



CORAZA INTEGRATED TECHNOLOGY BERHAD

Registration No.: 202001039065 (1395386-M)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2024**

CORAZA INTEGRATED TECHNOLOGY BERHAD

Registration No.: 202001039065 (1395386-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾

FOR THE PERIOD ENDED 30 JUNE 2024

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2024 RM'000	Preceding Year Corresponding Quarter 30.06.2023 RM'000	Current Year-To- Date 30.06.2024 RM'000	Preceding Year Corresponding Year-To-Date 30.06.2023 RM'000
Revenue	21,766	20,902	41,520	49,251
Cost of sales	(18,294)	(17,612)	(36,095)	(39,541)
Gross profit ("GP")	3,472	3,290	5,425	9,710
Other income	733	1,343	1,260	3,074
Administrative expenses	(2,902)	(2,532)	(5,492)	(7,025)
Selling and distribution expenses	(1,506)	(912)	(2,805)	(2,027)
Operating (loss)/profit	(203)	1,189	(1,612)	3,732
Finance costs	(290)	(174)	(572)	(373)
(Loss)/Profit before tax("LBT")/("PBT")	(493)	1,015	(2,184)	3,359
Taxation	B5 99	(49)	467	(674)
Net (loss)/profit	(394)	966	(1,717)	2,685
Net (loss)/profit/ Total comprehensive (loss)/ income for the period attributable to:				
Owners of the Company	(394)	966	(1,717)	2,685
(Loss)/Earnings per share to owners of the parent: ("LPS")/("EPS") (sen)				
Basic ⁽²⁾	B11 (0.08)	0.23	(0.35)	0.63
Diluted ⁽³⁾	(0.08)	0.23	(0.35)	0.63

Notes:

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic EPS is calculated based on the Company's share capital of 493,621,401 ordinary shares (30 June 2023: 429,236,001 ordinary shares) after the allotment of 1st tranche of private placement of 64,385,400 new ordinary shares to independent investors identified on 6 September 2023.
- (3) Diluted EPS is calculated based on the Company's ordinary shares share outstanding during the financial period under review adjusted for the effects of dilutive potential ordinary shares.

CORAZA INTEGRATED TECHNOLOGY BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾ AS AT 30 JUNE 2024

	(Unaudited) As at 30.06.2024 RM'000	(Audited) As at 31.12.2023 RM'000
ASSETS		
Non-current asset		
Property, plant and equipment	63,837	62,347
Right of use asset	1,831	1,911
Total non-current asset	65,668	64,258
Current assets		
Inventories	20,856	25,858
Trade receivables	18,313	13,443
Other receivables, deposits and prepayments	7,971	3,884
Tax recoverable	3,477	1,963
Cash and cash equivalents	53,844	53,676
Total current assets	104,461	98,824
TOTAL ASSETS	170,129	163,082
EQUITY AND LIABILITIES		
Share capital	101,025	101,025
Merge reserve	(26,753)	(26,753)
Share grant reserve	110	-
Retained profits	49,929	51,646
TOTAL EQUITY	124,311	125,918
Non-current liabilities		
Deferred income	282	450
Deferred tax liabilities	1,192	1,876
Borrowings	18,918	4,343
Lease liability	434	772
Total non-current liabilities	20,826	7,441
Current liabilities		
Deferred income	336	336
Trade payables	4,237	3,604
Other payables and accruals	9,667	3,279
Refund liabilities	204	105
Borrowings	9,099	21,208
Lease liability	1,449	1,191
Total current liabilities	24,992	29,723
TOTAL LIABILITIES	45,818	37,164
TOTAL EQUITY AND LIABILITIES	170,129	163,082
Net assets per ordinary share attributable to owners of the Company (RM) ⁽²⁾	0.25	0.28

Notes:

⁽¹⁾ The basis of preparation of the above Unaudited Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.

⁽²⁾ Net assets per share is calculated based on the Company's share capital of 493,621,401 ordinary shares (30 June 2023: 429,236,001 ordinary shares) after the allotment of 1st tranche of private placement of 64,385,400 new ordinary shares to independent third-party investors on 6 September 2023.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY ⁽¹⁾ FOR THE PERIOD ENDED 30 JUNE 2024

	----- Attributable to Owners of the Company -----				Total Equity RM'000
	----- Non-Distributable -----		Distributable		
	Share Capital RM'000	Merger Reserves RM'000	Share Grant Reserve RM'000	Retained Profits RM'000	
<u>6 months ended 30 June 2024</u>					
At 1 January 2024 (Audited)	101,025	(26,753)	-	51,646	125,918
Total comprehensive income for the year					
- Share grant expense	-	-	110	-	110
- Loss for the period	-	-	-	(1,717)	(1,717)
At 30 June 2024 (Unaudited)	101,025	(26,753)	110	49,929	124,311

	----- Attributable to Owners of the Company -----				Total Equity RM'000
	----- Non-Distributable -----		Distributable		
	Share Capital RM'000	Merger Reserves RM'000	Share Grant Reserve RM'000	Retained Profits RM'000	
<u>6 months ended 30 June 2023</u>					
At 1 January 2023 (Audited)	61,403	(26,753)	-	54,316	88,966
Total Comprehensive Income	-	-	-	2,685	2,685
At 30 June 2023 (Unaudited)	61,403	(26,753)	-	57,001	91,651

Note:

- ⁽¹⁾ The basis of preparation of the above Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾ FOR THE PERIOD ENDED 30 JUNE 2024

	Current Year-To-Date 30.06.2024 RM'000	Preceding Year Corresponding Year-To-Date 30.06.2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(2,184)	3,359
Adjustments for:		
Depreciation of property, plant and equipment	3,588	3,573
Depreciation of right of use asset	700	692
Deferred income released	(168)	(168)
Gain on disposal of property, plant and equipment	-	(39)
Interest expense	572	373
Share grant expense	110	-
Interest income	(949)	(221)
Unrealised loss/(gain) on foreign exchange	43	(2,185)
Operating profit before working capital changes	1,712	5,384
Net changes in:		
Inventories	5,002	2,783
Receivables	(8,957)	16,039
Payables	6,979	(18,194)
Refund liabilities	99	(180)
Cash generated from operations	4,835	5,832
Income tax paid	(1,731)	(1,123)
Interest paid	(531)	(313)
Net cash from operating activities	2,573	4,396
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	949	221
Proceeds from disposal of property, plant and equipment	-	60
Purchase of property, plant and equipment	(5,078)	(5,995)
Net cash used in investing activities	(4,129)	(5,714)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease liability	(741)	(732)
Net repayment of bankers' acceptance	(1,006)	(794)
Net repayment of hire purchase	(424)	(843)
Net repayment of revolving credit	(12,000)	-
Net drawdown/(repayment) of term loans	15,896	(541)
Changes in fixed deposits pledged to a licensed bank	600	(334)
Net cash from/(used in) financing activities	2,325	(3,244)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	769	(4,562)
CASH AND CASH EQUIVALENTS AT BEGINNING	10,050	23,080
CASH AND CASH EQUIVALENTS AT END	10,819	18,518
Represented by:		
Fixed deposits with a licensed bank	46,903	14,292
Cash and bank balances	6,941	11,545
Overdraft	-	(3,027)
	53,844	22,810
Less: Fixed deposits pledged to a licensed bank	(43,025)	(4,292)
	10,819	18,518

Note:

⁽¹⁾ The above Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.

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A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of ACE Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2023 as disclosed in the Annual Report. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2023.

A2. Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in preparation of the Group’s audited financial statements for the financial year ended 31 December 2023 as disclosed in the Annual Report except for the following new MFRSs and amendments to MFRSs which have been issued by the MASB that are effective for annual periods beginning on or after 1 January 2024:

	Effective for annual periods beginning on or after
Amendments to MFRS 16 Leases – Leases Liability in a Sale and Leaseback	1-Jan-2024
Amendments to MFRS 101 Presentation of Financial Statements – Non-Current Liabilities with Covenants.	1-Jan-2024
Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures – <i>Supplier Finance Arrangements</i>	1-Jan-2024

The adoption of the above MFRSs and Amendments to MFRSs did not result in any significant changes in the accounting policies of the Group.

As at the date of this announcement, the Group has not applied the following MFRSs and Amendments to MFRSs which have been issued as at the end of reporting period but are not yet effective for the Group:

	Effective for annual periods beginning on or after
Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1-Jan-2025
Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosure - Amendments to the Classification and Measurement of Financial Instruments	1-Jan-2026
MFRS 18 Presentation and Disclosure in Financial Statements	1-Jan-2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1-Jan-2027
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	Effective date yet to be confirmed

The Group is currently assessing the impact of initial application of the above standards and plans to adopt the new standard on the required effective date.

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A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING (CONT'D)

A3. Auditors' report on Preceding Annual Financial Statements

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2023.

A4. Seasonal or cyclical factors

The Group's operation is in general subject to the cyclical trends of the semiconductor and electronics industries, both of which rely on the global economic and industry outlook.

A5. Unusual items due to their nature, size or incidence

There were no extraordinary and exceptional items of an unusual nature affecting assets, liabilities, equity, net income, or cash flows during the financial period under review.

A6. Material changes in estimates

There were no changes in estimates that had a material effect in the financial quarter under review.

A7. Debt and equity securities

There was no issuance, repurchases or repayments of debt and equity securities during the financial period under review that have not been reflected in this interim financial report.

A8. Dividend paid

The Company did not pay any dividend in the financial quarter under review.

A9. Segmental Information

The Group's contribution by business units based on their nature of businesses and services as well as by geographical factors are as follows:

(a) Contribution by business units

	Current Year Quarter 30.06.2024 RM'000	Preceding Year Corresponding Quarter 30.06.2023 RM'000	Current Year-To-Date 30.06.2024 RM'000	Preceding Year Corresponding Year-To-Date 30.06.2023 RM'000
Revenue:-				
Fabrication of sheet metal	19,565	19,855	37,682	45,238
Precision Machining	2,201	1,047	3,838	4,013
	21,766	20,902	41,520	49,251

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A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING (CONT'D)

A9. Segmental Information (Cont'd)

(b) Contribution by geographical factors

	Current Year Quarter 30.06.2024 RM'000	Preceding Year Corresponding Quarter 30.06.2023 RM'000	Current Year- To-Date 30.06.2024 RM'000	Preceding Year Corresponding Year-To-Date 30.06.2023 RM'000
Revenue:-				
Malaysia	13,533	14,174	25,632	34,713
Singapore	6,616	5,226	12,446	10,192
United States of America	1,349	1,410	2,830	3,807
China	105	13	120	28
European countries	36	39	54	91
Other Asian countries	127	40	438	420
	21,766	20,902	41,520	49,251

A10. Material events during the reporting period

(i) Proposed Private Placement

On 29 March 2023, the Company announced that it proposed to undertake a private placement of not more than 20.0% of the total number of issued shares of the Company or 85,847,000 shares (“**Placement Shares**”) (“**Proposed Private Placement**”). On 6 September 2023, the 1st tranche of the Private Placement comprising 64,385,400 Placement Shares were listed and quoted on the ACE Market of Bursa Securities. Subsequently in a letter dated 30 November 2023, Bursa Securities approved an extension of time until 12 June 2024 for the Company to complete the remaining portion of 5.0% of the Proposed Private Placement.

On 12 June 2024, the Company announced that the extended timeline to complete the remaining portion of the Proposed Private Placement had lapsed. As such, the Proposed Private Placement was deemed completed with the listing of 64,385,400 Placement Shares on 6 September 2023 on the ACE Market of Bursa Securities.

(ii) Long Term Incentive Plan (“LTIP”)

On 29 March 2023, the Company announced that it proposed to establish and implement a LTIP of up to 10.0% of the Company’s total issued share capital (excluding treasury shares, if any) for eligible Directors and employees of the Company and its subsidiary (“**Proposed LTIP**”). The Proposed LTIP comprises of a share grant plan (“**Proposed SGP**”) and an employees’ share option scheme (“**Proposed ESOS**”). The resolution was tabled and approved by shareholders during the Extraordinary General Meeting convened on 20 July 2023.

On 29 February 2024, the Company announced that it had submitted the required confirmation to Bursa for the implementation of the LTIP, as per Rule 6.44(1) of the Listing Requirements. Consequently, the effective date for the LTIP implementation was confirmed as 29 February 2024.

On 1 April 2024, the Company awarded 615,900 Shares Grant Plan (“SGP”) shares to eligible persons at market price of RM0.535. The said SGP shares will vest on 2 January 2025.

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A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING (CONT'D)

A10. Material events during the reporting period (Cont'd)

(ii) Long Term Incentive Plan (“LTIP”) (Cont'd)

On 6 August 2024, the Company awarded 859,400 Share Grant Plan (“SGP”) shares and 832,300 employee share option scheme (“ESOS Option”) shares to eligible persons at the market price of RM0.375. Both schemes will vest over a period of two years, subject to the vesting conditions being fully and duly satisfied from the award date. The ESOS options shall be exercisable over one year from the ESOS Vesting Date.

Further details of the Proposals will be announced in due course.

Saved as disclosed above, there were no other material events subsequent to the end of the current financial period under review that have not been reflected in this interim financial report.

A11. Material events subsequent to the end of the reporting period

There were no other material events subsequent to the end of the current financial period under review that have not been reflected in this interim financial report.

A12. Changes in composition of the Group

There were no other material changes in the composition of the Group for the current financial period under review.

A13. Contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets in the Group for the current financial period under review.

A14. Related Party Transactions Disclosures

The following companies are related parties as they relate to companies in which the directors of the Group have substantial financial interest.

- Unigen Corporation (“UC”)
- Surface Technology Solutions Sdn. Bhd. (“STS”)
- Kalungan Prestij Sdn. Bhd. (“KPSB”)

Type of transactions	Related parties	Individual Quarter		Cumulative Period	
		Current Year Quarter 30.06.2024 RM'000	Preceding Year Corresponding Quarter 30.06.2023 RM'000	Current Year To Date 30.06.2024 RM'000	Preceding Year Corresponding Period 30.06.2023 RM'000
Sales of fabricated parts	UC	179	206	628	407
Provision of finishing services	STS	455	547	980	1,212
Rental expenses	KPSB	-	-	-	4

The transactions were entered in the normal course of business and have been established under normal commercial terms that are no less favourable than those arranged with independent third parties.

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A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING (CONT'D)

A15. Capital Commitments

	As at 30.06.2024 RM'000	As at 31.12.2023 RM'000
Contracted but not provided for:		
- Property, Plant and Equipment	6,507	9,250
Approved but not contracted for:		
- Property, Plant and Equipment	21,283	23,015
	<u>27,790</u>	<u>32,265</u>

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS

B1. Review of performance

Comparison with preceding year corresponding quarter and financial year-to-date

	Current Year Quarter 30.06.2024 RM'000	Preceding Year Corresponding Quarter 30.06.2023 RM'000	Changes %	Current Year-To-Date 30.06.2024 RM'000	Preceding Year Corresponding Year-To-Date 30.06.2023 RM'000	Changes %
Revenue	21,766	20,902	4.13	41,520	49,251	-15.70
GP	3,472	3,290	5.53	5,425	9,710	-44.13
(LBT)/PBT	(493)	1,015	-148.57	(2,184)	3,359	-165.02

The Group reported a revenue of RM21.77 million for the current quarter, an increase from RM20.90 million recorded in the corresponding quarter of the preceding financial year, marking a consistent improvement over two consecutive quarters. This improvement was driven by increasing order inflows from the semiconductor and other industries, and a rise in new product introduction (“NPI”) activities.

Despite improved revenue and gross profit, the Company recorded a loss before tax for the current quarter. On a positive note, the losses have been steadily decreasing over the past three consecutive quarters. The loss is attributed to the Group's ongoing expansion efforts to enhance human capital, manufacturing capacity and capability for future growth, the cost of product development during NPI stage, and the unfavorable foreign exchange impacts.

B2. Comparison with immediate preceding quarter

	Current Year Quarter 30.06.2024 RM'000	Immediate Preceding Quarter 30.03.2024 RM'000	Changes %
Revenue	21,766	19,754	10.19
GP	3,472	1,953	77.78
LBT	(493)	(1,691)	70.85

In the current financial quarter, the Group's revenue reached RM21.77 million, marking a modest improvement from RM19.75 million in the previous quarter. This growth was driven by increasing order inflows from the semiconductor and other industries, and a rise in NPI efforts in acquiring new customers and extending services and product offering to existing ones have significantly contributed to notable progress in the NPI across various industries.

In tandem with the increased revenue, the Group's LBT for the current financial quarter reduced to RM0.49 million from RM1.69 million.

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS (CONT'D)

B3. Prospects of the Group

On 5 August 2024, the Semiconductor Industry Association (SIA) reported that global semiconductor sales totalled \$149.9 billion in the second quarter of 2024, an 18.3% increase compared to the same period in 2023 and 6.5% more than in the first quarter of 2024. This report highlights the sustained strength of the global semiconductor market during the second quarter, marking the first quarter-to-quarter sales increase since the fourth quarter of 2023.

The Prime Minister of Malaysia outlined the National Semiconductor Strategy (NSS) to guide the industry up the value chain. The NSS sets five key targets to advance from outsourced assembly to high-end activities such as IC design and advanced manufacturing, and it will be implemented in three phases over the next 10 years. A substantial amount of funding will be channelled to meet this objective.

The Company's order on hand increased by approximately 35% compared to the preceding quarter, with more than 50% of the total orders coming from the semiconductor industry. New Product Introductions ("NPI") contributed 4% of the total orders, reflecting the anticipated recovery in the semiconductor and other industries. The consistent improvement in financial performance over the last 2 consecutive quarters indicates possible signs of recovery, with an inflow of orders from the semiconductor and other industries, signalling a potential inflection point in the Electrical & Electronics sector.

The Company is positioning itself to ride on the robust semiconductor industry. Semiconductor chip is a critical success factor in supporting the megatrend such as digitalisation. Key growth sectors such as cloud computing, high speed network connectivity, artificial intelligence and electric vehicles will drive the long-term demand in this digital era.

Technological advancements are accelerating thus driving demand for faster and more reliable communications and data processing solutions. 6G communications and AI are at the forefront of this revolution and the Company is poised to playing a pivotal role in the supply chain ecosystem.

The Company is moving up the value chain by investing in all these areas so that we can offer our customers a more complete and integrated solutions. This will not only increase our value proposition to our customers but also allow us to capture a larger share of the metal fabrication total available market. The Company will continue to invest in higher and more sophisticated equipment to cater to the needs of our customers.

With regard to capacity and capability expansion, the upgrade and renovation plans on the newly acquired plant (P5-Lot No. 2778), located opposite the existing Nibong Tebal plant (P1-Lot 2777 & Lot 2783), is on schedule. The completion of this plant will provide a comprehensive one-stop solution facility and is targeted to commence operation in Q4 2024. The Group has also recently commenced the construction of a new factory (P3-Lot 2773 & Lot 2776) adjacent to the existing facility in Nibong Tebal. Construction of the facility is expected to take 12 months with completion target set for July 2025 barring any unforeseen circumstances. The plant, featuring an 83,000 sq ft production floor space, is expected to become operational in the fourth quarter of 2025.

These improved capacities, capabilities, and broader market segment initiatives are expected to contribute to Coraza's growth, positioning the Group to capitalize on the coming semiconductor upcycle. As part of its transformative journey, management expresses confidence in the Group's ability to deliver better results in the subsequent financial year. Based on the above, the Board of Directors ("Board") is optimistic of the Group's prospects and is monitoring closely the Group's expansion plans to achieve the mid-term and long-term strategic goals.

B4. Variance of actual profits from forecast profits

The Group did not issue any profit forecast in the current financial period under review.

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS (CONT'D)

B5. Taxation

Taxation comprises the following: -

	Current Year Quarter 30.06.2024 RM'000	Preceding Year Corresponding Quarter 30.06.2023 RM'000	Current Year- To-Date 30.06.2024 RM'000	Preceding Year Corresponding Year-To-Date 30.06.2023 RM'000
Income tax expense				
-Current Period	178	49	217	674
Deferred tax				
-Current Period	(277)	-	(645)	-
-Prior year	-	-	(39)	-
	(99)	49	(467)	674
Effective tax rate (%)	20.08	4.83	21.38	20.07
Statutory tax rate (%)	24.00	24.00	24.00	24.00

The Group's tax position is mainly attributed to its loss position, which defers the utilization of capital allowances, reinvestment allowances, as well as unabsorbed business losses by its subsidiary.

B6. Status of corporate proposals

Save for as disclosed below, there were no corporate proposals announced but not completed as at date of this interim financial report.

On 29 March 2023, M & A Securities Sdn. Bhd. ("**M&A Securities**") on behalf of the Board of Directors of Company had announced that the Company proposes to undertake the following:

- the proposed private placement of up to 85,847,000 new ordinary shares in the Company, representing not more than 20.0% of the issued share capital of Company to independent third-party investor(s) to be identified and at an issue price to be determined later ("**Proposed Private Placement**"); and
- the proposed establishment and implementation of a long term incentive plan ("**LTIP**") of up to 10.0% of the Company's total issued share capital (excluding treasury shares, if any) at any point in time over the duration of the LTIP for eligible directors of Company and employees of Company and its subsidiary (excluding those which are dormant), who fulfil the eligibility criteria as set out in the by-laws of the LTIP ("**Proposed LTIP**").

(collectively, referred to as the "**Proposals**")

On 28 April 2023, M&A Securities have submitted the additional listing application in relation to the Proposals to the Bursa Securities.

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS (CONT'D)

B6. Status of corporate proposals (cont'd)

On 19 June 2023, M&A Securities on behalf of the Board of Directors of Company had announced that Bursa Securities had approved the following, subject to conditions:

- (a) listing and quotation of up to 85,847,000 Placement Shares to be issued pursuant to the Proposed Private Placement; and
- (b) listing and quotation of up to 10.0% of the Company's total number of issued shares (excluding treasury shares, if any), to be issued pursuant to the Proposed LTIP.

On 3 July 2023, a Notice of Extraordinary General Meeting was published.

On 20 July 2023, an Extraordinary General Meeting was convened, and the company obtained approval from the shareholders for all resolutions as set out in the Notice of the Extraordinary General Meeting dated 4 July 2023.

On 21 August 2023, Public Investment Bank Berhad was appointed to act as the joint placement agent to facilitate the Private Placement exercise.

On 22 August 2023, M&A Securities on behalf of the Board of Directors of Coraza had announced that Coraza fixed the issue price of the Placement Share at RM0.63 each, representing a discount of approximately RM0.0498 or 7.3% from the 5-day weighted average market price of Coraza Shares from 15 August 2023 to 21 August 2023 of approximately RM0.6798 per share.

On 6 September 2023, M&A Securities on behalf of the Board of Directors of Coraza had announced that the First Tranche of the Private Placement comprising 64,385,400 Placement Shares has been completed following the listing and quotation of 64,385,400 Placement Shares on the ACE Market of Bursa Securities. The Company's latest issued share capital was 493,621,401 after this corporate proposal. The net proceeds derived from the Private Placement was RM39.6 million after deducting transactions costs pursuant to the Private Placement.

On 17 November 2023, M&A Securities on behalf of the Board of Directors of Coraza had announced that the Company has made an application to Bursa Securities for extension of time of 6 months up to 12 June 2024 to complete the Private Placement.

On 1 December 2023, on behalf of the Board of Directors of Coraza, M&A Securities is pleased to announce that Bursa Securities had vide its letter dated 30 November 2023 approved the extension of time up to 12 June 2024 for the Company to complete the Private Placement.

On 29 February 2024, the Company announced that necessary confirmation pursuant to Rule 6.44(1) of the Listing Requirements have been submitted to Bursa for the implementation of the LTIP. Accordingly, the effective date for the implementation of the LTIP is 29 February 2024.

On 1 April 2024, the Company awarded 615,900 Shares Grant Plan ("SGP") shares to eligible persons at market price of RM0.535. The said SGP shares will be vested on 2 January 2025.

On 12 June 2024, the Company announced that the extended timeline to implement the Private Placement had lapsed. As such, the Proposed Private Placement was deemed concluded with the listing of 64,385,400 Placement Shares on 6 September 2023 on the ACE Market of Bursa Securities.

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS (CONT'D)

B6. Status of corporate proposals (cont'd)

On 6 August 2024, the Company awarded 859,400 Share Grant Plan (“SGP”) shares and 832,300 employee share option scheme (“ESOS Option”) shares to eligible persons at the market price of RM0.375. Both schemes will vest over a period of two years, subject to the vesting conditions being fully and duly satisfied from the award date. The ESOS options shall be exercisable over one year from the ESOS Vesting Date.

Further details of the Proposals will be announced in due course.

B7a. Utilisation of Proceeds from IPO

The gross proceeds of RM33.0 million from the IPO is intended to be utilised in the following manner:

	Details of use of proceeds	Proposed utilisation RM'000	Re-allocation RM'000	Actual utilisation RM'000	Balance to be utilised RM'000	Estimated timeframe for the use of proceeds upon listing ⁽¹⁾
(i)	Purchase of new machinery	15,500	-	(13,430)	2,070	Within 36 months
(ii)	Construction of factory ⁽²⁾	6,412	-	-	6,412	Within 36 months
(iii)	Implementation of ERP system	1,200	-	(1,200)	-	Within 12 months
(iv)	Extension of existing building	1,500	-	(1,500)	-	Within 12 months
(v)	Repayment of bank borrowings	4,600	-	(4,600)	-	Within 12 months
(vi)	Estimated listing expenses	3,770	(583)	(3,187)	-	Within 1 month
(vii)	Working capital	-	583	(583)	-	Within 9 months
		32,982	-	(24,500)	8,482	

Notes:

⁽¹⁾ From the date of listing of the Company.

⁽²⁾ Construction has begun in end of July 2024 with contractors mobilizing and started piling activities, targeting a 12-month completion by July 2025 barring any unforeseen circumstances. The plant, with an 83,000 sq ft production floor space, is expected to become operational in the fourth quarter of 2025.

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS (CONT'D)

B7b. Utilisation of Proceeds from Private Placement

The gross proceeds of RM40.6 million from the first tranche of the private placement is intended to be utilised in the following manner:

	Details of use of proceeds	Proposed utilisation	Actual utilisation	Balance to be utilised	Estimated timeframe for the use of proceeds upon Private Placement ⁽¹⁾
		RM'000	RM'000	RM'000	
(i)	Purchase of new machinery	27,000	(5,681)	21,319	Within 24 months
(ii)	Set up of cleanroom	12,575	-	12,575	Within 24 months
(iii)	Estimated listing expenses	988	(988)	-	Within 1 month
		40,563	(6,669)	33,894	

Note:

⁽¹⁾ From the date of listing of the Shares.

B8. Group borrowings and debts securities

As at 30 June 2024	Long term RM'000	Short term RM'000	Total borrowings RM'000
<u>Secured</u>			
Bankers' acceptance	-	3,162	3,162
Hire purchase	1,305	742	2,047
Revolving credit	-	4,000	4,000
Term loans	17,613	1,195	18,808
Total	18,918	9,099	28,017

B9. Material Litigation

There was no material litigation against the Group as at 30 June 2024.

B10. Dividends

No dividend has been proposed or declared for the current financial period.

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS (CONT'D)**B11. Earnings Per Share**

The basic and diluted EPS for the current quarter and financial year-to-date are computed as follows:

a) Basic EPS

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30.06.2024	Preceding Year Corresponding Quarter 30.06.2023	Current Year- To-Date 30.06.2024	Preceding Year Corresponding Year-to-Date 30.06.2023
(Loss)/Profit attributable to Owners of the Company (RM'000)	(394)	966	(1,717)	2,685
Weighted average number of ordinary shares ('000)	493,621	429,236	493,621	429,236
EPS (sen)	(0.08)	0.23	(0.35)	0.63

b) Diluted EPS

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30.06.2024	Preceding Year Corresponding Quarter 30.06.2023	Current Year- To-Date 30.06.2024	Preceding Year Corresponding Year-to-Date 30.06.2023
(Loss)/Profit attributable to Owners of the Company (RM'000)	(394)	966	(1,717)	2,685
Weighted average number of ordinary shares ('000)	493,621	429,236	493,621	429,236
Effect of dilution due to share grant scheme ('000)	616	-	616	-
Adjusted weighted average number of ordinary shares applicable to diluted EPS ('000)	494,237	429,236	494,237	429,236
EPS (sen)	(0.08)	0.23	(0.35)	0.63

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS (CONT'D)**B12. Notes to Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

(Loss)/Profit for the period was derived after taking into consideration of the following:-

	Individual Quarter		Cumulative Period	
	Current Year	Preceding Year	Current Year-	Preceding Year
	Quarter	Corresponding	To-Date	Corresponding
	30.06.2024	Quarter	30.06.2024	Year-to-Date
	RM'000	30.06.2023	RM'000	30.06.2023
		RM'000		RM'000
After charging/ (crediting):-				
Depreciation of property, plant and equipment	1,781	1,662	3,588	3,573
Depreciation on right-of-use asset	354	346	700	692
Interest expense	290	174	572	373
Listing expenses	-	29	-	29
(Gain)/Loss on foreign exchange				
- Realised	(9)	(461)	(67)	797
- Unrealised	103	(664)	43	(2,185)
Short-term leases and lease of low value assets	161	192	318	342
Share grant expense	110	-	110	-
Deferred income released	(84)	(84)	(168)	(168)
Gain on disposal of property, plant and equipment	-	(39)	-	(39)
Interest income	(640)	(95)	(949)	(221)

BY ORDER OF THE BOARD
CORAZA INTEGRATED TECHNOLOGY BERHAD
22 AUGUST 2024