

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 30 September 2023 - (Unaudited)

	Individual Quarter		Cumulative Period	
	Current year quarter ended 30/9/2023 RM'000	Preceding year corresponding quarter ended 30/9/2022 RM'000	Current year- to-date 30/9/2023 RM'000	Preceding year- to-date 30/9/2022 RM'000
Revenue	158,382	123,869	448,367	329,595
Operating expenses	(150,196)	(116,362)	(424,745)	(309,338)
Depreciation and amortisation	(7,105)	(6,741)	(19,503)	(19,775)
Other income	1,584	883	20,353	3,042
Results from operating activities	2,665	1,649	24,472	3,524
Finance costs	(2,345)	(2,160)	(8,646)	(5,763)
Finance income	97	17	470	43
Net finance costs	(2,248)	(2,143)	(8,176)	(5,720)
Share of profit of equity-accounted joint venture, net of tax	744	322	1,992	902
Profit/(Loss) before tax	1,161	(172)	18,288	(1,294)
Tax expense	(753)	(388)	(1,010)	(607)
Profit/(Loss) for the period	408	(560)	17,278	(1,901)
Total comprehensive income/(expense) for the period	408	(560)	17,278	(1,901)
Profit/(Loss) attributable to :				
Owners of the Company	408	(560)	17,278	(1,901)
Non-controlling interests	-	-	-	-
Profit/(Loss) for the period	408	(560)	17,278	(1,901)
Total comprehensive income/(expense) attributable to :				
Owners of the Company	408	(560)	17,278	(1,901)
Non-controlling interests	-	-	-	-
Total comprehensive income/(expense) for the period	408	(560)	17,278	(1,901)
Earnings/(Loss) per ordinary share (sen):				
Basic	0.19	(0.28)	7.85	(0.93)
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 30 September 2023 - (Unaudited)

	30/9/2023 (Unaudited) RM'000	31/12/2022 (Audited) RM'000
Assets		
Property, plant and equipment	215,588	206,083
Right-of-use assets	7,692	5,320
Investment properties	14,417	14,417
Intangible assets	84,722	85,630
Investment in a joint venture	804	594
Inventories	54,822	54,796
Deferred tax assets	3,484	3,764
Total non-current assets	381,529	370,604
Inventories	47,857	40,756
Trade and other receivables	86,963	64,991
Contract assets	19,125	20,967
Current tax assets	2,631	5,633
Prepayments and other assets	3,470	6,544
Other investment	2,655	2,655
Cash and cash equivalents	61,380	61,064
	224,081	202,610
Assets classified as held for sales	-	39,090
Total current assets	224,081	241,700
Total assets	605,610	612,304
Equity		
Share capital	218,932	218,932
Reserves	82,199	64,921
Equity attributable to owners of the Company	301,131	283,853
Non-controlling interests	(252)	(252)
Total equity	300,879	283,601
Liabilities		
Loan and borrowings	47,580	32,247
Lease liabilities	3,746	2,404
Deferred income	1,869	2,010
Deferred tax liabilities	105	864
Total non-current liabilities	53,300	37,525
Loan and borrowings	144,253	145,211
Lease liabilities	5,363	3,115
Deferred income	188	188
Contract liabilities	11,651	3,483
Current tax liabilities	598	12
Provision for warranties	239	216
Trade and other payables	89,139	138,953
Total current liabilities	251,431	291,178
Total liabilities	304,731	328,703
Total equity and liabilities	605,610	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 30 September 2023 - (Unaudited)

	<----- Attributable to equity holders of the Company ----->					
	<-- Non Distributable -->		Distributable		Non- Controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Retained Earnings RM'000	Total RM'000		
At 1 January 2023	218,932	-	64,921	283,853	(252)	283,601
Profit for the period	-	-	17,278	17,278	-	17,278
Total comprehensive income for the period	-	-	17,278	17,278	-	17,278
		-				
At 30 September 2023	218,932	-	82,199	301,131	(252)	300,879
At 1 January 2022	197,346	-	64,719	262,065	(252)	261,813
Loss for the period	-	-	(1,901)	(1,901)	-	(1,901)
Total comprehensive expense for the period	-	-	(1,901)	(1,901)	-	(1,901)
Ordinary shares issued pursuant to Private Placement	20,056	-	(176)	19,880	-	19,880
At 30 September 2022	217,402	-	62,642	280,044	(252)	279,792

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 30 September 2023 - (Unaudited)

	9 months Ended 30/9/2023 RM'000	9 months Ended 30/9/2022 RM'000
Cash flows from operating activities		
Profit/(Loss) before tax	18,288	(1,294)
Adjustments for:		
Non-cash items	22,502	19,647
Non-operating items	7,942	5,711
Gain on disposal of assets classified as held for sale	(12,534)	-
Share of profit of equity-accounted joint venture, net of tax	(1,992)	(902)
Operating profit before changes in working capital	<u>34,206</u>	<u>23,162</u>
Changes in working capital:		
Inventories	(6,997)	11,309
Trade and other receivables, prepayments and other assets	(21,557)	(13,027)
Trade and other payables	(3,669)	2,100
Cash generated from operations	<u>1,983</u>	<u>23,544</u>
Interest paid	(5,429)	(4,018)
Tax refund/(paid)	2,099	(506)
Warranties paid	(75)	(71)
Net cash (used in)/from operating activities	<u>(1,422)</u>	<u>18,949</u>
Cash flows from investing activities		
Development costs	615	(117)
Acquisition of investment in a subsidiary	-	(250)
Acquisition of property, plant and equipment	(25,141)	(1,094)
Dividend received from a joint venture	1,782	997
Increase in pledged deposits with licensed banks	-	(12)
Interest received	470	43
Proceeds from disposal of assets classified as held for sale	15,562	-
Net cash used in investing activities	<u>(6,712)</u>	<u>(433)</u>
Cash flows from financing activities		
Net repayment of bankers' acceptances	(2,739)	(5,224)
Net drawdown/(repayment) of term loans	17,725	(3,745)
Interest paid	(3,398)	(1,846)
Payment of lease liabilities	(2,527)	(1,173)
Net repayment of other bank facilities	(235)	65
Proceeds from issuance of shares pursuant to Private Placement	-	19,880
Net cash from financing activities	<u>8,826</u>	<u>7,957</u>
Net increase in cash and cash equivalents	692	26,473
Cash and cash equivalents at beginning of the year	51,949	28,987
Cash and cash equivalents at end of the period	<u>52,641</u>	<u>55,460</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	61,380	64,599
Cash and cash equivalents in the statements of financial positions	61,380	64,599
Bank overdraft	(8,739)	(9,139)
Cash and cash equivalents in the statements of cash flows	<u>52,641</u>	<u>55,460</u>

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Third Quarter ended 30 September 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 third quarter ended 30 September 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 Third Quarter ended 30 September 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*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

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

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.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Third Quarter ended 30 September 2023

A6. Changes in the composition of the Group

Save for the events below, there were no major changes in the composition of the Group for the quarter under review and up to the date of this report.

- i) On 18 October 2023, EP Equity Sdn Bhd, a wholly-owned subsidiary of the Company, had entered into a Share Sale Agreement with En. Ahmad Razlan Bin Mohamed for the disposal of 1,750,000 ordinary shares in EP Blueshark Sdn Bhd, representing 70% equity interests thereof for cash consideration of RM1.00.

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 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 30 September 2023 are as follows:

	RM'000
Property, plant and equipment	
Contracted but not provided for	<u>7,177</u>

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Third Quarter ended 30 September 2023

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>22,455</u>
Balance as at 30 September 2023	<u>75,445</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.

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 Third Quarter ended 30 September 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 (3 rd quarter)		Changes		Cumulative period		Changes	
	Current year quarter ended 30/9/2023 RM'000	Preceding year corresponding quarter ended 30/9/2022 RM'000	Amount RM'000	%	Current year-to-date 30/9/2023 RM'000	Preceding year-to- date 30/9/2022 RM'000	Amount RM'000	%
Revenue	158,382	123,869	34,513	27.9	448,367	329,595	118,772	36.0
Operating profit	3,409	1,971	1,438	73.0	26,464	4,426	22,038	497.9
Profit/(Loss) before tax	1,161	(172)	1,333	775.0	18,288	(1,294)	19,582	1,513.3
Profit/(Loss) after tax	408	(560)	968	172.9	17,278	(1,901)	19,179	1,008.9
Profit/(Loss) attributable to owners of the Company	408	(560)	968	172.9	17,278	(1,901)	19,179	1,008.9

The Group reported higher revenue of RM158.4mil as compared to RM123.9mil in the preceding year's corresponding quarter. The revenue is higher by RM34.5mil mainly attributed by the increase in sales of automotive parts resulted from the continued fulfilment of the balance backorders for new vehicles.

Profit before tax for the current quarter was RM1.2mil as compared to loss before tax of RM0.2mil in the preceding year's corresponding quarter in line with the increase in Group's revenue. The Group has benefitted from improved economies of scale and supply chains, which had positively impacted its operational efficiency and cost structure, resulting improved in overall profitability.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Third Quarter ended 30 September 2023

B2. Comparison with Immediate Preceding Quarter

	Current year quarter ended 30/9/2023	Immediate preceding quarter ended 30/6/2023	Changes	
			Amount	%
	RM'000	RM'000	RM'000	
Revenue	158,382	137,863	20,519	14.9
Operating profit	3,409	16,261	(12,852)	(79.0)
Profit before tax	1,161	13,498	(12,337)	(91.4)
Profit after tax	408	13,322	(12,914)	(96.9)
Profit attributable to owners of the Company	408	13,322	(12,914)	(96.9)

For the quarter ended 30 September 2023, the Group reported a higher revenue of RM158.4mil as compared to RM137.9mil reported in the preceding quarter. The revenue is higher by RM20.5mil mainly attributed by the high order backlogs of new vehicles.

The Group recorded profit before tax of RM1.2mil as compared to RM13.5mil in the preceding quarter. The higher profit before tax recorded in the preceding quarter was due to recognition of gain on disposal of properties which is one-off in nature.

B3. Prospects for the financial year

Our new plant in Tanjung Malim that specializes in car seats had commenced production and generating revenue since the month of September. The current car seat production is to cater for Proton's S70 model which was recently launched in November 2023. The Group is optimistic that the output from the new plant is expected to contribute positively towards the Group's revenue and bottom-line in the upcoming years.

The Group is also set to begin construction of its planned new vehicle assembly plant in Melaka. The new facility will be established in several phases at the Hicom Pegoh Industrial Park, with over RM100 million set to be invested into the project. Upon completion, the assembly plant will have the capacity to produce up to 30,000 Energy Efficient Vehicles ("EEV") and Electric Vehicles ("EV") annually in the first phase of its operations.

The new plant is set to manufacture and assemble vehicle models for BAIC International Development Co., Ltd ("BAIC"), and Great Wall Motor Sales Malaysia.

The initiatives undertaken thus far are part of the Group's effort to navigate the Group's businesses amid the global movement which will gradually phase out ICE vehicles and to ensure the sustainability of the Group. The Group will continue to strengthen its core business segments and at the same time, focus on new market opportunities which are expected to contribute positively to the result of the Group in 2023 and the upcoming years.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Third Quarter ended 30 September 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 30/9/2023 RM'000	Preceding year corresponding quarter ended 30/9/2022 RM'000	Current year- to-date 30/9/2023 RM'000	Preceding year-to- date 30/9/2022 RM'000
<u>Income tax:</u>				
-Current year	1,206	68	1,463	216
-Prior years	25	118	25	118
	<hr/> 1,231	<hr/> 186	<hr/> 1,488	<hr/> 334
<u>Deferred tax:</u>				
-Current year	(478)	202	(478)	273
-Prior years	-	-	-	-
	<hr/> (478)	<hr/> 202	<hr/> (478)	<hr/> 273
	<hr/> 753	<hr/> 388	<hr/> 1,010	<hr/> 607

The Group's effective tax rate (excluding the results of joint ventures, which is equity accounted net of tax) for the current quarter was higher than the statutory tax rate mainly due to certain expenses which are not tax deductible.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Third Quarter ended 30 September 2023

B6. Status of corporate proposals

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

- i) 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 22 May 2023, the Board of Directors announced that the disposal has been completed and the lease agreement has commenced on even date.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Third Quarter ended 30 September 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

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, the Board of Directors 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.

On 23 October 2023, the Board of Directors had announced that the Private Placement has lapsed and deemed completed on 21 October 2023.

As at 20 October 2023, the Company had issued 22,722,930 Placement Shares under the Private Placement, raising total gross proceeds of RM21,585,668.85.

Proposed ESOS

On 1 June 2023, the Board of Directors announced that the proposed ESOS was not implemented by the Company as the approval from Bursa Securities for the ESOS has lapsed.

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

B7. Memorandums and Agreements

- 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.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Third Quarter ended 30 September 2023

B7. Memorandums and Agreements (continued)

i) Memorandum Of Understanding (continued)

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.

There was no material development pertaining to the MOU and was ceased on 10 November 2023.

ii) 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 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 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.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Third Quarter ended 30 September 2023

B7. Memorandums and Agreements (continued)

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

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.

On 17 July 2023, the Board of Directors announced that the wholly-owned sub-subsidiary of the Company, EP Blueshark Sdn Bhd had entered into an Exclusive Distribution Agreement with Sharkgulf for the exclusive distributor right to sell Sharkgulf's smart electric motorcycle products in all series with brand name "Blueshark" in Malaysia for a period of one (1) year subject to further renewal to be agreed upon by both parties.

On 21 July 2023, EPBS has sought for Franchise Approved Permit ("AP") from the Ministry of Investment, Trade and Industry ("MITI") for importation of RI Blueshark in Complete Built-Up ("CBU") form. As of to-date, the application for AP franchise is still on-going.

- iii) 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.

- iv) 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").

The MOC expired on 12 October 2023. Despite its expiration, both EPBS and BESB had initiated engagement with MGTC to explore amongst others government incentives and green technology initiatives in relation to Electric Vehicles.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Third Quarter ended 30 September 2023

B7. Memorandums and Agreements (continued)

- v) 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.

- vi) 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 EPBS [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”).

The parties are currently in discussion to extend the validity of the MOU. The first pilot programme of Battery Swapping Ecosystem have been successfully completed at a few selected Petronas Stations, The parties plan to expand the coverage with the development of additional Battery Swapping Stations.

- vii) 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.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Third Quarter ended 30 September 2023

B7. Memorandums and Agreements (continued)

- viii) 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.

- ix) 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.

- x) Memorandum of understanding with BAIC International Development Co., Ltd

On 1 August 2023, the Board of Directors of the Company announced that the Company has on 31 July 2023 entered into a Memorandum of Understanding ("MoU") with BAIC International Development Co., Ltd ("BAIC") to work together on the local production of BAIC's BJ40P and X55II sport utility vehicles ("SUVs"), along with future right-hand drive ("RHD") internal combustion engine ("ICE") vehicles and electric vehicles ("EVs"). EPMB and BAIC also agreed to jointly develop BAIC-branded RHD EVs to cater to Malaysia and other South-east Asian RHD markets.

The parties have agreed to extend the validity period for a duration of 2 months from 31 October 2023 to 31 December 2023, whilst both parties are finalising on the definitive agreement.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Third Quarter ended 30 September 2023

B7. Memorandums and Agreements (continued)

- xi) Memorandum of Understanding between Peps-JV (Melaka) Sdn Bhd with Great Wall Motor Sales Malaysia Sdn Bhd

On 18 October 2023 the Board of Directors announced that Peps-JV (Melaka) Sdn Bhd, a wholly-owned subsidiary of the Company has entered into a Memorandum of Understanding (“MOU”) with Great Wall Motor Sales Malaysia Sdn Bhd (“GWM”) to cooperate in the production, and assembly of GWM’s products in Malaysia. The parties are in the process of negotiating the proposed terms of the definitive agreement. The parties expect to finalise and enter the definitive agreement before the expiry of the MOU.

B8. Loans and borrowings

	As at 30/9/2023 RM’000	As at 30/9/2022 RM’000
Non- Current		
Term loans	47,180	21,991
Other bank facilities	400	200
Total	47,580	22,191
Current		
Term loans	23,389	14,442
Banker’s acceptance	86,922	87,387
Revolving credit	25,000	25,000
Bank overdraft	8,739	9,139
Other bank facilities	203	162
Total	144,253	136,130
Total loans and borrowings	191,833	158,321

Borrowings are secured and denominated in Ringgit Malaysia.

Loans and borrowings of the Group increased to RM191.8mil as at 30 September 2023 as compared to RM158.3mil as at 30 September 2022. Increased in loans and borrowings were mainly due to drawdown of term loan from local bank to finance the capital expenditure investment in new production lines for the supply of automotive parts and car seats for new car models.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Third Quarter ended 30 September 2023

B8. Loans and borrowings (continued)

The weighted average interest rate of borrowings is 4.97% and the proportion of debt that is based on fixed and floating interest rates are as follows:

	As at 30/9/2023 RM'000	As at 30/9/2022 RM'000
Fixed interest rate borrowings	151,036	113,090
Floating interest rate borrowings	40,797	45,231
Total loans and borrowings	<u>191,833</u>	<u>158,321</u>

B9. 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 30 September 2023.

B10. Changes in material litigation

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

B11. Dividend

The Board of Directors does not declare any dividend for the current quarter ended 30 September 2023.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Third Quarter ended 30 September 2023

B12. 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 30/9/2023	Preceding year corresponding quarter ended 30/9/2022	Current year- to- date 30/9/2023	Preceding year-to-date 30/9/2022
Profit/(Loss) for the period attributable to owners of the Company (RM'000)	408	(560)	17,278	(1,901)
Weighted average number of ordinary shares ('000)	220,123	203,607	220,123	203,607
Basic earnings/(loss) per share (sen)	0.19	(0.28)	7.85	(0.93)
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.

EP MANUFACTURING BHD.

(Company No. 199601017765 (390116-T))

Interim Financial Report for the Third Quarter ended 30 September 2023

B13. Notes to the Statement of Comprehensive Income

	Individual Quarter		Cumulative Period	
	Current year quarter ended 30/9/2023 RM'000	Preceding year corresponding quarter ended 30/9/2022 RM'000	Current year-to-date 30/9/2023 RM'000	Preceding year-to-date 30/9/2022 RM'000
Finance income	97	17	470	43
Other income	1,584	883	^(N1) 20,353	3,042
Finance costs	(2,345)	(2,160)	(8,646)	(5,763)
Depreciation and amortisation	(7,105)	(6,741)	(19,503)	(19,775)
Inventories written off	-	(28)	(228)	24
Impairment loss of trade and other receivables	(1,824)	-	(3,220)	-
Allowance for slow moving inventories	(16)	-	(88)	-
Reversal of allowance for slow moving inventories	47	-	446	-
Foreign exchange gain/(loss)	(32)	142	347	503

N1 - Includes gain on disposal of asset classified as held for sale (Glenmarie properties) of RM12,534,000.

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: 29 November 2023