



**CORAZA INTEGRATED TECHNOLOGY BERHAD**

Registration No.: 202001039065 (1395386-M)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT  
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022**

# CORAZA INTEGRATED TECHNOLOGY BERHAD

Registration No.: 202001039065 (1395386-M)

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME <sup>(1)</sup>

FOR THE PERIOD ENDED 31 DECEMBER 2022

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2022 RM'000	Preceding Year Corresponding Quarter 31.12.2021 RM'000	Current Year-To- Date 31.12.2022 RM'000	Preceding Year Corresponding Year-To-Date 31.12.2021 RM'000
Revenue	35,915	34,806	143,348	106,133
Cost of sales	(24,977)	(26,002)	(105,819)	(75,786)
<b>Gross profit ("GP")</b>	<b>10,938</b>	<b>8,804</b>	<b>37,529</b>	<b>30,347</b>
Other income	751	262	3,426	1,488
Administrative expenses <sup>(2)</sup>	(6,075)	(3,376)	(17,030)	(10,911)
Selling and distribution expenses	(1,269)	(1,208)	(4,524)	(4,073)
<b>Operating profit</b>	<b>4,345</b>	<b>4,482</b>	<b>19,401</b>	<b>16,851</b>
Finance costs	(207)	(200)	(759)	(791)
<b>Profit before taxation ("PBT")</b>	<b>4,138</b>	<b>4,282</b>	<b>18,642</b>	<b>16,060</b>
Taxation	B5 112	(371)	(3,928)	(3,213)
<b>Net profit/ Total comprehensive income for the period</b>	<b>4,250</b>	<b>3,911</b>	<b>14,714</b>	<b>12,847</b>
<b>Net profit/ Total comprehensive income for the period attributable to:</b>				
Owners of the Company	4,250	3,911	14,714	12,847
Basic earnings per share ("EPS") (sen) <sup>(3)</sup>	B11 0.99	1.26	3.43	4.14

### 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 2021 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.
- (2) Administrative expenses included non-recurring listing expenses of RM1.7 million in financial year ended 31 December 2022. For illustration purposes only, the Group's normalised financial performance after adjusting for the non-recurring listing expenses is as follows:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2022 RM'000	Preceding Year Corresponding Quarter 31.12.2021 RM'000	Current Year-To- Date 31.12.2022 RM'000	Preceding Year Corresponding Year-To-Date 31.12.2021 RM'000
Profit before tax	4,138	4,282	18,642	16,060
Add : Listing expenses	21	-	1,766	-
<b>Adjusted profit before tax</b>	<b>4,159</b>	<b>4,282</b>	<b>20,408</b>	<b>16,060</b>

- (3) Basic EPS in financial year ended 31 December 2022 calculated based on weighted average of the Company's share capital of 428,406,418 ordinary shares after the Company was listed on the ACE market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 20 January 2022 and special issues of new ordinary shares to Bumiputera investors to be identified and/or approved by Ministry of International Trade and Industry ("MITI") on 20 December 2022 (31 December 2021: 310,540,001 ordinary shares based on the Company's share capital after the issuance of shares pursuant to the acquisition of Coraza Systems Malaysia Sdn. Bhd.).

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION <sup>(1)</sup> AS AT 31 DECEMBER 2022

	(Unaudited) As at 31.12.2022 RM'000	(Audited) As at 31.12.2021 RM'000
<b>ASSETS</b>		
<b>Non-current asset</b>		
Property, plant and equipment	38,799	28,953
Right of use asset	3,295	-
<b>Total non-current asset</b>	<b>42,094</b>	<b>28,953</b>
<b>Current assets</b>		
Inventories	30,943	24,970
Trade receivables	34,993	34,957
Other receivables, deposits and prepayments	3,991	3,236
Current tax receivable	1,424	965
Cash and cash equivalents	27,040	4,534
<b>Total current assets</b>	<b>98,391</b>	<b>68,662</b>
<b>TOTAL ASSETS</b>	<b>140,485</b>	<b>97,615</b>
<b>EQUITY AND LIABILITIES</b>		
Share capital	61,423	29,253
Merge reserve	(26,753)	(26,753)
Retained profits	54,316	39,602
<b>TOTAL EQUITY</b>	<b>88,986</b>	<b>42,102</b>
<b>Non-current liabilities</b>		
Deferred income	1,122	1,458
Deferred tax liabilities	3,931	2,022
Borrowings	5,393	9,157
Lease liability	1,963	-
<b>Total non-current liabilities</b>	<b>12,409</b>	<b>12,637</b>
<b>Current liabilities</b>		
Trade payables	16,627	19,686
Other payables and accruals	12,100	8,370
Refund liabilities	310	303
Borrowings	8,698	14,517
Lease liability	1,355	-
<b>Total current liabilities</b>	<b>39,090</b>	<b>42,876</b>
<b>TOTAL LIABILITIES</b>	<b>51,499</b>	<b>55,513</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>140,485</b>	<b>97,615</b>
Net assets per ordinary share attributable to owners of the Company (RM) <sup>(2)</sup>	<b>0.21</b>	<b>0.14</b>

### 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 2021 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 429,236,001 ordinary shares after the Company was listed on the ACE Market of Bursa Securities on 20 January 2022 and special issues of new ordinary shares to Bumiputera investors to be identified and/or approved by MITI of on 20 December 2022. For Net asset per share computation of 31 December 2021, it is based on the Company's share capital of 310,540,001 ordinary shares after the issuance of pursuant to the acquisition of Coraza Systems Malaysia Sdn. Bhd.

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY <sup>(1)</sup> FOR THE PERIOD ENDED 31 DECEMBER 2022

	-----Attributable to Owners of the Company-----			
	Share Capital RM'000	Merger Reserves RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
<b>12 months ended 31 December 2022</b>				
At 1 January 2022 (Audited)	29,253	(26,753)	39,602	42,102
Issuance of shares <sup>(2)</sup>	33,660	-	-	33,660
Share issuance expenses	(1,490)	-	-	(1,490)
Total Comprehensive Income	-	-	14,714	14,714
At 31 December 2022 (Unaudited)	<b>61,423</b>	<b>(26,753)</b>	<b>54,316</b>	<b>88,986</b>

	-----Attributable to Owners of the Company-----				
	Share Capital RM'000	Invested Equity RM'000	Merger Reserves RM'000	Distributable Retained Profits RM'000	Total Equity RM'000
<b>12 months ended 31 December 2021</b>					
At 1 January 2021 (Audited)	* <sup>(3)</sup>	2,500	-	26,755	29,255
Total Comprehensive Income	-	-	-	12,847	12,847
Transaction with owners: Adjustment on the acquisition of a subsidiary	-	(2,500)	2,500	-	-
Allotment of shares pursuant to acquisition of a subsidiary	29,253	-	(29,253)	-	-
At 31 December 2021 (Audited)	<b>29,253</b>	<b>-</b>	<b>(26,753)</b>	<b>39,602</b>	<b>42,102</b>

### Notes:

- <sup>(1)</sup> 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 2021 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.
- <sup>(2)</sup> The issuance of shares is derived from Company issued 117,791,000 new shares ("Issue Shares") in conjunction with the Company's listing on the ACE Market of Bursa Securities on 20 January 2022 and special issues of new ordinary shares 905,000 to Bumiputera investors to be identified and/or approved by MITI on 20 December 2022.
- <sup>(3)</sup> Denotes less than RM1,000.

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS<sup>(1)</sup> FOR THE PERIOD ENDED 31 DECEMBER 2022

	Current Year-To-Date 31.12.2022 RM'000	Preceding Year Corresponding Year-To-Date 31.12.2021 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	<b>18,642</b>	<b>16,060</b>
<b>Adjustments for:</b>		
Bad debt written off	-	61
Depreciation of property, plant and equipment	5,737	3,323
Depreciation of right of use asset	578	103
Deferred income released	(336)	(336)
Property, plant and equipment written off	2	102
Gain on disposal of property, plant and equipment	-	(67)
Gain on derecognition of right of use asset	-	(7)
Listing expenses	1,766	-
Interest expense	759	791
Interest income	(401)	(33)
Reversal of allowance for expected credit losses	-	(90)
Inventories written down	(621)	529
Unrealised gain on foreign exchange	1,444	(800)
<b>Operating profit before working capital changes</b>	<b>27,570</b>	<b>19,636</b>
<b>Changes in working capital:</b>		
Increase in inventories	(5,352)	(14,685)
Increase in receivables	(2,210)	(17,817)
Increase in payables	645	16,364
Increase in refund liabilities	6	108
<b>Cash generated from operations</b>	<b>20,659</b>	<b>3,606</b>
Income tax paid	(2,478)	(2,733)
Interest paid	(705)	(779)
<b>Net cash from operating activities</b>	<b>17,476</b>	<b>94</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	401	33
Proceeds from disposal of property, plant and equipment	-	123
Purchase of property, plant and equipment	(15,585)	(9,501)
Real property gains tax paid	-	(165)
<b>Net cash used in investing activities</b>	<b>(15,184)</b>	<b>(9,510)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares	33,660	-
Payment of lease liability	(608)	(110)
Net (repayment)/drawdown of bankers' acceptance	(3,752)	4,886
Net drawdown of hire purchase	-	2,755
Net repayment of term loans	(3,558)	(1,410)
Payment of listing expenses	(3,255)	-
Changes in fixed deposits pledged to a licensed bank	(767)	(2,168)
<b>Net cash from financing activities</b>	<b>21,720</b>	<b>3,953</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>24,012</b>	<b>(5,463)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING</b>	<b>(932)</b>	<b>4,531</b>
<b>CASH AND CASH EQUIVALENTS AT END</b>	<b>23,080</b>	<b>(932)</b>
<b>Represented by:</b>		
Cash and cash equivalents	27,040	4,534
Bank overdraft	(2)	(2,275)
	27,038	2,259
Less: Fixed deposits pledged to a licensed bank	(3,958)	(3,191)
	<b>23,080</b>	<b>(932)</b>

### Note:

<sup>(1)</sup> 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 2021 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 Securities.

The interim financial statements should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2021 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 2021.

### 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 2021 as disclosed in the Annual Report except for the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group.

	Effective for annual periods beginning on or after
MFRS 17 Insurance Contracts	1-Jan-2023
Amendments to MFRS 17 Insurance Contracts	1-Jan-2023
Amendments to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1-Jan-2023
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current	1-Jan-2023
Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies	1-Jan-2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1-Jan-2023
Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1-Jan-2023
Amendments to MFRS 16 – Lease 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 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 initial application of the above standards is not expected to have any material impact to the financial statements of the Group upon adoption.

### 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 2021.

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

### A4. Seasonal or cyclical factors

The Group's operation was not significantly affected by any unusual seasonal or cyclical factors.

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

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows in the interim financial period ended 31 December 2022.

### A6. Material changes in estimates

There were no material changes in estimates of amounts reported in prior interim periods or prior financial year that have a material effect in the current financial year to date.

### A7. Debt and equity securities

On 19th December 2022, the Company had issued a total of 905,000 new ordinary shares at an issue price of RM0.75 per share pursuant to special issues of new ordinary shares to Bumiputera investors to be identified and/or approved by MITI.

Save as disclosed above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review.

### A8. Dividend paid

The Company did not pay any dividend in the financial period ended 31 December 2022.

### A9. Segmental Information

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

(a) Contribution by business units

	<b>Current Year Quarter 31.12.2022 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.12.2021 RM'000</b>	<b>Current Year-To-Date 31.12.2022 RM'000</b>	<b>Preceding Year Corresponding Year-To-Date 31.12.2021 RM'000</b>
<b>Revenue:-</b>				
Fabrication of sheet metal	29,931	28,556	119,417	89,914
Precision Machining	5,984	6,250	23,931	16,219
	<b>35,915</b>	<b>34,806</b>	<b>143,348</b>	<b>106,133</b>

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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 31.12.2022 RM'000	Preceding Year Corresponding Quarter 31.12.2021 RM'000	Current Year-To-Date 31.12.2022 RM'000	Preceding Year Corresponding Year-To-Date 31.12.2021 RM'000
<b>Revenue:-</b>				
Malaysia	23,635	23,632	94,004	69,974
Singapore	8,560	7,014	35,546	25,739
United States of America	3,419	3,434	12,448	8,665
China	9	6	30	27
European countries	20	647	718	1,396
Other Asian countries	272	73	602	332
	<b>35,915</b>	<b>34,806</b>	<b>143,348</b>	<b>106,133</b>

### A10. Material events during the reporting period

On 15th August 2022, the Company proposed to implement a special issue of up to 61,200,000 new ordinary shares, representing approximately 14.29% of the Company's existing issued share capital to Bumiputera investors to be identified and/or approved by MITI. On 20 December 2022, 905,000 shares were listed and quoted on the ACE Market of Bursa Securities.

### 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

Pursuant to special issue of up to 61,200,000 new ordinary shares to Bumiputera investors to be identified and/or approved by MITI, 905,000 shares were listed and quoted on the ACE Market of Bursa Securities on 20 December 2022 with the Company's entire enlarged issue share capital of 429,236,001 shares was listed and quoted on the ACE Market of Bursa Securities. The Special Issue is deemed to have complied with the Bumiputera Equity Condition and deemed completed on 20 January 2023.

Save as disclosed above, there were no other material changes in the composition of the Group for the current financial quarter under review.

### A13. Contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets in the Group since the end of the last reporting period as at 31 December 2022.



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

### 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 31.12.2022 RM'000	Preceding Year Corresponding Quarter 31.12.2021 RM'000	Current Year To Date 31.12.2022 RM'000	Preceding Year Corresponding Period 31.12.2021 RM'000
Sales of fabricated parts	UC	401	365	1,671	890
Provision of finishing services	STS	646	939	3,158	2,547
Sales of machinery	STS	-	-	-	32
Rental expenses	KPSB	6	6	24	24

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.

### A15. Capital Commitments

	(Unaudited) As at 31.12.2022 RM'000	(Audited) As at 31.12.2021 RM'000
Contracted but not provided for:		
- Property, Plant and Equipment	8,603	3,308
Approved but not contracted for:		
- Property, Plant and Equipment	16,216	16,459
	<u>24,819</u>	<u>19,767</u>

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### B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

#### B1. Review of performance

	<b>Current Year Quarter 31.12.2022 RM'000</b>	<b>Preceding Year Corresponding Quarter 31.12.2021 RM'000</b>	<b>Current Year-To-Date 31.12.2022 RM'000</b>	<b>Preceding Year Corresponding Year-To-Date 31.12.2021 RM'000</b>
Revenue	35,915	34,806	143,348	106,133
GP	10,938	8,804	37,529	30,347
PBT	4,138	4,282	18,642	16,060

In the current quarter ended 31 December 2022 and financial year-to-date, the Group reported revenue of RM35.9 million and RM143.3 million respectively, representing a growth of 35.1% from RM106.1 million registered in immediate preceding year corresponding year-to-date. The Group continue to deliver higher revenue performance by 3.2% compared to immediate preceding year's corresponding quarter. The increase in current quarter revenue was mainly attributed from higher sales in semiconductor industries, life science and medical devices industries offsetting lower sales in instrumentation industries. As for financial year under review, both semiconductors and instrumentation industries related products remain as key business pillar to the Group, making up 80% of the total revenue followed by Life Science and Medical Devices at 14% and others at 6%.

For the current quarter and financial year-to-date, GP of RM10.9 million and RM37.5 million was recorded respectively. The improved GP in Q4 2022 compared to immediate preceding year's corresponding quarter was mainly due to sales of higher margin products as well as improvised costing structure contributed by insourcing machinery processes followed by operation of Kulim plant which primarily focus on Precision Machining activity apart from serving higher volume of order on hand. A reversal of provision of inventories net realisable value also contribute to this.

Despite of higher GP, Coraza registered PBT of RM4.1 million for the current quarter, a drop of approximately 3.4% compared to preceding year's corresponding period of RM4.3 million. The drop was due to unfavourable foreign exchange translation resulted from weakening of United States Dollar ("USD") against Ringgit Malaysia. However, the Group reported year-to-date PBT of RM18.6 million, an increase of 16.1% compared to immediate preceding year corresponding year-to-date. If excluding non-recurring listing expenses of RM1.7 million incurred in Q1 2022, adjusted normalised profit before tax for year-to-date would be RM20.4 million with 14.2% margin.

#### B2. Comparison with Immediate Preceding Quarter's Results

	<b>Current Year Quarter 31.12.2022 RM'000</b>	<b>Current Year Preceding Quarter 31.09.2022 RM'000</b>
Revenue	35,915	38,571
GP	10,938	9,114
PBT	4,138	5,440

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### **B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS (CONT'D)**

#### **B2. Comparison with Immediate Preceding Quarter's Results (Cont'd)**

For the quarter under review, the Group reported a 6.9% decline in revenue from RM38.6 million in the immediate preceding quarter to RM35.9 million in the current quarter. The decrease of revenue was attributed from lower sales in aerospace industries.

The surge of GP from RM9.1 million in the immediate preceding quarter to RM10.9 million in the current quarter was attributed to higher sales of higher margin products couple with improvised costing structure contributed by insourcing machinery processes as explained in earlier section. A reversal of provision of inventories previously written-down also contribute to this.

The Group's has registered lower PBT of RM4.1 million for the current quarter under review compared with immediate preceding quarter of RM5.4 million. Apart from lower sales achieved, the adverse Q4 2022 results was also due to unfavourable foreign exchange translation resulted from weakening of USD against Ringgit Malaysia as compared to favourable foreign exchange translation in the immediate preceding quarter.

#### **B3. Prospects of the Group**

The global short term cyclical downturn of semiconductor industry softens the Group new orders and deliveries. The Group will continue to capitalise on growth opportunities despite of current short-term softening. The Group continue to explore opportunities to expand the existing portfolio to a more diversified customer exposure. As part of continuous risk mitigation, existing segmentation portfolio which include instrumentation, telecommunication and aerospace will serve as a potential growing segment for the Group. Following this, the Group has secured New Product Introduction (NPI) projects related to aerospace, telecommunication and instrumentation industry as part of proactive growth strategy as well as to navigate through market volatility.

On top of this, we will continue to invest to manage the future ramp as part of Group strategic growth plan. As disclosed in Section 7.19 of the Company's Prospectus dated 22 December 2021, the Group will implement the following future plans:

- a) Construction of a new factory (91,110 sq ft) adjacent to our current factory in Nibong Tebal, Pulau Pinang, will focus on precision machining, sheet metal fabrication (involving frames and structures) and finishing services; and
- b) Invest in new machineries in order to improve the production capacity and service offerings to meet the increasing demand from our customers and to secure additional customers in the industry involved.

Management has refined the construction plan into 1 phase rather than 3 phase to keep the construction cost to its lowest which attribute to the delay in commencement of construction of the new factory.

Based on the above, the Board of Directors ("**Board**") is optimistic of the Group's future prospects and monitoring closely the Group's expansion plans to achieve the mid-term and long-term strategic goals.

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### B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS (CONT'D)

#### B4. Variance of actual profits from forecast profits

The Group did not issue any profit forecast or profit guarantee in the current financial quarter under review.

#### B5. Taxation

Taxation comprises the following:-

	<b>Current Year Quarter 31.12.2022</b>	<b>Preceding Year Corresponding Quarter 31.12.2021</b>	<b>Current Year- To-Date 31.12.2022</b>	<b>Preceding Year Corresponding Year-To-Date 31.12.2021</b>
Income tax expense				
-Current Period (RM'000)	(112)	371	3,928	3,213
Effective tax rate (%)	-2.7%	8.66	21.07	20.00
Statutory tax rate (%)	24.00	24.00	24.00	24.00

The Group's effective tax rate for the current year-to-date is lower than the statutory tax rate mainly due to utilisation of reinvestment allowance under qualifying expenditure on assets used for business purposes.

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## **CORAZA INTEGRATED TECHNOLOGY BERHAD**

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### **B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS (CONT'D)**

#### **B6. Status of corporate proposals**

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

On 15 August 2022, M&A Securities Sdn. Bhd. ("**M&A Securities**") on behalf of the Board of Directors of Coraza had announced that the Company proposes to implement a special issue of up to 61,200,000 new ordinary shares, representing approximately 14.29% of the Company's existing issued share capital to Bumiputera investors to be identified and/or approved by MITI at an issued price to be determined later ("**Proposed Special Issue**").

On 17 August 2022, M&A Securities have submitted the additional listing application in relation to the Proposed Special Issue to Bursa Securities.

Subsequently on 22 September 2022, M&A Securities on behalf of the Board of Directors of Coraza has announced the additional information in relation to the Proposed Special Issue.

On 26 September 2022, M&A Securities on behalf of the Board of Directors of Coraza had announced that Bursa Securities had approved the listing of and quotation for up to 61,200,000 Special Issue Shares, subject to conditions.

On 6 December 2022, M&A Securities on behalf of the Board of Directors of Coraza had announced that Coraza fixed the issue price of the Special Issue Shares at RM0.75 each, representing a discount of approximately RM0.0027 or 0.36% from the 5-day weighted average market price of Coraza Shares from 29 November 2022 to 5 December 2022 of approximately RM0.7527 per share.

On 7 December 2022, MITI provided the list of allocation comprising 104 Bumiputera investors for 61,200,000 Special Issue Shares to M&A Securities.

As at 15 December 2022, a total payment for 905,000 Special Issue Shares amounting to RM678,750.00 were received from 58 Bumiputera investors. The monies have been banked in. This represents acceptance of only 1.5% of the total 61,200,000 Special Issue Shares offered.

M&A Securities had on 19 December 2022, informed MITI of the acceptance rate and sought MITI's concurrence that the allocation of Special Issue Shares is deemed to comply with the Bumiputera Equity Requirement.

On 20 December 2022, 905,000 shares was listed and quoted on the ACE Market of Bursa Securities and the Company's latest issued share capital was 429,236,001 under this corporate proposal.

On behalf of the Board, M&A Securities had announce that the Securities Commission Malaysia ("SC") had vide its letter dated 20 January 2023 stated that the Company is deemed to have complied with the Bumiputera Equity Condition. As such, the Special Issue is deemed completed.

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### B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS (CONT'D)

#### 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 <sup>(1)</sup>
(i)	Purchase of new machinery	15,500	-	(11,600)	3,900	Within 36 months
(ii)	Construction of factory <sup>(2)</sup>	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
		<b>32,982</b>	<b>-</b>	<b>(22,670)</b>	<b>10,312</b>	

#### Notes:

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

(2) The construction of our new factory is delayed as the Group has decided to construct all 3 phases together. Traffic Impact Assessment ("TIA") has been submitted but still pending approval from the council. Construction is expected to commence in mid of this year and expected to be completed by mid of next year. In the interim, the Group is utilizing rented sites to scale its production to fulfil customers' orders.

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## B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS (CONT'D)

### B7b. Utilisation of Proceeds from Special issue of new ordinary shares

						Estimated timeframe for the use of proceeds (1)
	Details of use of proceeds	Proposed utilisation RM'000	Re- allocation RM'000	Actual utilisation RM'000	Balance to be utilised RM'000	
(i)	Purchase of new machinery	610	-	-	610	Within 36 months
(ii)	Estimated listing expenses	69	(69)	-	-	Within 1 month
		<b>679</b>	<b>(69)</b>	<b>-</b>	<b>610</b>	

#### Note:

(1) From the date of receipt of proceeds.

The utilisation of proceeds as disclosed above should be read in conjunction with the announcements in relation to the Special Issue dated 15 August 2022 and 22 September 2022.

### B8. Group borrowings and debts securities

As at 31 December 2022	Long term RM'000	Short term RM'000	Total borrowings RM'000
<b><u>Secured</u></b>			
Bankers' acceptance	-	6,100	6,100
Hire purchase	2,471	2,493	4,964
Term loans	2,922	102	3,024
Overdraft	-	3	3
<b>Total</b>	<b>5,393</b>	<b>8,698</b>	<b>14,091</b>

### B9. Material Litigation

There was no material litigation against the Group as at 31 December 2022.

### B10. Dividends

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

## CORAZA INTEGRATED TECHNOLOGY BERHAD

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### B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA'S LISTING REQUIREMENTS (CONT'D)

#### B11. Earnings Per Share

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

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31.12.2022	Preceding Year Corresponding Quarter 31.12.2021	Current Year- To-Date 31.12.2022	Preceding Year Corresponding Year-to-Date 31.12.2021
Profit attributable to Owners of the Company (RM'000)	4,250	3,911	14,714	12,847
Weighted average number of ordinary shares ('000)	428,406	310,540	428,406	310,540
EPS (sen)	0.99	1.26	3.43	4.14

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

Profit for the period was derived after taking into consideration of the following:-

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31.12.2022 RM'000	Preceding Year Corresponding Quarter 31.12.2021 RM'000	Current Year- To-Date 31.12.2022 RM'000	Preceding Year Corresponding Year-to-Date 31.12.2021 RM'000
<b>After charging/ (crediting):-</b>				
Depreciation of property, plant and equipment ("PPE")	1,960	928	5,737	3,323
Depreciation on Right-of-use ("ROU") asset	346	-	578	103
PPE written off	-	102	2	102
Interest expense	207	200	759	791
Listing Expenses	21	-	1,766	-
(Gain)/Loss on foreign exchange				
- Realised	(547)	(14)	(2,688)	(154)
- Unrealised	2,219	(342)	1,444	(800)
Gain on derecognition of ROU asset	-	(5)	-	(7)
Gain on disposal of property, plant and equipment	-	(21)	-	(67)
(Reversal)/Provision of inventories write down	(621)	(100)	529	(621)
Short-term leases and lease of low value assets	122	63	406	220
Deferred income released	(84)	(84)	(336)	(336)
Interest Income	(120)	(5)	(401)	(33)

**BY ORDER OF THE BOARD  
CORAZA INTEGRATED TECHNOLOGY BERHAD  
28 FEBRUARY 2023**