



CORAZA INTEGRATED TECHNOLOGY BERHAD

Registration No.: 202001039065 (1395386-M)

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

CORAZA INTEGRATED TECHNOLOGY BERHAD

Registration No.: 202001039065 (1395386-M)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾ FOR THE PERIOD ENDED 30 JUNE 2023

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.06.2023 RM'000	Preceding Year Corresponding Quarter 30.06.2022 RM'000	Current Year-To- Date 30.06.2023 RM'000	Preceding Year Corresponding Year-To-Date 30.06.2022 RM'000
Revenue	20,902	34,539	49,251	68,862
Cost of sales	(17,612)	(26,203)	(39,541)	(51,385)
Gross profit ("GP")	3,290	8,336	9,710	17,477
Other income	1,343	2,256	3,074	2,523
Administrative expenses	(2,532)	(3,609)	(7,025)	(8,307)
Selling and distribution expenses	(912)	(1,247)	(2,027)	(2,276)
Operating profit	1,189	5,736	3,732	9,417
Finance costs	(174)	(178)	(373)	(353)
Profit before taxation ("PBT")	1,015	5,558	3,359	9,064
Taxation	B5 (49)	(1,380)	(674)	(2,686)
Net profit/ Total comprehensive income for the period	966	4,178	2,685	6,378
Net profit/ Total comprehensive income for the period attributable to:				
Owners of the Company	966	4,178	2,685	6,378
Basic earnings per share ("EPS") (sen) ⁽²⁾	B11 0.23	0.98	0.63	1.49

Notes:

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic EPS is calculated based on the Company's share capital of 429,236,001 ordinary shares after the Company was listed on the ACE market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 20 January 2022 and allotment of special issues of new ordinary shares to Bumiputera investors identified and/or approved by Ministry of International Trade and Industry ("MITI") on 16 December 2022 (30 Jun 2022: 428,331,001 ordinary shares).

CORAZA INTEGRATED TECHNOLOGY BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

AS AT 30 JUNE 2023

	(Unaudited) As at 30.06.2023 RM'000	(Audited) As at 31.12.2022 RM'000
ASSETS		
Non-current asset		
Property, plant and equipment	41,200	38,799
Right of use asset	2,603	3,295
Total non-current asset	43,803	42,094
Current assets		
Inventories	28,161	30,943
Trade receivables	21,937	34,993
Other receivables, deposits and prepayments	3,096	3,991
Tax recoverable	2,371	1,424
Cash and cash equivalents	25,837	27,040
Total current assets	81,402	98,391
TOTAL ASSETS	125,205	140,485
EQUITY AND LIABILITIES		
Share capital	61,403	61,403
Merge reserve	(26,753)	(26,753)
Retained profits	57,001	54,316
TOTAL EQUITY	91,651	88,966
Non-current liabilities		
Deferred income	954	1,122
Deferred tax liabilities	4,424	3,931
Borrowings	4,852	5,393
Lease liability	1,337	1,963
Total non-current liabilities	11,567	12,409
Current liabilities		
Trade payables	6,471	16,627
Other payables and accruals	3,990	12,120
Refund liabilities	130	310
Borrowings	10,086	8,698
Lease liability	1,310	1,355
Total current liabilities	21,987	39,110
TOTAL LIABILITIES	33,554	51,519
TOTAL EQUITY AND LIABILITIES	125,205	140,485
Net assets per ordinary share attributable to owners of the Company (RM) ⁽²⁾	0.21	0.21

Notes:

- (1) The basis of preparation of the above Unaudited Condensed Consolidated Statements of Financial Position are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on the Company's share capital of 429,236,001 ordinary shares after the Company was listed on the ACE market of Bursa Securities on 20 January 2022 and allotment of special issues of new ordinary shares to Bumiputera investors identified and/or approved by Ministry of International Trade and Industry ("MITI") on 16 December 2022.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY ⁽¹⁾
FOR THE PERIOD ENDED 30 JUNE 2023

	-----Attributable to Owners of the Company-----			Total Equity RM'000
	Share Capital RM'000	Merger Reserves RM'000	Distributable Retained Profits RM'000	
<u>Period ended 30 June 2023</u>				
At 1 January 2023 (Audited)	61,403	(26,753)	54,316	88,966
Total Comprehensive Income	-	-	2,685	2,685
At 30 June 2023 (Unaudited)	61,403	(26,753)	57,001	91,651

	-----Attributable to Owners of the Company-----			Total Equity RM'000
	Share Capital RM'000	Merger Reserves RM'000	Distributable Retained Profits RM'000	
<u>Period ended 30 June 2022</u>				
At 1 January 2022 (Audited)	29,253	(26,753)	39,602	42,102
Issuance of shares	32,982	-	-	32,982
Share issuance expenses	(1,442)	-	-	(1,442)
Total Comprehensive Income	-	-	6,378	6,378
At 30 June 2022 (Unaudited)	60,793	(26,753)	45,980	80,020

Notes:

- ⁽¹⁾ The basis of preparation of the above Unaudited Condensed Consolidated Statements of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾ FOR THE PERIOD ENDED 30 JUNE 2023

	Current Year-To-Date 30.06.2023 RM'000	Preceding Year Corresponding Year-To-Date 30.06.2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	3,359	9,064
Adjustments for:		
Depreciation of property, plant and equipment	3,573	2,241
Depreciation of right of use asset	692	70
Deferred income released	(168)	(168)
Gain on disposal of property, plant and equipment	(39)	-
Property, plant and equipment written off	-	(34)
Listing expenses	-	1,745
Interest expense	373	353
Interest income	(221)	(190)
Unrealised gain on foreign exchange	(2,185)	(670)
Operating profit before working capital changes	5,384	12,411
Net changes in:		
Inventories	2,783	(3,340)
Receivables	16,039	(3,785)
Payables	(18,194)	56
Refund liabilities	(180)	(23)
Cash generated from operations	5,832	5,319
Income tax paid	(1,123)	(1,310)
Interest paid	(313)	(349)
Net cash generated from operating activities	4,396	3,660
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	221	190
Proceeds from disposal of property, plant and equipment	60	34
Purchase of property, plant and equipment	(5,995)	(7,179)
Net cash used in investing activities	(5,714)	(6,955)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	32,982
Payment of listing expenses	-	(3,187)
Decrease/(Increase) in prepayment of listing expenses	-	1,322
Payment of lease liability	(732)	(72)
Net drawdown/(repayment) of bankers' acceptance	(794)	(7,441)
Net (repayment)/drawdown of hire purchase	(843)	(1,183)
Net repayment of term loans	(541)	2,285
Changes in fixed deposits pledged to a licensed bank	(334)	(361)
Net cash (used in)/from financing activities	(3,244)	24,345
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(4,562)	21,050
CASH AND CASH EQUIVALENTS AT BEGINNING	23,080	(932)
CASH AND CASH EQUIVALENTS AT END	18,518	20,118
Represented by:		
Cash and cash equivalents	25,837	27,123
Bank overdraft	(3,027)	(3,453)
	22,810	23,670
Less: Fixed deposits pledged to a licensed bank	(4,292)	(3,552)
	18,518	20,118

Note:

⁽¹⁾ The above Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.

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A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of ACE Market Listing Requirements (“Listing Requirements”) of Bursa Securities.

The interim financial statements should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2022.

A2. Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in preparation of the Group’s audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report except for the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group.

	Effective for annual periods beginning on or after
Amendments to MFRS 16 – Lease Liability in a Sale and Leaseback	1-Jan-2024
Amendments to MFRS 101 Presentation of Financial Statements – Non-Current Liabilities with Covenants.	1-Jan-2024
Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures	1-Jan-2024
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture	Effective date yet to be confirmed

The initial application of the above standards is not expected to have any material impact to the financial statements of the Group upon adoption.

A3. Auditors’ report on Preceding Annual Financial Statements

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2022.

A4. Seasonal or cyclical factors

Our business is not affected by any seasonal trends. However, the Group’s operation is generally subject to the cyclical trends of the semiconductor and electronics industries, both of which rely on the global economic and industry outlook.

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

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows in the interim financial period ended 30 June 2023.

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

A6. Material changes in estimates

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

A7. Debt and equity securities

There were no issuance, repurchases or repayments of debt and equity securities in the financial period ended 30 June 2023.

A8. Dividend paid

The Company did not pay any dividend in the financial period ended 30 June 2023.

A9. Segmental Information

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

(a) Contribution by business units

	Current Year Quarter 30.06.2023 RM'000	Preceding Year Corresponding Quarter 30.06.2022 RM'000	Current Year-To-Date 30.06.2023 RM'000	Preceding Year Corresponding Year-To-Date 30.06.2022 RM'000
Revenue:-				
Fabrication of sheet metal	19,855	29,076	45,238	57,437
Precision Machining	1,047	5,463	4,013	11,425
	20,902	34,539	49,251	68,862

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

A9. Segmental Information (Cont'd)

(b) Contribution by geographical factors

	Current Year Quarter 30.06.2023 RM'000	Preceding Year Corresponding Quarter 30.06.2022 RM'000	Current Year-To-Date 30.06.2023 RM'000	Preceding Year Corresponding Year-To-Date 30.06.2022 RM'000
Revenue:-				
Malaysia	14,174	21,958	34,713	45,297
Singapore	5,226	9,264	10,192	16,866
United States of America	1,410	3,175	3,807	5,852
China	13	6	28	10
European countries	39	12	91	652
Other Asian countries	40	124	420	185
	20,902	34,539	49,251	68,862

A10. Material events during the reporting period

(i) Proposed Private Placement

On 29 March 2023, the Company announced that it proposed to undertake a private placement of up to not more than 20% of the total number of issued shares of the Company or 85,847,000 shares ("Placement Shares") ("Proposed Private Placement"). The Company shall make an application to Bursa Securities for the listing of and quotation for the Placement Shares on the ACE Market of Bursa Securities. The Placement Shares will rank equally in all aspects with the existing Company shares in issue. The actual amount of proceeds to be raised from the Proposed Private Placement will depend on the actual number of Placement Shares issued and the issue price of the Placement Shares.

(ii) Long Term Incentive Plan ("LTIP")

On 29 March 2023, the Company announced that it proposed to establish and implement a LTIP of up to 10.0% of the Company's total issued share capital (excluding treasury shares, if any) for eligible Directors and employees of the Company and its subsidiary ("Proposed LTIP"). The Proposed LTIP comprises of a share grant plan ("Proposed SGP") and an employees' share option scheme ("Proposed ESOS"). The Proposed LTIP is subject to shareholders' approval at an Extraordinary General Meeting to be convened. The Proposed LTIP is intended to allow the Company to attract, retain, motivate and reward the eligible Directors and employees who fulfil the criteria for eligibility for participation subject to the terms and conditions of the By-Laws.

A11. Material events subsequent to the end of the reporting period

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

Saved as disclosed above, there were no other material events subsequent to the end of the current financial period under review that have not been reflected in this interim financial report.

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

A12. Changes in composition of the Group

There were no other material changes in the composition of the Group for the current financial quarter under review.

A13. Contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets in the Group since the end of the last reporting period as at 30 June 2023.

A14. Related Party Transactions Disclosures

The following companies are related parties as they relate to companies in which the directors of the Group have substantial financial interest.

- Unigen Corporation (“UC”)
- Surface Technology Solutions Sdn. Bhd. (“STS”)
- Kalungan Prestij Sdn. Bhd. (“KPSB”)

Type of transactions	Related parties	Individual Quarter		Cumulative Period	
		Current Year Quarter 30.06.2023 RM'000	Preceding Year Corresponding Quarter 30.06.2022 RM'000	Current Year To Date 30.06.2023 RM'000	Preceding Year Corresponding Period 30.06.2022 RM'000
Sales of fabricated parts	UC	206	411	407	647
Provision of finishing services	STS	547	776	1,212	1,657
Rental expenses	KPSB	0	6	4	12

The transactions were entered in the normal course of business and have been established under normal commercial terms that are no less favourable than those arranged with independent third parties.

A15. Capital Commitments

	As at 30.06.2023 RM'000	As at 31.12.2022 RM'000
Contracted but not provided for:		
- Property, Plant and Equipment	4,254	8,603
Approved but not contracted for:		
- Property, Plant and Equipment	15,975	16,216
	<u>20,229</u>	<u>24,819</u>

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

B1. Review of performance

	Current Year Quarter 30.06.2023 RM'000	Preceding Year Corresponding Quarter 30.06.2022 RM'000	Changes %	Current Year-To-Date 30.06.2023 RM'000	Preceding Year Corresponding Year-To-Date 30.06.2022 RM'000	Changes %
Revenue	20,902	34,539	-39.48	49,251	68,862	-28.48
GP	3,290	8,336	-60.53	9,710	17,477	-44.44
PBT	1,015	5,558	-81.74	3,359	9,064	-62.94

Comparison with preceding year corresponding quarter

The Group reported a decrease in quarterly revenue, dropping from RM34.5 million to RM20.9 million, as compared to the corresponding preceding quarter. The decline was primarily attributed to the continuous deferral of orders from semiconductor customers amid an ongoing inventory glut.

GP declined to RM3.3 million from RM8.3 million in the previous year, in tandem with the decreasing revenue. The drop in GP was mainly caused by underutilization and absorption of fixed costs, including payroll, depreciation, and manufacturing overhead resulting from the capacity and capability expansion undertaken by the Group.

As a consequence, PBT also decreased from RM5.6 million to RM1.0 million, directly correlated with the softer revenue performance.

Comparison with preceding year corresponding year-to-date

During the first half of the cumulative quarter under review, the Group's revenue experienced a decline from RM68.9 million to RM49.3 million. This drop in performance was primarily attributed to the ongoing deferral of orders from semiconductor customers, a situation that has been exacerbated by the current inventory glut.

Consequently with the softer revenue performance, both GP and PBT marked a decrease to RM9.7 million and RM3.4 million respectively. These declines were resulted from underutilization and absorption of fixed costs, which emerged due to the Group's efforts in expanding both its capacity and capability.

B2. Comparison with immediate Preceding Quarter's Results

	Current Year Quarter 30.06.2023 RM'000	Current Year Preceding Quarter 31.03.2023 RM'000	Changes %
Revenue	20,902	28,349	-26.27
GP	3,290	6,420	-48.75
PBT	1,015	2,344	-56.70

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

B2. Comparison with immediate Preceding Quarter's Results (Cont'd)

The Group reported a reduction in revenue, declining from RM28.3 million in the immediate preceding quarter to RM20.9 million in the current quarter. Similarly, the Group's GP decreased from RM6.4 million to RM3.3 million, followed by PBT dropping from RM2.3 million to RM1.0 million. Notably, both the semiconductors and instrumentation industries remain crucial pillars of the Group's revenue. The Group's soft performance was attributed to the prevailing macroeconomic headwinds, particularly the cyclic downturn in the semiconductor market.

B3. Prospects of the Group

According to the July 2023 report by the Semiconductor Equipment and Materials International (SEMI), global sales of semiconductor manufacturing equipment by OEMs are anticipated to rebound to nearly USD 100 billion in 2024. This follows a projected contraction to USD 87.4 billion in 2023, a sharp contrast to the industry record of USD 107.4 billion in 2022. The recovery will be propelled by both the front-end and back-end segments. On 15 August 2023, SEMI reported in the Semiconductor Manufacturing Monitor that the global semiconductor industry appears to be approaching the end of a downcycle and is expected to commence its recovery in 2024.

Despite experiencing continuous underperformance for two consecutive quarters, the management remains confident and optimistic about the Group's outlook. This confidence is fortified by the following strategic mid-term growth plans strategized to capitalize on potential business opportunities, as outlined below:

1. The Group continues to enhance its capabilities by investing in cutting-edge infrastructure and facilities, including cleanroom, advanced surface finishing, and a series of high-complexity machinery, with the aim of expanding solution offerings for existing customers and attracting potential new clients.
2. The Group is expediting the New Product Introduction (NPI) process to ensure a seamless transition from prototype to mass production, with the expectation that it will contribute to the Group's revenue in the upcoming financial year through the execution of mass production orders.
3. The Group is actively implementing prudent cost management strategies and streamlining existing sheet metal, machining, and frame welding processes to enhance operational efficiency.
4. The Group is actively diversifying its client portfolio through the exploration of opportunities to expand beyond its current clientele, aiming to mitigate sectoral risk and navigate market volatility.
5. In the context of the next level of capacity expansion, the Group initiated to construct a new factory adjacent to the existing facility in Nibong Tebal. The management has refined the construction plan into a single phase, aiming to minimize construction costs. This refinement contributed to a delay in the commencement of the new factory's construction.

The ongoing expansion efforts in both capacity and capabilities indicate that the Group is well-prepared for the upcoming ramp-up as expected in 2024's recovery.

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

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

B4. Variance of actual profits from forecast profits

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

B5. Taxation

Taxation comprises the following:-

	Current Year Quarter 30.06.2023	Preceding Year Corresponding Quarter 30.06.2022	Current Year- To-Date 30.06.2023	Preceding Year Corresponding Year-To-Date 30.06.2022
Income tax expense				
-Current Period (RM'000)	49	1,380	674	2,686
Effective tax rate (%)	4.83	24.83	20.07	29.64
Statutory tax rate (%)	24.00	24.00	24.00	24.00

The Group's effective tax rate for the current year-to-date is slightly lower than the statutory tax rate mainly due to capital allowances and reinvestment allowances claimed by its subsidiaries.

B6. Status of corporate proposals

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

On 29 March 2023, M & A Securities Sdn. Bhd. ("**M&A Securities**") on behalf of the Board of Directors of Company had announced that the Company proposes to undertake the following:

- the proposed private placement of up to 85,847,000 new ordinary shares in the Company, representing not more than 20.0% of the issued share capital of Company to independent third-party investor(s) to be identified and at an issue price to be determined later ("**Proposed Private Placement**"); and
- the proposed establishment and implementation of a long term incentive plan ("**LTIP**") of up to 10.0% of the Company's total issued share capital (excluding treasury shares, if any) at any point in time over the duration of the LTIP for eligible directors of Company and employees of Company and its subsidiary (excluding those which are dormant), who fulfil the eligibility criteria as set out in the by-laws of the LTIP ("**Proposed LTIP**").

(collectively, referred to as the "**Proposals**")

On 28 April 2023, M&A Securities have submitted the additional listing application in relation to the Proposals to the Bursa Securities.

On 19 June 2023, M&A Securities on behalf of the Board of Directors of Company had announced that Bursa Securities had approved the following, subject to conditions:

- listing and quotation of up to 85,847,000 Placement Shares to be issued pursuant to the Proposed Private Placement; and
- listing and quotation of up to 10% of the Company's total number of issued shares (excluding treasury shares, if any), to be issued pursuant to the Proposed LTIP.

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

B6. Status of corporate proposals (cont'd)

On 3 July 2023, a Notice of Extraordinary General Meeting was published.

On 20 July 2023, an Extraordinary General Meeting was convened, and the Company obtained approval from the shareholders for all resolutions as set out in the Notice of the Extraordinary General Meeting dated 4 July 2023.

On 22 August 2023, M & A Securities on behalf of the Board of Directors of the Company had announced that the Company has fixed the issue price at RM0.63 per Placement Share to be issued pursuant to the Private Placement, representing a discount of approximately RM0.0498 or 7.3% from the 5-day weighted average market price of Coraza Shares from 15 August 2023 to 21 August 2023 of approximately RM0.6798 per Coraza Share.

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

B7. Utilisation of Proceeds from IPO

The gross proceeds of RM33.0 million from the IPO is intended to be utilised in the following manner:

	Details of use of proceeds	Proposed utilisation RM'000	Re-allocation RM'000	Actual utilisation RM'000	Balance to be utilised RM'000	Estimated timeframe for the use of proceeds upon listing ⁽¹⁾
(i)	Purchase of new machinery	15,500	-	(11,600)	3,900	Within 36 months
(ii)	Construction of factory ⁽²⁾	6,412	-	-	6,412	Within 36 months
(iii)	Implementation of ERP system	1,200	-	(1,200)	-	Within 12 months
(iv)	Extension of existing building	1,500	-	(1,500)	-	Within 12 months
(v)	Repayment of bank borrowings	4,600	-	(4,600)	-	Within 12 months
(vi)	Estimated listing expenses	3,770	(583)	(3,187)	-	Within 1 month
(vii)	Working capital	-	583	(583)	-	Within 9 months
		32,982	-	(22,670)	10,312	

Notes:

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

⁽²⁾ The construction of our new factory is delayed as the Group has decided to commence construction of all 3 phases together. The Traffic Impact Assessment ("TIA") report has been submitted and approved by the council. The tender process has been conducted, and the consultant is currently comparing the prices and specifications of all tenderers before the project is awarded. Construction is expected to commence in the third quarter of FY2023 and is anticipated to be completed by the third quarter of FY2024.

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

B8. Group borrowings and debts securities

As at 30 June 2023	Long term RM'000	Short term RM'000	Total borrowings RM'000
Secured			
Bankers' acceptance	-	5,307	5,307
Hire purchase	2,046	852	2,898
Term loans	2,806	900	3,706
Overdraft	-	3,027	3,027
Total	4,852	10,086	14,938

B9. Material Litigation

There was no material litigation against the Group as at 30 June 2023.

B10. Dividends

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

B11. Earnings Per Share

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

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30.06.2023	Preceding Year Corresponding Quarter 30.06.2022	Current Year- To-Date 30.06.2023	Preceding Year Corresponding Year-to-Date 30.06.2022
Profit attributable to Owners of the Company (RM'000)	966	4,178	2,685	6,378
Weighted average number of ordinary shares ('000)	429,236	428,331	429,236	428,331
EPS (sen)	0.23	0.98	0.63	1.49

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CORAZA INTEGRATED TECHNOLOGY BERHAD

Registration No.: 202001039065 (1395386-M)

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

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

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30.06.2023 RM'000	Preceding Year Corresponding Quarter 30.06.2022 RM'000	Current Year- To-Date 30.06.2023 RM'000	Preceding Year Corresponding Year-to-Date 30.06.2022 RM'000
After charging/ (crediting):-				
Depreciation of property, plant and equipment	1,662	1,261	3,573	2,241
Depreciation on Right-of-use asset	346	70	692	70
Interest expense	174	178	373	353
Listing Expenses	29	-	29	1,745
(Gain)/Loss on foreign exchange				
- Realised	(461)	(936)	797	(952)
- Unrealised	(664)	(848)	(2,185)	(670)
Short-term leases and lease of low value assets	192	104	342	167
Deferred income released	(84)	(84)	(168)	(168)
Gain on disposal of property, plant and equipment	(39)	-	(39)	-
Interest Income	(95)	(125)	(221)	(190)

**BY ORDER OF THE BOARD
CORAZA INTEGRATED TECHNOLOGY BERHAD
24 AUGUST 2023**