



CORAZA INTEGRATED TECHNOLOGY BERHAD

Registration No.: 202001039065 (1395386-M)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE FORTH QUARTER ENDED 31 DECEMBER 2023**

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 31 DECEMBER 2023

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.12.2023 RM'000	Preceding Year Corresponding Quarter 31.12.2022 RM'000	Current Year-To- Date 31.12.2023 RM'000	Preceding Year Corresponding Year-To-Date 31.12.2022 RM'000
Revenue	15,745	35,915	80,679	143,348
Cost of sales	(14,451)	(24,977)	(68,731)	(105,916)
Gross profit ("GP")	1,294	10,938	11,948	37,432
Other income	(1,455)	751	2,590	3,426
Administrative expenses	(1,477)	(6,075)	(12,582)	(16,933)
Selling and distribution expenses	(1,347)	(1,269)	(4,634)	(4,524)
Operating (loss)/profit	(2,985)	4,345	(2,678)	19,401
Finance costs	(246)	(207)	(760)	(759)
(Loss)/Profit before taxation ("LBT")/("PBT")	(3,231)	4,138	(3,438)	18,642
Taxation	B5 (326)	112	768	(3,928)
Net (loss)/profit/ Total comprehensive (loss)/income for the period	(3,557)	4,250	(2,670)	14,714
Net (loss)/profit/ Total comprehensive income for the period attributable to: Owners of the Company	(3,557)	4,250	(2,670)	14,714
(Loss)/Basic earnings per share ("LPS")/("EPS") (sen) ⁽²⁾	B11 (0.79)	0.99	(0.59)	3.43

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 2022 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 weighted average of the Company's share capital of 449,874,608 ordinary shares (31 Dec 2022: 428,406,418 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.

CORAZA INTEGRATED TECHNOLOGY BERHAD

Registration No.: 202001039065 (1395386-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾ AS AT 31 DECEMBER 2023

	(Unaudited) As at 31.12.2023 RM'000	(Audited) As at 31.12.2022 RM'000
ASSETS		
Non-current asset		
Property, plant and equipment	62,347	38,799
Right of use asset	1,911	3,295
Total non-current asset	64,258	42,094
Current assets		
Inventories	25,858	30,943
Trade receivables	13,443	34,993
Other receivables, deposits and prepayments	3,837	3,991
Tax recoverable	1,963	1,424
Cash and cash equivalents	53,676	27,040
Total current assets	98,777	98,391
TOTAL ASSETS	163,035	140,485
EQUITY AND LIABILITIES		
Share capital	101,025	61,403
Merge reserve	(26,753)	(26,753)
Retained profits	51,646	54,316
TOTAL EQUITY	125,918	88,966
Non-current liabilities		
Deferred income	786	1,122
Deferred tax liabilities	1,876	3,931
Borrowings	4,343	5,393
Lease liability	772	1,963
Total non-current liabilities	7,777	12,409
Current liabilities		
Trade payables	3,410	16,627
Other payables and accruals	3,539	12,120
Refund liabilities	105	310
Borrowings	21,095	8,698
Lease liability	1,191	1,355
Total current liabilities	29,340	39,110
TOTAL LIABILITIES	37,117	51,519
TOTAL EQUITY AND LIABILITIES	163,035	140,485
Net assets per ordinary share attributable to owners of the Company (RM) ⁽²⁾	0.28	0.21

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 2022 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 449,874,608 ordinary shares (31 Dec 2022: 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.

CORAZA INTEGRATED TECHNOLOGY BERHAD

Registration No.: 202001039065 (1395386-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY ⁽¹⁾ FOR THE PERIOD ENDED 31 DECEMBER 2023

	-----Attributable to Owners of the Company-----			Total Equity RM'000
	Share Capital RM'000	Merger Reserves RM'000	Distributable Retained Profits RM'000	
<u>12 months ended 31 December 2023</u>				
At 1 January 2023 (Audited)	61,403	(26,753)	54,316	88,966
Issuance of shares	40,563	-	-	40,563
Share issuance expenses	(941)	-	-	(941)
Total Comprehensive Income	-	-	(2,670)	(2,670)
At 31 December 2023 (Unaudited)	101,025	(26,753)	51,646	125,918

	-----Attributable to Owners of the Company-----			Total Equity RM'000
	Share Capital RM'000	Merger Reserves RM'000	Distributable Retained Profits RM'000	
<u>12 months ended 31 December 2022</u>				
At 1 January 2022 (Audited)	29,253	(26,753)	39,602	42,102
Issuance of shares	33,660	-	-	33,660
Share issuance expenses	(1,510)	-	-	(1,510)
Total Comprehensive Income	-	-	14,714	14,714
At 31 December 2022 (Audited)	61,403	(26,753)	54,316	88,966

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 2022 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.

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CORAZA INTEGRATED TECHNOLOGY BERHAD

Registration No.: 202001039065 (1395386-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾ FOR THE PERIOD ENDED 31 DECEMBER 2023

	Current Year-To-Date 31.12.2023 RM'000	Preceding Year Corresponding Year-To-Date 31.12.2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(3,438)	18,642
Adjustments for:		
Depreciation of property, plant and equipment	7,286	5,737
Depreciation of right of use asset	1,384	578
Deferred income released	(336)	(336)
Gain on disposal of property, plant and equipment	(138)	-
Property, plant and equipment written off	-	2
Listing expenses	-	1,766
Interest expense	760	759
Interest income	(768)	(401)
Provision/(Reversal) of inventories write down	400	(621)
Unrealised (gain)/loss on foreign exchange	(1,152)	1,444
Operating profit before working capital changes	3,998	27,570
Net changes in:		
Inventories	4,685	(5,352)
Receivables	17,778	(2,236)
Payables	(16,510)	691
Refund liabilities	(205)	6
Cash generated from operations	9,746	20,679
Income tax paid	(1,826)	(2,478)
Interest paid	(651)	(705)
Net cash generated from operating activities	7,269	17,496
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	768	302
Proceeds from disposal of property, plant and equipment	912	-
Purchase of property, plant and equipment	(31,608)	(15,585)
Net cash used in investing activities	(29,928)	(15,283)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	40,563	33,660
Payment of listing expenses	(1,060)	(3,275)
Payment of lease liability	(1,464)	(608)
Increase in prepayment of listing expenses	(91)	-
Net repayment of bankers' acceptance	(1,932)	(3,752)
Net repayment of hire purchase	(4,030)	(1,496)
Net drawdown of revolving credit	16,000	-
Net drawdown/(repayment) of term loans	1,311	(2,062)
Changes in fixed deposits pledged to a licensed bank	(668)	(668)
Net cash from financing activities	48,629	21,799
NET INCREASE IN CASH AND CASH EQUIVALENTS	25,970	24,012
CASH AND CASH EQUIVALENTS AT BEGINNING	23,080	(932)
CASH AND CASH EQUIVALENTS AT END	49,050	23,080
Represented by:		
Cash and cash equivalents	53,676	27,040
Bank overdraft	-	(2)
	53,676	27,038
Less: Fixed deposits pledged to a licensed bank	(4,626)	(3,958)
	49,050	23,080

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 2022 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.

CORAZA INTEGRATED TECHNOLOGY BERHAD

Registration No.: 202001039065 (1395386-M)

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 2022 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 2022.

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 2022 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 2023:

	Effective for annual periods beginning on or after
MFRS 17 Insurance Contracts and 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 – 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 112 Income Taxes: International Tax Reform – Pillar Two Model Rules.	1-Jan-2023

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 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
Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1-Jan-2025
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.

CORAZA INTEGRATED TECHNOLOGY BERHAD

Registration No.: 202001039065 (1395386-M)

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 2022.

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 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 material changes in estimates of amounts reported in prior interim periods or prior financial year that have a material effect during the financial period under review.

A7. Debt and equity securities

On 6th September 2023, the Company had issued a total of 64,385,400 new ordinary shares at an issue price of RM0.63 per share pursuant to private placement of new ordinary shares to independent third-party investors.

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

A8. Dividend paid

The Company did not pay any dividend in the financial period ended 31 December 2023.

A9. Segmental Information

The Group's 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

	Current Year Quarter 31.12.2023 RM'000	Preceding Year Corresponding Quarter 31.12.2022 RM'000	Current Year-To-Date 31.12.2023 RM'000	Preceding Year Corresponding Year-To-Date 31.12.2022 RM'000
Revenue:-				
Fabrication of sheet metal	14,445	29,931	74,526	119,417
Precision Machining	1,300	5,984	6,153	23,931
	15,745	35,915	80,679	143,348

CORAZA INTEGRATED TECHNOLOGY BERHAD

Registration No.: 202001039065 (1395386-M)

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 31.12.2023 RM'000	Preceding Year Corresponding Quarter 31.12.2022 RM'000	Current Year-To-Date 31.12.2023 RM'000	Preceding Year Corresponding Year-To-Date 31.12.2022 RM'000
Revenue:-				
Malaysia	7,676	23,635	50,608	94,004
Singapore	5,942	8,560	22,719	35,546
United States of America	1,453	3,419	6,138	12,448
China	2	9	32	30
European countries	49	20	186	718
Other Asian countries	623	272	996	602
	15,745	35,915	80,679	143,348

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 up to 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 completion of the 1st tranche of the Private Placement comprising 64,385,400 Placement Shares were listed and quoted 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 approved by shareholders during the Extraordinary General Meeting convened on 20 July 2023.

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

(iii) Acquisition Of Property

On 14 August 2023, the Company's wholly-owned subsidiary, Coraza Systems Malaysia Sdn. Bhd. entered into a Sale and Purchase Agreement to acquire a parcel of freehold industrial land measuring approximately 8,538.00 square metres, including a single-storey detached industrial building with a 2-storey annex office block, for a total cash consideration of Ringgit Malaysia Seventeen Million Six Hundred And Eighty-Eight Thousand (RM17,688,000.00) only. The consideration of RM17,688,000 has been fully paid on 5 October 2023.

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.

CORAZA INTEGRATED TECHNOLOGY BERHAD

Registration No.: 202001039065 (1395386-M)

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

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 since the end of the last reporting period up to 31 December 2023.

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 31.12.2023 RM'000	Preceding Year Corresponding Quarter 31.12.2022 RM'000	Current Year To Date 31.12.2023 RM'000	Preceding Year Corresponding Period 31.12.2022 RM'000
Sales of fabricated parts	UC	329	401	975	1,671
Provision of finishing services	STS	334	646	1,915	3,158
Rental expenses	KPSB	0	6	4	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

	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
Contracted but not provided for:		
- Property, Plant and Equipment	9,250	8,603
Approved but not contracted for:		
- Property, Plant and Equipment	23,015	16,216
	<u>32,265</u>	<u>24,819</u>

CORAZA INTEGRATED TECHNOLOGY BERHAD

Registration No.: 202001039065 (1395386-M)

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

B1. Review of performance

	Current Year Quarter 31.12.2023 RM'000	Preceding Year Corresponding Quarter 31.12.2022 RM'000	Changes %	Current Year-To-Date 31.12.2023 RM'000	Preceding Year Corresponding Year-To-Date 31.12.2022 RM'000	Changes %
Revenue	15,745	35,915	-56.16	80,679	143,348	-43.72
GP	1,294	10,938	-88.17	11,948	37,432	-68.08
(LBT)/PBT	(3,231)	4,138	-178.08	(3,438)	18,642	-118.44

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

The Group reported a decrease in fourth-quarter revenue to RM15.75 million, accompanied by a LBT of RM3.23 million. For the entire current financial year, revenue concluded at RM80.68 million with a corresponding LBT of RM3.44 million.

In tandem with the soft revenue, GP declined primarily attributed to the ongoing-incurrence of relatively fixed operating overhead compounded by the softer revenue. This includes expenses such as payroll, depreciation, and manufacturing overhead, resulting from the Group's continuous expansionary plan in capacity and capability.

During the current financial year, customers across various industries consistently deferred orders at different intervals as a consequence of the global scale post-2023's downcycle. The soft performance in the current quarter, as well as the current financial year, was primarily attributed to slower-than-expected demand recovery from the customers.

B2. Comparison with immediate Preceding Quarter's Results

	Current Year Quarter 31.12.2023 RM'000	Current Year Preceding Quarter 30.09.2023 RM'000	Changes %
Revenue	15,745	15,683	0.40
GP	1,294	944	37.08
(LBT)/PBT	(3,231)	(3,566)	-9.39

The Group's revenue for the current financial quarter amounted to RM15.75 million, recording a minimal improvement over the immediate preceding quarter. The Group's LBT in the current financial quarter also improved slightly to RM3.23 million from the immediate preceding quarter, following the implementation of cost-control measures aimed at enhancing operational efficiency.

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CORAZA INTEGRATED TECHNOLOGY BERHAD

Registration No.: 202001039065 (1395386-M)

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

B3. Prospects of the Group

On February 5th, the Semiconductor Industry Association (SIA) reported that global semiconductor sales had a slow start in 2023 but saw a strong rebound in the second half of the year, with double-digit market growth projected for 2024. Following this, on February 18th, the Malaysia Semiconductor Industry Association (MSIA) expressed confidence that the Malaysian semiconductor sector is poised to thrive, particularly in the latter half of 2024.

Despite the soft financial performance experienced in current financial year, management maintains confidence in the Group's outlook. The Group is actively pursuing strategies to move up the value chain and diversify into additional business segments beyond its core competency in sheet metal manufacturing. This aligns with the Group's strategic goal of becoming a comprehensive one-stop solution provider.

This entails continuous strategic enhancement of capabilities, expanding identified capacity without holding back during temporary slowdowns. The Group is proactively enhancing its manufacturing process, engineering and integration solutions, actively engaging in talent acquisition diverse skill sets.

The Group's persistent efforts in acquiring new customers and extending services to existing ones have significantly contributed to notable progress in the New Product Introduction process across various industries. These initiatives are all aimed at positioning the Group to capitalize on the next semiconductor upcycle.

The newly acquired plant as mentioned in the earlier in paragraph A10 (iii) – Acquisition of Property, is progressing according to schedule with its upgrade and renovation plans aimed at establishing a comprehensive one-stop solution facility. Furthermore, in line with the next phase of capacity expansion, the Group has initiated the construction of a new factory adjacent to the existing facility in Nibong Tebal. The management has consolidated the construction plan into a single phase, and tender resubmission has been conducted to minimize construction costs. Currently, the management is reviewing the tender resubmissions with the consultant to ensure alignment with the building specifications as well as the construction budget.

In operations, the Group is working actively to streamline its manufacturing process for better efficiency and to put in place measures to control costs.

With these efforts, the management expresses confidence in the Group's ability to deliver improving results in the forthcoming 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 quarter under review.

CORAZA INTEGRATED TECHNOLOGY BERHAD

Registration No.: 202001039065 (1395386-M)

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

B5. Taxation

Taxation comprises the following: -

	Current Year Quarter 31.12.2023 RM'000	Preceding Year Corresponding Quarter 31.12.2022 RM'000	Current Year- To-Date 31.12.2023 RM'000	Preceding Year Corresponding Year-To-Date 31.12.2022 RM'000
Income tax expense				
-Current Period	(11)	(2,020)	40	2,020
-Prior year	126	(1)	1,246	(1)
Deferred tax				
-Current Period	1,531	2,376	515	2,376
-Prior year	(1,320)	(467)	(2,569)	(467)
	326	(112)	(768)	3,928
Effective tax rate (%)	-10.09	-2.71	22.34	21.07
Statutory tax rate (%)	24.00	24.00	24.00	24.00

The Group's tax position is primarily due to a loss position that defers the utilization of capital allowances and reinvestment allowances enjoyed by its subsidiary as well as unabsorbed business losses, offsetting taxation under provided for in the prior year.

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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CORAZA INTEGRATED TECHNOLOGY BERHAD

Registration No.: 202001039065 (1395386-M)

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.

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

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CORAZA INTEGRATED TECHNOLOGY BERHAD

Registration No.: 202001039065 (1395386-M)

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES 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 ⁽¹⁾
(i)	Purchase of new machinery	15,500	-	(11,600)	3,900	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	-	(22,670)	10,312	

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 commence construction of all 3 phases together. The first tender process followed by tender resubmission has been conducted, and currently, the management is reviewing the tender resubmission with the consultant to ensure it aligns with the building specification and construction budget before the project is awarded. Therefore, it is expected that the construction will experience a further delay from the original plan scheduled. As a result, the construction is expected to commence in second half of 2024 and is anticipated to be completed by second half of 2025.

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CORAZA INTEGRATED TECHNOLOGY BERHAD

Registration No.: 202001039065 (1395386-M)

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 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	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 Company.

B8. Group borrowings and debts securities

As at 31 December 2023	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Bankers' acceptance	-	4,168	4,168
Hire purchase	1,644	827	2,471
Revolving credit	-	16,000	16,000
Term loans	2,699	100	2,799
Total	4,343	21,095	25,438

B9. Material Litigation

There was no material litigation against the Group as at 31 December 2023.

B10. Dividends

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

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 31.12.2023	Preceding Year Corresponding Quarter 31.12.2022	Current Year- To-Date 31.12.2023	Preceding Year Corresponding Year-to-Date 31.12.2022
Profit attributable to Owners of the Company (RM'000)	(3,557)	4,250	(2,670)	14,714
Weighted average number of ordinary shares ('000)	449,875	428,406	449,875	428,406
EPS (sen)	(0.79)	0.99	(0.59)	3.43

CORAZA INTEGRATED TECHNOLOGY BERHAD

Registration No.: 202001039065 (1395386-M)

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**

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

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31.12.2023 RM'000	Preceding Year Corresponding Quarter 31.12.2022 RM'000	Current Year- To-Date 31.12.2023 RM'000	Preceding Year Corresponding Year-to-Date 31.12.2022 RM'000
After charging/ (crediting):-				
Depreciation of property, plant and equipment	1,877	1,960	7,286	5,737
Depreciation on Right-of-use asset	346	346	1,384	578
PPE written off	-	36	-	2
Interest expense	246	207	760	759
Listing Expenses	-	21	28	1,766
(Gain)/Loss on foreign exchange				
- Realised	(242)	(547)	(164)	(2,688)
- Unrealised	311	2,219	(1,152)	1,444
Provision/(Reversal) of inventories write down	400	(621)	400	(621)
Short-term leases and lease of low value assets	164	122	661	406
Deferred income released	(84)	(84)	(336)	(336)
Gain on disposal of property, plant and equipment	(94)	-	(138)	-
Interest income	(386)	(120)	(768)	(401)

**BY ORDER OF THE BOARD
CORAZA INTEGRATED TECHNOLOGY BERHAD
28 FEBRUARY 2024**