,073 |

Note :

The Condensed Consolidated Cash Flow Statements should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 30 September 2023.

**QUARTERLY REPORT
FOR THE SECOND FINANCIAL QUARTER ENDED 31 MARCH 2024**

NOTES TO THE FINANCIAL REPORT

A. EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134 (INTERIM FINANCIAL REPORTING)

A1. Basis of Preparation

The unaudited interim financial statements, for the period ended 31 March 2024, have been prepared in accordance with MFRS 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standard Board (“MASB”) and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The unaudited interim financial statements should be read in conjunction with the annual audited financial statements of the Group for the financial year ended 30 September 2023. For the periods up to and including the year ended 30 September 2023, the Group prepared its financial statement in accordance with the Malaysian Financial Reporting Standards (“MFRS”).

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 30 September 2023.

A2. Changes in Accounting Policies

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”). The significant accounting policies adopted in preparing the interim financial statement are consistent with those of the audited financial statement for the year ended 30 September 2023.

The following are the accounting standards, amendments and interpretations of the MFRS that have been issued by the Malaysian Accounting Standards Board (“MASB”).

- | | |
|---|--|
| • Amendments to MFRS 3 | Reference to the Conceptual Framework |
| • Amendments to MFRS 116 | Property, Plant and Equipment - Proceeds before Intended Use |
| • Amendments to MFRS 137 | Onerous Contracts - Cost of Fulfilling a Contract |
| • Annual Improvements to MFRS Standards 2018 – 2020 | - Amendments to MFRS 1 - Amendments to MFRS 9 - Amendments to illustrative Examples accompanying MFRS 16 - Amendments to MFRS 141 |

The adoption of the above amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

TOYO VENTURES HOLDINGS BERHAD

Company No. 202001001322 (1357641-P)

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A3. Auditors' Report

The auditors' report of the preceding financial statements for the year ended 30 September 2023 was not subject to any qualification.

A4. Seasonal or Cyclical Factors

The Group's operations were not significantly affected by any seasonal or cyclical factors.

A5. Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows for the current quarter under review.

A6. Changes in Estimates

There were no changes in estimates of amounts reported in prior interim period which have a material effect on the current interim period.

A7. Issuance or Repayment of Debts and Equity Securities**Issue of shares and debentures**

During the interim period, the Company increased its issued and paid-up share capital from RM131,605,212 to RM153,371,545 as follows:

- i. On 6 November 2023, issuance of 6,162,200 new ordinary shares pursuant to exercise of Warrant B, at the exercise price of RM1.50 per warrant, for cash consideration of RM9,243,300;
- ii. On 15 March 2024, issuance of 9,000,000 new ordinary shares of RM1.3874 each, to executive directors at no payment, by deducting the sum of RM12,486,600.00 from the profit and loss account by way of otherwise than cash, in respect of their applications to exercise their Share Grants offered under the Employees' Share Scheme ("ESS"); and
- iii. On 15 March 2024, issuance of 26,260 new ordinary shares of RM1.3874 each, to employees at the exercise price of RM1.25 per share, for cash consideration of RM32,825 in respect of their applications to exercise their ESOS Options under the ESS.

The new shares rank pari passu in all respects with the existing shares in the Company.

There was no issuance of debentures during the interim period.

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A8. Dividend Paid

On 16 February 2024, the Company paid a first and final single-tier dividend of 1.8 sen per ordinary share in respect of the financial year ended 30 September 2023.

A9. Valuation of Property, Plant and Equipment

The values of property, plant and equipment have been brought forward without amendment from the previous audited financial statements.

The Group did not carry out any valuation on its property, plant and equipment during the current interim period.

A10. Segmental Reporting**Current Period To Date 31 March 2024**

| | Manufacturing | Trading and investment holding | Energy | Elimination | Consolidated |
|---|----------------------|---|---------------|--------------------|---------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | | |
| External | 25,153 | 18,371 | - | - | 43,524 |
| Inter-segment | - | 13,346 | - | (13,346) | - |
| Total revenue | 25,153 | 31,717 | - | (13,346) | 43,524 |
| Results | | | | | |
| Segment results | (240) | 114 | 1,028 | (12,199) | (11,297) |
| Interest income | 11 | 5 | 1 | - | 17 |
| Finance cost | (128) | (158) | - | - | (286) |
| Taxation | (183) | (230) | - | - | (413) |
| Net (loss)/profit for the financial period | (540) | (269) | 1,029 | (12,199) | (11,979) |

TOYO VENTURES HOLDINGS BERHAD

Company No. 202001001322 (1357641-P)

(Incorporated in Malaysia)

A10. Segmental Reporting (cont'd)**Current Period To Date 31 March 2024 (cont'd)**

| | Manufacturing | Trading and investment holding | Energy | Elimination | Consolidated |
|--------------------------------------|----------------------|---|---------------|--------------------|---------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Other Information | | | | | |
| Segment assets | 39,759 | 710,370 | 223,604 | (402,437) | 571,296 |
| Unallocated corporate assets | | | | | 9,919 |
| Consolidated total assets | | | | | <u>581,215</u> |
| Segment liabilities | 16,627 | 424,744 | 54,413 | (66,773) | 429,011 |
| Unallocated corporate liabilities | | | | | 10,112 |
| Consolidated total liabilities | | | | | <u>439,123</u> |
| Capital expenditure | 400 | 389 | - | - | 789 |
| Depreciation/ amortization | 449 | 426 | 2 | - | 877 |

Corresponding Period To Date 31 March 2023

| | Manufacturing | Trading and investment holding | Energy | Elimination | Consolidated |
|---|----------------------|---|---------------|--------------------|---------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | | |
| External | 25,312 | 19,852 | - | - | 45,164 |
| Inter-segment | - | 630 | - | (630) | - |
| Total revenue | <u>25,312</u> | <u>20,482</u> | <u>-</u> | <u>(630)</u> | <u>45,164</u> |
| Results | | | | | |
| Segment results | 888 | (5,606) | 5,458 | - | 740 |
| Interest income | 6 | 1,612 | 1 | (1,610) | 9 |
| Finance cost | (188) | (149) | (1,620) | 1,610 | (347) |
| Taxation | (332) | (325) | - | - | (657) |
| Net profit/(loss) for the financial period | <u>374</u> | <u>(4,468)</u> | <u>3,839</u> | <u>-</u> | <u>(255)</u> |

A10. Segmental Reporting (continued)

Corresponding Period To Date 31 March 2023 (cont'd)

| | Manufacturing RM'000 | Trading and investment holding RM'000 | Energy RM'000 | Elimination RM'000 | Consolidated RM'000 |
|--------------------------------------|---------------------------------|--|--------------------------|-------------------------------|--------------------------------|
| Other Information | | | | | |
| Segment assets | 49,274 | 779,067 | 232,387 | (498,749) | 561,979 |
| Unallocated corporate assets | | | | | 10,837 |
| Consolidated total assets | | | | | <u>572,816</u> |
| Segment liabilities | 17,539 | 519,334 | 137,822 | (247,072) | 427,623 |
| Unallocated corporate liabilities | | | | | 6,761 |
| Consolidated total liabilities | | | | | <u>434,384</u> |
| Capital expenditure | 120 | 278 | - | - | 398 |
| Depreciation/ amortization | 421 | 343 | 2 | - | 766 |

Geographical Segments

The Group's continuing operations are mainly production and sale of products in two principal geographical areas, Malaysia and Vietnam.

| | Revenue from external customers by location of customers | | Segment assets by location of assets | | Capital expenditure by location of assets | |
|----------------------------------|---|---|---|---|--|---|
| | YTD 31 Mar 2024 RM'000 | YTD 31 Mar 2023 RM'000 | YTD 31 Mar 2024 RM'000 | YTD 31 Mar 2023 RM'000 | YTD 31 Mar 2024 RM'000 | YTD 31 Mar 2023 RM'000 |
| Continuing operations | | | | | | |
| Malaysia | 43,524 | 45,164 | 357,433 | 340,429 | 789 | 398 |
| Vietnam | - | - | 223,604 | 232,387 | - | - |
| | <u>43,524</u> | <u>45,164</u> | <u>581,037</u> | <u>572,816</u> | <u>789</u> | <u>398</u> |

TOYO VENTURES HOLDINGS BERHAD

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A11. Subsequent Material Events

On 27 December 2022, the Company proposes to settle RM354,000,000 (“**Settlement Sum**”) out of the total outstanding debts as at 22 December 2022 of RM355,154,481 owing to non-current other payables related to a substantial shareholder through the issuance of 295,000,000 units of five (5)-year, zero coupon irredeemable convertible unsecured loan stocks (“**ICULS**”) at RM1.20 each with an aggregate nominal value of RM354,000,000 (“**Proposed Settlement**”).

This Proposed Settlement has been approved by Bursa Securities vide its letter dated 8 November 2023 and was approved by the shareholders at an Extraordinary General Meeting (“**EGM**”) held on 13 December 2023.

On 25 April 2024, 295,000,000 ICULS have been successfully issued. As such, the Proposed Settlement is deemed completed on even date.

A12. Changes in the Composition of the Group

During the quarter under review, application to strike off the name of Song Hau 2 Financing Pte Ltd from the Register of Companies, was approved by the Accounting and Corporate Regulatory Authority (“**ACRA**”) of Singapore.

A13. Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities since the last annual reporting date and there were no contingent assets as at the end of the current quarter.

A14. Capital Commitments

| | 6 months ended 31/03/2024 RM'000 | 6 months ended 31/03/2023 RM'000 |
|---|---|---|
| Approved and contracted but not provided for: | | |
| Power plant development project | <u>71,806</u> | <u>70,907</u> |

The commitment related to the land lease payment for power plant development project is VND365.5 billion or approximately RM71,806,000 (31.3.2023 : RM70,907,000).

B. ADDITIONAL DISCLOSURES PURSUANT TO APPENDIX 9B, PART A OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

The group’s revenue for the 2nd quarter ended 31 March 2024 (“**2Q-2024**”) decreased by RM3.09 million or 14.15%, to RM18.74 million compared to the corresponding preceding quarter (“**2Q-2023**”) of RM21.83 million, due to dwindling sales in the EDM Wire Manufacturing Division. The division was affected by global slow recovery in the semi-conductor industry.

Gross profit margin for the quarter reduced to 21.1% in 2Q-2024 from 24.1% in the 2Q-2023, due to sales volume with lower margin product mix.

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B1. Review of Performance (cont'd)

The group recorded a loss before tax (“LBT”) of RM12.95 million for the current quarter, in contrast to profit before tax (“PBT”) of RM0.99 million in the corresponding 2Q-2023, due to Employees’ Share Scheme (“ESS”) expenses totalling RM13.54 million incurred during the quarter. Pursuant to the ESS, share grants expenses of RM12.49 million was deducted from the profit and loss account by way of otherwise than cash, for the issuance of 9,000,000 new ordinary shares of RM1.3874 each, and RM1.06 million for employee share option expenses.

Year-to-date group revenue decreased by RM1.64 million or 3.63% to RM43.52 million from RM45.16 million recorded in the corresponding year. During the current 6 months, the group posted LBT of RM11.57 million compared to PBT of RM0.40 million in the corresponding preceding period.

The group’s 6 months revenue of RM43.52 million was contributed by Toyo Ink Sdn Bhd (“TISB”) RM18.21 million, EDM Tools (M) Sdn Bhd (“ETSB”) RM13.75 million and EDM Machining Solutions (M) Sdn Bhd (“EMSSB”) RM11.56 million.

Against the 6 months revenue, the group’s operating business units generated PBT of RM0.94 million, with EMSSB contributing a PBT of RM0.85 million, followed by TISB RM0.33 million, while ETSB suffered LBT of RM0.24 million.

B2. Comparison with Preceding Quarter’s Results

Quarter ended 31 March 2024 vs 31 December 2023

| | 3 months ended 31 March 2024 RM’000 | 3 months ended 31 December 2023 RM’000 |
|--------------------------|--|---|
| Revenue | <u>18,737</u> | <u>24,786</u> |
| (Loss)/Profit before tax | <u>(12,952)</u> | <u>1,386</u> |

The group’s quarterly revenue decreased by 24.41% from RM24.79 million in the preceding quarter to RM18.74 million in the current quarter. The marked decrease was due to the shorter business days in the month of February coupled with slower sales.

Gross profit margin for the both quarters stood at 21.1%. The substantial loss during the current quarter was due to share grants expenses of RM12.49 million.

B3. Prospects

Given the less than encouraging results reported, the Board strives to achieve better performance for its financial year ending 30 September 2024 with new business exploration. The group will continue to expand its existing business by managing its costs and focusing on better sales product mix with better profit margin.

B4. Statement of the Board of Directors' Opinion

Not applicable as the Group did not announce or publish any revenue or profit estimate, forecast, projection or internal target for the financial quarter.

B5. Profit Forecast and Profit Guarantee

The Group has not provided any profit forecast or profit guarantee in a public document.

B6. Taxation

| INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|-----------------------|-----------------------------|------------------------------|------------------------------------|
| Current quarter ended | Corresponding quarter ended | Current period to date ended | Corresponding period to date ended |
| 31/3/2024 | 31/3/2023 | 31/3/2024 | 31/3/2023 |
| RM'000 | RM'000 | RM'000 | RM'000 |

Tax expenses recognised in profit or loss

Income tax

| | | | | |
|----------------------------|----|-----|-----|-----|
| - Current financial period | 33 | 355 | 413 | 657 |
|----------------------------|----|-----|-----|-----|

B7. Status of Corporate Proposals

(a) Warrant 2020/2023 (“Warrant B”)

On 6 November 2023, a total of 6,162,200 units of the outstanding Warrant B of 53,497,495 were converted into new shares at an exercise price of RM1.50 per warrant and proceeds amounting to RM9,243,300 was fully credited to the share capital account of the Company in accordance with the Companies Act 2016 in Malaysia. Any warrants not exercised by the expiry date of 6 November 2023 ceased to be valid for any purpose.

The movements of the warrants during the interim period are as follows:

| Date of issue | Exercise price | Number of Warrant B | | | |
|-----------------|----------------|---------------------|-------------|--------------|--------------|
| | | At 1.10.2023 | Exercised | Lapsed | At 31.3.2024 |
| 23 October 2020 | RM1.50 | 53,497,495 | (6,162,200) | (47,335,295) | - |

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B7. Status of Corporate Proposals (cont'd)

(b) Irredeemable Convertible Unsecured Loan Stocks (“ICULS”)

On 27 December 2022, the Company proposes to settle RM354,000,000 (“Settlement Sum”) out of the total outstanding debts as at 22 December 2022 of RM355,154,481 owing to non-current other payables related to a substantial shareholder through the issuance of 295,000,000 units of five (5)-year, zero coupon ICULS at RM1.20 each, with an aggregate nominal value of RM354,000,000 (“Proposed Settlement”).

This Proposed Settlement has been approved by Bursa Securities vide its letter dated 8 November 2023 and was approved by the shareholders at an Extraordinary General Meeting (“EGM”) held on 13 December 2023.

On 25 April 2024, 295,000,000 ICULS have been successfully issued. As such, the Proposed Settlement is deemed completed on even date.

(c) Employees’ Share Scheme (“ESS”)

On 7 September 2023, the Company proposes to undertake a proposed establishment of an employees’ share scheme (“Scheme”) of up to fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any point in time during the duration of the Scheme to the eligible directors and employees of the Company and its subsidiaries (excluding dormant subsidiaries) (“Proposed ESS”). This Proposed ESS has been approved by Bursa Securities vide its letter dated 4 October 2023 and was approved by the shareholders at an EGM held on 13 December 2023.

On 5 February 2024, new ordinary shares at RM1.3874 per share (5-day volume weighted average market price immediately prior to the offer of Share Grants/ESOS Options) were awarded/offered as follows:

- i. 9,000,000 Share Grants awarded to executive directors at no payment, with immediate vesting period; and
- ii. 9,370,500 ESOS Options offered to eligible directors and employees of the Company to subscribe for new shares at the exercise price of RM1.25 per share, proportionately over a period of 5 years.

The ESS shall be in force for a duration of 5 years commencing from 18 December 2023, the effective date of implementation of the ESS, which is the date of full compliance of the provisions as set out in Paragraph 6.43(1) of the Listing Requirements.

The ESS may be extended for a further period of up to 5 years at the discretion of the Board upon the recommendation of the ESS Committee, subject to a maximum aggregate of 10 years from the effective date.

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B7. Status of Corporate Proposals (cont'd)

(c) Employees' Share Scheme ("ESS") (cont'd)

The movements of the ESS during the interim period are as follows:

| ESS | Exercise price | Number of Ordinary Shares | | | |
|--------------|----------------|---------------------------|-----------|-------------|--------------|
| | | At 1.10.2023 | Offered | Exercised | At 31.3.2024 |
| Share Grants | Nil | - | 9,000,000 | (9,000,000) | - |
| ESOS Options | RM1.25 | - | 9,370,500 | (26,260) | 9,344,240 |

B8. Borrowings

The Group's borrowings as at the end of the reporting quarter are as follows:

| | 31/3/2024 RM'000 | 30/09/2023 RM'000 |
|------------------------------|---------------------|----------------------|
| Long term borrowings | | |
| Secured | | |
| Term loans | 4,076 | 3,715 |
| Short term borrowings | | |
| Secured | | |
| Banker's acceptance | 2,257 | 2,546 |
| Bank overdraft | 2,567 | 2,034 |
| Term loans | 1,050 | 874 |
| | 5,874 | 5,454 |
| Total | 9,950 | 9,169 |

B9. Litigation**High Court of Malaya Writ of Summons and Statement of Claim No. WA-22NCVC-202-04/2023: K.S. LEE ENERGY LLP ("KSLE") V TIGB**

On 28 April 2023, Toyo Ink Group Berhad ("TIGB"), a wholly-owned subsidiary of the Company, had been served with a Writ of Summons and Statement of Claim No. WA-22NCVC-202-04/2023 ("Suit 1") filed by K.S. LEE ENERGY LLP ("KLSE"), for the followings:

- the sum of USD10,363,516 being the "Equity Success Fee" and "Debt Success Fee" ("Success Fee Claim") payable to the KLSE under the Project Success Fee Agreement dated 28 January 2018; or
- alternatively, the sum of USD8,839,948 being the professional fees which KLSE would have ordinarily entitled to earn and loss of business opportunity ("Alternative Claim"); or

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B9. Litigation (cont'd)

High Court of Malaya Writ of Summons and Statement of Claim No. WA-22NCVC-202-04/2023: K.S. LEE ENERGY LLP (“KSLE”) V TIGB (cont'd)

- (c) alternatively, damages on a quantum meruit basis based on Section 71 of the Contracts Act, 1950 to be assessed (“**Quantum Meruit**”).

On 15 June 2023, TIGB filed an Application to refer certain preliminary issues for the determination of the Court, the determination of which will result in a summary disposal of the Suit 1 without having to go to full trial. TIGB’s Application was heard by the Judge on 15 and 21 September 2023.

On 4 October 2023, the High Court of Malaya issued judgment in favour of TIGB and ordered that the action commenced by KSLE be dismissed with costs. The Court also ordered KSLE to pay TIGB a total sum of RM60,000, comprising the followings:

- (a) RM30,000 costs for the action; and
(b) RM30,000 costs for TIGB’s Application.

On 30 November 2023, KSLE paid RM62,400 including Allocatur Fees of RM2,400 to TIGB’s solicitors.

On 2 November 2023, KSLE lodged an Appeal to the Court of Appeal against the decision of the High Court made on 4 October 2023.

At the Case Management on 31 January 2024, the Registrar directed that KSLE refile its Records of Appeal to match the Court’s prescribed formatting, and fixed the next Case Management on 11 March 2024 for KSLE to update the Court on the Record of Appeal.

On 21 March 2024, the Court of Appeal Registrar has given fresh directions as follows:-

- i) Written Submissions by 11 November 2024;
ii) Reply Submissions by 25 November 2024;
iii) Case Management on 27th November 2024 to update on status of submissions; and
iv) Physical hearing on 9th December 2024 at the Court of Appeal in Putrajaya.

The Directors, as advised by TIGB’s solicitors, are of the view that TIGB stand a good chance of success in defending KSLE’s Appeal.

High Court of Malaya Writ of Summons and Statement of Claim No. WA-22NCVC-470-08/2023: PHU MY VINH CONSULTING INVESTMENT & TRADING SERVICE COMPANY LIMITED (“PMV”) V TIGB

On 29 August 2023, TIGB had been served with a Writ of Summons and Statement of Claim No. WA-22NCVC-470-08/2023 (“**Suit 2**”) filed by PHU MY VINH CONSULTING INVESTMENT & TRADING SERVICE COMPANY LIMITED (“**PMV**”), for the followings:

- (a) the sum of USD7,657,150 being the alleged outstanding balance of the consulting fees payable to PMV under an Agreement dated 28 September 2015;
(b) interest at the rate of 5% per annum on the sum of USD7,657,150 from the date of commencement of this action to the date of full settlement;

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B9. Litigation (cont'd)

High Court of Malaya Writ of Summons and Statement of Claim No. WA-22NCVC-470-08/2023: PHU MY VINH CONSULTING INVESTMENT & TRADING SERVICE COMPANY LIMITED (“PMV”) V TIGB (cont'd)

- (c) an order that the judgement sums in USD be converted to RM by applying the foreign currency exchange rate of Malayan Banking Berhad at the date of the execution/enforcement of this judgement, if required;
- (d) costs; and
- (e) other reliefs that his Honourable Court deems appropriate and fair.

On 23 October 2023, TIGB filed the following Applications in the High Court:

- (a) an Application to Strike Out the endorsement on the Writ of Summons and Statement of Claim, and for an Order to dismiss the action; and
- (b) an Application for security for costs of RM125,000 to be furnished by PMV to TIGB's solicitors.

Both Applications were initially fixed for hearing before the Judge on 24 January 2024.

However, PMV reduced its claim from USD7,657,150 to USD3,190,975 in Affidavit in Reply affirmed by Nguyen Hung Viet on 12 December 2023.

In respect of Application (b) the security for costs, PMV and TIGB had agreed to a reduced security for costs of RM50,000 payable by PMV, on the basis of its reduced claim.

In respect of Application (a) the Striking Out Application, PMV had sought permission from the Court to file a further affidavit in reply. The Court allowed PMV's request to file a further affidavit in reply by 12 January 2024, and directed that TIGB file its affidavit in reply by 2 February 2024.

At the hearing on 24 January 2024, the outcome are as follows:

1. Security for Cost

A Consent Order was recorded before the Judge. In summary, under the terms of the Order, PMV must pay security of RM50,000 to TIGB'S solicitors within 7 days, failing which their action will be struck out without liberty to file afresh.

The amount was paid by PMV on 30 January 2024.

2. Striking Out Application

- i) Hearing was fixed on 23 May 2024; and
- ii) Written Submissions to be filed by 1 April 2024, and Reply Submissions by 22 April 2024.

However, the supposed hearing on 23 May 2024 was vacated by the High Court.

At a case management via e-review on 23 May 2024, the Court has fixed TIGB's Striking Out application against PMV to be heard on 30 August 2024.

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B9. Litigation (cont'd)

High Court of Malaya Writ of Summons and Statement of Claim No. WA-22NCVC-470-08/2023: PHU MY VINH CONSULTING INVESTMENT & TRADING SERVICE COMPANY LIMITED (“PMV”) V TIGB (cont'd)

The Directors, as advised by TIGB’s solicitors, are of the opinion that the Suit 2 will not have any impact to the Group as TIGB has paid all sum as agreed under the PMV Agreement and no amount is owing to PMV.

B10. Dividend

The Board had recommended a first and final single tier dividend of 1.8 sen per ordinary share in respect of the financial year ended 30 September 2023. The dividend was paid on 16 February 2024.

B11. Disclosures of derivatives

There were no outstanding derivatives as at 31 March 2024.

B12. Gain/Losses Arising from Fair Value Changes of Financial Liabilities

There were no gains/losses arising from fair value changes of the financial liabilities for the current quarter ended 31 March 2024.

B13. Notes to the Condensed Consolidated Income Statement

Profit/(Loss) before taxation is arrived at after charging/(crediting) the following items:

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|--|--|
| | Current quarter ended 31/3/2024 RM'000 | Corresponding quarter ended 31/3/2023 RM'000 | Current period to date ended 31/3/2024 RM'000 | Corresponding period to date ended 31/3/2023 RM'000 |
| Bad debts (recovered)/written off | - | (19) | - | 226 |
| Depreciation of property, plant and equipment | 446 | 385 | 877 | 766 |
| Interest expense | 132 | 214 | 286 | 347 |
| Interest income | (9) | (2) | (17) | (9) |
| Reversal of impairment loss on receivables | (56) | - | (56) | - |
| Property, plant and equipment written off | - | - | 2 | - |
| Unrealised gain on foreign exchange | (2,136) | (1,027) | (3,144) | (264) |
| Share grant expenses | 12,487 | - | 12,487 | - |
| Employee share option expenses | 1,058 | - | 1,058 | - |

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B14. Basic Earnings Per Share

- i. Basic earnings per share is calculated by dividing the profit attributable to shareholders by the weighted average number of ordinary shares in issue during the financial period.

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---------------------------|-----------------------------|------------------------------|------------------------------------|
| | Current quarter ended | Corresponding quarter ended | Current period to date ended | Corresponding period to date ended |
| | 31/3/2024 | 31/3/2023 | 31/3/2024 | 31/3/2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| (Loss)/Profit attributable to owners of the Company | (12,985) | 988 | (11,979) | (255) |
| Weighted average number of ordinary shares in issue | 132,891 | 117,703 | 132,891 | 117,703 |
| Basic (loss)/earnings per share (sen) | <u>(9.77)</u> | <u>0.84</u> | <u>(9.01)</u> | <u>(0.22)</u> |

- ii. The Company does not have any dilutive potential ordinary shares as the fair value of the ordinary shares during the period is less than the exercise price. Accordingly, the diluted earnings per share were not presented.