

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA - REGISTRATION NO. 201001016131 (1000809-U))
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year	Preceding Year	%	Current Year	Preceding Year	%
	Quarter 31/12/2022	Corresponding Quarter 31/12/2021		31/12/2022	31/12/2021	
	RM'000	RM'000		RM'000	RM'000	
Revenue	402,456	420,257	-4.2%	779,456	851,380	-8.4%
Cost of sales	<u>(272,809)</u>	<u>(287,669)</u>	-5.2%	<u>(540,130)</u>	<u>(587,100)</u>	-8.0%
Gross profit	129,647	132,588	-2.2%	239,326	264,280	-9.4%
Other income	2,098	1,939	8.2%	3,341	8,450	-60.5%
Finance income	12,981	6,138	111.5%	21,643	10,570	104.8%
Administrative expenses	<u>(43,730)</u>	<u>(23,928)</u>	82.8%	<u>(42,607)</u>	<u>(48,160)</u>	-11.5%
Operating profit	100,996	116,737	-13.5%	221,703	235,140	-5.7%
Finance costs	(299)	(25)	>200%	(658)	(52)	>200%
Share of (loss)/profit of equity-accounted associate	<u>(484)</u>	<u>12</u>	>-200%	<u>225</u>	<u>(42)</u>	>200%
Profit before tax	100,213	116,724	-14.1%	221,270	235,046	-5.9%
Tax expense	<u>(7,064)</u>	<u>(8,673)</u>	-18.6%	<u>(21,742)</u>	<u>(20,102)</u>	8.2%
Profit for the financial period	<u>93,149</u>	<u>108,051</u>	-13.8%	<u>199,528</u>	<u>214,944</u>	-7.2%
Profit/(Loss) attributable to:						
Owners of the Company	93,609	107,299	-12.8%	199,861	214,226	-6.7%
Non-controlling interests	<u>(460)</u>	<u>752</u>	-161.2%	<u>(333)</u>	<u>718</u>	-146.4%
	<u>93,149</u>	<u>108,051</u>	-13.8%	<u>199,528</u>	<u>214,944</u>	-7.2%
Other comprehensive income, net of tax:						
Foreign currency translation of foreign operations	<u>(23,412)</u>	<u>(1,174)</u>	>200%	<u>1,164</u>	<u>1,930</u>	-39.7%
Total comprehensive income	<u>69,737</u>	<u>106,877</u>	-34.8%	<u>200,692</u>	<u>216,874</u>	-7.5%
Total comprehensive income/(expense) attributable to:						
Owners of the Company	70,197	106,125	-33.9%	201,025	216,156	-7.0%
Non-controlling interests	<u>(460)</u>	<u>752</u>	-161.2%	<u>(333)</u>	<u>718</u>	-146.4%
	<u>69,737</u>	<u>106,877</u>	-34.8%	<u>200,692</u>	<u>216,874</u>	-7.5%

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA - REGISTRATION NO. 201001016131 (1000809-U))
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding		
	<u>31/12/2022</u>	<u>31/12/2021</u>	<u>31/12/2022</u>	<u>31/12/2021</u>
Earnings per share attributable to owners of the Company (sen) ⁽²⁾				
Basic	<u>2.51</u>	<u>2.91</u>	<u>5.37</u>	<u>5.89</u>
Diluted	<u>2.51</u>	<u>2.88</u>	<u>5.36</u>	<u>5.85</u>

- Notes:**
- (1) The condensed unaudited consolidated statements of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the interim financial statements.
- (2) Basic earnings per share is calculated based on the profit for the financial period attributable to owners of the Company divided by the weighted average number of ordinary shares in issue. Diluted earnings per share is calculated by dividing the profit for the financial period attributable to owners of the Company to the weighted average number of ordinary shares outstanding during the financial period adjusted for the effects of dilutive potential ordinary shares.

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA - REGISTRATION NO. 201001016131 (1000809-U))

**NOTES TO CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year	Preceding Year
	<u>31/12/2022</u>	<u>31/12/2021</u>	<u>31/12/2022</u>	<u>31/12/2021</u>
	RM'000	RM'000	RM'000	RM'000
Allowance/(Reversal) for slow moving inventories	46	(735)	(1,077)	335
Depreciation	26,517	27,591	53,414	54,019
Loss/(Gain) on disposal of property, plant and equipment	12	(73)	40	(59)
Property, plant and equipment written off	1	-	1	-
<u>Loss*/(Gain)** on foreign exchange translation</u>				
- Realised	15,466	236	(13)	(2,731)
- Unrealised	9,161	764	3,408	(613)
<u>Finance costs/(income)</u>				
- Interest expenses***	299	25	658	52
- Interest income	(12,981)	(6,138)	(21,643)	(10,570)

* Included in "Administrative expenses"

** Included in "Other income"

*** Included finance costs of lease liabilities

There is no income/expenses in relation to the below items:

- Provision of doubtful debt

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA - REGISTRATION NO. 201001016131 (1000809-U))
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽⁶⁾
AS AT 31 DECEMBER 2022

	Unaudited As at 31-Dec-22 RM'000	Audited As at 30-Jun-22 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	473,796	499,524
Intangible assets	2,344	2,340
Investment in an associate	143,012	5,410
Deferred tax assets	1,302	1,704
	<u>620,454</u>	<u>508,978</u>
Current assets		
Inventories	145,874	147,037
Trade and other receivables	204,015	266,598
Tax recoverable	287	903
Cash and cash equivalents ⁽⁵⁾	1,957,493	1,971,021
	<u>2,307,669</u>	<u>2,385,559</u>
TOTAL ASSETS	<u><u>2,928,123</u></u>	<u><u>2,894,537</u></u>
EQUITY AND LIABILITIES		
Share capital ⁽³⁾	2,033,055	1,977,180
Other reserves	36,577	54,407
Retained earnings	506,470	473,464
Equity attributable to owners of the Company	<u>2,576,102</u>	<u>2,505,051</u>
Non-controlling interests	<u>1,395</u>	<u>5,984</u>
Total equity	<u><u>2,577,497</u></u>	<u><u>2,511,035</u></u>
Non-current liabilities		
Lease liabilities	12,846	14,408
Retirement benefits obligations	3,087	2,751
Deferred tax liabilities	10,524	11,528
	<u>26,457</u>	<u>28,687</u>
Current liabilities		
Trade and other payables	218,116	262,570
Lease liabilities	1,803	652
Tax payable	7,197	10,032
Dividend payable	97,053	81,561
	<u>324,169</u>	<u>354,815</u>
Total liabilities	<u><u>350,626</u></u>	<u><u>383,502</u></u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,928,123</u></u>	<u><u>2,894,537</u></u>
Net assets per share attributable to owners of the Company ⁽⁴⁾ (RM)	<u><u>0.6901</u></u>	<u><u>0.6756</u></u>

Notes:

- (3) Based on 3,732,807,299 (as at 30 June 2022: 3,707,673,199) ordinary shares in issue as at 31 December 2022.
- (4) Net assets per share attributable to owners of the Company is computed based on equity attributable to owners of the Company divided by the total number of ordinary shares in issue.
- (5) The cash and cash equivalent consist of RM1,379.0 million (as at 30 June 2022: RM1,548.2 million) is placed in Islamic deposit and current accounts and Islamic money market instruments with licensed financial institutions.
- (6) The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the interim financial statements.

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA - REGISTRATION NO. 201001016131 (1000809-U))
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY⁽⁷⁾
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	<-----Attributable to Owners of the Company----->							
	<-----Non-Distributable----->				Distributable			
	Share capital RM'000	Capital reserve RM'000	ESOS reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 1 July 2022	1,977,180	5,387	21,037	27,983	473,464	2,505,051	5,984	2,511,035
Total comprehensive income/(expense) for the period	-	-	-	1,164	199,861	201,025	(333)	200,692
<i>Transactions with owners:</i>								
Ordinary share issued pursuant to exercise of ESOS	55,875	-	(9,195)	-	-	46,680	-	46,680
Share-based compensation pursuant to ESOS granted	-	-	2,043	-	-	2,043	-	2,043
Expiry of share option under ESOS	-	-	(11,842)	-	11,842	-	-	-
Dividends	-	-	-	-	(178,697)	(178,697)	-	(178,697)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(4,256)	(4,256)
	55,875	-	(18,994)	-	(166,855)	(129,974)	(4,256)	(134,230)
At 31 December 2022	2,033,055	5,387	2,043	29,147	506,470	2,576,102	1,395	2,577,497
At 1 July 2021	885,182	5,387	17,483	2,966	461,946	1,372,964	4,473	1,377,437
Total comprehensive income for the period	-	-	-	1,930	214,226	216,156	718	216,874
<i>Transactions with owners:</i>								
Ordinary share issued pursuant to:								
- Exercise of ESOS	59,123	-	(6,407)	-	-	52,716	-	52,716
- Private placement	1,032,300	-	-	-	-	1,032,300	-	1,032,300
Share issuance expenses pursuant to private placement	(11,977)	-	-	-	-	(11,977)	-	(11,977)
Share-based compensation pursuant to ESOS granted	-	-	11,927	-	-	11,927	-	11,927
Issuance of share capital in a subsidiary	-	-	-	-	-	-	1,235	1,235
Dividends	-	-	-	-	(195,629)	(195,629)	-	(195,629)
	1,079,446	-	5,520	-	(195,629)	889,337	1,235	890,572
At 31 December 2021	1,964,628	5,387	23,003	4,896	480,543	2,478,457	6,426	2,484,883

Notes:

(7) The condensed unaudited consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the interim financial statements.

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA - REGISTRATION NO. 201001016131 (1000809-U))
CONDENSED UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽⁸⁾
FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2022

	Cumulative Quarter 6 Months Ended 31/12/2022 RM'000	Cumulative Quarter 6 Months Ended 31/12/2021 RM'000
OPERATING ACTIVITIES		
Profit before tax	221,270	235,046
Adjustments for:		
Depreciation	53,414	54,019
Equity-settled share based payment transactions	2,043	11,927
Loss/(Gain) on disposal of property, plant and equipment	40	(59)
Interest income	(21,643)	(10,570)
Interest expenses	658	52
(Reversal)/Allowance for slow moving inventories	(1,077)	335
Provision for retirement benefits obligations	386	201
Property, plant and equipment written off	1	-
Share of (profit)/loss of equity-accounted associate	(225)	42
Unrealised loss/(gain) on foreign exchange	3,408	(613)
Operating profit before working capital changes	258,275	290,380
Changes in working capital:		
Inventories	1,159	(8,332)
Receivables	62,788	42,742
Payables	(45,096)	(46,756)
Cash generated from operations	277,126	278,034
Income tax paid	(24,539)	(11,160)
Income tax refunded	-	621
Interest received	21,643	10,570
Interest paid	(658)	(52)
Net cash from operating activities	273,572	278,013
INVESTING ACTIVITIES		
Investment in an associate	(136,741)	-
Proceeds from disposal of property, plant and equipment	11	232
Increase of share capital in a subsidiary, net of cash acquired	-	1,235
Acquisition of property, plant and equipment	(28,522)	(87,501)
Uplift of fixed deposits with licensed banks	-	20,303
Net cash used in investing activities	(165,252)	(65,731)
FINANCING ACTIVITIES		
Dividend paid to owners of the Company	(163,205)	(225,879)
Change in amount due from an associate	-	789
Dividend paid to non-controlling interests	(4,256)	-
Net repayment of lease liabilities	(430)	(793)
Net repayment of borrowings	-	(1,114)
Net proceeds from issuance of ESOS	46,680	52,716
Net proceeds from private placement	-	1,020,323
Net cash (used in)/generated from financing activities	(121,211)	846,042
NET CHANGES IN CASH AND CASH EQUIVALENTS	(12,891)	1,058,324
Effects of changes in foreign exchange rates	(800)	5,283
CASH AND CASH EQUIVALENT AT BEGINNING	1,917,352	831,217
CASH AND CASH EQUIVALENT AT END	1,903,661	1,894,824
Represented by:		
Cash and cash equivalents	1,957,493	1,948,190
Less: Fixed deposits more than 3 months to maturity	(53,832)	(53,366)
	1,903,661	1,894,824

Notes:

(8) The condensed unaudited consolidated statements of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the accompanying explanatory notes attached to the interim financial statements.

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA – REGISTRATION NO. 201001016131 (1000809-U))
NOTES TO THE REPORT

Part A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting

1. Basis of Preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2022.

2. Changes in Accounting Policies

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 30 June 2022 except for the adoption of the following new MFRSs and amendments/improvements to MFRSs that are issued by the MASB that became effective and relevant to the Group for the financial year beginning 1 July 2022:

<u>Amendments/Improvements to MFRSs</u>	<u>Effective for annual period beginning on or after</u>
Amendments to MFRS 3 Business Combinations – Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Provision, Contingent Liabilities and Contingent Assets: Onerous Contracts: Cost of Fulfilling a Contract	1 January 2022
Annual Improvements MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 4 Insurance Contracts: Extension of the Temporary Exemption from Applying MFRS 9	1 January 2023
MFRS 17 and Insurance Contracts	1 January 2023
Amendments to MFRS 17 Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements – Classification of Liabilities as Current or Non - Current	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements – Disclosure of Accounting Policies	1 January 2023

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA – REGISTRATION NO. 201001016131 (1000809-U))

2. Changes in Accounting Policies (continued)

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 30 June 2022 except for the adoption of the following new MFRSs and amendments/improvements to MFRSs that are issued by the MASB that became effective and relevant to the Group for the financial year beginning 1 July 2022 (continued):

		<u>Effective for Annual period beginning on or after</u>
Amendments to MFRS 108	Accounting policies, changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and 128	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above new MFRSs and amendments/improvements to MFRSs are not expected to have any material financial impact on the financial statements of the Group.

3. Auditors’ Report on Preceding Annual Financial Statements

The preceding annual financial statements of the Group were reported without any audit qualification.

4. Comments About Seasonal or Cyclical Factors

There were no material seasonal or cyclical factors affecting the results of the quarter under review.

5. Unusual Items Due to their Nature, Size or Incidence

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size, or incidence during the period under review.

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA – REGISTRATION NO. 201001016131 (1000809-U))

6. Changes in Estimates

There were no changes in the estimates of amounts which give a material effect in the period under review.

7. Debt and Equity Securities

For the six months period ended 31 December 2022, the issued and paid-up ordinary share capital of the Company was increased from RM1,977,180,395 to RM2,033,054,778 by way of issuance of 25,134,100 new ordinary shares pursuant to the exercise of share options under the Employees' Share Option Scheme ("ESOS") at the following exercise prices:

Exercise prices and number of shares issued

<i>Exercise price (RM)</i>	0.797	0.977	0.863	0.983	1.187
<i>No of shares issued</i>	23,700	51,000	44,000	62,000	176,000

<i>Exercise price (RM)</i>	1.438	1.721	1.880	1.890	0.980
<i>No of shares issued</i>	993,600	5,083,700	9,222,800	6,370,000	609,800

<i>Exercise price (RM)</i>	2.460	3.030	3.420
<i>No of shares issued</i>	2,486,900	10,000	600

All unexercised share options offered under the ESOS automatically lapsed on 4 October 2022 upon the expiry of the ESOS.

The new ordinary shares issued pursuant to the exercise of ESOS rank pari passu with the existing ordinary shares of the Company.

Other than the above, there were no issuance and repayment of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares during the quarter and financial period under review.

8. Dividends Paid

Dividends paid during the financial period ended 31 December 2022 were as follows:

- i. Third interim single tier dividend of 2.20 sen per ordinary share amounting to RM81.6 million for the financial year ended 30 June 2022 paid on 8 July 2022.
- ii. Fourth interim single tier dividend of 2.20 sen per ordinary share amounting to RM81.6 million for the financial year ended 30 June 2022 paid on 6 October 2022.

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA – REGISTRATION NO. 201001016131 (1000809-U))

9. Segmental Information

Business segments

The Group has only one reportable business segment that is its manufacturing of electronic products segment. As such, no operating segment information is reported.

Geographical information

The Group's revenue disaggregated by primary geographical markets is as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Quarter Ended 31/12/2022 RM'000	Quarter Ended 31/12/2021 RM'000	Period To date 31/12/2022 RM'000	Period To date 31/12/2021 RM'000
Malaysia	15,590	14,117	41,198	38,752
Singapore	360,138	366,412	684,057	735,545
China	25,006	33,879	52,126	67,603
Others	1,722	5,849	2,075	9,480
	402,456	420,257	779,456	851,380

10. Valuation of Property, Plant and Equipment

There were no changes to the valuation of property, plant and equipment since the previous audited financial statements.

11. Material Events Subsequent to the end of the Quarter

Save as disclosed in Note 5 in Part B of this report on the status of corporate proposals, there were no other material events subsequent to the end of the current financial period under review and up to the date of this report that have not been reflected in this interim financial report.

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA – REGISTRATION NO. 201001016131 (1000809-U))

12. Changes in the Composition of the Group

During the financial period, the following changes in composition were effected: -

Voluntary winding-up of dormant subsidiaries

Ceedtec Sdn Bhd (“CT”) is a 51% owned subsidiary of the Company. CT ceased operations and became dormant since the financial year ended 30 June 2018. CT had been placed under member’s voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016.

Up to the date of this report, CT had been dissolved.

Investment in an associate

Pursuant to the Equity Subscription Agreement (“ESA”) disclosed in Note 5(i) in Part B of this report on the status of corporate proposals, on 2 November 2022, an indirect wholly-owned subsidiary of the Company, Amertron International Limited (“AIL”) has subscribed registered capital of RMB284.6 million in Yiwu Semiconductor International Corporation (“JV Company”) representing 26.9886% equity interest in the share capital of JV Company. As of to date, AIL has paid RMB210.7 million (equivalent to RM136.7 million) of its portion of registered capital in JV Company pursuant to the ESA.

13. Contingent Liabilities and Contingent Assets

	31/12/2022	31/12/2021
	RM’000	RM’000
Corporate guarantee extended to licensed banks and financial institutions for credit facilities granted to subsidiaries:		
- Limit	10,000	13,000
- Amount utilised	4,374	4,236

There is no contingent asset as at the date of this report.

14. Capital Commitments

	31/12/2022	31/12/2021
	RM’000	RM’000
Authorised and contracted for:		
- Construction of building	906	2,740
- Purchase of plant, machinery and equipment	17,820	14,641
	18,726	17,381

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA – REGISTRATION NO. 201001016131 (1000809-U))

15. Significant Related Party Transactions

There is no significant transaction with related parties.

16. Financial Derivatives

The Group enters into forward exchange contracts to manage its exposure to sales and purchases transactions and local operating expenditure that are denominated in USD. There is no change to the type of derivative financial contract entered into, risk associated with the derivatives, cash requirements of the derivatives and the risk management objectives and policies for the derivative financial contracts since the previous financial year ended 30 June 2022.

The notional value of foreign currency forward contracts as at financial period under review is as follows:

	31/12/2022	31/12/2021
	RM'000	RM'000
Foreign currency hedging contracts		
Notional value of contracts*	<u>32,652</u>	<u>41,133</u>

* Equivalent to USD 7,399,000 (31 December 2021: USD 9,850,000)

17. Fair Value of Financial Liabilities

The carrying amounts of the financial liabilities as at the end of the reporting period approximate to their fair value due to their short term nature, or that they are floating rate instruments that are re-priced to market interest rate on or near the end of the reporting period. Hence, there is no fair value gain or loss on financial liabilities.

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA – REGISTRATION NO. 201001016131 (1000809-U))

Part B - Additional Information as Required by the Main Market Listing Requirements of Bursa Securities

1. Review of Performance

Comparison with the corresponding quarter in the previous financial year

The Group recorded revenue of RM402.5 million for the current quarter, representing a decrease of 4.2% compared to the same quarter in the previous year of RM420.3 million. The decrease was mainly due to comparatively lower loading volume in optoelectronics business segment in the current quarter.

The Group achieved profit after tax of RM93.1 million for the current quarter, a decrease of 13.8% from RM108.1 million recorded in the corresponding quarter in the previous financial year was mainly due to lower revenue and unfavourable movement in forex exchange.

Comparison with the immediate preceding quarter

The Group's revenue increased by 6.8% to RM402.5 million in the current quarter from RM377.0 million in the immediate preceding quarter. The increase was mainly due to higher revenue growth in RF business segment in the current quarter.

The Group recorded profit after tax of RM93.1 million for the current quarter, a decrease of 12.4% from RM106.4 million recorded in the immediate preceding quarter was primarily due to unfavourable movement in forex exchange.

Financial year to date against preceding year corresponding financial period

For the six months period ended 31 December 2022, the Group recorded revenue of RM779.5 million, representing a 8.4% decrease from RM851.4 million in the preceding year corresponding period.

The Group's profit after tax decreased by 7.2% to RM199.5 million for the period ended 31 December 2022 from RM214.9 million in the preceding year corresponding period. The decrease was mainly contributed by lower revenue and unfavourable forex exchange rates.

2. Commentary on Prospects

The World Semiconductor Trade Statistics (WSTS) has in November 2022 released its latest semiconductor market forecast. The global semiconductor market is projected to decline by 4.1% to USD557 billion in 2023.

Gartner in its update on 31 January 2023 forecasted smartphone sales is projected to decline 4.4% in 2023 after sliding 11.9% in 2022. The depressed economic market will continue to dampen demand for devices throughout 2023.

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA – REGISTRATION NO. 201001016131 (1000809-U))

2. Commentary on Prospects (continued)

Given the depressed macroeconomic environment and slow down in the overall semiconductor market, the Group remain cautious on our recurring radio frequency and optoelectronics business to follow the WSTS and Gartner forecasts. The Group continues to work on new opportunities coming onshore into Malaysia's OSAT ecosystem at the same time bringing up our new China JV site in Yiwu to begin manufacturing operations during the second half of FY2024. The ongoing volatility in the USD exchange rate may add headwind to the Group's performance in FY2023.

3. Profit Forecast and Profit Guarantee

The Group did not issue any profit forecast or profit guarantee previously in any public document.

4. Taxation

The taxation charges for the current quarter and financial period ended 31 December 2022 are as follows:

	Individual Quarter ended		Cumulative period ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
- Current tax	(7,568)	(12,222)	(22,248)	(23,237)
- Deferred tax	546	3,208	548	3,208
	(7,022)	(9,014)	(21,700)	(20,029)
(Under)/Over provision in prior year:				
- Current tax	(42)	-	(42)	-
- Deferred tax	-	341	-	(73)
	(7,064)	(8,673)	(21,742)	(20,102)

The effective tax rate of the Group for the current financial quarter and financial period ended 31 December 2022 is lower than the statutory tax rate of 24% as certain subsidiaries have been granted with tax incentives under the Promotion of Investment Act, 1986.

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA – REGISTRATION NO. 201001016131 (1000809-U))

5. Status of Corporate Proposals

(i) Memorandum of Understanding (“MOU”) and Joint Venture Contract

On 18 October 2021, the Company had entered into a non-binding MOU with China Fortune-Tech Capital Co., Ltd (“CFTC”) with the intention to set up a joint-venture company in China in order to bring the strengths and expertise of all parties together to carry out Outsourced Semiconductor Assembly and Test (“OSAT”) manufacturing and related businesses in China for the China market, and enable the Group to expand and add onto the Group’s existing operations in the China market.

Subsequently, the Company and CFTC had mutually agreed to extend the validity period of the MOU up to 17 August 2022 due to CFTC being constrained by the movement controls taking place in China to carry out legal steps ahead of the signing of the Definitive Agreements and the parties considered it prudent to extend the period of the MOU in light of the unforeseen delay.

In relation to the MOU, Amertron International Limited (“AIL”), a newly set up indirect wholly-owned subsidiary of the Company, had on 28 June 2022 entered into a Joint Venture Contract (“JV Contract”) with CFTC (Yiwu) Equity Investment Fund Partnership (Limited Partnership) (“CFTC (Yiwu)”) and CFTC Equity Investment Management (Beijing) Co. Ltd (“CFTC Equity”) for the purpose of carrying out OSAT manufacturing and related business in China for the China market and to expand and add onto the existing operations of the Group in China market under a joint-venture company, Yiwu Semiconductor International Corporation (“JV Company”).

An Equity Subscription Agreement (“ESA”) had been entered on 28 June 2022 between AIL, CFTC (Yiwu) and CFTC Equity to increase the registered capital in the JV Company from RMB770,001,000 to RMB1,691,001,000. AIL will subscribe for such registered capital by way of cash injection via utilising the proceeds from the private placement which was completed on 30 July 2021 and 100% equity interest in Amertron Technology (Kunshan) Co. Ltd. to the JV Company to become a majority shareholder representing 54.4648% of the enlarged equity capital in the JV Company.

The share subscription in the JV Company took place progressively starting in the 3rd quarter of 2022 and is expected to be completed in the 2nd quarter of 2023.

On 2 November 2022, AIL has subscribed registered capital of RMB284.6 million in the JV Company representing 26.9886% of the enlarged capital in the JV Company. The JV Company’s registered capital has increased from RMB770.0 million to RMB1,054.6 million. As of to date, AIL has paid RMB210.7 million (equivalent to RM136.7 million) of its portion of registered capital in JV Company pursuant to the ESA.

(ii) Proposed ESOS

On 23 September 2022, the Company announced to undertake a proposed ESOS of up to 10% of the total number of issued shares of the Company.

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA – REGISTRATION NO. 201001016131 (1000809-U))

5. Status of Corporate Proposals (continued)

(ii) Proposed ESOS (continued)

The Board had decided not to extend the duration of the existing ESOS which was implemented on 4 October 2013 until 3 October 2022. The proposed ESOS will be implemented after the expiry of the existing ESOS.

On 30 September 2022, the Company had submitted listing application to Bursa Securities for additional new ordinary shares to be issued pursuant to the exercise of options under the proposed ESOS. Subsequently, Bursa Securities had vide its letter dated 14 October 2022 approved the said listing application.

At the extraordinary general meeting held on 23 November 2022, the Company's shareholders had approved the proposed ESOS and it has become effective on the same day.

6. Status of Utilisation of Proceeds

On 30 July 2021, the Company has completed private placement with the listing of and quotation for 333,000,000 Inari Shares at the issue price of RM3.10 per placement share on the Main Market of Bursa Malaysia Securities Berhad with the gross proceeds of RM1,032.3 million.

As at 31 December 2022, the status of utilisation of proceeds raised is set out as follow:

Details	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation RM'000	Unutilised Proceeds RM'000	Intended Timeframe of Utilisation from the Listing Date of the Placement Shares
1 Capital expenditure, acquisitions and investments	1,015,500	(266,183)*	4,639	753,956	Within 30 months
2 Expenses in relation to the private placement	16,800	(12,161)	(4,639)^	-	Within 6 months
	1,032,300	(278,344)	-	753,956	

Note:-

* Consist of:-

- i. Capital expenditure: RM129.4 million
- ii. Acquisitions and investments: RM136.7 million

^ The actual amount incurred for expenses in relation to the private placement was RM12.2 million with deviation of RM4.6 million being adjusted to the proceeds earmarked for capital expenditure, acquisitions and investments purposes.

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA – REGISTRATION NO. 201001016131 (1000809-U))

6. Status of Utilisation of Proceeds (continued)

The balance of unutilised proceeds amounting to RM754.0 million is placed in interest bearing deposit accounts with licensed financial institutions or in money market instruments, pending its utilisation within the intended timeframe.

7. Group Borrowings and Debt Securities

There is no outstanding borrowings during the financial period under review.

8. Material Litigation

The Group was not engaged in any litigation which is likely to give rise to proceedings which may materially and adversely affect the financial position or the business operations of the Group.

9. Dividend

The Directors propose the second single tier interim dividend of 2.20 sen per ordinary share in respect of the financial year ending 30 June 2023.

The entitlement date and payment date are on 16 March 2023 and 6 April 2023 respectively.

Total dividend for the financial year ending 30 June 2023 and financial year ended 30 June 2022 are summarised as follow:

	Net Per Share FY2023 (sen)	Net Per Share FY2022 (sen)
<u>First Interim Dividend</u>		
Single tier dividend	2.60	2.80
<u>Second Interim Dividend</u>		
Single tier dividend	2.20	2.80
<u>Third Interim Dividend</u>		
Single tier dividend	*	2.20
<u>Fourth Interim Dividend</u>		
Single tier dividend	*	2.20
	<hr/> 4.80 <hr/>	<hr/> 10.00 <hr/>

*Not applicable for the current quarter under review.

INARI AMERTRON BERHAD
(INCORPORATED IN MALAYSIA – REGISTRATION NO. 201001016131 (1000809-U))

10. Earnings Per Share

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the net profit attributable to owners of the Company to the weighted average number of ordinary shares in issue during the financial quarter and financial period.

	Individual Quarter ended		Cumulative Period ended	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
Net profit attributable to owners of the Company (RM'000)	93,609	107,299	199,861	214,226
Weighted average number of ordinary shares in issue ('000)	3,732,488	3,692,464	3,721,483	3,638,041
Basic earnings per share (sen)	2.51	2.91	5.37	5.89

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing the profit attributable to owners of the Company to the weighted average number of ordinary shares outstanding during the financial period adjusted for the effects of dilutive potential ordinary shares. The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumption that ESOS granted by the reporting date.

	Individual Quarter ended		Cumulative Period ended	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
Net profit attributable to owners of the Company (RM'000)	93,609	107,299	199,861	214,226
Weighted average number of ordinary shares (basic) ('000)	3,732,488	3,692,464	3,721,483	3,638,041
Effect of dilution due to ESOS ('000)	263	27,253	3,992	26,250
Weighted average number of ordinary shares (diluted) ('000)	3,732,751	3,719,717	3,725,475	3,664,291
Diluted earnings per share (sen)	2.51	2.88	5.36	5.85