

EONMETALL GROUP BERHAD

(Company No. 631617 D)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DEC 2022

| | Three Months Ended | | Year Ended | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 31-Dec-22 RM'000 | 31-Dec-21 RM'000 | 31-Dec-22 RM'000 | 31-Dec-21 RM'000 |
| Continuing Operations | | | | |
| Revenue | <u>50,127</u> | <u>72,292</u> | <u>270,402</u> | <u>216,948</u> |
| Operating profit/(loss) | (10,598) | 10,168 | 29,091 | 36,926 |
| Interest expense | (1,541) | (765) | (7,839) | (5,369) |
| Interest income | 24 | 5 | 68 | 13 |
| Share of profit/(loss) of associates | (639) | - | (639) | (1,770) |
| Profit/(Loss) before tax | <u>(12,754)</u> | <u>9,408</u> | <u>20,681</u> | <u>29,800</u> |
| Tax expense | (3,017) | (2,692) | (5,996) | (4,893) |
| Profit/(Loss) after tax from continuing operations | <u>(15,771)</u> | <u>6,716</u> | <u>14,685</u> | <u>24,907</u> |
| Other comprehensive income/(loss) | (558) | 434 | 322 | 529 |
| Total comprehensive income/(loss) | <u>(16,329)</u> | <u>7,150</u> | <u>15,007</u> | <u>25,436</u> |
| Profit/(Loss) after tax attributable to: | | | | |
| Owners of parent | (12,208) | 5,885 | 17,923 | 24,165 |
| Non-controlling interests | (3,563) | 831 | (3,238) | 742 |
| | <u>(15,771)</u> | <u>6,716</u> | <u>14,685</u> | <u>24,907</u> |
| Total comprehensive income/(loss) attributable to: | | | | |
| Owners of parent | (12,721) | 6,228 | 18,227 | 24,609 |
| Non-controlling interests | (3,608) | 922 | (3,220) | 827 |
| | <u>(16,329)</u> | <u>7,150</u> | <u>15,007</u> | <u>25,436</u> |
| Earnings/(Loss) per share attributable to owners of the Company | | | | |
| Basic earnings/(loss) per share (sen) | <u>(4.41)</u> | <u>2.33</u> | <u>7.16</u> | <u>11.86</u> |
| Diluted earnings/(loss) per share (sen) | <u>(4.41)</u> | <u>2.33</u> | <u>7.16</u> | <u>11.86</u> |

The condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and the audited financial statements for the year ended 31 December 2021.

EONMETALL GROUP BERHAD

(Company No. 631617 D)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DEC 2022

| | Unaudited 31-Dec-22 RM'000 | Audited 31-Dec-21 RM'000 |
|--|----------------------------------|--------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 184,280 | 180,305 |
| Right of use assets | 7,270 | 783 |
| Investment in associates / joint venture | 9,419 | 10,383 |
| Goodwill | 23,003 | - |
| Trade and other receivables | - | 65 |
| | <u>223,972</u> | <u>191,536</u> |
| Current assets | | |
| Trade and other receivables | 103,018 | 117,728 |
| Inventories | 187,213 | 186,250 |
| Current tax assets | 136 | 446 |
| Cash and cash equivalents | 16,679 | 14,491 |
| | <u>307,046</u> | <u>318,915</u> |
| Assets classified as held for sale | 81,207 | 1,281 |
| TOTAL ASSETS | <u>612,225</u> | <u>511,732</u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the parent | | |
| Share capital | 137,426 | 106,097 |
| Treasury share, at cost | (1,761) | (1,761) |
| Property revaluation reserve | 46,708 | 46,905 |
| Translation reserve | (705) | (1,009) |
| Retained earnings | 138,572 | 123,910 |
| | <u>320,240</u> | <u>274,142</u> |
| Non-controlling interests | 5,832 | 1,053 |
| TOTAL EQUITY | <u>326,072</u> | <u>275,195</u> |
| LIABILITIES | | |
| Non-current liabilities | | |
| Loans and borrowings | 20,253 | 31,313 |
| Lease creditors | 3,810 | 488 |
| Deferred tax liabilities | 12,638 | 8,514 |
| | <u>36,701</u> | <u>40,315</u> |
| Current liabilities | | |
| Trade and other payables | 31,395 | 33,922 |
| Loans and borrowings | 149,851 | 160,223 |
| Lease creditors | 3,594 | 334 |
| Current tax liabilities | 955 | 1,640 |
| Derivative liabilities | - | 103 |
| | <u>185,795</u> | <u>196,222</u> |
| Liabilities classified as held for sale | 63,657 | - |
| TOTAL LIABILITIES | <u>286,153</u> | <u>236,537</u> |
| TOTAL EQUITY AND LIABILITIES | <u>612,225</u> | <u>511,732</u> |
| Net assets per share (RM) | <u>1.28</u> | <u>1.35</u> |

The condensed consolidated statement of financial position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and audited financial statements for the year ended 31 December 2021.

EONMETALL GROUP BERHAD

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DEC 2022

| | ← Non-distributable → | | | Distributable | Total Total | | | |
|--|-----------------------|-----------------|------------------------------|------------------------------|-------------------|-------------------------------------|--------------------------|--------------|
| | Share capital | Treasury shares | Property revaluation reserve | Exchange translation reserve | Retained earnings | attributable to owner of the parent | Non-controlling interest | Total equity |
| | RM'000 | RM'000 | RM'000 | 216,948 | RM'000 | RM'000 | RM'000 | RM'000 |
| Balance as at 1 January 2021 | 106,097 | (1,761) | 66,871 | (1,359) | 82,835 | 252,683 | 587 | 253,270 |
| Profit for the year | - | - | - | - | 24,164 | 24,164 | 742 | 24,906 |
| Foreign currency translations | - | - | - | 444 | - | 444 | 85 | 529 |
| Realisation of revaluation reserve | - | - | (19,966) | - | 19,966 | 0 | - | 0 |
| Total comprehensive loss for the period | - | - | (19,966) | 444 | 44,130 | 24,608 | 827 | 25,436 |
| Disposal of Subsidiary | - | - | - | (94) | - | (94) | (360) | (454) |
| Dividend to shareholders | - | - | - | - | (3,056) | (3,056) | - | (3,056) |
| Balance as at 31 Dec 2021 | 106,097 | (1,761) | 46,905 | (1,009) | 123,909 | 274,141 | 1,053 | 275,195 |
| Balance as at 1 January 2022 | 106,097 | (1,761) | 46,905 | (1,009) | 123,909 | 274,141 | 1,053 | 275,195 |
| Profit for the year | - | - | - | - | 17,923 | 17,923 | (3,238) | 14,685 |
| Foreign currency translations | - | - | - | 304 | - | 304 | 18 | 322 |
| Total comprehensive income for the year | - | - | - | 304 | 17,923 | 18,227 | (3,220) | 15,007 |
| Realisation of revaluation reserve | - | - | (197) | - | 197 | - | - | - |
| Issue of shares | 31,329 | - | - | - | - | 31,329 | - | 31,329 |
| Non-controlling interest arising on a business combination | - | - | - | - | - | - | 7,999 | 7,999 |
| Dividend to shareholders | - | - | - | - | (3,457) | (3,457) | - | (3,457) |
| Balance as at 31 Dec 2022 | 137,426 | (1,761) | 46,708 | (705) | 138,572 | 320,240 | 5,832 | 326,072 |

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements and audited financial statements for the year ended 31 December 2021.

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QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DEC 2022

| | Year Ended | |
|---|---------------------|---------------------|
| | 31-Dec-22 RM'000 | 31-Dec-21 RM'000 |
| Cash flows from operating activities | | |
| Profit/(Loss) before tax from: | | |
| Continuing operations | 27,023 | 29,799 |
| Discontinuing operations | (6,061) | - |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 9,559 | 8,981 |
| Depreciation of right-of-use-assets | 2,432 | 475 |
| Addition of right-of-use-assets | (8,919) | |
| Interest expense | 7,851 | 5,369 |
| Interest income | (22) | (13) |
| Impairment loss on trade receivables | 5,856 | 1,972 |
| Inventories written down | 1 | 512 |
| Share of profit/loss on associates | - | (1,770) |
| Reversal of impairment loss on trade receivable | (1,292) | (765) |
| Gain on disposal of a subsidiary | - | (159) |
| (Gain)/loss on disposal of plant and equipment | (2,141) | (8) |
| (Gain)/loss on disposal of assets held for sale | | (6,484) |
| Plant and equipment written off | 1 | 63 |
| Gain on lease modification | - | (3) |
| Fair value adjustment on derivative financial instrument | - | 103 |
| Unrealised (gain)/loss on foreign exchange | 329 | (688) |
| Operating profit before changes in working capital | 34,618 | 37,385 |
| Changes in working capital: | | |
| Inventories | (963) | (65,720) |
| Trade and other receivables | 5,202 | (34,597) |
| Trade and other payables | (2,331) | (11,786) |
| Cash (used in)/generated from operations | 36,526 | (74,718) |
| Tax paid | (575) | (4,032) |
| RPGT paid | (3,698) | - |
| Net cash (used in)/generated from operating activities | 32,253 | (78,750) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (13,694) | (8,721) |
| Acquisition of subsidiary, net of cash outflow acquired | (31,329) | - |
| Loss in revaluation surplus | (197) | - |
| Interest received | 22 | 13 |
| Proceeds from disposal of subsidiary | - | 3,687 |
| Proceeds from disposal of plant and equipment | 3,581 | 8 |
| Proceeds from disposal of assets held for sale | - | 58,800 |
| Net cash used in investing activities | (41,617) | 53,788 |
| Cash flows from financing activities | | |
| Drawdown of short term borrowings | 364,116 | 382,878 |
| Proceeds from term loans | 2,288 | 4,576 |
| Proceeds from hire purchase creditors | 320 | - |
| Repayment of short term borrowings | (373,643) | (337,405) |
| Repayment of term loans | (13,582) | (15,691) |
| Repayment of hire purchase creditors | (14) | - |
| Repayment of right-of-use assets | (1,735) | (326) |
| Recognition of lease creditor | 8,160 | - |
| Proceeds from issuance of shares | 31,329 | - |
| Dividend paid to shareholders of the Company | (3,457) | (3,056) |
| Interest paid | (7,695) | (5,324) |
| Net cash (used in)/generated from financing activities | 6,087 | 25,652 |
| Net (decrease)/increase in cash and cash equivalents | (3,278) | 690 |
| Effect of exchange rate changes | 322 | (617) |
| Cash and cash equivalents reclassified as held for sale | 9,759 | - |
| Cash and cash equivalents at beginning of year | 3,406 | 3,333 |
| Cash and cash equivalents at end of financial year | 10,209 | 3,406 |

Notes:

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise :

| | | |
|----------------------|-----------------|-----------------|
| Cash & bank balances | 20,376 | 14,491 |
| Bank overdrafts | <u>(10,167)</u> | <u>(11,085)</u> |
| | <u>10,209</u> | <u>3,406</u> |

A) Acquisition of a subsidiary

On 12 May 2022, the company acquires 15,300,000 shares of RM0.49 of Lienteh Technology Sdn Bhd. for a purchase consideration of RM35,700,000.00

Assets acquired and liabilities assumed

The identifiable assets and liabilities of Lienteh Technology Sdn Bhd as at the date of acquisition were:

| <u>Assets</u> | <u>RM</u> |
|---|-----------------|
| <u>Non-current assets:</u> | |
| Property, Plant and Equipment | 36,614 |
| Right of use assets | 3,824 |
| <u>Current-assets:</u> | |
| Assets work in progress | 36,842 |
| Closing stock | 15,546 |
| Trade and other receivables | (16,655) |
| Cash and cash equivalents | <u>3,716</u> |
| | <u>79,887</u> |
| | |
| <u>Liabilities</u> | |
| <u>Non-current liabilities</u> | |
| Hire purchase | (23) |
| Deferred tax liabilities | (1,700) |
| <u>Current liabilities</u> | |
| Lease liabilities | (4,118) |
| Trade and other Payables | (57,719) |
| Current tax | <u>(2)</u> |
| | <u>(63,562)</u> |
| | |
| Net assets acquired | 16,325 |
| Non-controlling interests measured at their share of the fair value of net assets | (7,999) |
| Goodwill arising from acquisition | <u>23,003</u> |
| Total purchase consideration | 31,329 |
| Less: Cash and cash equivalent | <u>(3,716)</u> |
| Net cash inflow on acquisition | <u>27,613</u> |

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EONMETALL GROUP BERHAD

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

A. DISCLOSURE REQUIREMENTS PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134 INTERIM FINANCIAL REPORTING

1. Basis of preparation

The condensed consolidated interim financial report is unaudited and has been prepared in compliance with MFRS 134, Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). These condensed consolidated interim financial statements also complied with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2021. These explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2021.

2. Significant Accounting Policies

The significant accounting policies and methods of computation applied in the unaudited condensed financial statements are consistent with those adopted in the most recent annual financial statements for the year ended 31 December 2021 except for the adoption of the following MFRSs and Amendment to MFRSs and Interpretation:-

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 JANUARY 2022

Annual Improvements to MFRS Standards 2018 - 2020

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

The Group had adopted the above Amendments to Standards, at a date of initial application of 1 January 2022. The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

2. Significant Accounting Policies (cont'd)

New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 JANUARY 2023

The following are accounting standards, amendments and interpretations of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ('MASB') but have not been early adopted by the Group and the Company.

| Description | | Effective for financial periods beginning on or after |
|------------------------------------|---|---|
| MFRS 17 | Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 17 | Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 17 | Insurance Contracts- Initial Application of MFRS 17 and MFRS 9- Comparative Information | 1 January 2023 |
| Amendments to MFRS 101 | Classification of Liabilities as Current or Non-current | 1 January 2023 |
| Amendments to MFRS 101 | Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to MFRS 108 | Definition of Accounting Estimates | 1 January 2023 |
| Amendments to MFRS 112 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendments to MFRS 101 | Presentation of Financial Statements- Non- Current Liabilities with Covenants | 1 January 2024 |
| Amendments to MFRS 101 | Classifications of Liabilities as Current or Non- Current | 1 January 2024 |
| Amendments to MFRS 10 and MFRS 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2021 was not qualified.

4. Seasonality of operations

The business operations of the Group were not significantly affected by any seasonal or cyclical factors.

5. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial year-to-date.

6. Material changes in estimates

There were no changes in estimates that have a material effect during the current financial year-to-date.

7. Issuances and repayment of debt and equity securities

There were no issuance, resale, repayment of debt and equity securities and share cancellations for the current financial year ended 31 December 2022 and year up to the date of this announcement save for the following:

On 12 May 2022, the Company announced the issue of 72,857,142 ordinary shares for RM0.490 per share.

8. Dividends paid

An Interim Single Tier Dividend of 1.25 sen per ordinary share totaling RM3,457,099 for financial year ended 31 December 2022 had been paid on 30 December 2022.

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022****9. Segment revenue and results**

Segmental reporting for the financial year-to-date is as below:-

| Year-to-date ended 31 Dec 2022 | Machinery and equipment RM'000 | Steel product and trading activity RM'000 | Property investment holding and others RM'000 | Total RM'000 |
|--|---|--|--|-------------------------|
| Total revenue | 25,910 | 486,947 | 15,410 | 528,267 |
| Inter-segment revenue | (6,280) | (250,098) | (1,487) | (257,865) |
| External revenue | 19,630 | 236,849 | 13,923 | 270,402 |
| Interest income | 1 | 20 | 47 | 68 |
| Interest expense | 1,676 | 5,158 | 1,005 | 7,839 |
| Depreciation and amortisation | 1,646 | 8,332 | 4,775 | 14,753 |
| Share of profit/(loss) of an associate and a joint venture, net of tax | - | - | (639) | (639) |
| Segment profit/(loss) | 3,810 | 32,287 | (15,416) | 20,681 |
| Year-to-date ended 31 Dec 2021 | | | | |
| Total revenue | 40,908 | 400,895 | 129 | 441,932 |
| Inter-segment revenue | (5,341) | (219,643) | - | (224,984) |
| External revenue | 35,567 | 181,252 | 129 | 216,948 |
| Interest income | - | 13 | - | 13 |
| Interest expense | 2,223 | 2,833 | 313 | 5,369 |
| Depreciation and amortisation | 742 | 6,689 | 2,026 | 9,457 |
| Share of profit/(loss) of an associate and a joint venture, net of tax | - | - | 1,770 | 1,770 |
| Segment profit/(loss) | (319) | 33,924 | (3,805) | 29,800 |

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

10. Material events subsequent to the end of the reporting period

Save as disclosed in Note 21 on the status of corporate proposals announced, there was a completion on disposal of Lienteh Technology Sdn. Bhd. (“LTSB”) as subsidiary on 7 February 2023.

11. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter under review except for the following:

On 12 May 2022, the Group acquired 15,300,000 ordinary shares of RM1.00 representing 51% of the total issued share capital of LTSB (202001010447(113193-W)) for a purchase consideration of RM35,700,000. The principal activity of LTSB is manufacturing, importing, exporting and trading of pharmaceutical and medical goods like latex and nitrile gloves.

On 7 February 2023, the Group had completely disposed the entire 51% stake in LTSB for a cash consideration of RM35,700,000. Following completion of the disposal on 7 February 2023, LTSB ceased to be subsidiary of the Group.

12. Changes in contingent liabilities or contingent assets

| | As at 31.12.2022 RM'000 | As at 31.12.2021 RM'000 |
|--|-------------------------------|-------------------------------|
| Corporate guarantees given to licensed banks for credit facilities granted to subsidiaries | <u>355,500</u> | <u>311,900</u> |

13. Capital commitments

Capital commitments authorized but not provided for in the financial statements are as follows:

| | As at 31.12.2022 RM'000 | As at 31.12.2021 RM'000 |
|--|-------------------------------|-------------------------------|
| Purchase of property, plant and equipment - Contracted but not provided for | <u>9,994</u> | <u>18,625</u> |

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

14. Related Party Transactions

Below are transactions with companies in which a Director/his spouse and persons connected to them having controlling interests during the financial year ended 31 December 2022.

| | Year ended 31.12.2022 RM'000 |
|--------------------|------------------------------------|
| Sales of Goods | 8,205 |
| Purchase of goods | 1,718 |
| Rental of Premises | <u>2,008</u> |

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

15. Review of performance

The Group's revenue for the fourth quarter ended 31 December 2022 decreased by RM22.2 million from RM72.3 million to RM50.1 million as compared to the preceding year corresponding quarter. The decrease was mainly attributed to the decrease in sales from the machinery and equipment as well as steel product and trading activity.

The Group's loss before tax ("LBT") was RM12.8 million, as compared to profit before tax ("PBT") of RM9.4 million recorded in preceding year corresponding quarter. The performance of each business segment for the fourth quarter as compared to the preceding year corresponding quarter is presented as follows:-

(a) Machinery and equipment segment

This segment recorded a revenue of RM5.4 million for the current quarter as compared to RM18.9 million achieved in the previous year corresponding quarter, representing a decrease of RM13.5 million equivalent to 71.4%. PBT was RM1.1 million, increase of RM2.6 million equivalent to 1.7 times as compared to LBT of RM1.5 million achieved during the corresponding quarter in preceding year. The PBT is mainly attributed by higher gross profit margin generated from different product mix of palm oil related business.

(b) Steel product and trading activity segment

The revenue for the current quarter was RM38.9 million, representing a decrease of RM14.5 million equivalent to 27.2% as compared to RM53.4 million reported in the preceding year corresponding quarter. LBT was registered at RM5.6 million, a decrease of RM15.9 million equivalent to 1.5 times as compared to PBT of RM10.3 million recorded in the previous year corresponding quarter. The LBT is mainly attributed to the decrease in sales, higher interest, depreciation, and higher cost of production.

(c) Property, investment holding and other segment

This segment represents trading of non-steel products, other manufacturing and services income derived from the Group's properties offset against operating expenses from this segment. This segment recorded LBT of RM8.3 million, a decrease of RM8.8 million or 17.6 times as compared to PBT of RM0.5 million in the corresponding quarter in preceding year. The increase in LBT is due to share of loss from investment in LTSB and associate of RM7.4 million, as well as impairment loss on other receivables.

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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

16. Variation of results against preceding quarter

| | Current quarter ended 31.12.2022 RM'000 | Immediate preceding quarter ended 30.09.2022 RM'000 |
|--------------------------|---|---|
| Revenue | 50,127 | 70,052 |
| Profit/(Loss) before tax | <u>(12,754)</u> | <u>8,834</u> |

The Group recorded a current quarter LBT of RM12.8 million, representing a decrease of RM21.6 million from PBT of RM8.8 million in the preceding quarter. The decrease was mainly attributed by lower revenue generated from steel product and trading activity segment, higher cost of production, foreign exchange losses and share of loss from investment in LTSB and associate of RM7.4 million, impairment loss on other receivables as well as rental of premise of RM2.0 million.

17. Commentary of prospects

At this juncture, the Group does not anticipate any major impact from the Covid-19 pandemic to the operations and market demands due to the diversification of our product ranges and markets.

Additionally, the Group is anticipating lower demand for its steel product and trading activity due to weakening global economy growth. However, the Group is maintaining optimistic in the machinery and equipment segment due to the high crude palm oil (“CPO”) price which may lead to higher demand in its palm oil related to business. Nonetheless, the Group shall continue to exercise caution in our business approach for the foreseeable future in view of slower market conditions.

18. Profit forecast

The Group did not publish any profit forecast in a public documents in the current financial quarter.

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022****19. Notes to the Condensed Consolidated Statement of Comprehensive Income**

Save as disclosed below and included in the consolidated income statements, there were no other items applicable to be disclosed pursuant to item 16 of Appendix 9B of the Main Market Listing Requirements of Bursa Securities:

| | Individual Quarter | | Cumulative Quarter | |
|--|---|---|---|--|
| | Current quarter ended 31.12.2022 RM'000 | Corresponding preceding quarter ended 31.12.2021 RM'000 | Cumulative year ended 31.12.2022 RM'000 | Corresponding preceding year ended 31.12.2021 RM'000 |
| Depreciation of property, plant and equipment | 1,889 | 2,281 | 9,559 | 8,981 |
| Depreciation of right-of- use asset | 1,007 | 220 | 2,432 | 475 |
| (Gain)/Loss on disposal of subsidiary | - | (18) | - | (159) |
| (Gain)/Loss on disposal of property, plant and equipment | (505) | (63) | (2,141) | (6,492) |
| (Gain)/Loss on lease modification | - | (2) | - | (3) |
| Fair value adjustment on derivative financial instrument | - | 103 | - | 103 |
| Other income | (206) | (149) | (468) | (1,095) |
| Impairment loss on trade and other receivables | 3,677 | 1,972 | 5,856 | 1,972 |
| Interest income | (25) | (5) | (69) | (13) |
| Interest expense | 1,553 | 765 | 7,851 | 5,369 |
| Realised (gain)/loss on foreign exchange | (213) | (501) | (1,240) | (742) |
| Rental income | (54) | (45) | (242) | (840) |
| Reversal of impairment loss on trade and other receivables | (1,292) | (765) | (1,292) | (765) |
| Share of (profit)/loss of associates | (639) | (1,770) | (639) | (1,770) |
| Unrealised (gain)/loss on foreign exchange | 1,503 | (331) | 703 | (688) |

EONMETALL GROUP BERHAD**(Company No. 631617-D)****(Incorporated in Malaysia)****SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022****20. Taxation**

| | Individual Quarter | | Cumulative Quarter | |
|---------------------------------------|---|---|---|--|
| | Current quarter ended 31.12.2022 RM'000 | Corresponding preceding quarter ended 31.12.2021 RM'000 | Cumulative year ended 31.12.2022 RM'000 | Corresponding preceding year ended 31.12.2021 RM'000 |
| Current tax expense | (1,009) | (3,247) | (3,729) | (5,454) |
| Over/(under) provision in prior years | (2,008) | 555 | (2,267) | 561 |
| | <u>(3,017)</u> | <u>(2,692)</u> | <u>(5,996)</u> | <u>(4,893)</u> |

The increase in taxation was contributed to higher revenue generated during the year ended.

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EONMETALL GROUP BERHAD

(Company No. 631617-D)
(Incorporated in Malaysia)

SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

21. Status of corporate proposal announced

On 8 January 2021, the Company announced on the Proposed Disposal of land measuring approximately 62,886.52 square meters together with the building erected thereon for a total cash consideration of RM58,800,000 which was completed on April 2021.

On 9 February 2021, the Company announced Multiple Proposals which include:

- i. Proposed Acquisition for the Share Sale Agreement entered into by the Company with all shareholders of LTSB in relation to the Proposed Acquisition by the Company of 51% equity interest in LTSB
- ii. Proposed Diversification
- iii. Proposed Employees' Share Option Scheme("ESOS"); and
- iv. Proposed Amendments to Company's Constitution

Additional announcement were made on the 12 April 2021, 7 May 2021, 6 August 2021, 8 September 2021, 4 October 2021, 8 October 2021, 20 October 2021, 23 November 2021, 9 December 2021, 21 January 2022, 8 February 2022, 7 March 2022, 23 March 2022, 24 March 2022 and 8 April 2022 to provide additional information.

The proposed acquisition of LTSB was completed on 12 May 2022.

On 8 August 2022, the Company announced Multiple Proposals which include:

- i. Proposed disposal of 15,300,000 ordinary shares in LTSB representing 51% equity interest in LTSB
- ii. Proposed Rescission of the profit guarantee and call option granted by LTSB shareholders to the Group, as well as the Stakeholder Agreement dated 5 May 2022 entered between the Group, LTSB shareholders and Malaysian Trustee Berhad.

Additional announcement were made on the 5 October 2022, 4 November 2022, 8 November 2022 and 10 November 2022 to provide additional information.

The proposed disposal of LTSB was completed on 7 February 2023.

Save for the above, there was no other corporate proposals announced as at the date of this interim financial report.

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EONMETALL GROUP BERHAD

(Company No. 631617-D)
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SELECTED EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2022

22. Status of utilisation of proceeds raised from corporate proposal

On 30 August 2022, the Company announced that the Proposed Disposal of 15,300,000 ordinary shares which equivalent to 51% of shares in LTSB for a cash consideration of RM35,700,000.

As at 31 December 2022, the status of utilisation of proceeds raised pursuant to the Proposed Disposal of LTSB is as follows:-

| | Proposed Utilisation | Actual Utilisation | Balance Unutilise | Intended Timeframe for Utilisation |
|---|---------------------------------|-------------------------------|------------------------------|--|
| Details of Utilisation | RM'000 | RM'000 | RM'000 | |
| Expansion of steel manufacturing facilities | 17,000 | 6,700 | 10,300 | Within thirty (30) months from the date of completion of the Proposed Disposal |
| Repayment of borrowings | 12,000 | 12,000 | - | Within six (6) months from the date of completion of the Proposed Disposal |
| Working capital | 6,040 | 6,040 | - | Within six (6) months from the date of completion of the Proposed Disposal |
| Estimated expenses* | 660 | 660 | - | Immediate |
| | <u>35,700</u> | <u>25,400</u> | <u>10,300</u> | |

* The estimated expenses comprising professional fees payable to the Principal Adviser, solicitors, Independent Adviser, company secretaries and share registrar for the Proposals.

EONMETALL GROUP BERHAD

(Company No. 631617-D)

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**SELECTED EXPLANATORY NOTES
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FOR THE YEAR ENDED 31 DECEMBER 2022****23. Group borrowings**

The Group's borrowings for the financial year ended 31 December 2022 are as follows:-

| | Payable within 12 months RM'000 | Payable after 12 months RM'000 |
|----------------------------------|---------------------------------------|--------------------------------------|
| RM denominated borrowings | | |
| <u>Secured</u> | | |
| Term loans | 14,587 | 20,018 |
| Hire purchases | 72 | 234 |
| | 14,659 | 20,253 |
| <u>Unsecured</u> | | |
| Bank overdrafts | 10,168 | - |
| Bankers' acceptances | 89,114 | - |
| Revolving credits | 26,450 | - |
| Trust receipts | 9,461 | - |
| | 135,192 | - |
| Total borrowings | 149,851 | 20,253 |

The Group's borrowings for the financial year ended 31 December 2021 are as follows:-

| | Payable within 12 months RM'000 | Payable after 12 months RM'000 |
|----------------------------------|---------------------------------------|--------------------------------------|
| RM denominated borrowings | | |
| <u>Secured</u> | | |
| Term loans | 14,587 | 31,313 |
| Hire purchases | - | - |
| | 14,587 | 31,313 |
| <u>Unsecured</u> | | |
| Bank overdrafts | 11,085 | - |
| Bankers' acceptances | 91,055 | - |
| Revolving credits | 18,200 | - |
| Trust receipts | 25,296 | - |
| | 145,636 | - |
| Total borrowings | 160,223 | 31,313 |

EONMETALL GROUP BERHAD

(Company No. 631617-D)
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FOR THE YEAR ENDED 31 DECEMBER 2022**

23. Group borrowings (Con't)

Eonmetall Industries Sdn. Bhd. (“EMI”) has breached the covenant of Trade Facilities as the Company has not fulfilled the requirements of two banks to maintain an amount owing to related parties of not exceeding RM14.0 million and RM14.9 million respectively. As at 31 December 2022, the balance of the said amount owing to the Company is at RM34.6 million. Banks have the absolute discretion to revise or recall banking facilities in the event of breach of covenant.

The subsidiary has made subsequent partial settlements of the advances and will sought the necessary indulgence from the banks.

24. Changes in material litigation

There was no material litigation as at the date of the interim financial statements.

25. Dividend

The Board of Directors have declared an interim single-tier dividend of 1.25 sen per ordinary share in respect of the financial year ended 31 December 2022. The entitlement and payment dates for the interim dividend are 19 December 2022 and 30 December 2022 respectively.

26. Property, plant and equipment (“PPE”)

Acquisitions

During the financial year ended 31 December 2022, the group acquired asset with a cost of RM10.5 million (Financial year ended 31 December 2021: RM7.9 million).

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EONMETALL GROUP BERHAD

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**SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022****27. Earnings per share**

The earnings per share was computed based on the net profit divided by the weighted average number of shares in issue net of treasury shares:

| | Individual Quarter | | Cumulative Quarter | |
|--|----------------------------------|--|----------------------------------|---|
| | Current quarter ended 31.12.2022 | Corresponding preceding quarter ended 31.12.2021 | Cumulative year ended 31.12.2022 | Corresponding preceding year ended 31.12.2021 |
| Profit/(loss) after tax attributable to owners of the Company (RM'000) | (12,208) | 8,085 | 17,923 | 24,165 |
| Basic: Weighted average number of shares in issue ('000) | 276,568 | 203,711 | 250,419 | 203,711 |
| Basic earnings per share (sen) | <u>(4.41)</u> | <u>2.33</u> | <u>7.16</u> | <u>11.86</u> |
| Diluted: Diluted earnings per share (sen) | <u>(4.41)</u> | <u>2.33</u> | <u>7.16</u> | <u>11.86</u> |

The Group does not have any dilutive potential ordinary shares as the market price of the shares was lower than the exercise price. As a result, these share options are anti-dilutive in nature and have not been considered in the computation of diluted earnings per share.

By order of the Board

Yeoh Cheng Chye
Managing Director & Chief Executive Officer
23 February 2023