

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

(Incorporated in Malaysia)

Condensed statements of profit or loss and other comprehensive income

for the financial year ended 31 December 2022 - (Unaudited)

	Individual Quarter		Cumulative Period	
	Current year quarter ended 31/12/2022 RM'000	Preceding year corresponding quarter ended 31/12/2021 RM'000	Current year- to-date 31/12/2022 RM'000	Preceding year- to-date 31/12/2021 RM'000
Revenue	186,732	126,617	516,327	345,188
Operating expenses	(182,056)	(115,129)	(491,394)	(317,135)
Depreciation and amortisation	(6,438)	(7,489)	(26,213)	(30,242)
Other income	2,904	951	5,946	2,509
Results from operating activities	1,142	4,950	4,666	320
Finance costs	(2,189)	(2,232)	(7,952)	(7,599)
Finance income	78	69	121	138
Net finance costs	(2,111)	(2,163)	(7,831)	(7,461)
Share of profit of equity-accounted joint venture, net of tax	534	417	1,436	1,012
(Loss)/Profit before tax	(435)	3,204	(1,729)	(6,129)
Tax income/(expense)	2,735	(464)	2,128	(2,056)
Profit/(Loss) for the period/year	2,300	2,740	399	(8,185)
Total comprehensive income/(expense) for the period/year	2,300	2,740	399	(8,185)
Profit/(Loss) attributable to :				
Owners of the Company	2,300	2,740	399	(8,185)
Non-controlling interests	-	-	-	-
Profit/(Loss) for the period/year	2,300	2,740	399	(8,185)
Total comprehensive income/(expense) attributable to :				
Owners of the Company	2,300	2,740	399	(8,185)
Non-controlling interests	-	-	-	-
Total comprehensive income/(expense) for the period/year	2,300	2,740	399	(8,185)
Earnings/(Loss) per ordinary share (sen):				
Basic	1.13	1.58	0.20	(4.73)
Diluted	-	-	-	-

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

EP MANUFACTURING BHD.

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Condensed Consolidated Statements of Financial Position

as at 31 December 2022 - (Unaudited)

	31/12/2022 (Unaudited) RM'000	31/12/2021 (Audited) RM'000
Assets		
Property, plant and equipment	206,083	227,367
Land held for property development	51,398	-
Right-of-use assets	5,320	2,573
Investment properties	14,417	14,417
Investment in a joint venture	594	477
Intangible assets	85,630	85,555
Deferred tax assets	3,764	5,094
Total non-current assets	<u>367,206</u>	<u>335,483</u>
Inventories	40,756	47,225
Trade and other receivables	65,511	48,399
Contract assets	20,967	-
Current tax assets	5,633	4,642
Prepayments and other assets	6,544	15,618
Property development costs	3,398	-
Cash and cash equivalents	63,719	41,231
	<u>206,528</u>	<u>157,115</u>
Assets classified as held for sales	39,090	39,090
Total current assets	<u>245,618</u>	<u>196,205</u>
Total assets	<u>612,824</u>	<u>531,688</u>
Equity		
Share capital	218,932	197,346
Reserves	64,921	64,719
Equity attributable to owners of the Company	<u>283,853</u>	<u>262,065</u>
Non-controlling interests	<u>(252)</u>	<u>(252)</u>
Total equity	<u>283,601</u>	<u>261,813</u>
Liabilities		
Loan and borrowings	39,359	23,149
Lease liabilities	2,553	1,145
Deferred income	2,010	2,199
Deferred tax liabilities	864	4,670
Total non-current liabilities	<u>44,786</u>	<u>31,163</u>
Loan and borrowings	138,099	144,538
Lease liabilities	2,966	1,489
Deferred income	3,671	188
Current tax liabilities	12	9
Provision for warranties	216	212
Trade and other payables	139,473	92,276
Total current liabilities	<u>284,437</u>	<u>238,712</u>
Total liabilities	<u>329,223</u>	<u>269,875</u>
Total equity and liabilities	<u>612,824</u>	<u>531,688</u>
Net assets per share attributable to owners of the Company (RM)	<u>1.39</u>	<u>1.52</u>

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

Condensed Consolidated Statement of Changes in Equity

for the financial year ended 31 December 2022 - (Unaudited)

	← Attributable to equity holders of the Company →					Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interests RM'000	
	← Non Distributable →		Distributable			
At 1 January 2022	197,346	-	64,719	262,065	(252)	261,813
Profit for the year	-	-	399	399	-	399
Total comprehensive income for the year	-	-	399	399	-	399
Ordinary shares issued pursuant to Private Placement	21,586	-	(197)	21,389	-	21,389
At 31 December 2022	218,932	-	64,921	283,853	(252)	283,601
At 1 January 2021	180,029	(5,063)	72,582	247,548	(252)	247,296
Loss for the year	-	-	(8,185)	(8,185)	-	(8,185)
Total comprehensive expense for the year	-	-	(8,185)	(8,185)	-	(8,185)
Ordinary shares issued pursuant to Private Placement	17,317	-	(281)	17,036	-	17,036
Disposal of own shares	-	5,063	603	5,666	-	5,666
At 31 December 2021	197,346	-	64,719	262,065	(252)	261,813

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

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Condensed Consolidated Statements of Cash Flows

for the financial year ended 31 December 2022 - (Unaudited)

	12 months Ended 31/12/2022 RM'000	12 months Ended 31/12/2021 RM'000
Cash flows from operating activities		
Loss before tax	(1,729)	(6,129)
Adjustments for:		
Non-cash items	31,009	32,081
Non-operating items	7,939	7,213
Share of profit of equity-accounted joint venture, net of tax	(1,436)	(1,012)
Operating profit before changes in working capital	35,783	32,153
Changes in working capital:		
Inventories	5,069	(5,819)
Trade and other receivables, prepayments and other assets	(29,169)	10,480
Trade and other payables	37,976	(4,432)
Cash generated from operations	49,659	32,382
Interest paid	(5,744)	(5,524)
Tax paid	(1,336)	(1,742)
Warranties paid	(98)	(43)
Net cash from operating activities	42,481	25,073
Cash flows from investing activities		
Development costs	(198)	(700)
Acquisition of investment in a subsidiary	(45,839)	-
Acquisition of property, plant and equipment	(2,510)	(17,789)
Dividend received from a joint venture	1,319	907
Increase in pledged deposits with licensed banks	(12)	(68)
Interest received	121	94
Proceeds from disposal of property, plant and equipment	-	206
Net cash used in investing activities	(47,119)	(17,350)
Cash flows from financing activities		
Net repayment of bankers' acceptances	(2,950)	(7,179)
Net drawdown/(repayment) of term loans	12,666	(7,337)
Interest paid	(2,278)	(2,583)
Payment of lease liabilities	(1,768)	(1,544)
Net drawdown/(repayment) of other bank facilities	541	(125)
Proceeds from issuance of shares pursuant to Private Placement	21,389	17,036
Net proceeds from disposal of treasury shares	-	5,666
Net cash from financing activities	27,600	3,934
Net increase in cash and cash equivalents	22,962	11,657
Cash and cash equivalents at beginning of the year	28,987	17,330
Cash and cash equivalents at end of the year	51,949	28,987

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

Cash and cash equivalents in the statements of cash flows comprise the following:

Deposits placed with licensed banks	2,655	2,643
Cash and bank balances	61,064	38,588
Cash and cash equivalents in the statements of financial positions	63,719	41,231
Pledged deposits	(2,655)	(2,643)
Bank overdraft	(9,115)	(9,601)
Cash and cash equivalents in the statements of cash flows	51,949	28,987

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Interim Financial Report for the Fourth Quarter ended 31 December 2022

A Notes to the Interim Financial Statements Pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134

A1. Basis of preparation

These condensed consolidated interim financial statements for the fourth quarter ended 31 December 2022 are unaudited and have been prepared in accordance with MFRS 134: *Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. They do not include all of the information required for a full annual financial statements.

The unaudited interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2021. The explanatory notes attached to the unaudited interim financial report 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 financial year ended 31 December 2021.

A2. Significant accounting policies

The significant accounting policies and methods of computation adopted in these interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2021 except for the adoption of the following accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) for annual periods beginning on or after 1 January 2022.

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*

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A2. Significant accounting policies (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022 (continued)

- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 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 Group plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 July 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17, *Insurance Contracts*, and amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17* which are not applicable to the Group.
- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

The initial application of the abovementioned accounting standards, interpretation and amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group.

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A3. Audit qualifications

The audited financial statements of the Group for the financial year ended 31 December 2021 was not subject to any qualification.

A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual in nature, size or incidence during this financial year.

A5. Material changes in estimates

There were no significant estimates or changes in estimates that have had any material effect on the results of the financial year.

A6. Changes in the composition of the Group

There were no major changes in the composition of the Group for the quarter under review and up to the date of this report.

A7. Seasonality or cyclicity of operations

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

A8. Segmental information

During the current reporting period, the Group operates under one main business segment which is Automotive. The information contains in the condensed statement of profit or loss and other comprehensive income represent the Automotive segment.

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A9. Valuation of property, plant and equipment

The valuations of certain property, plant and equipment have been brought forward without amendment from the latest audited annual financial statements.

A10. Material impairment of assets

There was no material impairment of assets during the quarter under review and during the financial year.

A11. Capital commitments

Capital commitments not provided for in the financial statements as at 31 December 2022 are as follows:

	RM'000
Property, plant and equipment	
Contracted but not provided for	<u>60,735</u>

A12. Changes in contingent liabilities or contingent assets

The changes in contingent liabilities since 31 December 2021 are summarised as follows:-

	RM'000
Balance as at 31 December 2021	40,179
Movement in corporate guarantee issued to financial institutions for banking facilities granted to the subsidiaries	<u>12,821</u>
Balance as at 31 December 2022	<u>53,000</u>

The contingent liabilities were in respect of financial guarantees to banks for banking facilities granted to certain subsidiaries. There was no indication that any subsidiary would default on repayment.

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A13. Debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter under review up to the date of this report except for the followings:-

- i) The Company had issued and allotted 1,500,000 new ordinary shares pursuant to the private placement exercise as set out in the table below:

Listing date	Issue price	Placement shares	Proceeds raised
	RM		RM
9 November 2022	1.020	1,500,000	1,530,000
Total		1,500,000	1,530,000

A14. Related party transactions

The Group has significant related party transactions with companies in which certain directors of the Company have interests. Related parties are those defined under MFRS 124 Related Party Disclosures. Transactions with these related parties have been entered into in the normal course of business and have been established under arms length basis.

A15. Material events subsequent to the end of the financial year

Save as disclosed in Note B6 of this report on the status of corporate proposals, there were no other material events subsequent to the end of the current quarter and financial period under review and up to the date of this report that have not been reflected in this interim financial report.

A16. Dividends Paid

There is no dividend paid during the quarter under review.

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B. Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Review of the performance

Current Quarter

	Individual quarter (4 th quarter)		Changes		Cumulative period		Changes	
	Current year quarter ended 31/12/2022	Preceding year corresponding quarter ended 31/12/2021	Amount	%	Current year-to-date 31/12/2022	Preceding year-to- date 31/12/2021	Amount	%
	RM'000	RM'000	RM'000		RM'000	RM'000	RM'000	
Revenue	186,732	126,617	60,115	47.5	516,327	345,188	171,139	49.6
Operating profit	1,676	5,367	(3,691)	(68.8)	6,102	1,332	4,770	358.1
(Loss)/Profit before tax	(435)	3,204	(3,639)	(113.6)	(1,729)	(6,129)	4,400	71.8
Profit/(Loss) after tax	2,300	2,740	(440)	(16.1)	399	(8,185)	8,584	104.9
Profit/(Loss) attributable to owners of the Company	2,300	2,740	(440)	(16.1)	399	(8,185)	8,584	104.9

The Group recorded higher revenue of RM186.7mil as compared to RM126.6mil in the preceding year corresponding quarter. Revenue increased by RM60.1mil or 47.5% mainly contributed by reimbursement of tooling cost by customer and sales increased as car companies continue fulfilling the backlog of vehicle orders made during the sales tax exemption period.

Pre-tax loss for the current quarter was RM0.4mil as compared to pre-tax profit of RM3.2mil in the preceding year corresponding quarter. The pre-tax loss was mainly attributable to the increase in operating costs incurred for new projects development for Electric Vehicles agendas and the inflationary pressure following hikes in interest rate, material price increase as well as the new minimum wage policy introduced in Malaysia in May 2022.

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B2. Comparison with Immediate Preceding Quarter

	Current year quarter ended 31/12/2022	Immediate preceding quarter ended 30/9/2022	Changes	
			Amount	%
	RM'000	RM'000	RM'000	
Revenue	186,732	123,869	62,863	50.7
Operating profit	1,676	1,971	(295)	(15.0)
Loss before tax	(435)	(172)	(263)	(152.9)
Profit/(Loss) after tax	2,300	(560)	2,860	510.7
Profit/(Loss) attributable to owners of the Company	2,300	(560)	2,860	510.7

The Group reported a revenue of RM186.7mil and pre-tax loss of RM0.4mil in the current quarter as compared to a revenue of RM123.9mil and pre-tax loss of RM0.2mil reported in the preceding quarter.

The higher revenue recorded was attributed to the reimbursement of tooling cost by customer and increased in sales volume as car makers has stepped up deliveries of vehicle booked during the sales tax exemption period. The Group recorded higher pre-tax loss in the current quarter under review mainly due to margin compression as a result of higher operating costs incurred.

B3. Prospects for the coming financial year

The Malaysian Automotive Association (“MAA”) had in January 2023 reported that total industry volume (TIV) is expected to decline 9.8% year-on-year to 650,000 units in 2023.

Despite the more cautious and conservative forecast presented by the MAA, it is expected that the introduction of new car models, including electric vehicles (EVs), will help entice and sustain buying interest among consumers.

The Board remains cautious and expects the automotive sector to continue to be challenging in 2023 and will focus on new market opportunities which is expected to contribute positively to the result of the Group in 2023.

B4. Profit forecast or profit guarantee

There were no profit forecast or profit guarantee issued by the Group.

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B5. Tax expense

	Individual Quarter		Cumulative Period	
	Current year quarter ended 31/12/2022 RM'000	Preceding year corresponding quarter ended 31/12/2021 RM'000	Current year- to-date 31/12/2022 RM'000	Preceding year-to- date 31/12/2021 RM'000
Income tax:				
-Current year	28	356	244	1,866
-Prior years	(14)	84	104	54
	<u>14</u>	<u>440</u>	<u>348</u>	<u>1,920</u>
Deferred tax:				
-Current year	(2,749)	250	(2,476)	362
-Prior years	-	(226)	-	(226)
	<u>(2,749)</u>	<u>24</u>	<u>(2,476)</u>	<u>136</u>
	<u>(2,735)</u>	<u>464</u>	<u>(2,128)</u>	<u>2,056</u>

The disproportionate tax charge of the Group for the current quarter ended 31 December 2022 was mainly due to certain expenses incurred are not tax deductible and reversal of deferred tax liabilities.

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B6. Status of corporate proposals

There were no corporate proposals announced as at the date of this announcement save for the following:

- i) Proposed acquisition of 5,000,000 ordinary shares in Kensington Development Sdn. Bhd. ("Kensington Development")

The Company had on 19 July 2021, entered into a Share Sale Agreement ("SSA") with Bestempire Limited ("Bestempire") for the proposed acquisition of 5,000,000 ordinary shares in Kensington Development, representing the entire equity interest in Kensington Development, from Bestempire for a purchase consideration of RM45.6 million to be satisfied.

On 29 December 2022 the Board of Directors announced that the Proposed Acquisition has been completed.

- ii) Memorandum Of Understanding

On 10 November 2021, the Board of Directors announced that the Company had entered into a Memorandum of Understanding ("MOU") with Malaysia Automotive Robotics and IoT Institute ("MARii") to collaborate and venture into a Super Delivery Ecosystem and Electric Vehicles ("EV").

The Company and MARii agree to explore the establishment of a Production and Localisation plan to assemble 2-wheel and 4-wheel EVs. This will include a Marketing infrastructure to sell these EVs in the local Malaysian market, together with a charging network to support them.

As the first application, both parties also agree to establish a Super Delivery Ecosystem, and to incorporate this with an Electronic Payment system. There will be a redefinition of the present delivery infrastructure, and a consolidation to take it to the next level. This will give rise to a Structured Integrated Platform to better serve all involved.

The MOU shall remain in effect for a period of two years commencing from 10 November 2021.

On 26 August 2022, the Company announced that there is no material development pertaining to the MOU. Any material and significant development will be updated accordingly.

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B6. Status of corporate proposals (continued)

- iii) Multiple proposals i) Proposed disposal and leaseback; ii) Proposed private placement; iii) Proposed ESOS; and iv) Proposed diversification (collectively the "Proposals")

On 29 November 2021, the Board of Directors announced that the Company had entered into a conditional sale and purchase agreement with Precious Vision Sdn. Bhd. ("Precious Vision") and EP Properties (M) Sdn. Bhd. for the proposed disposal of the Glenmarie Properties for a total cash consideration of RM53.5 million ("SPA"). Simultaneously with the execution of the SPA, the Company has entered into a conditional lease agreement with Precious Vision to lease part of the Glenmarie Properties ("Lease Agreement"), which is currently used by the Group as its manufacturing plant and office premise, for a lease term of 5 years commencing from the unconditional date of the Lease Agreement ("Proposed Disposal and Leaseback").

The Company also proposed to undertake the followings:

- i) Proposed private placement of up to 30% of the total number of issued ordinary shares of the Company to third party investors to be identified later ("Proposed private placement");
- ii) Proposed establishment of an employee's share option scheme ("ESOS") of up to 15% of Company's total number of issued ordinary shares, excluding treasury shares, if any, at any point in time over the duration of the ESOS for the eligible Directors and employees of the Group ("Proposed ESOS"); and
- iii) Proposed diversification of the Group's principal activities to include the undertaking of property development, construction, project management and related activities ("Proposed diversification").

Bursa Securities had on 22 April 2022 approved the Proposals.

The proposals were also approved by the shareholders of the Company at the Extraordinary General Meeting held on 31 May 2022.

Proposed disposal and leaseback

On 26 May 2022, the Company announced that the Company and the Purchaser had on 26 May 2022 mutually agreed to extend the conditional period of the SPA for an additional 1 month to 28 June 2022 as well as the conditional period of the Lease Agreement for an additional 4 months to 28 September 2022.

On 20 June 2022, the Company announced that all conditions precedent to the SPA have been fulfilled and accordingly, the SPA has become unconditional on 20 June 2022.

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B6. Status of corporate proposals (continued)

- iii) Multiple proposals i) Proposed disposal and leaseback; ii) Proposed private placement; iii) Proposed ESOS; and iv) Proposed diversification (collectively the "Proposals") (continued)

Proposed disposal and leaseback (continued)

On 9 September 2022, the Company announced that the Company and the Purchaser had mutually agreed to extend the completion period of the SPA (pursuant to clause 4.2 of the SPA) for an additional 3 months to 19 December 2022 as well as the conditional period of the Lease Agreement for an additional 3 months to 28 December 2022.

On 15 December 2022, the Company announced that the Company had accepted the Purchaser's request for an extension of time of up to 19 March 2023 to pay the Balance Sum ("Extension").

In view of the Extension, the Company and the Purchaser had also agreed to extend the conditional period of the Lease Agreement to 19 March 2023 to coincide with the last date to pay the Balance Sum.

Proposed private placement

On 19 September 2022 and 9 November 2022, the Company had issued and listed 21,222,930 and 1,500,000 new ordinary shares respectively pursuant to the Private Placement.

The detail of share issuance are as follows:-

Listing date	No of shares	Issue price (RM)	Total proceeds (RM)
19 September 2022	21,222,930	0.945	20,055,669
9 November 2022	1,500,000	1.020	1,530,000
Total	22,722,930		21,585,669

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B6. Status of corporate proposals (continued)

- iii) Multiple proposals i) Proposed disposal and leaseback; ii) Proposed private placement; iii) Proposed ESOS; and iv) Proposed diversification (collectively the "Proposals") (continued)

Proposed private placement (continued)

The status of utilisation of proceeds raised from the Placement Shares were as follows:

Details of utilisation	Estimated ⁽¹⁾ proceeds from and the proposed utilisation of private placement	Actual ⁽²⁾ proceeds from and the proposed utilisation of private placement	Estimated timeframe of utilisation after completion	Actual utilisation as at 31 December 2022	Balance to be utilised
	RM'000	RM'000		RM'000	RM'000
Automotive Business	50,000	20,178	Within 12 months	10,612	9,566
Property Development Business	4,896	-	Within 24 months	-	-
Estimated expenses for the Proposed Private Placement	1,408	1,408	Immediate	197	1,211
Total	56,304	21,586		10,809	10,777

Note (1): The estimated proceeds from and proposed utilisation of Private Placement is based on 59,268,000 shares at an indicative price of RM0.95.

Note (2): The actual proceeds are based on actual payment received from 21,222,930 and 1,500,000 Placement Shares at the issue price of RM0.945 and RM1.020 respectively per share.

On 13 October 2022, on behalf of the Board of Directors, Mercury Securities had announced that Bursa Securities had, vide its letter dated 13 October 2022, approved the Company's application for an extension of time of 6 months up to 21 April 2023 to complete the implementation of the Proposed Private Placement.

Proposed ESOS

The Company has not implemented the proposed ESOS.

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B6. Status of corporate proposals (continued)

- iv) Memorandum of Agreement between EP Manufacturing Bhd, CIS Pride Silver Rock Fund ("CIS") and Sharkgulf Technologies Group Limited ("Sharkgulf")

On 8 March 2022, the Board of Directors announced that the Company has entered into a Memorandum of Agreement ("MOA") with CIS and Sharkgulf for the establishment and development of a production and localisation plan with the objective of assembling, manufacturing and distributing 2-wheel Electronic Vehicles ("EVs") and other related products in Malaysia and such other countries in Southeast Asia.

On 31 May 2022, the Board of Directors announced that the Company is in the process of applying for the vehicle type approval ("VTA") and homologation of 2-wheel EVs with Malaysia's Road Transport Department ("JPJ"). The Company had also submitted the application for the manufacturing license with Malaysian Investment Development Authority ("MIDA") for assembly of 2-wheel EVs.

On 25 July 2022, EP Blueshark Sdn Bhd ("EPBS"), a wholly owned subsidiary of the Company, had received conditional/interim approval from the Ministry of International Trade and Industry ("MITI") on EPBS application dated 4 July 2022 for the assembly of electric bike under the Industrial Co-ordination Act 1975 [Act 156] subject to the conditions to be fulfilled by EPBS within six (6) months from the Letter of Approval ("Conditional/Interim Approval")

On 5 September 2022, the Board of Directors announced that the National Committee for Vehicle Type Approval ("VTA") and Homologation, Road Transport Department of Malaysia ("RTD") had approved the VTA for Blueshark SG3000DT model, or referred as "Blueshark R1" under the Malaysia Road Transport Act 1987 on 30 August 2022. Certificate for the VTA has been issued to EPBS.

The VTA Approval allows the electric bike "Blueshark R1" to be road registered and licensed by RTD. This endeavour will create a new chapter to the Group to diversify complementing its present business.

On 16 September 2022 the Board of Directors announced that the Company had entered into two (2) Investment Agreements ("IA"). The first IA were entered between CIS Pride Fund SPC ("CPFS"), Sharkgulf Technologies Group Limited ("Sharkgulf"), Blueshark Holding Limited ("Blueshark") and the Company, whilst the second IA were entered between Siraj Holding LLC ("SHLLC"), Siraj Holding Sdn Bhd ("SHSB"), Sharkgulf and the Company.

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B6. Status of corporate proposals (continued)

- iv) Memorandum of Agreement between EP Manufacturing Bhd, CIS Pride Silver Rock Fund ("CIS") and Sharkgulf Technologies Group Limited ("Sharkgulf") (continued)

Under the first IA, CPFS being the investor will invest in the super delivery ecosystem project ("Project") by procuring and purchasing Battery Swapping Stations and lithium batteries from the Company/Sharkgulf and will appoint Blueshark as the manager to oversee and manage the delivery of the Project. The total minimum investment amount for the first IA will be USD 50 million.

Whereas under the second IA, SHLLC being the investor will invest in the Company for the purpose of procuring and purchasing the 2-wheel electric vehicles from the Company/Sharkgulf which will be sold and distributed in the Southeast Asia. SHSB will be appointed as the manager by SHLLC to oversee and manage the delivery of the Project. The total minimum investment amount for the second IA will be USD 125 million. A bank guarantee and/or corporate guarantee will also be provided by the SHLLC for an investment amount of USD 50 million.

On 3 October 2022 the Board of Directors announced that the Ministry of International Trade and Industry ("MITI") has granted EPBS Manufacturing License dated 26 September 2022 pursuant to Industrial Co-ordination Act 1975 to undertake the activity of assembly of electric bike.

The Manufacturing License is subject to, amongst others, the condition that the manufacturing and assembly activities shall take place at No. 8 & 10, Jalan Jurutera U1/23, Seksyen U1, Kawasan Perindustrian Hicom Glenmarie, 40150, Shah Alam, Selangor.

EPBS plans to import two-wheel Electric Vehicle components in Semi Knocked Down ("SKD") and/or Completely Knocked Down ("CKD") form and assembly, manufacture, and localisation of certain components in Malaysia for distribution in the local and ASEAN region.

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B6. Status of corporate proposals (continued)

- v) Memorandum of Understanding between EP Manufacturing Bhd with SJQ Investments LLC (“SJQ”), CVI Kildsen Sdn Bhd (“CK”) and Sharkgulf Technologies Group Limited (“Sharkgulf”)

On 19 September 2022 the Board of Directors announced that the Company had on 15 September 2022 entered into a Memorandum of Understanding (“MOU”) with SJQ, CK and Sharkgulf to form a strategic cooperation with one another for the expansion and development of 2-Wheel EVs and other related products in the Middle East market (hereinafter referred to as the “Strategic Cooperation”).

- vi) Memorandum of Cooperation (“MOC”) with Malaysian Green Technology and Climate Change Corporation (“MGTC”), EP Blueshark Sdn Bhd (“EPBS”) and Blueshark Ecosystem Sdn Bhd (“BESB”)

On 12 October 2022, the Board of Directors announced that its sub-subsidiary, EPBS [Registration No. 202201011875 (1457572-U)] had entered into a Memorandum of Cooperation (“MOC”) with MGTC [Registration No. 199801006110 (462237-T)] and BESB [Registration No. 202201024329 (1470026-X)] to form a working relationship and cooperate closely with each other to carry out common initiatives formalising a basic understanding, and to explore and evaluate possibilities for collaboration in the activities and projects of mutual interest that EPBS, MGTC and BESB (“the Parties”) jointly identify and agree upon for cooperation and participation by the Parties. (“the Project”).

- vii) Memorandum of Agreement (“MOA”) between EP Manufacturing Bhd and SAEAN Group Inc. (“SGI”)

On 17 October 2022 the Board of Directors announced that the Company had entered into a Memorandum of Agreement (“MOA”) with SAEAN Group Inc. (“SGI”) or (“the Parties”) for the establishment of strategic alliance to mass-produce electric Vehicles (“EV”: A segment and/or small SUV class, and construction equipment) to be supplied to the Malaysian and Southeast Asian Markets, and make mutual efforts to meet the eco-friendly demands of the market.

- viii) Memorandum of understanding (“MOU”) with Petronas Dagangan Berhad (“PDB”), EP Blueshark Sdn Bhd (“EPBS”) and Blueshark Holding Limited (“BHL”)

On 7 November 2022 the Board of Directors announced that EPBSB [Company No. 202201011875 (1457572-U)] had entered into a MOU with PDB [Company No. 198201008499 (88222-D)] and BHL [Company No. CR-391886] to engage in discussions to jointly collaborate for the mutual benefit of the Parties primarily in respect of the electric mobility space in Malaysia (hereinafter referred to as the “Collaboration”).

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B6. Status of corporate proposals (continued)

- ix) Exclusive Distributor Agreement between EP 4Wheeler Sdn Bhd ("EP4W") and Hubei Dongfeng Power Auto Trade Co., Ltd and Xiamen Tsingyan Hylong Motor Technology Co., Ltd ("Tsingyan")

On 28 December 2022 the Board of Directors announced that its wholly owned subsidiary, EP 4Wheeler Sdn Bhd ("EP4W" or the "Distributor") has on 27 December 2022 entered into an Exclusive Distributor Agreement with Hubei Dongfeng Power Auto Trade Co., Ltd. and Xiamen Tsingyan Hylong Motor Technology Co., Ltd. ("Tsingyan") for the exclusive right granted by Tsingyan to assemble and sell the right-hand drive LINGBOX Auto Products under the brand name and marks of LINGBOX Auto, Qingyan Hailong or EP4W's own auto mark in Malaysia and Indonesia for a period of five (5) years commencing from 1 January 2023 and expiring on 31 December 2027 and shall be automatically renewed for a further period of five (5) years, subject to the terms and conditions as set out in the Exclusive Distributor Agreement.

- x) Master Agreement for the supply of product between Averte Global Pte Ltd, Blueshark Group Limited and EP Blueshark Sdn Bhd ("EPBS")

On 9 January 2023 the Board of Directors announced that EPBS had entered into a master agreement ("Master Agreement") with Averte Global Pte Ltd and Blueshark Group Limited to collaborate to form a strategic cooperation with one another for the purposes of capturing the e-MotorBike business opportunities in Indonesia and Vietnam.

- xi) Memorandum Of Understanding ("MoU") Between EP Blueshark Sdn Bhd ("EPBS") and Tenaga Swithgear Sdn Bhd ("TSG")

On 17 January 2023 the Board of Directors announced that EPBS had entered into a Memorandum of Understanding ("MoU") with Tenaga Switchgear Sdn Bhd ("TSG") [Registration No. 199401035643 (321326-M)] to set out the initial intention and principles in relation to the cooperation in the respect of a collaborative project on a joint venture basis or any other method to be mutually agreed which involves the following business activities ("Collaborative Project"):-

- a. to explore the possibilities of localising the Battery and Battery Swapping Station for ASEAN market;
- b. to explore the possibilities of unifying the Battery Swapping Station and Infrastructure networks in whole Malaysia and ASEAN Countries; and
- c. to explore the possibilities of deploying Battery Swapping Station via TSG network in Malaysia and ASEAN market.

Save for the above, there was no other corporate proposals that have been announced by the Group as at the date of this report.

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B7. Loans and borrowings

	As at 31/12/2022 RM'000	As at 31/12/2021 RM'000
Non- Current		
Term loans	38,805	22,978
Other bank facilities	554	171
Total	39,359	23,149
Current		
Term loans	14,040	17,200
Banker's acceptance	89,661	92,611
Revolving credit	25,000	25,000
Bank overdraft	9,115	9,601
Other bank facilities	283	126
Total	138,099	144,538
Total loans and borrowings	177,458	167,687

Borrowings are secured and denominated in Ringgit Malaysia.

Loans and borrowings of the Group increased to RM177.5mil as at 31 December 2022 from RM167.7mil as at 31 December 2021 mainly due to new term loan obtained from local banks to finance the capital expenditure for new car models.

The weighted average interest rate of borrowings is 3.74% and the proportion of debt that is based on fixed and floating interest rates are as follows:

	As at 31/12/2022 RM'000	As at 31/12/2021 RM'000
Fixed interest rate borrowings	133,786	115,612
Floating interest rate borrowings	43,672	52,075
Total loans and borrowings	177,458	167,687

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B8. Disclosure of derivatives

The Group did not enter into any derivative contract and accordingly there were no outstanding derivatives (including financial instruments designated as hedging instruments) as at 31 December 2022.

B9. Changes in material litigation

As at the date of this report, there is no pending material litigation.

B10. Dividend

The Board of Directors does not declare any dividend for the current financial year ended 31 December 2022.

B11. Earnings/(Loss) per share

The calculation of basic earnings/(loss) per share is based on the net profit/(loss) attributable to owners of the Company for the period divided by the weighted average number of ordinary shares:

	Individual Quarter		Cumulative Period	
	Current year quarter ended 31/12/2022	Preceding year corresponding quarter ended 31/12/2021	Current year- to-date 31/12/2022	Preceding year-to-date 31/12/2021
Profit/(Loss) for the period attributable to owners of the Company (RM'000)	2,300	2,740	399	(8,185)
Weighted average number of ordinary shares ('000)	203,825	172,926	203,825	172,926
Basic earnings/(loss) per share (sen)	1.13	1.58	0.20	(4.73)
Diluted earnings/(loss) per share (sen)	N/A	N/A	N/A	N/A

No diluted EPS is disclosed in these condensed consolidated interim financial statements as there are no dilutive potential ordinary shares.

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B12. Notes to the Statement of Comprehensive Income

	Individual Quarter		Cumulative Period	
	Current year quarter ended 31/12/2022 RM'000	Preceding year corresponding quarter ended 31/12/2021 RM'000	Current year-to-date 31/12/2022 RM'000	Preceding year-to-date 31/12/2021 RM'000
Finance income	78	69	121	138
Other income	2,904	951	5,946	2,509
Finance costs	(2,189)	(2,232)	(7,952)	(7,599)
Depreciation and amortisation	(6,438)	(7,489)	(26,213)	(30,242)
Inventories written off	(795)	(1,892)	(795)	(2,172)
Allowance for slow moving inventories	(629)	(46)	(605)	(46)
Provision for doubtful debts	(737)	-	(737)	-
Foreign exchange gain/(loss)	14	(20)	517	(134)
Gain on disposal of property, plant and equipment	-	58	-	206

The above disclosure is prepared in accordance with the paragraph 16 of Appendix 9B of the Main Market Listing Requirements ("MMLR") issued by Bursa Malaysia Securities Berhad. Except for the above, the rest of the items required for disclosures pursuant to Paragraph 16 of MMLR are not applicable to the Group.

By order of The Board
EP Manufacturing Bhd.

Lim Seck Wah
Company Secretary
Shah Alam
Date: 27 February 2023

