

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

(Incorporated in Malaysia)

Condensed statements of profit or loss and other comprehensive income

for the financial period ended 31 March 2023 - (Unaudited)

	Individual Quarter		Cumulative Period	
	Current year quarter ended 31/3/2023 RM'000	Preceding year corresponding quarter ended 31/3/2022 RM'000	Current year- to-date 31/3/2023 RM'000	Preceding year- to-date 31/3/2022 RM'000
Revenue	152,122	98,100	152,122	98,100
Operating expenses	(142,467)	(90,315)	(142,467)	(90,315)
Depreciation and amortisation	(6,357)	(6,632)	(6,357)	(6,632)
Other income	2,789	742	2,789	742
Results from operating activities	6,087	1,895	6,087	1,895
Finance costs	(3,174)	(1,804)	(3,174)	(1,804)
Finance income	9	18	9	18
Net finance costs	(3,165)	(1,786)	(3,165)	(1,786)
Share of profit of equity-accounted joint venture, net of tax	707	366	707	366
Profit before tax	3,629	475	3,629	475
Tax expense	(81)	(89)	(81)	(89)
Profit for the period	3,548	386	3,548	386
Total comprehensive income for the period	3,548	386	3,548	386
Profit attributable to :				
Owners of the Company	3,548	386	3,548	386
Non-controlling interests	-	-	-	-
Profit for the period	3,548	386	3,548	386
Total comprehensive income attributable to :				
Owners of the Company	3,548	386	3,548	386
Non-controlling interests	-	-	-	-
Total comprehensive income for the period	3,548	386	3,548	386
Earnings per ordinary share (sen):				
Basic	1.69	0.20	1.69	0.20
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 2022 and the accompanying explanatory notes attached to the interim financial statements.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))
(Incorporated in Malaysia)

Condensed Consolidated Statements of Financial Position

as at 31 March 2023 - (Unaudited)

	31/3/2023 (Unaudited) RM'000	31/12/2022 (Audited) RM'000
Assets		
Property, plant and equipment	210,629	206,083
Right-of-use assets	4,478	5,320
Investment properties	14,417	14,417
Intangible assets	85,521	85,630
Investment in a joint venture	767	594
Inventories	54,802	54,796
Deferred tax assets	3,764	3,764
Total non-current assets	374,378	370,604
Inventories	39,235	40,756
Trade and other receivables	80,829	64,991
Contract assets	15,572	20,967
Current tax assets	6,347	5,633
Prepayments and other assets	6,085	6,544
Other investment	2,655	2,655
Cash and cash equivalents	67,449	61,064
	218,172	202,610
Assets classified as held for sales	39,090	39,090
Total current assets	257,262	241,700
Total assets	631,640	612,304
Equity		
Share capital	218,932	218,932
Reserves	68,469	64,921
Equity attributable to owners of the Company	287,401	283,853
Non-controlling interests	(252)	(252)
Total equity	287,149	283,601
Liabilities		
Loan and borrowings	40,488	32,247
Lease liabilities	1,734	2,404
Deferred income	1,963	2,010
Deferred tax liabilities	864	864
Total non-current liabilities	45,049	37,525
Loan and borrowings	142,871	145,211
Lease liabilities	2,955	3,115
Deferred income	188	188
Contract liabilities	3,483	3,483
Current tax liabilities	33	12
Provision for warranties	226	216
Trade and other payables	149,686	138,953
Total current liabilities	299,442	291,178
Total liabilities	344,491	328,703
Total equity and liabilities	631,640	612,304
Net assets per share attributable to owners of the Company (RM)	1.37	1.29

The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

(Incorporated in Malaysia)

Condensed Consolidated Statement of Changes in Equity

for the financial period ended 31 March 2023 - (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	
At 1 January 2023	218,932	-	64,921	283,853	(252)	283,601
Profit for the period	-	-	3,548	3,548	-	3,548
Total comprehensive income for the period	-	-	3,548	3,548	-	3,548
			-			
At 31 March 2023	218,932	-	68,469	287,401	(252)	287,149
At 1 January 2022	197,346	-	64,719	262,065	(252)	261,813
Profit for the period	-	-	386	386	-	386
Total comprehensive income for the period	-	-	386	386	-	386
At 31 March 2022	197,346	-	65,105	262,451	(252)	262,199

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 2022 and the accompanying explanatory notes attached to the interim financial statements.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

(Incorporated in Malaysia)

Condensed Consolidated Statements of Cash Flows

for the financial period ended 31 March 2023 - (Unaudited)

	3 months Ended 31/3/2023 RM'000	3 months Ended 31/3/2022 RM'000
Cash flows from operating activities		
Profit before tax	3,629	475
Adjustments for:		
Non-cash items	6,321	6,620
Non-operating items	3,043	1,811
Share of profit of equity-accounted joint venture, net of tax	(707)	(366)
Operating profit before changes in working capital	<u>12,286</u>	<u>8,540</u>
Changes in working capital:		
Inventories	1,390	8,558
Trade and other receivables, prepayments and other assets	(9,779)	(1,063)
Trade and other payables	10,792	(8,503)
Cash generated from operations	<u>14,689</u>	<u>7,532</u>
Interest paid	(1,760)	(1,271)
Tax paid	(774)	4
Warranties paid	(18)	(43)
Net cash from operating activities	<u>12,137</u>	<u>6,222</u>
Cash flows from investing activities		
Development costs	-	(196)
Acquisition of property, plant and equipment	(9,952)	(1,187)
Dividend received from a joint venture	534	417
Increase in pledged deposits with licensed banks	-	(12)
Interest received	9	18
Net cash used in investing activities	<u>(9,409)</u>	<u>(960)</u>
Cash flows from financing activities		
Net (repayment)/drawdown of bankers' acceptances	(1,407)	10,050
Net drawdown/(repayment) of term loans	7,524	(3,106)
Interest paid	(1,343)	(607)
Payment of lease liabilities	(901)	(391)
Net repayment of other bank facilities	(141)	(32)
Net cash from financing activities	<u>3,732</u>	<u>5,914</u>
Net increase in cash and cash equivalents	6,460	11,176
Cash and cash equivalents at beginning of the year	51,949	28,987
Cash and cash equivalents at end of the period	<u>58,409</u>	<u>40,163</u>

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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

Cash and bank balances	67,449	49,656
Cash and cash equivalents in the statements of financial positions	67,449	49,656
Bank overdraft	(9,040)	(9,493)
Cash and cash equivalents in the statements of cash flows	<u>58,409</u>	<u>40,163</u>

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the First Quarter ended 31 March 2023

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 first quarter ended 31 March 2023 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 2022. 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 2022.

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 2022 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 2023.

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 – 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*

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the First Quarter ended 31 March 2023

A2. Significant accounting policies (continued)

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*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-Current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

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 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.

A3. Audit qualifications

The audited financial statements of the Group for the financial year ended 31 December 2022 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 period-to-date.

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 period-to-date.

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.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the First Quarter ended 31 March 2023

A7. Seasonality or cyclical 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 contained in the condensed statement of profit or loss and other comprehensive income represent the Automotive segment.

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 financial period-to-date.

A11. Capital commitments

Capital commitments not provided for in the financial statements as at 31 March 2023 are as follows:

	RM'000
Property, plant and equipment	
Contracted but not provided for	<u>25,120</u>

A12. Changes in contingent liabilities or contingent assets

The changes in contingent liabilities since 31 December 2022 are summarised as follows:-

	RM'000
Balance as at 31 December 2022	52,990
Movement in corporate guarantee issued to financial institutions for banking facilities granted to the subsidiaries	<u>7,440</u>
Balance as at 31 March 2023	<u>60,430</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.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the First Quarter ended 31 March 2023

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.

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.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the First Quarter ended 31 March 2023

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 (1 st quarter)		Changes		Cumulative period		Changes	
	Current year quarter ended 31/3/2023 RM'000	Preceding year corresponding quarter ended 31/3/2022 RM'000	Amount RM'000	%	Current year-to-date 31/3/2023 RM'000	Preceding year-to- date 31/3/2022 RM'000	Amount RM'000	%
Revenue	152,122	98,100	54,022	55.1	152,122	98,100	54,022	55.1
Operating profit	6,794	2,261	4,533	200.5	6,794	2,261	4,533	200.5
Profit before tax	3,629	475	3,154	664.0	3,629	475	3,154	664.0
Profit after tax	3,548	386	3,162	819.2	3,548	386	3,162	819.2
Profit attributable to owners of the Company	3,548	386	3,162	819.2	3,548	386	3,162	819.2

For the quarter ended 31 March 2023, the Group reported a higher revenue of RM152.1mil as compared to RM98.1mil in the preceding year corresponding quarter. Higher revenue by RM54.0mil or 55.1% was mainly attributed to increase in vehicle sales due to the continued fulfilment of the substantial orders received by car makers prior to the expiry of the sales tax exemption which ended on 31 March.

In line with the increase in revenue, the Group's pre-tax profit also improved by RM3.2mil or 664.0% compared to the preceding year corresponding quarter.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the First Quarter ended 31 March 2023

B2. Comparison with Immediate Preceding Quarter

	Current year quarter ended 31/3/2023	Immediate preceding quarter ended 31/12/2022	Changes	
			Amount	%
	RM'000	RM'000	RM'000	
Revenue	152,122	186,732	(34,610)	(18.5)
Operating profit	6,794	1,676	5,118	305.4
Profit/(Loss) before tax	3,629	(435)	4,064	934.3
Profit after tax	3,548	2,300	1,248	54.3
Profit attributable to owners of the Company	3,548	2,300	1,248	54.3

For the quarter ended 31 March 2023, the Group reported a lower revenue of RM152.1mil as compared to RM186.7mil reported in the preceding quarter. Revenue lower by RM34.6mil was mainly due to decrease in sales of tooling assets for new projects in the current quarter. However, Group's sales for automotive components were higher in this quarter due to car companies rushing to fulfil bookings made during the sales exemption period.

The Group register pre-tax profit of RM3.6mil as compared to pre-tax loss of RM0.4mil in the preceding quarter mainly due to increase in sales for automotive components during the quarter under review.

B3. Prospects for the 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.

On a positive note, the Group reported positive results for the current quarter ended 31 March 2023, mainly due to higher sales for automotive components prior to the expiry of the sales tax exemption in end of March 2023.

In addition to this, the Group is also cautiously optimistic with the opening of our new plant in Tanjung Malim, that specializes in car seats. We are working in tandem with our technical partner Zhejiang Jujin Automobile & Motor-cycle Accessories Co., Ltd (China), who will be helping us in acquiring technology, technical know-how as well as providing us with access to new resources which would help us grow.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the First Quarter ended 31 March 2023

B3. Prospects for the financial year (continued)

The production at the new plant begins in the second half of 2023, and the total project volume is for more than 300,000 sets of car seats over a period of several years. The car seats will be manufactured by EP Polymers (M) Sdn. Bhd., a wholly-owned subsidiary of the Group. The output from the new plant is expected to contribute towards the Group's sales and bottom-line in the upcoming years.

Nevertheless, 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.

B5. Tax expense

	Individual Quarter		Cumulative Period	
	Current year quarter ended 31/3/2023 RM'000	Preceding year corresponding quarter ended 31/3/2022 RM'000	Current year- to-date 31/3/2023 RM'000	Preceding year-to- date 31/3/2022 RM'000
<u>Income tax:</u>				
-Current year	81	61	81	61
-Prior years	-	-	-	-
	<hr/> 81	<hr/> 61	<hr/> 81	<hr/> 61
<u>Deferred tax:</u>				
-Current year	-	28	-	28
-Prior years	-	-	-	-
	<hr/> -	<hr/> 28	<hr/> -	<hr/> 28
	<hr/> 81	<hr/> 89	<hr/> 81	<hr/> 89

The effective tax rate for the current quarter was lower than the statutory tax rate mainly due to utilisation of unabsorbed capital allowances and tax losses by certain subsidiaries to offset against the current quarter's chargeable income.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the First Quarter ended 31 March 2023

B6. Status of corporate proposals

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

i) Memorandum Of Understanding

On 10 November 2021, the Board of Directors announced that EP Manufacturing Bhd (“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.

Up to the date of this report, there is no material development pertaining to the MOU. Any material and significant development will be updated accordingly.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the First Quarter ended 31 March 2023

B6. Status of corporate proposals (continued)

- ii) 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 following:

- 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.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the First Quarter ended 31 March 2023

B6. Status of corporate proposals (continued)

- ii) 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 had accepted the Purchaser's request for an extension of time of up to 19 March 2023 to pay the Balance Sum and the conditional period of the Lease Agreement had also been extended to 19 March 2023.

On 17 March 2023, the Company had accepted the Purchaser's request for a further extension of time of up to 19 May 2023 to pay the Balance Sum ("Extension").

In view of the Extension, the Company and the Purchaser had also on even date mutually agreed to extend the Conditional Period of the Lease Agreement to 19 May 2023 to coincide with the last date to pay the Balance Sum.

On 17 May 2023, the Company had accepted the Purchaser's request for a further extension of time of up to 19 July 2023 to pay the Balance Sum ("Extension").

In view of the Extension, the Company and the Purchaser had also on even date mutually agreed to extend the Conditional Period of the Lease Agreement to 19 July 2023 to coincide with the last date to pay the Balance Sum.

On 22 May 2023, the Purchaser had paid the remaining Balance Sum to the Company. With the completion, the Conditional Period of the Lease Agreement shall be effective on 22 May 2023.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the First Quarter ended 31 March 2023

B6. Status of corporate proposals (continued)

- ii) 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

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 March 2023	Balance to be utilised
	RM'000	RM'000		RM'000	RM'000
Automotive Business	50,000	20,178	Within 12 months	21,389	(1,211)
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		21,586	-

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.

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.

On 17 April 2023, on behalf of the Board, Mercury Securities had announced that Bursa Securities had, vide its letter dated 14 April 2023 (which was received on 17 April 2023), approved the Company's application for an extension of time of 6 months up to 21 October 2023 to complete the implementation of the Proposed Private Placement.

Proposed ESOS

The proposed ESOS was not implemented by the Company.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the First Quarter ended 31 March 2023

B6. Status of corporate proposals (continued)

iii) 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, referred to 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 created a new chapter for 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, 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.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the First Quarter ended 31 March 2023

B6. Status of corporate proposals (continued)

- iii) 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 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") granted EPBS a 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.

Up to the date of this report, there is no material development pertaining to the MOA. Any material and significant development will be updated accordingly.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the First Quarter ended 31 March 2023

B6. Status of corporate proposals (continued)

- iv) 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”).

Up to the date of this report, there is no material development pertaining to the MOU. Any material and significant development will be updated accordingly.

- v) 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-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”).

Up to the date of this report, there is no material development pertaining to the MOC. Any material and significant development will be updated accordingly.

- vi) 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.

Up to the date of this report, there is no material development pertaining to the MOA. Any material and significant development will be updated accordingly.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the First Quarter ended 31 March 2023

B6. Status of corporate proposals (continued)

- vii) 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”).

Up to the date of this report, there is no material development pertaining to the MOU. Any material and significant development will be updated accordingly.

- viii) 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 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.

Up to the date of this report, there is no material development pertaining to the above. Any material and significant development will be updated accordingly.

- ix) 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.

Up to the date of this report, there is no material development pertaining to the Agreement. Any material and significant development will be updated accordingly.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the First Quarter ended 31 March 2023

B6. Status of corporate proposals (continued)

x) 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 the whole of Malaysia and ASEAN Countries; and
- c. to explore the possibilities of deploying Battery Swapping Station via TSG's network in Malaysia and ASEAN market.

Up to the date of this report, there is no material development pertaining to the MOU. Any material and significant development will be updated accordingly.

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

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the First Quarter ended 31 March 2023

B7. Loans and borrowings

	As at 31/3/2023 RM'000	As at 31/3/2022 RM'000
Non- Current		
Term loans	40,052	21,740
Other bank facilities	436	139
Total	40,488	21,879
Current		
Term loans	20,316	15,332
Banker's acceptance	88,254	102,661
Revolving credit	25,000	25,000
Bank overdraft	9,040	9,493
Other bank facilities	261	126
Total	142,871	152,612
Total loans and borrowings	183,359	174,491

Borrowings are secured and denominated in Ringgit Malaysia.

Loans and borrowings of the Group increased to RM183.4mil as at 31 March 2023 as compared to RM174.5mil as at 31 March 2022. Increased in loans and borrowings were mainly due to drawdown of term loan from local bank to finance the capital expenditure for new car models.

The weighted average interest rate of borrowings is 6.00% and the proportion of debt that is based on fixed and floating interest rates are as follows:

	As at 31/3/2023 RM'000	As at 31/3/2022 RM'000
Fixed interest rate borrowings	141,296	125,687
Floating interest rate borrowings	42,063	48,804
Total loans and borrowings	183,359	174,491

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the First Quarter ended 31 March 2023

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 March 2023.

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 quarter ended 31 March 2023.

B11. Earnings per share

The calculation of basic earnings per share is based on the net profit 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 31/3/2023	Preceding year corresponding quarter ended 31/3/2022	Current year- to-date 31/3/2023	Preceding year-to-date 31/3/2022
Profit for the period attributable to owners of the Company (RM'000)	3,548	386	3,548	386
Weighted average number of ordinary shares ('000)	209,428	197,560	209,428	197,560
Basic earnings per share (sen)	1.69	0.20	1.69	0.20
Diluted earnings 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.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the First Quarter ended 31 March 2023

B12. Notes to the Statement of Comprehensive Income

	Individual Quarter		Cumulative Period	
	Current year quarter ended 31/3/2023 RM'000	Preceding year corresponding quarter ended 31/3/2022 RM'000	Current year-to-date 31/3/2023 RM'000	Preceding year-to-date 31/3/2022 RM'000
Finance income	9	18	9	18
Other income	2,789	742	2,789	742
Finance costs	(3,174)	(1,804)	(3,174)	(1,804)
Depreciation and amortisation	(6,357)	(6,632)	(6,357)	(6,632)
Inventories written off	(53)	-	(53)	-
Allowance for slow moving inventories	(72)	-	(72)	-
Foreign exchange gain/(loss)	(127)	(65)	(127)	(65)

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: 30 May 2023