CAREPLUS GROUP BERHAD ("CAREPLUS" OR "THE COMPANY")

– **UNQUALIFIED OPINION WITH MATERIAL UNCERTAINTY RELATED TO GOING CONCERN IN THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025**

1. Introduction

Pursuant to Paragraph 9.19(37) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements"), the Board of Directors of Careplus wishes to announce that the Company's external auditors, Deloitte Malaysia PLT ("Deloitte"), have indicated the existence of a material uncertainty related to going concern in the Independent Auditors' Report for the financial year ended 30 June 2025 ("FYE 2025").

2. Material Uncertainty Related to Going Concern

The details of the Material Uncertainty Related to Going Concern as disclosed in the Deloitte's report are reproduced below:

"*We draw attention to Note 2 to the financial statements, which describes the principal events and conditions that indicate the existence of a material uncertainty that may cast significant doubt on the ability of the Group and of the Company to continue as going concern.*

As disclosed in Note 2, for the financial year ended 30 June 2025, the Group and the Company incurred net losses of RM82,469,407 and RM54,198,776 respectively, and recorded net operating cash outflows of RM7,269,026 and RM34,956,961 respectively. As of that date, the Group and the Company recorded accumulated losses of RM16,208,939 and RM21,971,136 respectively.

The Group continues to operate in a challenging operating environment. The glove manufacturing segment faces persistent global oversupply, subdued selling prices, and rising production costs, while the Group's new energy and others segment is affected by reputational and market uncertainties following the financial distress of its principal for the Neta-branded vehicles, intense industry competition, and significant funding requirements for the ongoing construction of the new Completely Knocked Down ("CKD") assembly plant.

Notwithstanding these conditions, management has developed plans as set out in Note 2 to the financial statements, including securing new glove customer orders, monetising existing electric vehicle ("EV") inventories, securing sufficient contracts upon the completion of the CKD plant by December 2025, restructuring project costs, undertaking fund-raising activities which may include a private placement, financial support from a director, and exploring disposal or pledge of non-core assets to raise additional financing.

The appropriateness of the going concern assumption is dependent on the successful financial and operational restructuring and ensuring the availability of continued financial support from the Group's lenders and director as such restructuring takes place. Accordingly, these conditions, along with other matters described in Note 2, indicate the existence of a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as going concerns.

Our opinion is not modified in respect of this matter."

3. Key Audit Matters

The Key Audit Matters disclosed in Deloitte's report are reproduced below:

(a) Valuation of inventories

<u>*Gloves*</u>

The carrying amount of work-in-progress and finished goods amounted to RM9,461,783, as disclosed in Note 14 to the financial statements. The valuation of work-in-progress and finished goods is considered a key audit matter in view that significant judgement and estimates are required to be exercised by the management when determining an appropriate costing basis and assessing the net realisable value of these inventories.

The significant judgement and estimates made by the management are disclosed in Note 4(ii) to the financial statements.

Electric Vehicles ("EV")

The carrying amount of EV amounted to RM19,859,694, as disclosed in Note 14 to the financial statements. Due to the competitive nature of the EV industry and the high volume of unsold EV as a result of the negative news surrounding Neta brand, the valuation of the finished goods is considered a key audit matter in view of the significant judgement and estimates are required to be exercised by the management when assessing the net realisable value and allowance for slow-moving inventories of these inventories.

The significant judgement and estimates made by the management are disclosed in Note 4(ii) to the financial statements.

(b) Impairment assessment of property, plant and equipment ("PPE")

Two of the subsidiaries, Careglove Global Sdn. Bhd. ("CGG") and Rubbercare Protection Products Sdn. Bhd. ("RPP") recorded continued operating losses in the current financial year due to the prolonged downturn in the glove industry, arising from tariff uncertainties and continued intense competition from China, which resulted in persistently low production utilisation.

Based on management's assessment, an impairment loss of RM28,776,590 was recognised in the financial statements of the Group for the year ended 30 June 2025, as shown in Note 11 to the financial statements.

The impairment of PPE is considered a key audit matter in view that significant judgement and estimates are required to be exercised by the management when determining the recoverable amount of the PPE.

The assessment of the recoverable amount of PPE, which was established based on the fair value less costs to sell requires significant judgement and estimates made by the management, as disclosed in Notes 4(ii) and 11 to the financial statements.

4. Steps taken or proposed to be taken to address the key audit matter that relates to the material uncertainty related to the going concern, and its timeline

In response to the above, the Company has taken or is in the process of taking, among others, the following actions:-

(i) The Group has commenced the assembly of certain commercial vehicles from other brands at its factory in Senawang and will expand its capacity and capability to the NEV Manufacturing Hub upon completion. The NEV Manufacturing Hub currently under construction and targeted for completion by December 2025. The Company is actively exploring potential collaborations with other OEMs seeking to expand their presence in strategic locations.

(ii) The Company is currently undergoing preliminary discussions with potential sophisticated investors for fresh capital injection. Future announcement(s), where applicable, will be made to Bursa Securities in accordance with the Listing Requirements as and when the terms for the fresh capital injection are agreed upon and finalised.

This announcement is dated 31 October 2025.