



GREATECH TECHNOLOGY BERHAD
(Company No. 201801008633 (1270647-H))
(Incorporated in Malaysia under the Companies Act 2016)

**INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED
30 SEPTEMBER 2024**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024 ⁽¹⁾

	Unaudited as at 30/9/2024 RM'000	Audited as at 31/12/2023 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	395,287	343,603
Right-of-use assets	97,798	100,404
Intangible assets	2,483	2,483
Goodwill on consolidation	9,223	9,223
	<u>504,791</u>	<u>455,713</u>
Current assets		
Inventories	62,238	52,989
Trade and other receivables	104,863	162,845
Contract assets	172,585	137,957
Derivative assets	-	262
Current tax assets	383	683
Short term funds	40,288	33,899
Cash and bank balances	186,215	153,954
	<u>566,572</u>	<u>542,589</u>
TOTAL ASSETS	<u>1,071,363</u>	<u>998,302</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	125,117	122,530
Reserves	734,505	628,855
TOTAL EQUITY	<u>859,622</u>	<u>751,385</u>
Non-current liabilities		
Borrowings	11,992	12,817
Lease liabilities	4,603	5,725
Deferred tax liabilities	10,124	9,379
Government grant	87	128
	<u>26,806</u>	<u>28,049</u>
Current liabilities		
Trade and other payables	86,751	120,105
Contract liabilities	73,520	76,153
Provision for warranties	17,938	16,289
Borrowings	1,100	1,673
Lease liabilities	1,625	1,652
Government grant	75	133
Derivative liabilities	-	78
Current tax liability	3,926	2,785
	<u>184,935</u>	<u>218,868</u>
TOTAL LIABILITIES	<u>211,741</u>	<u>246,917</u>
TOTAL EQUITY AND LIABILITIES	<u>1,071,363</u>	<u>998,302</u>



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2024 ⁽¹⁾

	Unaudited as at 30/9/2024	Audited as at 31/12/2023
Number of ordinary shares in issue ('000)	2,509,732	2,508,399 ⁽²⁾
Net assets per share attributable to owners of the parent (RM)	0.3425	0.2995

⁽¹⁾ The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

⁽²⁾ Included the retrospective effect of bonus issue of 1,254,866,150 bonus shares listed on 11 September 2024. Excluding this, the number of ordinary shares in issues was 1,254,199,450 for the financial year ended 31 December 2023.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024 ⁽¹⁾

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30/9/2024	30/9/2023	30/9/2024	30/9/2023
	RM'000	RM'000	RM'000	RM'000
Revenue	188,792	224,821	546,537	504,110
Cost of sales	(123,013)	(161,000)	(376,383)	(358,131)
Gross profit	65,779	63,821	170,154	145,979
Other income	(9,815)	2,075	9,701	24,014
Net gains/(losses) on impairment of financial assets	317	(2,385)	3,070	(3,441)
Administrative and marketing expenses	(27,084)	(13,237)	(66,294)	(44,654)
Finance cost	(232)	(163)	(716)	(484)
Profit before tax	28,965	50,111	115,915	121,414
Taxation	(6,011)	(3,449)	(12,541)	(8,593)
Profit for the financial period	22,954	46,662	103,374	112,821
Other comprehensive income/(expense)				
Item that may be reclassified subsequently to profit or loss				
Foreign currency translations	1,003	(8)	703	(745)
Total comprehensive income for the financial period attributable to owners of the parent	23,957	46,654	104,077	112,076
Earnings per ordinary share attributable to owners of the parent (sen)				
- Basic ⁽²⁾	0.91	1.86	4.12	4.50
- Diluted ⁽²⁾	0.91	1.86	4.11	4.49

⁽¹⁾ The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

⁽²⁾ Based on weighted average number of ordinary shares in issue which has been adjusted for bonus issue retrospectively during the financial period under review.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024 ⁽¹⁾

	Non-distributable				Distributable			
	Share capital	Exchange translation reserve	Reorganisation debit reserve	Revaluation reserve	Share grant reserve	Share option reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Balance as at 1 January 2024	122,530	(799)	(39,500)	24,722	8,159	-	636,273	751,385
Profit for the financial period	-	-	-	-	-	-	103,374	103,374
Foreign currency translations	-	703	-	-	-	-	-	703
Other comprehensive income, net of tax	-	703	-	-	-	-	-	703
Total comprehensive income	-	703	-	-	-	-	103,374	104,077
Realisation of revaluation surplus	-	-	-	(451)	-	-	451	-
Transactions with owners:								
Issuance of ordinary shares pursuant to ESGP ⁽²⁾	2,587	-	-	-	(2,587)	-	-	-
ESGP ⁽²⁾ expenses	-	-	-	-	4,160	-	-	4,160
Total transactions with owners	2,587	-	-	-	1,573	-	-	4,160
Balance as at 30 September 2024	125,117	(96)	(39,500)	24,271	9,732	-	740,098	859,622
Balance as at 1 January 2023	116,585	(402)	(39,500)	25,348	3,450	1,138	480,146	586,765
Profit for the financial period	-	-	-	-	-	-	112,821	112,821
Foreign currency translations	-	(745)	-	-	-	-	-	(745)
Other comprehensive income, net of tax	-	(745)	-	-	-	-	-	(745)
Total comprehensive income	-	(745)	-	-	-	-	112,821	112,076
Realisation of revaluation surplus	-	-	-	(454)	-	-	454	-
Transactions with owners:								
Issuance of ordinary shares pursuant to ESGP ⁽²⁾	2,849	-	-	-	(2,849)	-	-	-
ESGP ⁽²⁾ expenses	-	-	-	-	8,992	-	-	8,992
Share options lapsed pursuant to ESOP ⁽³⁾	-	-	-	-	-	(1,138)	1,138	-
Total transactions with owners	2,849	-	-	-	6,143	(1,138)	1,138	8,992
Balance as at 30 September 2023	119,434	(1,147)	(39,500)	24,894	9,593	-	594,559	707,833

⁽¹⁾ The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

⁽²⁾ ESGP - Employees' Share Grant Plan

⁽³⁾ ESOP - Employees' Share Option Plan



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024 ⁽¹⁾

Notes	9 months ended	
	30/9/2024 RM'000	30/9/2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	115,915	121,414
Adjustments for:		
Amortisation of government grant	(99)	(98)
Depreciation of:		
- property, plant and equipment	11,918	9,223
- right-of-use assets	2,770	1,796
Fair value adjustment on derivative assets	185	-
Gains on disposal of property, plant and equipment	(1)	-
Interest expense	716	484
Interest income	(6,128)	(5,559)
Loss on lease modification	-	129
Net (gains)/losses on impairment of:		
- contract assets	(286)	907
- trade receivables	(2,784)	2,416
Property, plant and equipment written off	-	4
Provision for warranties	4,564	4,808
Reversal of unused provision for warranties	(2,915)	(9,609)
Share grant expenses	4,160	8,992
Unrealised losses/(gains) on foreign exchange	16,704	(2,883)
Operating profit before changes in working capital	144,719	132,024
Increase in inventories	(9,249)	(20,532)
Decrease/(Increase) in trade and other receivables	61,054	(21,889)
(Increase)/Decrease in contract assets	(34,342)	46,151
(Decrease)/Increase in trade and other payables	(32,581)	12,134
Decrease in contract liabilities	(2,633)	(129,620)
Cash generated from operations	126,968	18,268
Interest paid	(488)	(436)
Interest received	6,128	5,559
Tax paid	(10,756)	(231)
Tax refunded	-	1,713
Net cash from operating activities	121,852	24,873



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024 ⁽¹⁾

	9 months ended	
	30/9/2024	30/9/2023
	RM'000	RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	49	-
Purchases of:		
- property, plant and equipment	(63,826)	(78,028)
- right-of-use assets	-	(128)
	<u> </u>	<u> </u>
Net cash used in investing activities	<u>(63,777)</u>	<u>(78,156)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of:		
- lease liabilities	(1,634)	(464)
- term loans	(902)	(825)
	<u> </u>	<u> </u>
Net cash used in financing activities	<u>(2,536)</u>	<u>(1,289)</u>
Net changes in cash and cash equivalents	55,539	(54,572)
Effects of exchange rate changes	(16,394)	(1,535)
Cash and cash equivalents at beginning of financial period	<u>187,358</u>	<u>326,659</u>
Cash and cash equivalents at end of financial period	<u><u>226,503</u></u>	<u><u>270,552</u></u>
Cash and cash equivalents comprise the following at end of financial period:		
Cash and bank balances	186,215	203,132
Short term funds	40,288	67,420
	<u>226,503</u>	<u>270,552</u>



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024 ⁽¹⁾

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities	Term loans
	RM'000	RM'000
Balance as at 1 January 2024	7,377	13,994
Cash flows	(1,634)	(902)
Non-cash flows		
- addition of lease liabilities	852	-
- translation difference	(595)	-
- unwinding of interest	228	-
Balance as at 30 September 2024	<u>6,228</u>	<u>13,092</u>
	Lease liabilities	Term loans
	RM'000	RM'000
Balance as at 1 January 2023	3,562	15,017
Cash flows	(464)	(825)
Non-cash flows		
- addition of lease liabilities	81	-
- translation difference	203	-
- unwinding of interest	48	-
Balance as at 30 September 2023	<u>3,430</u>	<u>14,192</u>

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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

Part A - Explanatory Notes Pursuant To MFRS 134, Interim Financial Reporting

A1. Basis of Preparation

The interim financial report of Greatech Technology Berhad (“**Company**” or “**Greatech**”) and its subsidiaries (collectively known as “**Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRSs**”) 134 *Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”).

This interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to this interim financial report.

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 the latest audited financial statements, except for the adoption of the following new and revised MFRSs, Amendments to MFRSs and IC interpretations.

a) New and revised MFRSs, Amendments to MFRSs and IC interpretations adopted during the financial period

Title	Effective date
Amendment to MFRS 16 Leases - <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendment to MFRS 101 <i>Presentation of Financial Statements - Non-Current Liabilities with Covenants</i>	1 January 2024
Amendment to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024

The adoption of the above accounting standards and interpretations have no impact on the financial statements of the Group upon their initial application.

b) New and revised MFRSs, Amendments to MFRSs and IC interpretations, but only effective for annual periods beginning on or after 1 January 2025

The following are standards of the MFRSs Framework that have been issued by the Malaysian Accounting Standards Board but have not been early adopted by the Group:

Title	Effective date
Amendment to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Annual Improvements to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
Annual Improvements to MFRS 7 Financial Instruments: Disclosures	1 January 2026
Annual Improvements to MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)	1 January 2026
Annual Improvements to MFRS 10 Consolidated Financial Statements	1 January 2026
Annual Improvements to MFRS 107 Statement of Cash Flows	1 January 2026
Amendments to MFRS 9 and MFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

A3. Audit Report

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

A4. Seasonal or Cyclical Factors

The Group did not experience any material seasonality or cyclicity in the business as the demand for the products and services are neither subject to seasonal fluctuations nor cyclical variations.

A5. Material Unusual Items

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

A6. Material Changes in Estimates

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

A7. Debt and Equity Securities

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

On 12 July 2024, the Group had issued 666,700 new ordinary shares at an exercise price of RM3.88 pursuant to the Employees' Share Grant Plan ("ESGP") for the financial period under review. Included the retrospective effect of bonus issues, the new ordinary shares issued is 1,333,400 at an exercise price of RM1.94.

On 8 October 2024, the Group had issued 816,400 and 874,200 new ordinary shares at an exercise price of RM2.54 and RM2.40 pursuant to the ESGP for the financial period under review.

A8. Dividend Paid

There was no dividend paid during the current financial quarter under review.

A9. Segmental Reporting

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the sale of automated equipment together with provision of parts and services.

No provision of parts and services segment information is presented as the Chief Executive Officer ("CEO") views the Group as a single reportable segment.

A10. Valuations of Property, Plant and Equipment and Right-Of-Use Assets

The valuations on its leasehold buildings and leasehold land classified under Property, Plant and Equipment ("PPE") and Right-Of-Use ("ROU") assets respectively, are performed by an independent professional valuer using the open market value basis on 31 December 2022.

A11. Material Events Subsequent to the end of the Interim Financial Period

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

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

A12. Changes in Group's Composition

Save as disclosed below, there were no changes in the composition of the Group during the current financial quarter under review.

On 19 March 2024, the wholly-owned subsidiary of the Group, Greatech Integration (M) Sdn Bhd has incorporated a wholly-owned subsidiary, namely Greatech Integration (S) Pte Ltd.

A13. Contingent Assets and Contingent Liabilities

There were no material contingent assets or contingent liabilities to be disclosed as at the date of this interim financial report.

A14. Capital Commitments

Save as disclosed below, as at 30 September 2024, the Group does not have any material capital commitments:

Property, Plant and Equipment	RM'000
- Approved and contracted for	<u><u>5,507</u></u>

Capital commitments of the Group relate to the construction of new operational facility at Batu Kawan Industrial Park, computer systems, motor vehicle, plant and machinery, renovation, office equipment and tools and equipment.

A15. Significant Related Party Transactions

There were no significant related party transactions during the current financial quarter under review.

A16. Fair Value of Financial Liabilities

There were no gains or losses arising from fair value changes of the Group's financial liabilities for the current financial quarter under review.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

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

B1. Review of Group's Performance

	Individual Quarter 3 Months Ended		Changes		Cumulative Quarter 9 Months Ended		Changes	
	30/9/2024	30/9/2023			30/9/2024	30/9/2023		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	188,792	224,821	(36,029)	(16.03%)	546,537	504,110	42,427	8.42%
Cost Of Goods Sold	(123,013)	(161,000)			(376,383)	(358,131)		
Gross Profit ("GP")	65,779	63,821	1,958	3.07%	170,154	145,979	24,175	16.56%
Other Operating Expenses	(36,814)	(13,710)			(54,239)	(24,565)		
Profit Before Tax ("PBT")	28,965	50,111	(21,146)	(42.20%)	115,915	121,414	(5,499)	(4.53%)
GP %	34.84%	28.39%			31.13%	28.96%		
PBT %	15.34%	22.29%			21.21%	24.08%		

Comparison with prior year corresponding quarter's results

The Group's revenue of RM188.79 million for the current financial quarter ended 30 September 2024 ("3Q2024") were RM36.03 million or 16.03% lower than that of preceding financial quarter ended 30 September 2023 ("3Q2023"). The decrease in revenue for the quarter was mainly due to lower revenues in the E-Mobility and Solar sectors compared to the same quarter last year. This was driven by the completion of certain projects and reduced industrial activity in E-Mobility, as well as the timing of project execution in Solar. This decline was partially offset by continued growth in Life Sciences.

The Group had recorded a gross profit ("GP") of RM65.78 million and gross profit margin ("GP margin") of 34.84% in 3Q2024 as compared to RM63.82 million and 28.39% respectively in 3Q2023. The normalised GP margin without the net warranty impact was 34.96% and 29.01% respectively for 3Q2024 and 3Q2023. The GP margin increased due to a higher volume of installation revenue during the period, which typically carry higher margins and contributed to an improved product mix.

The Group's profit before tax ("PBT") for the 3Q2024 was RM28.97 million, decreased by RM21.15 million or 42.20% compared to the 3Q2023. The Group's profit before tax margin ("PBT margin") has decreased from 22.29% to 15.34%. The normalised PBT margin without the net warranty impact was 15.46% and 22.92% respectively for 3Q2024 and 3Q2023. The decline in PBT and normalised PBT margin was primarily attributed to a net foreign exchange loss compared to 3Q2023, driven by the strengthening of the Malaysian Ringgit against the US Dollar during the financial period. However, this decline was offset by an improvement in the GP margin.

Comparison with prior year corresponding cumulative quarter's results

The Group reported revenue of RM546.54 million for the nine-month financial period ended 30 September 2024 ("9M2024"), 8.42% higher than the RM504.11 million recorded in the previous corresponding period ended 30 September 2023 ("9M2023"). The increase in revenue was mainly driven by strong growth in the Life Sciences sector, both organically and through acquisitions, notably from Greatech Integration (Ireland) Limited. However, this was partially offset by lower E-Mobility and Solar revenues, which were impacted by reduced industrial activity from EV customers in the US compared to the prior year, as well as the timing of project execution in Solar sector.

The Group's GP was RM170.15 million with a GP margin of 31.13% for the 9M2024, an increase of RM24.18 million or 16.56% compared to 9M2023. The normalised GP margin without the net warranty impact was 31.43% and 28.01% respectively for the 9M2024 and 9M2023. The GP margin increased due to a higher volume of installation revenue during the period, which typically carry higher margins and contributed to an improved product mix.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B1. Review of Group's Performance (Continued)

Comparison with prior year corresponding cumulative quarter's results (Continued)

The Group's reported PBT of RM115.92 million for the 9M2024, RM5.50 million or 4.53% lower than the RM121.41 million recorded in the 9M2023. The normalised PBT margin without net warranty impact was 21.50% and 23.13% respectively for the 9M2024 and 9M2023. The decline in PBT and normalised PBT margin was primarily attributed to a net foreign exchange loss compared to 3Q2023, driven by the strengthening of the Malaysian Ringgit against the US Dollar during the financial period. However, this decline was offset by an improvement in the GP margin.

B2. Comparison with Immediate Preceding Quarter's Results

	Current Quarter Ended	Immediate Preceding Quarter Ended	Changes	
	30/9/2024	30/6/2024	RM'000	%
	RM'000	RM'000		
Revenue	188,792	205,882	(17,090)	(8.30%)
Cost Of Goods Sold	(123,013)	(137,370)		
Gross Profit ("GP")	65,779	68,512	(2,733)	(3.99%)
Other Operating Expenses	(36,814)	(16,162)		
Profit Before Tax ("PBT")	28,965	52,350	(23,385)	(44.67%)
GP %	34.84%	33.28%		
PBT %	15.34%	25.43%		

The Group's revenue for 3Q2024 decreased by RM17.09 million or 8.30% compared to the preceding quarter ended 30 June 2024 ("2Q2024"). The decrease in revenue for the quarter was mainly due to lower revenues in the E-Mobility sector. This was driven by the completion of certain projects and reduced industrial activity in E-Mobility.

The Group's GP decreased by RM2.73 million or 3.99% as compared to 2Q2024. However, the GP margin increased from 33.28% to 34.84%. The normalised GP margin without the net warranty impact was 34.96% and 33.37% respectively for 3Q2024 and 2Q2024. The improved normalised GP margin in 3Q2024 was attributed to lower freight and packing costs, following the completion of machinery commissioning in 2Q2024.

The Group's PBT for 3Q2024 decreased by RM23.38 million, from RM52.35 million to RM28.97 million. The PBT margin also declined from 25.43% to 15.34%. The normalised PBT margin had decreased to 15.46% from 25.52%. The decline in PBT and normalised PBT margin was primarily attributed to a net foreign exchange loss compared to 3Q2023, driven by the strengthening of the Malaysian Ringgit against the US Dollar during the financial period. However, this decline was partially offset by an improvement in the GP margin.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B3. Commentary on Prospects

As we move into the second half of 2024, the global economic landscape is gradually becoming clearer, following the easing of inflationary pressures in major economies and the completion of the US presidential election in November. However, despite some stabilisation, the global environment remains complex and uncertain, with key challenges persisting, including ongoing cost inflation, rising trade tensions, geopolitical risks and currency volatility.

For the Group, the recent appreciation of Malaysian Ringgit has presented short term challenges, particularly as an exporter. Nonetheless, we remain cautiously optimistic about the stability of the exchange rate moving forward and are monitoring development closely.

Despite these external headwinds, the markets in which the Group operates continue to demonstrate resilience. Demand for specialised machinery in the Life Sciences, Solar and E-Mobility sectors remain strong, with sustained interest from customers in the Life Sciences and Solar sectors and more cautious demand in the E-Mobility space. Industry players in E-Mobility continue to scale back new capacity investments to better align with end-market demand and optimise platform costs. While the market outlook remains cautious in E-Mobility, the Group sees selective opportunities to expand its presence in this competitive landscape.

The Group's order book remains healthy, with stable order growth anticipated for the remainder of the year. We also see potential upside in both the Life sciences, Solar and E-Mobility sectors, which may further support growth moving forward.

The Group remains committed to optimising manufacturing processes and controlling input costs as part of our strategy to mitigate the negative impacts of currency fluctuations and inflationary pressures. With a healthy order pipeline and continued market demand for our specialised machinery solutions, we are positioned to navigate the challenges ahead and look forward to a steady performance in Q4 2024.

As of 20 November 2024, the Group's outstanding order book stood at approximately RM780 million and is expected to last until first half 2026.

B4. Profit Forecast

The Group did not issue any profit forecast during the financial quarter under review.

B5. Status of Corporate Proposals

Save as disclosed below, there were no corporate proposals announced but not completed for the current financial quarter under review.

On behalf of the Board of Directors of Greatech ("**Board**"), Affin Hwang Investment Bank Berhad ("**Affin Hwang IB**") had on 3 July 2024 announced that the Company proposes to undertake a bonus issue up to 1,254,879,250 new ordinary shares in the Company ("**Greatech Technology Share(s)**") ("**Bonus Share(s)**") on the basis of one (1) Bonus Share for every one (1) existing Greatech Technology Share held by shareholders whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later ("**Proposed Bonus Issue**").

On 18 July 2024, Bursa Malaysia Securities Berhad ("**Bursa Securities**") had vide its letter dated 18 July 2024, approved the listing of and quotation up to 1,254,879,250 Bonus Shares to be issued pursuant to the Proposed Bonus Issue on the Main Market of Bursa Securities.

The circular to shareholders in relation to the Proposed Bonus Issue was issued on 5 August 2024 and shareholders' approval have been obtained at the Extraordinary General Meeting held on 23 August 2024.

On 26 August 2024, the Company announced the proposed bonus issue of 1,254,866,150 new ordinary shares in the Company on the basis of one (1) Bonus Share for every one (1) existing Greatech Technology Share held on an entitlement date which was fixed on 10 September 2024. The Proposed Bonus Issue has been completed on 11 September 2024.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B6. Taxation

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30/9/2024	30/9/2023	30/9/2024	30/9/2023
	RM'000	RM'000	RM'000	RM'000
Malaysian income tax				
- Current expense	(5,500)	(3,433)	(11,777)	(8,577)
- Deferred tax	(502)	-	(745)	-
Withholding tax expense	(9)	(16)	(19)	(16)
	<u>(6,011)</u>	<u>(3,449)</u>	<u>(12,541)</u>	<u>(8,593)</u>
Effective tax rate	20.75%	6.88%	10.82%	7.08%

The overall effective tax rate for the financial period of the Group was lower than the statutory tax rate of 24% as the subsidiary, Greatech Integration (M) Sdn Bhd was granted pioneer status for certain activities in designing and manufacturing of production line system and single automated equipment, which fall within the list of promoted activities and products by Ministry of International Trade and Industry of Malaysia under the Promotion of Investments Act, 1986.

The effective tax rate for financial year-to-date under review for the Group was higher compared to prior year mainly due to the expiration of the pioneer status on 28 March 2023 for certain products which resulted in the statutory income subjected to tax. The current provision of income tax is in respect of certain non-business income and non-tax exempted income generated from non-pioneer products.

Withholding tax expense is related to foreign withholding tax liability from sales of production line systems and provision of engineering services to a customer in certain jurisdiction. Due to complexity of the tax law, significant judgement is required in evaluating the tax positions, including uncertainties. There is no assurance of refundability. Thus, the Group has decided to expense the withholding tax to the statement of profit or loss and other comprehensive income.

B7. Borrowings and Debt Securities

The details of the Group's borrowings are as follows:

	Unaudited	
	30/9/2024 RM'000	30/9/2023 RM'000
Secured:		
Current liabilities		
Lease liabilities	62	-
Term loans	1,100	1,100
	<u>1,162</u>	<u>1,100</u>
Non-current liabilities		
Term loans	11,992	13,092
	<u>11,992</u>	<u>13,092</u>
Total liabilities		
Lease liabilities	62	-
Term loans	13,092	14,192
	<u>13,154</u>	<u>14,192</u>

B8. Material Litigation

As at the date of this interim financial report, there were no material litigations involving the Group.

B9. Proposed Dividend

The Board of Directors did not declare or recommend any dividend for the current financial quarter under review.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B10. Earnings Per Ordinary Share (“EPS”)

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30/9/2024	30/9/2023	30/9/2024	30/9/2023
Profit after tax attributable to owners of the parent (RM'000)	22,954	46,662	103,374	112,821
Basic				
Weighted average number of ordinary shares in issue ('000)	2,509,602	2,507,055	2,508,803	2,506,627
Basic EPS (sen) ^{(1), (4)}	0.91	1.86	4.12	4.50
Diluted				
Weighted average number of ordinary shares in issue ('000)	2,509,602	2,507,055	2,508,803	2,506,627
Effect of dilution due to employee share grant plan ('000)	4,471	4,568	4,471	4,568
Adjusted weighted average number of ordinary shares applicable to diluted earnings per share ('000)	2,514,073	2,511,623	2,513,274	2,511,195
Diluted EPS (sen) ^{(2), (3), (4)}	0.91	1.86	4.11	4.49

(1) Basic EPS is calculated based on the profit after tax attributable to owners of the parent divided by the weighted average number of ordinary shares in issue during the financial period under review.

(2) Diluted EPS for the financial period is calculated by dividing the profit for the financial period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period adjusted for the effects of dilutive potential ordinary shares.

(3) Diluted loss per ordinary share equal basic loss per ordinary share as the effect on the basic loss per ordinary share is anti-dilutive.

(4) Included the retrospective effect of bonus issue of 1,254,866,150 bonus shares listed on 11 September 2024. Excluding this for the financial quarter ended 30 September 2023 (“3Q2023”), the basic EPS for individual and cumulative quarter in 3Q2023 was 3.72 sen and 9.00 sen and diluted EPS for the individual and cumulative quarter in 3Q2023 was 3.71 sen and 8.97 sen respectively.

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

B11. Profit Before Tax

Included in profit before tax for the financial period are the following income/(expense) items:

	Individual Quarter 3 months ended		Cumulative Quarter 9 months ended	
	30/9/2024 RM'000	30/9/2023 RM'000	30/9/2024 RM'000	30/9/2023 RM'000
Amortisation of government grant	34	33	99	98
Depreciation of:				
- property, plant and equipment	(4,069)	(3,384)	(11,918)	(9,223)
- right-of-use assets	(929)	(670)	(2,770)	(1,796)
Fair value adjustment on derivative assets	133	-	(185)	-
Gains on disposal of property, plant and equipment	1	-	1	-
Interest expense	(232)	(163)	(716)	(484)
Interest income	2,092	2,495	6,128	5,559
Loss on lease modification	-	(137)	-	(129)
Net gains/(losses) on impairment of:				
- contract assets	299	(2,308)	286	(907)
- trade receivables	18	41	2,784	(2,416)
Property, plant and equipment written off	-	-	-	(4)
Provision for warranties	(1,558)	(2,027)	(4,564)	(4,808)
Realised (losses)/gains on foreign exchange	(12,662)	3,818	471	11,244
Reversal of unused provision for warranties	1,339	618	2,915	9,609
Share grant expenses	(670)	(1,888)	(4,160)	(8,992)
Unrealised (losses)/gains on foreign exchange	(12,035)	(5,277)	(16,704)	2,883

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