

PENTAMASTER CORPORATION BERHAD ("PCB" or "COMPANY")
COMPANY NO.: 200201004644 (572307-U)
QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Individual Quarter 3 Months Ended		Cumulative Year Financial Year Ended	
	31/12/2023 (Unaudited) RM'000	31/12/2022 (Unaudited) RM'000	31/12/2023 (Unaudited) RM'000	31/12/2022 (Audited) RM'000
Revenue	169,014	147,659	691,944	600,587
Cost of goods sold	(115,587)	(102,926)	(484,473)	(417,368)
Gross profit	53,427	44,733	207,471	183,219
Other income	9,622	20,301	21,224	13,954
Distribution costs	(2,032)	(2,177)	(9,256)	(9,966)
Administrative expenses	(29,693)	(29,630)	(78,578)	(57,863)
Net reversal of expected credit loss ("ECL") on receivables	328	4,492	1,141	4,798
Other operating expenses	(326)	4	(617)	(336)
Operating profit	31,326	37,723	141,385	133,806
Finance costs	-	(27)	-	(87)
Share of (loss)/profit of associates	(42)	(771)	41	(1,636)
Profit before taxation	31,284	36,925	141,426	132,083
Taxation	1,642	(980)	(952)	(1,544)
Profit for the financial period/year	32,926	35,945	140,474	130,539
Total other comprehensive income, net of tax: <i>Item that will be reclassified subsequently to profit or loss</i>				
Foreign currency translation of foreign operations	66	(81)	47	(136)
Total comprehensive income for the financial period/year	32,992	35,864	140,521	130,403
Profit for the financial period/year, attributable to:				
Owners of the Company	20,703	22,743	89,128	82,418
Non-controlling interests	12,223	13,202	51,346	48,121
	32,926	35,945	140,474	130,539
Total comprehensive income for the financial period/year, attributable to:				
Owners of the Company	20,745	22,691	89,158	82,331
Non-controlling interests	12,247	13,173	51,363	48,072
	32,992	35,864	140,521	130,403
Earnings per share attributable to owners of the Company (sen):				
- Basic/Diluted	2.91	3.20	12.53	11.58

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022.

PENTAMASTER CORPORATION BERHAD ("PCB" or "COMPANY")
COMPANY NO.: 200201004644 (572307-U)
QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Unaudited As at 31/12/2023 RM'000	Audited As at 31/12/2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	282,037	170,009
Investment properties	22,560	22,805
Goodwill	4,495	4,495
Intangible assets	40,058	40,682
Investment in associates	17,578	20,070
Other investments	9,868	6,117
Other receivables, deposits and prepayments	13,612	-
	<u>390,208</u>	<u>264,178</u>
Current assets		
Inventories	190,608	170,934
Trade receivables	196,289	237,926
Other receivables, deposits and prepayments	45,068	60,407
Derivative financial assets	2,384	489
Other investments	170	219
Tax recoverable	2,293	2,791
Cash and cash equivalents	490,870	421,225
	<u>927,682</u>	<u>893,991</u>
TOTAL ASSETS	<u><u>1,317,890</u></u>	<u><u>1,158,169</u></u>
EQUITY AND LIABILITIES		
Share capital	79,303	79,303
Reserves	620,137	547,484
	<u>699,440</u>	<u>626,787</u>
Non-controlling interests	<u>306,118</u>	<u>265,953</u>
Total equity	<u>1,005,558</u>	<u>892,740</u>
Non-current liabilities		
Deferred income	620	-
Deferred tax liabilities	2,150	3,762
Other payables, accruals and provisions	6,717	-
	<u>9,487</u>	<u>3,762</u>
Current liabilities		
Trade payables	118,030	121,528
Other payables, accruals and provisions	44,484	31,799
Contract liabilities	138,441	100,581
Derivative financial liabilities	1,833	6,847
Tax payable	57	912
	<u>302,845</u>	<u>261,667</u>
Total Liabilities	<u>312,332</u>	<u>265,429</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,317,890</u></u>	<u><u>1,158,169</u></u>

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022.

PENTAMASTER CORPORATION BERHAD ("PCB" or "COMPANY")
COMPANY NO.: 200201004644 (572307-U)
QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Attributable to Owners of the Company						Retained Profits RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Non-distributable			Distributable						
	Share Capital RM'000	Treasury Shares RM'000	Shares held for Employee Share Scheme ("ESS") RM'000	ESS Reserve RM'000	Statutory reserve RM'000	Foreign Currency Translation Reserve RM'000				
As at 1 January 2023 (Audited)	79,303	(3,052)	(11,478)	3,706	-	(51)	558,359	626,787	265,953	892,740
Profit for the financial year	-	-	-	-	-	-	89,128	89,128	51,346	140,474
Other comprehensive income for the financial year	-	-	-	-	-	30	-	30	17	47
Total comprehensive income for the financial year	-	-	-	-	-	30	89,128	89,158	51,363	140,521
<i>Transactions with owners:</i>										
Dividend paid	-	-	-	-	-	-	(14,227)	(14,227)	-	(14,227)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(9,948)	(9,948)
Effect of changes in shareholding	-	-	-	-	-	-	(64)	(64)	-	(64)
Equity-settled ESS expenses	-	-	-	8,872	-	-	(3,203)	5,669	3,203	8,872
ESS vested	-	-	8,891	(8,634)	-	-	(257)	-	-	-
Purchase of shares held for ESS	-	-	(12,336)	-	-	-	4,453	(7,883)	(4,453)	(12,336)
Transfer to statutory reserve	-	-	-	-	454	-	(454)	-	-	-
Total transactions with owners of the Company	-	-	(3,445)	238	454	-	(13,752)	(16,505)	(11,198)	(27,703)
As at 31 December 2023 (Unaudited)	79,303	(3,052)	(14,923)	3,944	454	(21)	633,735	699,440	306,118	1,005,558

	Attributable to Owners of the Company						Retained Profits RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Non-distributable			Distributable						
	Share Capital RM'000	Treasury Shares RM'000	Shares held for Employee Share Scheme ("ESS") RM'000	ESS Reserve RM'000	Statutory reserve RM'000	Foreign Currency Translation Reserve RM'000				
As at 1 January 2022 (Audited)	79,303	-	(4,269)	2,266	-	36	488,419	565,755	229,864	795,619
Profit for the financial year	-	-	-	-	-	-	82,418	82,418	48,121	130,539
Other comprehensive income for the financial year	-	-	-	-	-	(87)	-	(87)	(49)	(136)
Total comprehensive income for the financial year	-	-	-	-	-	(87)	82,418	82,331	48,072	130,403
<i>Transactions with owners:</i>										
Dividend paid	-	-	-	-	-	-	(14,227)	(14,227)	-	(14,227)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(9,712)	(9,712)
Equity-settled ESS expenses	-	-	-	7,574	-	-	(2,734)	4,840	2,734	7,574
ESS vested	-	-	6,656	(6,134)	-	-	(522)	-	-	-
Purchase of shares held for ESS	-	-	(13,865)	-	-	-	5,005	(8,860)	(5,005)	(13,865)
Purchase of treasury shares	-	(3,052)	-	-	-	-	-	(3,052)	-	(3,052)
Total transactions with owners of the Company	-	(3,052)	(7,209)	1,440	-	-	(12,478)	(21,299)	(11,983)	(33,282)
As at 31 December 2022 (Audited)	79,303	(3,052)	(11,478)	3,706	-	(51)	558,359	626,787	265,953	892,740

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022.

PENTAMASTER CORPORATION BERHAD ("PCB" or "COMPANY")
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QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	12 Months ended 31/12/2023 (Unaudited) RM'000	12 Months ended 31/12/2022 (Audited) RM'000
Cash flows from operating activities		
Profit before taxation	141,426	132,083
Adjustments for:		
Amortisation of intangible assets	6,259	4,919
Depreciation	11,476	5,762
Gain on disposal of property, plant and equipment	-	(58)
ECL on receivables	486	1,910
Reversal of ECL on receivables	(1,627)	(6,708)
Waiver of other payable	-	(4,780)
Interest expense	-	87
Interest income	(12,963)	(7,524)
(Gain)/Loss on changes in fair value of foreign currency forward contracts	(6,909)	7,604
Gain on disposal of other investments	(17)	(15)
(Gain)/Loss from changes in fair value of other investments	(12)	16
Loss on disposal of interest in an associate	26	-
Inventory written down - addition	869	245
Inventory written down - reversal	(214)	(102)
Property, plant and equipment written off	4	-
Intangible assets written off	3	-
Provision for warranty - current year	2,499	1,515
Provision for warranty - reversal	(1,515)	(1,256)
Share of (profit)/loss of associates	(41)	1,636
ESS expenses	8,872	7,574
Unrealised loss on foreign exchange	1,186	885
Operating profit before working capital changes	<u>149,808</u>	<u>143,793</u>
Increase in inventories	(20,329)	(99,071)
Decrease/(Increase) in receivables	59,827	(87,007)
(Decrease)/Increase in payables	(8,906)	41,998
Increase in contract liabilities	37,860	36,429
Cash generated from operations	<u>218,260</u>	<u>36,142</u>
Government grants received	620	-
Interest paid	-	(87)
Tax paid	(3,233)	(4,479)
Tax refunded	284	246
Net cash from operating activities	<u>215,931</u>	<u>31,822</u>
Cash flows from investing activities		
Acquisition of other investments	(3,751)	(6,254)
Deposits paid for acquisition of property, plant and equipment	(13,612)	-
Interest received	12,963	7,524
Investment in additional equity interest in a subsidiary	(6,826)	-
Proceeds from disposal of interest in an associate	7	-
Proceeds from disposal of other investments	78	292
Proceeds from disposal of property, plant and equipment	-	58
Proceeds from redeemable convertible preference shares of an associate	2,500	-
Purchase of intangible assets	(5,636)	(4,126)
Purchase of investment property	-	(3,582)
Purchase of property, plant and equipment	(102,466)	(40,611)
Net cash used in investing activities	<u>(116,743)</u>	<u>(46,699)</u>
Cash flows from financing activities		
Dividend paid	(14,227)	(14,227)
Dividend paid to non-controlling interest of a subsidiary	(9,948)	(9,712)
Proceeds from disposal of shares to non-controlling interest of a subsidiary	6,762	-
Purchase of treasury shares	-	(3,052)
Purchase of shares in a subsidiary for ESS	(12,336)	(13,865)
Repayment of term loan	-	(2,565)
Net cash used in financing activities	<u>(29,749)</u>	<u>(43,421)</u>
Net increase/(decrease) in cash and cash equivalents	69,439	(58,298)
Effect of foreign exchange rate changes	206	1,282
Cash and cash equivalents at beginning	421,225	478,241
Cash and cash equivalents at end	<u>490,870</u>	<u>421,225</u>

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022.

PENTAMASTER CORPORATION BERHAD (“PCB” or “COMPANY”)

COMPANY NO.: 200201004644 (572307-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1 Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The figures for the cumulative financial period in the current quarter to 31 December 2023 have not been audited.

The interim financial report should be read in conjunction with the audited financial statements of the Company and its subsidiaries (“Group”) for the financial year ended 31 December 2022.

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2022, except for the adoption of the following Malaysian Financial Reporting Standards (“MFRS”) that are effective for annual periods beginning on or after 1 January 2023:

*MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts
Amendments to MFRS 17 Insurance Contracts: Initial application of MFRS 17 and
MFRS 9 - Comparative Information
Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of
Accounting Policies
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and
Errors: Definition of Accounting Estimates
Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities
arising from a Single Transaction
Amendments to MFRS 112 Income Taxes: International Tax Reform - Pillar Two Model
Rules*

The adoption of the above 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 which have been issued as at the end of reporting period but are not yet effective:

*Amendments to MFRS 16 Leases: Lease Liability in a Sale and Leaseback¹
Amendments to MFRS 101 Presentation of Financial Statements: Non-current Liabilities
with Covenants¹
Amendments to MFRS 7 Financial Instruments: Disclosures and MFRS 107 Statement of
Cash Flows - Supplier Finance Arrangements¹
Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates: Lack of
Exchangeability²
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 Venture³*

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

³ Effective date yet to be confirmed

The Group is in the process of making an assessment of the impact of these new and amended MFRSs upon initial application and anticipates that such application will have no material impact on the results and financial position of the Group.

PENTAMASTER CORPORATION BERHAD (“PCB” or “COMPANY”)

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2 Audit Report of Preceding Annual Financial Statements

The audit report of the Group’s most recent annual audited financial statements for the financial year ended 31 December 2022 was not subject to any qualification.

3 Seasonal and Cyclical Factors

The Group sells its products and services to customers from various sub-sectors of the semiconductor and manufacturing industries. As such, the Group’s performance will, to a certain extent, depends on the outlook and cyclical nature of the semiconductor and manufacturing industries.

4 Unusual Items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review.

5 Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

6 Valuations of Property, Plant and Equipment

The carrying values of property, plant and equipment have been brought forward, without amendment from the previous audited financial statements.

7 Changes in Share Capital and Debt

There were no issuances, cancellations, repurchases and repayments of debt and equity securities for the financial period under review.

8 Contingent Liabilities

There were no contingent liabilities for the Group since 31 December 2022 up to 31 December 2023.

9 Capital Commitments

	Amount (RM'000)
Contracted but not provided for - Property, plant and equipment	147,945
Authorised but not contracted for - Property, plant and equipment	20,662

PENTAMASTER CORPORATION BERHAD (“PCB” or “COMPANY”)

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10 Related Party Transactions

There were no related party transactions for the Group since 31 December 2022 up to 31 December 2023.

11 Segmental Information

The Group has three operating segments which are involved in different activities and are managed by segment managers who report directly to the Group’s executive directors. The operating segments are as follows:

- (i) Automated test equipment (“ATE”): Designing, development and manufacturing of standard and non-standard automated equipment;
- (ii) Factory automation solutions (“FAS”): Designing, development and installation of integrated factory automation solutions;
- (iii) Smart control solution system: Project management, smart building solutions and trading of materials.

Inter-segment transactions have been accounted for on a basis that is consistent with the Group’s accounting policies. No other operating segments have been aggregated to form the above operating segments. Investment holding and other activities are not considered as operating segment and the related financial information has been included under “Adjustment”.

Results for the financial year ended 31 December 2023

	Automated test equipment RM'000	Factory automation solutions RM'000	Smart control solution system RM'000	Adjustment RM'000	Total RM'000
Revenue					
External revenue	452,254	239,596	94		691,944
Inter-segment revenue	538	15,943	674	(17,155)	-
Total revenue	<u>452,792</u>	<u>255,539</u>	<u>768</u>		<u>691,944</u>
Results					
Segment results	99,897	52,662	(3,171)	(20,966)	128,422
Interest income	9,102	862	-	2,999	12,963
Share of profit of associates	-	-	-	41	41
Profit/(Loss) before taxation	<u>108,999</u>	<u>53,524</u>	<u>(3,171)</u>		<u>141,426</u>
Taxation	(2,363)	1,490	(77)	(2)	(952)
Profit/(Loss) for the financial year	<u>106,636</u>	<u>55,014</u>	<u>(3,248)</u>		<u>140,474</u>

PENTAMASTER CORPORATION BERHAD (“PCB” or “COMPANY”)

COMPANY NO.: 200201004644 (572307-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Results for the financial year ended 31 December 2022

	Automated test equipment RM'000	Factory automation solutions RM'000	Smart control solution system RM'000	Adjustment RM'000	Total RM'000
Revenue					
External revenue	420,716	179,871	-		600,587
Inter-segment revenue	2,963	2,807	450	(6,220)	-
Total revenue	<u>423,679</u>	<u>182,678</u>	<u>450</u>		<u>600,587</u>
Results					
Segment results	96,832	48,926	(3,177)	(16,299)	126,282
Interest income	4,787	416	13	2,308	7,524
Interest expense	(87)	-	-		(87)
Share of loss of associates	-	-	-	(1,636)	(1,636)
Profit/(Loss) before taxation	<u>101,532</u>	<u>49,342</u>	<u>(3,164)</u>		<u>132,083</u>
Taxation	(1,894)	(100)	(85)	535	(1,544)
Profit/(Loss) for the financial year	<u>99,638</u>	<u>49,242</u>	<u>(3,249)</u>		<u>130,539</u>

12 Profit Before Taxation

	Current Quarter RM'000	Current Year to Date RM'000
Profit before taxation is arrived at after crediting/(charging):		
Depreciation and amortisation	(4,475)	(17,735)
Loss on foreign exchange:		
- realised	(4,529)	(16,918)
- unrealised	(8,170)	(1,186)
Gain from changes in fair value of foreign currency forward contracts	5,325	6,909
Gain on disposal of other investments	-	17
Loss on disposal of interest in an associate	(26)	(26)
Interest income	3,848	12,963
Gain from changes in fair value of other investments	10	12
Property, plant and equipment written off	-	(4)
Gain on disposal of property, plant and equipment	-	-
Intangible assets written off	-	(3)
Inventory written down - addition	(230)	(869)
Inventory written down - reversal	163	214
Net reversal of ECL on receivables	328	1,141
Bad debts written off	-	-

PENTAMASTER CORPORATION BERHAD (“PCB” or “COMPANY”)

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

13 Events Subsequent to the End of the Financial Period

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

14 Review of Performance

	Individual Quarter 3 Months Ended			Cumulative Year Financial Year Ended		
	31/12/2023	31/12/2022	Variance	31/12/2023	31/12/2022	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	169,014	147,659	14.5	691,944	600,587	15.2
Operating profit	31,326	37,723	(17.0)	141,385	133,806	5.7
Profit before taxation	31,284	36,925	(15.3)	141,426	132,083	7.1
Profit for the financial period/year	32,926	35,945	(8.4)	140,474	130,539	7.6

The Group recorded a quarterly revenue of RM169.0 million in the 3-month ended 31 December 2023 (“4Q2023”) as compared to RM147.7 million registered in the 3-month ended 31 December 2022 (“4Q2022”), representing an increase of 14.5%. For the entire financial year ended (“FYE”) 31 December 2023 (“12M2023”), the Group’s revenue stood at RM691.9 million as compared to RM600.6 million in the FYE 31 December 2022 (“12M2022”), representing an increase of 15.2%.

The Group’s revenue derived mainly from the ATE and FAS segments, with each contributing approximately 65.4% and 34.6% respectively of the Group’s total revenue in FYE 31 December 2023.

The below outlined the revenue of the respective operating segments where elements of inter-segment transactions were included.

	Individual Quarter 3 Months Ended			Cumulative Year Financial Year Ended		
	31/12/2023	31/12/2022	Variance	31/12/2023	31/12/2022	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
ATE	94,047	96,839	(2.9)	452,792	423,679	6.9
FAS	78,696	53,457	47.2	255,539	182,678	39.9
Smart control solution system	153	252	(39.3)	768	450	70.7

The following table sets out revenue breakdown by customers’ segment for the Group:

	Individual Quarter 3 Months Ended				Cumulative Year Financial Year Ended			
	31/12/2023		31/12/2022		31/12/2023		31/12/2022	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Automotive	57,710	34.1	69,464	47.0	329,392	47.6	254,856	42.4
Medical devices	49,738	29.4	33,379	22.6	148,197	21.4	84,581	14.1
Semiconductor	31,484	18.6	13,960	9.5	103,794	15.0	84,001	14.0
Consumer and industrial products	15,949	9.5	5,183	3.5	45,152	6.5	59,740	10.0
Electro-Optical	14,133	8.4	25,673	17.4	65,315	9.5	117,409	19.5
Others	-	-	-	-	94	n.m.	-	-
Total	169,014		147,659		691,944		600,587	

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Group closed its 4Q2023 with a profit before taxation of RM31.3 million (4Q2022: RM36.9 million), representing a decrease of approximately 15.3%. The Group closed its 12M2023 with a profit before taxation of RM141.4 million, representing an increase of 7.1% from RM132.1 million recorded in 12M2022. The Group’s EBITDA (earnings before interest, tax, depreciation and amortisation) for the 4Q2023 stood at RM35.8 million (4Q2022: RM40.0 million), representing a decrease of 10.7%, while the Group’s EBITDA for the 12M2023 stood at RM159.2 million (12M2022: RM142.9 million), representing an increase of 11.4%. Basic earnings per share fell from 3.20 sen in 4Q2022 to 2.91 sen in 4Q2023, while for 12M2023, basic earnings per share increased from 11.58 sen achieved in 12M2022 to 12.53 sen in 12M2023.

Performance of the respective operating segments which includes inter-segment transactions for the current quarter as compared to the previous corresponding quarter is analysed as follows:

1) Automated test equipment

Revenue in the ATE segment dropped marginally by RM2.8 million in 4Q2023, to record at RM94.0 million (4Q2022: RM96.8 million), a slight decline of 2.9% as compared to the same period last year. This was the result of the timing in revenue recognition of certain projects during the quarter.

Within the ATE segment, the automotive segment continued to form the largest share of wallet, at approximately 61.1% for 4Q2023 (4Q2022: 69.3%). On 12-month basis, the automotive segment contributed approximately 71.7% towards the ATE segment in 12M2023, marking a significant growth from 58.4% as recorded in 12M2022. This year saw the Group’s wafer level burn-in tester for Silicon Carbide (SiC) and its back-end assembly and test solutions for the hybrid pack power modules continued to drive growth in the automotive segment. Throughout the year, the Group witnessed significant expansion in its customer base and experienced increasing momentum in engagements with prospective new customers. Overall, the Group’s decision to diversify and establish a presence in the automotive segment has proven fruitful with the revenue trajectory of this segment exhibiting a consistent upward trend. With 2023 surpassing the RM300.0 million milestone, the revenue momentum from the automotive segment has grown by more than sevenfold since 5 years ago. The Group’s automotive industry segment will continue to dominate the Group’s ATE segment in the near future on the back of the structural automotive electrification trends.

Amidst the recent headwinds faced by the semiconductor industry, revenue performance from this segment surprisingly grew in its contribution towards the Group’s ATE segment. During the 4Q2023, the semiconductor industry contributed 32.9% towards the ATE segment, a jump from 14.8% recorded in 4Q2022. For 12M2023, this industry segment contributed 21.7% as compared to 19.9% for 12M2022. Over the past few years, the Group’s ATE test solutions seemed to be well anchored and supported in the semiconductor industry fueled primarily by the growth of integrated chips and fifth generation higher performing, ultra speed semiconductor content.

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Revenue contribution from the Group’s electro-optical industry remained subdued, with this industry segment contributing 5.7% towards the ATE segment in 4Q2023, versus 15.2% for 4Q2022. For 12M2023, the share of wallet coming from this segment was at 6.4%, a significant decrease from 19.0% recorded in 12M2022. The Group’s electro-optical segment has yet to witness a recovery given the notable slowdown and saturation in the global smartphone market stemming from the reduced consumer spending habits to invest in new smartphones due to lack of significant advancements in smartphone technology.

Overall, the Group’s ATE segment recorded a lower profit before taxation in 4Q2023 at RM17.4 million (4Q2022: RM21.4 million). This was mainly due to lower sales recorded and a higher net loss on foreign exchange in 4Q2023 as compared to 4Q2022. However, for 12M2023, ATE segment recorded a higher profit before taxation of RM104.9 million as compared to RM94.7 million in 12M2022.

2) Factory automation solutions

Revenue from the Group’s FAS segment registered a strong double-digit growth of approximately 47.2% in 4Q2023 as compared to the 4Q2022, registering RM78.7 million in 4Q2023 versus RM53.5 million in 4Q2022. The FAS segment growth was largely propelled by the substantial contributions from the medical devices industry, with its contribution coming in at 66.3% in 4Q2023 versus 62.7% in 4Q2022. With the global medical automation market estimated to grow at a Compound Annual Growth Rate of 7.8% for the 2023-2033 period, this business segment has tremendous market opportunities for the FAS segment to further position itself for a potentially multibillion-dollar market size.

Other industry segments’ contribution for the FAS segment in 4Q2023 include consumer and industrial products segment and electro-optical segment, with each contributing approximately 20.9% and 11.7%, respectively. Overall, the FAS segment has shown a sustained upward trajectory growth in the last few years and this segment is strategically positioned to seize more opportunities as global manufacturing demand higher precision automation with better productivity and quality. As FAS with its i-ARMS solutions diversify across different industries, this segment is poised for a sustained expansion and performance.

For the 4Q2023 period, the FAS segment recorded a lower profit before taxation at RM20.3 million as compared to RM23.8 million in 4Q2022. In 4Q2022, there was a waiver of other payable which was non-recurring in nature and a high amount of net reversal of ECL on receivables. However, for 12M2023, the FAS segment recorded a higher profit before taxation of RM55.4 million, a jump of 10.5% from RM50.1 million recorded in 12M2022.

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3) Smart control solution system

The products and solutions in this segment entail project management, smart building solutions and trading of materials.

The smart control solution system segment recorded a slight decrease in revenue to RM0.2 million in 4Q2023, from RM0.3 million recorded in 4Q2022. For 12M2023, revenue from the smart control solution system segment stood at RM0.8 million (12M2022: RM0.5 million). This segment also recorded a higher loss before taxation at RM0.8 million in 4Q2023, as compared to RM0.7 million in 4Q2022. Meanwhile loss before taxation in 12M2023 for this segment registered at RM3.1 million, similar with 12M2022.

15 Material Changes in the Quarterly Results as Compared with the Preceding Quarter

	3 Months Ended	3 Months Ended	Variance
	31/12/2023	30/9/2023	
	RM'000	RM'000	%
Revenue	169,014	180,743	(6.5)
Operating profit	31,326	38,178	(17.9)
Profit before taxation	31,284	37,534	(16.7)
Profit for the financial period	32,926	36,674	(10.2)

In 4Q2023, the Group recorded a lower revenue at RM169.0 million as compared to RM180.7 million recorded for the 3-month ended 30 September 2023 (“3Q2023”), a decrease of 6.5% quarter-on-quarter basis. The decline in 4Q2023 revenue was mainly due to the timing in revenue recognition of certain projects in 4Q2023 from the ATE and FAS segments. Due to the revenue decline and a higher net loss on foreign exchange, the Group’s profit before taxation for 4Q2023 fell by 16.7% to RM31.3 million (3Q2023: RM37.5 million). Below outlined the revenue of the respective operating segments where elements of inter-segment transactions were included.

	3 Months Ended	3 Months Ended	Variance
	31/12/2023	30/9/2023	
	RM'000	RM'000	%
ATE	94,047	98,776	(4.8)
FAS	78,696	88,297	(10.9)
Smart control solution system	153	112	36.6

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The following table sets out revenue breakdown and comparison by customers’ segment for the Group:

	3 Months Ended 31/12/2023		3 Months Ended 30/9/2023	
	RM’000	%	RM’000	%
Automotive	57,710	34.1	74,971	41.5
Medical devices	49,738	29.4	64,030	35.4
Semiconductor	31,484	18.6	20,782	11.5
Consumer and industrial products	15,949	9.5	11,746	6.5
Electro-Optical	14,133	8.4	9,179	5.1
Others	-	-	35	<i>n.m.</i>
Total	169,014		180,743	

Performance of the respective operating segments which includes inter-segment transactions in 4Q2023 as compared to 3Q2023 are analysed as follows:

1) Automated test equipment

In 4Q2023, revenue from the ATE segment decreased by RM4.7 million to RM94.0 million (3Q2023: RM98.8 million), representing a decrease of 4.8%. The decrease was mainly due to the timing in revenue recognition of certain projects during the quarter.

In tandem with the lower revenue, the ATE segment recorded a lower profit before taxation of RM17.4 million in 4Q2023 (3Q2023: RM18.0 million), representing a decrease of 3.2%.

2) Factory automation solutions

The FAS segment recorded a revenue of RM78.7 million in 4Q2023 (3Q2023: RM88.3 million), representing a decrease of 10.9%. This was primarily due to higher project delivery that was recorded in the preceding quarter from the medical devices industry segment for the Group’s proprietary i-ARMS solutions.

The FAS segment recorded a lower profit before taxation at RM20.3 million, a drop of approximately 20.2% from RM25.4 million recorded in the preceding quarter. This was mainly due to lower sales recorded coupled with changes in product mix in 4Q2023 as compared to 3Q2023.

3) Smart control solution system

In 4Q2023, this segment recorded revenue of RM0.2 million (3Q2023: RM0.1 million) and a loss before taxation of RM0.8 million (3Q2023: RM0.8 million).

16 Prospect

“Every storm runs out of rain, every dark night turns into day”

The embodiment of resilience, adaptability and perseverance was once again demonstrated as the Group adeptly navigated the cyclical nature of business environment, challenges and adversity in 2023. Throughout the year, the persistent global macroeconomic challenges have proven tenacious, with the confluence of mounting interest rates, inflationary pressure and the escalating geopolitical tensions taking center stage in shaping the global economic landscape, rendering the business environment both volatile and challenging. In addition to these challenges, trade policies uncertainties, trade protectionism and tariff disputes between major economies have further complicated the international business environment for companies operating on a global scale. Amidst these macroeconomic concerns, the rapid pace of technological advancements and digital transformation have presented a silver lining. Against this backdrop, the Group proactively adopted a dynamic and forward-thinking approach in prioritising innovation, fostering agility in response to the unrelenting pace of geopolitical complication landscape in a technological developments world, and positioning itself strategically to remain competitive and relevant.

As the Group approaches the year 2024, there is an expectation that the delicate nature of these macroeconomic factors will persist, indicating a sustained vulnerability and fragility in the economic landscape. However, as challenging as it can be and barring any unforeseen circumstances, the Group endeavours to achieve yet another year of continuous business growth with a steadfast focus on high growth segments. Notably, the medical devices segment currently commands the largest share of the Group’s current order book and this segment will continue its strong growth momentum in 2024, primarily propelled by the widespread adoption of automation in medical manufacturing. Having consistently led the Group’s revenue for two consecutive years, the Group’s order book remains fortified by contributions from the automotive segment. This is anchored by the Group’s comprehensive range of product solutions within this segment. With the Group holding a robust presence in regions like Europe and the United States, other emerging growth countries like Taiwan and Japan are seen to be the next promising areas poised for growth, particularly in the context of automotive electrification. The Group anticipates that such developments in these markets will yield positive outcome and further contribute to the Group’s revenue in its automotive segment. While the Group experiences favourable momentum in both its medical and automotive segments, contributions from its other industry segments remain comparatively modest.

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In recent years, the Group has been strategically directing investments towards various facets of medical technology (“MedTech”), encompassing automation as well as the design and manufacturing of single-use medical devices. A notable trend in the current market environment is the prominence of MedTech and life sciences where the pervasive influence of technology within the medical industry has instigated a remarkable surge in technological innovation with automation at the forefront of this revolution. The adoption of automation in MedTech is now prevalent, given the intricate nature of the medical device manufacturing process. The inherent need for precision and accuracy in the production of medical devices makes automation a cornerstone for achieving heightened process efficiency and consistency. In tandem with this pronounced trend in the medical industry, the Group is strategically positioned to capitalise on these opportunities through its FAS segment and its subsidiary company, Pentamaster MediQ Sdn. Bhd. by elevating its presence and operational footprint in the medical industry with the aim to propel the growth trajectory of its medical industry to new heights.

The Group’s efforts in geographical diversification has proven beneficial against the backdrop of prevailing geopolitical landscape marked by a discernible trend towards deglobalization and localisation. This current shift involves establishment of new manufacturing facilities and expansion of new ones with the aim to foster greater self-reliance in semiconductor and electronics supply chain. With the Group’s recent establishment of its global footprint in Germany in March 2023, the Group is positioned to enhance its presence in Europe to further build its automotive and MedTech segments in this region. The Group’s office in Germany currently serves as a hub for research and development activities besides providing technical sales support for better customer engagement. Given Germany’s prominent status as a hub for the automotive industry, the Group’s expansion is strategically positioned to broaden its customer base for power module semiconductors. Additionally, the Group’s Europe presence will also serve its venture into the MedTech field, with specific focus on countries such as the United Kingdom, Poland and Ireland. Currently, contribution from Europe accounts for less than 10% of the total Group’s revenue which indicates a substantial growth potential within the region.

Recognising the integral role of sustainability in today’s contemporary business practices and in alignment with the Group’s dedication in fostering a sustainable environment, the Group will continue to intensify its efforts in advancing its Environmental, Social, and Governance (“ESG”) initiatives through the development and implementation of a set of comprehensive action plans. These action plans encompass a diverse range of material areas covering, among others, emissions, climate change, health and safety, employment and labour practices, diversity, supply chain management and overall governance as well as compliance matters. Within this framework, the Group is set to expand its ESG working group, a dedicated team tasked with planning, executing and overseeing all sustainability-related strategies, goals and policies. In essence, the Group aims to mold a sustainable future where responsible business practices are to seamlessly integrate into its day-to-day business operations. Such effort signifies the Group’s commitment to not only meeting regulatory requirements but also proactively contributing to a more sustainable and resilient global business environment.

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To conclude, the Group maintains a keen awareness of the prevailing economic fragility and is committed to addressing it with a proactive and strategic approach which center on high growth industries. 2024 is another year where the Group remains cautiously optimistic with its focus on seizing opportunities to broaden its revenue streams. In addition to allocating resources to areas with significant potential, the Group will continue to place a strong emphasis on continuous innovation and improvement in its design and operational processes for its products and solutions. With the Group advancing through the second half of its 4-year plan in its “Grand Roadmap & key focus 2022-2025”, it is imperative for the Group to expedite the construction of its campus 3. To this end, phase one and phase two featuring the construction of two manufacturing plants, spanning approximately 720,000 sq.ft. are in progress concurrently with a targeted full completion set for the first quarter of 2025. Anticipating the completion of the third plant, the Group aims to mark a significant milestone.

17 Profit Forecast or Profit Guarantee

There was no profit forecast or profit guarantee issued by the Group.

18 Taxation

The taxation charge for the current quarter and year to date is as follows:

	Current Quarter	Current Year to Date
	RM'000	RM'000
Income tax payable	-	(952)
Income tax credit	1,642	-

The effective tax rate is lower than the statutory tax rate as certain subsidiaries of the Group have been granted pioneer status under the Promotion of Investments Act, 1986 by the Malaysian Investment Development Authority which exempts 100% of statutory income in relation to production of certain products and solutions.

19 Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter under review.

20 Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this announcement.

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21 Status of Utilisation of Proceeds Raised from Any Corporate Proposal

1) Share Award Scheme

The utilisation of proceeds of RM29.5 million raised from the share award scheme, in conjunction with the Listing Exercise of PIL, as at the end of the reporting quarter is as follows:

Purpose	Proposed Utilisation (RM'000)	Gross Proceeds Received (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilisation	Balance (RM'000)
Payment of staff salaries and benefits	4,500	4,500	4,500	Within one (1) year	-
Purchase of raw materials such as sensors, control panels, input/output control and computer field bus system and other services such as subcontracting work	20,000	20,000	2,048	Within eight (8) years ⁽³⁾	17,952
General administrative and operating expenses	5,000	5,000	5,000	Within one (1) year	-
Total	29,500	29,500	11,548		17,952

2) Listing Exercise of PIL

The utilisation of proceeds of RM87.1 million from the offer for sale of PIL Shares by the Company, in conjunction with the Listing Exercise of PIL, as at the end of the reporting quarter is as follows:

Purpose	Proposed Utilisation		Gross Proceeds Received ⁽²⁾ (RM'000)	Actual Utilisation (RM'000)	Intended Timeframe for Utilisation	Balance (RM'000)
	Minimum Scenario ⁽¹⁾ (RM'000)	Maximum Scenario ⁽¹⁾ (RM'000)				
Business expansion through investment and acquisition	33,972	37,775	32,741	5,000	Within eight (8) years ⁽³⁾	27,741
Investment into technology related solutions and business applications	29,726	33,059	28,648	28,648	Within eight (8) years ⁽³⁾	-
Working capital	21,172	23,549	20,405	20,405	Within five (5) years	-
Defray estimated expenses in relation to Listing Exercise, bonus issue and share split, collectively	5,508	5,508	5,306	5,306	Within six (6) months	-
Total	90,378	99,891	87,100	59,359		27,741

Notes:

- (1) The minimum and maximum scenario under the proposed utilisation was based on the indicative offer price in relation to the Listing Exercise of HKD0.95 and HKD1.05 respectively.
- (2) The actual gross proceeds received was based on the actual offer price in relation to the Listing Exercise of HKD1.00. The difference between the gross proceeds received and the proposed utilisation was due to the difference in the conversion rate.
- (3) The original intended timeframe for utilisation of two (2) years was extended to five (5) years on 17 January 2020 and further extended to eight (8) years on 18 January 2023.

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22 Borrowings

There are no outstanding borrowings or debt securities as at the end of the reporting period.

23 Derivative Financial Instruments

As at the date of the statement of financial position 31 December 2023, the Group has the following outstanding derivative financial instruments:

Derivatives	Contract or Notional amount (RM'000)	Fair value Net gain/(loss) (RM'000)	Purpose
Currency forward contracts: - Less than 1 year	178,676	551	For hedging currency risk arising from sales proceeds in foreign currencies

For the quarter ended 31 December 2023, there have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year. Also, there have been no changes to the Group's risk management objectives, accounting policies and processes since the previous financial year end. Financial instruments are viewed as risk management tools by the Group and are not used for trading or speculative purposes.

24 Fair Value of Financial Liabilities

For the quarter ended 31 December 2023, there is no fair value gain or loss on the financial liabilities. The carrying amounts of the financial liabilities as at date of the end of the statement of financial position date approximate to their fair value due to their short-term nature.

25 Material Litigations

There was no material litigation since the last annual balance sheet date until the date of this announcement.

26 Dividends

The Directors recommend a final single-tier dividend of RM0.02 per ordinary share amounting to approximately RM14.2 million in respect of the financial year ended 31 December 2023 for shareholders' approval at the forthcoming Annual General Meeting. The current financial statements do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2024.

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27 Earnings Per Share

The calculation of basic earnings per share for the quarter and financial year based on the profit attributable to owners of the Company for the quarter and financial year divided by the weighted average number of ordinary shares in issue during the quarter and financial year.

	3 Months Ended 31/12/2023 RM'000	3 Months Ended 31/12/2022 RM'000	12 Months Ended 31/12/2023 RM'000	12 Months Ended 31/12/2022 RM'000
Profit attributable to owners of the Company	20,703	22,743	89,128	82,418
Weighted average number of ordinary shares	711,317,121	711,565,346	711,317,121	711,565,346
Earnings per share attributable to owners of the Company (sen)	2.91	3.20	12.53	11.58

BY ORDER OF THE BOARD

KONG SOWN KAEY

Secretary

22 February 2024