

Cnergenz Berhad

(Registration No. 202101026123 (1426423-D))

(Incorporated in Malaysia under the Companies Act, 2016)

CNERGENZ

The Board of Directors of CNERGENZ BERHAD (“Cnergenz” or the “Company”) (“Board”) is pleased to announce the following unaudited consolidated results for the fourth quarter and financial year ended (“FYE”) 31 December 2022.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND FYE 31 DECEMBER 2022

| | 3 months ended | | Cumulative 12 months ended | |
|-------------------------------------------------------------------------|-------------------------------------|----------------------------------------------------|-------------------------------------|-----------------------------------|
| | 31.12.2022 RM'000 (Unaudited) | ⁽¹⁾ 31.12.2021 RM'000 (Unaudited) | 31.12.2022 RM'000 (Unaudited) | 31.12.2021 RM'000 (Audited) |
| Revenue | 40,634 | N/A | 216,890 | 152,952 |
| Cost of sales and services | (36,800) | N/A | (179,808) | (127,997) |
| Gross profit | 3,834 | N/A | 37,082 | 24,955 |
| Other income | 131 | N/A | 394 | 670 |
| Selling and distribution expenses | (699) | N/A | (2,044) | (1,089) |
| General and administrative expenses | (2,121) | N/A | (7,637) | (6,216) |
| Other gain/(losses)– net | 678 | N/A | 28 | (449) |
| Operating profit | 1,823 | N/A | 27,823 | 17,871 |
| Finance income | 933 | N/A | 1,561 | 413 |
| Finance costs | (16) | N/A | (64) | (33) |
| Profit before tax | 2,740 | N/A | 29,320 | 18,251 |
| Tax expense | (1,046) | N/A | (7,603) | (5,194) |
| Net profit for the financial period/year | 1,694 | N/A | 21,717 | 13,057 |
| Other comprehensive income net of tax | | | | |
| Currency translation differences | (4,969) | N/A | 2,149 | 1,929 |
| Total comprehensive (loss)/ income for the financial period/year | (3,275) | N/A | 23,866 | 14,986 |
| Basic earnings per ordinary share⁽²⁾ (sen) | 0.37 | N/A | 4.73 | 2.85 |

Notes:-

(1) This is the fourth interim financial report announced in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”). There are no comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative financial period

(2) Basic earnings per ordinary share is calculated based on the weighted average share capital of the Company as at 31 December 2022, comprising 458,821,918 ordinary shares.

N/A Not applicable

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of the Company dated 29 April 2022 (“Accountants’ Report”) and the accompanying explanatory notes attached to the interim financial statements.

Cnergenz Berhad

(Registration No. 202101026123 (1426423-D))

(Incorporated in Malaysia under the Companies Act, 2016)

CNERGENZ**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT
31 DECEMBER 2022**

| | As at 31.12.2022 RM'000 (Unaudited) | As at 31.12.2021 RM'000 (Audited) |
|----------------------------------------------------------------------------------------------------------|--------------------------------------------------------|------------------------------------------------------|
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 20,595 | 15,604 |
| Right-of-use assets | 67 | 101 |
| Intangible assets | 45 | - |
| Deferred tax assets | - | 523 |
| | 20,707 | 16,228 |
| CURRENT ASSETS | | |
| Inventories | 20,374 | 19,245 |
| Receivables, deposits and prepayments | 54,953 | 33,667 |
| Investment in quoted security | 457 | 589 |
| Deposits, cash and bank balances | 105,571 | 59,026 |
| | 181,355 | 112,527 |
| TOTAL ASSETS | 202,062 | 128,755 |
| CURRENT LIABILITIES | | |
| Payables and accrued liabilities | 47,430 | 36,101 |
| Contract liabilities | 4,471 | 9,037 |
| Dividends payable | - | 10,000 |
| Lease liabilities | 35 | 45 |
| Hire purchase liabilities | 426 | 439 |
| Current tax provision | 94 | 861 |
| | 52,456 | 56,483 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE GROUP | | |
| Share capital | 122,475 | 66,020 |
| Capital reorganisation reserves | (65,820) | (65,820) |
| Currency translation reserves | 3,916 | 1,767 |
| Retained profits | 87,868 | 69,139 |
| TOTAL EQUITY | 148,439 | 71,106 |
| NON-CURRENT LIABILITIES | | |
| Lease liabilities | 15 | 50 |
| Hire purchase liabilities | 843 | 1,116 |
| Deferred tax liabilities | 309 | - |
| | 1,167 | 1,166 |
| TOTAL EQUITY AND LIABILITIES | 202,062 | 128,755 |
| Net assets per ordinary share attributable to ordinary equity holders of the Company ⁽¹⁾ (RM) | 0.32 | 0.16 |

*Note:-**(1) Net assets per ordinary share attributable to ordinary equity holders of the Company is calculated based on the weighted average share capital of the Company as at 31 December 2022, comprising 458,821,918 ordinary shares.*

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 29 April 2022 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FYE 31 DECEMBER 2022**

← Attributable to owners of the Company →

| | Share capital RM'000 | Invested equity RM'000 | Capital reorganisation reserve RM'000 | Currency translation reserve RM'000 | Retained profits RM'000 | Total RM'000 |
|----------------------------------------------------------------|----------------------------|------------------------------|------------------------------------------------|----------------------------------------------|-------------------------------|-----------------|
| Balance as at 1 January 2021 | - | 66,020 | (65,920) | (162) | 66,082 | 66,020 |
| <u>Total comprehensive income</u> | | | | | | |
| Net profit for the financial year | - | - | - | - | 13,057 | 13,057 |
| Other comprehensive income for the financial year, net of tax | - | - | - | 1,929 | - | 1,929 |
| <u>Transactions with owners, recognised directly in equity</u> | | | | | | |
| Reclassification upon completion of Internal Reorganisation | 66,020 | (66,020) | - | - | - | - |
| Issuance of ordinary shares by the subsidiary | - | - | 100 | - | - | 100 |
| Dividends | - | - | - | - | (10,000) | (10,000) |
| Balance as at 31 December 2021 | 66,020 | - | (65,820) | 1,767 | 69,139 | 71,106 |
| Balance as at 1 January 2022 | 66,020 | - | (65,820) | 1,767 | 69,139 | 71,106 |
| <u>Total comprehensive income</u> | | | | | | |
| Net profit for the financial year | - | - | - | - | 21,717 | 21,717 |
| Other comprehensive income for the financial year, net of tax | - | - | - | 2,149 | - | 2,149 |
| <u>Transactions with owners, recognised directly in equity</u> | | | | | | |
| Issuance of ordinary shares | 58,000 | - | - | - | - | 58,000 |
| Share issuance expenses | (1,545) | - | - | - | - | (1,545) |
| Dividends | - | - | - | - | (2,988) | (2,988) |
| Balance as at 31 December 2022 | 122,475 | - | (65,820) | 3,916 | 87,868 | 148,439 |

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 29 April 2022 and the accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FYE 31 DECEMBER 2022**

| | 12 months ended 31.12.2022 RM'000 (Unaudited) | 12 months ended 31.12.2021 RM'000 (Audited) |
|-------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|----------------------------------------------------------------|
| OPERATING CASH FLOWS | | |
| Net profit for the financial year | 21,717 | 13,057 |
| Adjustments for: | | |
| Property, plant and equipment (“PPE”): | | |
| - depreciation | 2,063 | 530 |
| Gain on disposal of PPE | (229) | (92) |
| Written off of PPE | 1 | - |
| Depreciation of right-of-use assets | 39 | 20 |
| Amortisation of Intangible assets | 2 | - |
| Interest income | (1,561) | (413) |
| Finance costs | 64 | 33 |
| Allowance for slow moving inventories | 195 | 442 |
| Increase/(Reversal) of in loss allowance for impairment of financial assets | 94 | (385) |
| Fair value losses on derivative financial instruments- forward foreign currency exchange contracts | - | 84 |
| Net unrealised foreign currency exchange loss | (6) | 1,370 |
| Net realised foreign currency exchange loss | 165 | - |
| Investment in quoted security: | | |
| - gain on disposal | - | (36) |
| - fair value loss/(gain) | 131 | (252) |
| Tax expense | 7,602 | 5,194 |
| Operating profit before changes in working capital | 30,277 | 19,552 |
| Changes in working capital: | | |
| - Inventories | (285) | (2,302) |
| - Receivables | (21,126) | 7,726 |
| - Payables | 14,368 | 3,313 |
| - Related party balances | - | 1,400 |
| Cash generated from operations | 23,234 | 29,689 |
| Tax paid | (6,500) | (5,613) |
| Net operating cash flow | 16,734 | 24,076 |
| INVESTING CASH FLOWS | | |
| Purchases of PPE | (16,662) | (1,293) |
| Proceed from disposal of PPE | 297 | 92 |
| Purchase of intangible assets | (38) | - |
| (Placement)/Withdrawal of fixed deposits pledged to the licensed bank | (1,000) | 235 |
| Withdrawal/(Placement) of fixed deposits with a licensed bank which have maturity period of more than 3 months | 2,245 | (40) |
| Purchase of quoted security | - | (408) |
| Proceed from disposal of quoted security | - | 68 |
| Interest received | 1,561 | 413 |
| Net investing cash flow | (13,597) | (933) |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FYE 31 DECEMBER 2022**

| | 12 months ended 31.12.2022 RM'000 (Unaudited) | 12 months ended 31.12.2021 RM'000 (Audited) |
|-----------------------------------------------------------------------------|------------------------------------------------------------------|----------------------------------------------------------------|
| FINANCING CASH FLOWS | | |
| Dividend paid | (12,988) | (7,000) |
| Proceeds from issuance of ordinary shares by the subsidiary | - | 100 |
| Repayment of principal portion of lease liabilities | (48) | (25) |
| Repayment of interest on lease liabilities | (2) | (2) |
| Drawdown of hire purchase | 300 | - |
| Repayment of principal portion of hire purchase liabilities | (315) | (325) |
| Repayment of interest on hire purchase liabilities | (62) | (31) |
| Increase of share capital | 58,000 | - |
| Net cash financing cash flow | 44,885 | (7,283) |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | 48,022 | 15,860 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR | 56,516 | 43,097 |
| EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | (238) | (2,441) |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR | 104,300 | 56,516 |
| Cash and cash equivalents comprise: | | |
| Fixed deposits | 93,709 | 33,823 |
| Cash and bank balances | 11,862 | 25,203 |
| | 105,571 | 56,026 |
| Less: Fixed deposits pledged with licensed banks | (1,271) | (265) |
| Less: Fixed deposits with maturity period more than 3 months (unencumbered) | - | (2,245) |
| | 104,300 | 56,516 |

Notes:-

N/A *Not applicable*

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 29 April 2022 and the accompanying explanatory notes attached to the interim financial statements.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOURTH QUARTER ENDED AND YEAR ENDED 31 DECEMBER 2022**

A COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (MFRS) 134: INTERIM FINANCIAL REPORTING AND THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) (“LISTING REQUIREMENTS”)**A1 Basis of preparation**

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with all the new Malaysian Financial Reporting Standards (“MFRS”) and Amendments to MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) and Rule 9.22 and Appendix 9B of the Listing Requirements.

The unaudited condensed consolidated interim financial statements should be read in conjunction with the Accountants’ Report and the accompanying explanatory notes attached to the interim financial statements. The explanatory notes attached to these unaudited condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of Cnergenz Berhad and its subsidiary (“Group”) since the financial year ended FYE 31 December 2021.

A2 Significant Accounting Policies

The accounting policies adopted by the Group in these condensed consolidated interim financial statements are consistent with those adopted in the Accountants Report, save for the adoption of the following amendments to MFRS, which became effective and relevant to the Group for financial period beginning 1 January 2022:

Effective for annual periods commencing on or after 1 January 2022

Amendments to MFRS 3 Business Combinations - *Reference to the Conceptual Framework*

Amendments to MFRS 116 Property, Plant and Equipment - *Proceeds before Intended Use*

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

- *Onerous Contracts - Cost of Fulfilling a Contract*

Annual Improvements to MFRS Standards 2018-2020:

- Amendment to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

- Amendment to MFRS 9 Financial Instruments

- Amendment to Illustrative Examples accompanying MFRS 16 Leases

The adoption of the above amendments to MFRSs did not have any material impact on the amounts reported in the financial statements of the Group and of the Company upon its initial application.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOURTH QUARTER ENDED AND YEAR ENDED 31 DECEMBER 2022**

New Standards and amendments to MFRSs in issue but not yet effective

At the date of authorisation for issue of these financial statements, the new and amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group and by the Company are as listed below:

Effective for annual periods commencing on or after 1 January 2023

MFRS 17 Insurance Contracts and Amendments to MFRS 17

Amendments to MFRS 17 Insurance Contracts - Initial Application of MFRS 17 and MFRS 9
- *Comparative Information*

Amendments to MFRS 101 Presentation of Financial Statements - *Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies*

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
- *Definition of Accounting Estimates*

Amendments to MFRS 112 Income Taxes - *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Issued but not yet effective

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*

The adoption of these amendments to MFRSs are not expected to have any material financial impact on the financial statements of the Group in the period of initial application.

A3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the preceding audited financial statements of the Group for the FYE 31 December 2021 was not subject to any qualification.

A4 Seasonality

The Group's business operations were not significantly affected by any seasonal or cyclical factors.

A5 Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence

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

A6 Changes in Debt and Equity Securities

There was no issuance, cancellations, repurchases, resale or repayments of debt and equity securities during the current financial quarter.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOURTH QUARTER ENDED AND YEAR ENDED 31 DECEMBER 2022****A7 Dividends**

The first interim tax exempt (single tier) dividend of 0.6 sen per ordinary share for the financial year ended 31 December 2022 amounting to RM2.99 million was declared on 17 November 2022 and paid on 22 December 2022.

The Board had resolved to declare a second interim tax exempt (single tier) dividend of 0.8 sen per ordinary share for the financial year ended 31 December 2022. The entitlement date and payment date will be announced at a later date.

A8 Operating segments

The Group only has one operating segment qualified as reporting segment under MFRS 8.

A9 Revenue by products / services

The breakdown of the Group's revenue by products/services is set out as follows:

| | 3 months ended | | Cumulative 12 months ended (Audited) | |
|--------------------------------------------------------------|----------------------|----------------------|-----------------------------------------|----------------------|
| | 31.12.2022 RM'000 | 31.12.2021 RM'000 | 31.12.2022 RM'000 | 31.12.2021 RM'000 |
| Provision of integrated solutions for SMT manufacturing line | 5,268 | N/A | 83,516 | 59,739 |
| Sales of standalone SMT machines and equipment | 33,648 | N/A | 123,005 | 90,990 |
| Provision of other services | 1,718 | N/A | 10,369 | 2,223 |
| Total | 40,634 | N/A | 216,890 | 152,952 |

The major contributor to the revenue stream of the Group for the fourth quarter was from the sales of standalone SMT machines and equipment, which constituted 82.81% of the Group's total revenue for fourth quarter of FYE 31 December 2022, recording sales totalling RM33.65 million. In addition, the Group's total revenue increased by 41.80% to RM216.89 million in the FYE 31 December 2022 (FYE 31 December 2021: RM152.95 million), primarily attributed to increased sales from the Group's provision of integrated solutions for SMT manufacturing line and sales of standalone SMT machines and equipment.

A10 Valuation of Plant and Equipment

There were no valuations of plant and equipment during the current financial quarter under review.

Cnergiz Berhad

(Registration No. 202101026123 (1426423-D))

(Incorporated in Malaysia under the Companies Act, 2016)

C N E R G I Z**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOURTH QUARTER ENDED AND YEAR ENDED 31 DECEMBER 2022**

A11 Material capital commitments

Save as disclosed below, as at 31 December 2022, the Group does not have any other material capital commitment:

| | RM'000 |
|----------------------------------------------------------------------------------|---------------|
| Capital expenditure in respect of the purchase of property, plant, and equipment | |
| - Approved and contracted for | 1,615 |
| Total | 1,615 |

A12 Material subsequent event

There were no material subsequent events since the end of this current financial quarter until the date of this announcement.

A13 Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial quarter.

A14 Contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets as at the date of the current financial quarter.

A15 Material related party transactions ("RPT")

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

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOURTH QUARTER ENDED AND YEAR ENDED 31 DECEMBER 2022****B COMPLIANCE WITH APPENDIX 9B OF THE LISTING REQUIREMENTS****B1 Review of Performance**

| | Individual Period (4 th Quarter) | | | | Cumulative Period (12 Months) | | | |
|----------------------|------------------------------------------------|----------------------------------------------------------------------------------|----------|-----|----------------------------------------------------|---------------------------------------------------------------------------------|----------|-------|
| | Current Year Quarter 31 December 2022 | Preceding Year Corresponding Quarter 31 December 2021 ⁽¹⁾ | Variance | | Current Year-to- date 31 December 2022 | Preceding Year Corresponding Period 31 December 2021 ⁽¹⁾ | Variance | |
| | RM'000 | RM'000 | RM'000 | % | RM'000 | RM'000 | RM'000 | % |
| Revenue | 40,634 | N/A | N/A | N/A | 216,890 | 152,952 | 63,938 | 41.80 |
| Gross Profit | 3,834 | N/A | N/A | N/A | 37,082 | 24,955 | 12,127 | 48.60 |
| Profit Before Tax | 2,740 | N/A | N/A | N/A | 29,320 | 18,251 | 11,069 | 60.65 |

Notes:-

(1) The financial information for the cumulative 12 months ended 31 December 2021 is based on the Company's audited financial statements for the FYE 31 December 2021.

N/A Not applicable

The Group recorded revenue of RM216.89 million for the current FYE 31 December 2022, which represents an increase of 41.80% compared to RM152.95 million recorded in the preceding FYE 31 December 2021. Such increase was primarily attributed to the following:-

- (i) increased sales of standalone SMT machines and equipment, attributed to higher purchase orders from our customers in Thailand; and
- (ii) increased purchase orders for provision of integrated solutions for SMT manufacturing line, attributed to higher purchase orders from our customers in Malaysia and Thailand.

In line with the factors above, the Group registered a profit before tax of RM29.32 million in the FYE 31 December 2022, which represents an increase of 60.65% compared to RM18.25 million recorded in the preceding FYE 31 December 2021.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOURTH QUARTER ENDED AND YEAR ENDED 31 DECEMBER 2022****B2 Comment on material change in profit before taxation for current quarter compared with the immediately preceding quarter**

| | Current Quarter 31 December 2022 | Immediate Preceding Quarter 30 September 2022 | Variance | |
|---------------------|-------------------------------------|-----------------------------------------------------|----------|---------|
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 40,634 | 62,772 | (22,138) | (35.27) |
| Gross Profit | 3,834 | 10,792 | (6,958) | (64.47) |
| Gross Profit Margin | 9.44% | 17.19% | | |
| Profit Before Tax | 2,740 | 9,363 | (6,623) | (70.74) |

The Group recorded a decrease in revenue to RM40.63 million compared to RM62.77 million to immediate preceding quarter. This was mainly due to the decrease in sales of provision of integrated solutions for SMT manufacturing line during current quarter under review following lesser orders received for our integrated solutions.

The Group recorded gross profit of RM3.83 million for the current FPE 31 December 2022, translating to a gross profit margin of 9.44%.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOURTH QUARTER ENDED AND YEAR ENDED 31 DECEMBER 2022**

B3 Prospects

As disclosed in the Prospectus dated 29 April 2022, the SMT manufacturing solutions industry in Southeast Asia is expected to recover and register a compound annual growth rate (“**CAGR**”) of 8.0% between years 2022 to 2024, driven by, amongst others, the following factors:-

- (a) emergence of a new wave of final electronic products to allow for technologies such as smart factories, autonomous cars and smart home devices as a result of technological revolution;
- (b) rapid technological advancements in the electronics and semiconductor industries (“**E&S Industry(ies)**”) as there are constant introductions of new products due to advancements and innovations; and
- (c) shift towards smart factories to fully automate operations will create demand for electronics manufacturing solutions that enable smart factories.

Further, the industry size for SMT manufacturing solutions in Malaysia, Vietnam and Thailand, where Cnergenz presently operates, are forecasted to grow at CAGRs of 7.2%, 8.0% and 8.0%, respectively, between years 2022 to 2024. Global and regional E&S industries are embracing smart factory solutions as these corporations aim to achieve higher production yield, minimising human dependency, optimising resource allocation and enhancing cost competitiveness. Such requirements and aspirations pose opportunities for electronics manufacturing solution providers to expand their operations in providing smart factory solutions. Cnergenz Group expects this growth trend to continue and we will benefit from the positive outlook of the electronics manufacturing industry in Southeast Asia, particularly Malaysia, Vietnam and Thailand.

As of 31 December 2022, the Group has secured purchase orders totalling RM68.53 million for our integrated solutions and sale of individual machinery, equipment and tools, which are expected to be fulfilled by year 2023.

B4 Variance between Actual Profit and Forecast Profit

The Group has not provided any profit forecast in any public documents or announcements.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOURTH QUARTER ENDED AND YEAR ENDED 31 DECEMBER 2022****B5 Taxation**

| | 3 months ended | | Cumulative 12 months ended | |
|------------------------|----------------|------------|----------------------------|--------------|
| | 31.12.2022 | 31.12.2021 | 31.12.2022 | 31.12.2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax | 169 | N/A | 6,726 | 5,194 |
| Deferred tax | 877 | N/A | 877 | - |
| Total | 1,046 | N/A | 7,603 | 5,194 |
| Effective tax rate (%) | 38.18 | N/A | 25.93 | 28.46 |
| Statutory tax rate (%) | 24.00 | N/A | 24.00 | 24.00 |

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit before tax for the current financial quarter and current financial period-to-date.

The effective tax rates of the Group for the current financial quarter and current financial period-to-date are higher than the Malaysia statutory tax rate mainly due to certain non-deductible expenses and the provision of deferred tax.

B6 Unquoted investments and properties

There were no purchases or sales of unquoted investment or properties for the current financial quarter.

B7 Quoted securities

There were no acquisitions or disposals of quoted securities for the current financial quarter and the financial period to date.

B8 Status of Corporate Proposals

Save as disclosed below, there are no other corporate proposals announced but pending completion as at the date of this report:-

On 17 August 2022, the Board announced that its wholly owned subsidiary, SiP Technology (M) Sdn Bhd (“**SIP**”) had entered into a conditional sale and purchase agreement (“**SPA**”) with the Penang Development Corporation (“**PDC**”) for the proposed acquisition of all that piece of land situated in Daerah Seberang Perai Tengah and forming part of Mukim 13, the site whereof is marked as Plot 31 Penang Science Park North (“**Land**”) for a total purchase price of RM3,022,410.50. The duly executed and stamped SPA dated 13 July 2022 was received by the Board on 17 August 2022. SIP has paid the first 20% of the purchase price of RM604,482.10 to PDC on 8 July 2022 and 30% of the purchase price of RM906,723.15 to PDC on 3 November 2022.

On 20 January 2023, SIP has paid the remaining balance purchase price of RM1,511,205.25 to the PDC, following which, the PDC delivered the vacant possession of the Land to SIP on 30 January 2023.

Further details on the Land acquisition are set out in the announcement dated 17 August 2022.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOURTH QUARTER ENDED AND YEAR ENDED 31 DECEMBER 2022****B9 Off Balance Sheet Financial Instruments**

The Group does not have any financial instruments with off balance sheet risk as at the end of current financial quarter to the date of the interim financial report.

B10 Material Litigation

As at the date of this report, there is no litigation against the Group which has a material effect on the financial position of the Group and the Board is not aware of any material litigation or any proceedings pending or threatened or of any fact likely to give rise to any proceedings.

B11 Earnings Per Share (“EPS”)

| | 3 months ended | | Cumulative 12 months ended | |
|------------------------------------------------------------|----------------|---------------------------|----------------------------|------------------------|
| | 31.12.2022 | ⁽¹⁾ 31.12.2021 | 31.12.2022 | 31.12.2021 |
| Profit attributable to owners of the Company (RM'000) | 1,694 | N/A | 21,717 | 13,057 |
| Weighted average number of ordinary shares in issue ('000) | 458,822 | N/A | 458,822 | ⁽²⁾ 458,822 |
| Basic EPS ⁽²⁾ (sen) | 0.37 | N/A | 4.73 | 2.85 |

Notes:-

(1) This is the fourth interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative financial period.

(2) For comparative purposes, basic earnings per ordinary share is calculated based on the weighted average share capital of the Company as at 31 December 2022, comprising 458,821,918 ordinary shares.

N/A Not applicable

There are no dilutive instruments as at the end of the current financial quarter.

**NOTES TO THE INTERIM FINANCIAL STATEMENTS
 FOURTH QUARTER ENDED AND YEAR ENDED 31 DECEMBER 2022**
B12 Notes to the Statement of Comprehensive Income

| | 3 months ended | | Cumulative 12 months ended | |
|----------------------------------------------------------------------------------------|----------------|---------------------------|----------------------------|-------------------|
| | 31.12.2022 | ⁽¹⁾ 31.12.2021 | 31.12.2022 | 31.12.2021 |
| | RM'000 | RM'000 | RM'000 | Audited RM'000 |
| The following items have been charged / (credited) in arriving profit from operations: | | | | |
| Employee benefit costs | 3,007 | N/A | 8,778 | 5,865 |
| Director's fee | 70 | N/A | 274 | 88 |
| Depreciation of property, plant and equipment | 624 | N/A | 2,063 | 530 |
| Depreciation of right-of-use assets | 11 | N/A | 39 | 20 |
| Rental income | (130) | N/A | (390) | (667) |
| Professional fees | 28 | N/A | 1,053 | 1,239 |
| Short-term lease payment on office premises | 17 | N/A | 72 | 56 |

Notes:-

(1) This is the fourth interim financial report announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative financial period.

N/A Not applicable

B13 Utilisation of Proceeds Raised from the IPO

The status of utilisation of the gross proceeds arising from the IPO amounting to RM58.0 million are set out as follows:

| Details of use | Proposed Utilisation | | Estimated Timeframe for Utilisation | Actual Utilisation at 31 December 2022 RM'000 | Balance as at 31 December 2022 RM'000 | Deviation | |
|-----------------------------------------|----------------------|---------------|-------------------------------------|--------------------------------------------------|------------------------------------------|-----------|-----|
| | RM'000 | (%) | | | | RM '000 | (%) |
| 1. Expansion of the Group's facility | 37,800 | 65.17 | Within 24 months | 1,511 | 36,289 | - | - |
| 2. Research and development expenditure | 6,000 | 10.35 | Within 24 months | 1,117 | 4,883 | - | - |
| 3. Working capital | 10,000 | 17.24 | Within 12 months | 1,469 | 8,531 | - | - |
| 4. Estimated listing expenses | 4,200 | 7.24 | Within 3 months | 4,200 | - | - | - |
| | 58,000 | 100.00 | | 8,297 | 49,703 | | |

Cnergenz Berhad

(Registration No. 202101026123 (1426423-D))

(Incorporated in Malaysia under the Companies Act, 2016)

C N E R G E N Z**NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOURTH QUARTER ENDED AND YEAR ENDED 31 DECEMBER 2022**

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 29 April 2022.

B14 Dividend

The first interim tax exempt (single tier) dividend of 0.6 sen per ordinary share for the financial year ended 31 December 2022 amounting to RM2.99 million was declared on 17 November 2022 and paid on 22 December 2022.

The Board had resolved to declare a second interim tax exempt (single tier) dividend of 0.8 sen per ordinary share for the financial year ended 31 December 2022. The entitlement date and payment date will be announced at a later date.

B15 Authorisation

The interim financial report was authorised for announcement by the Board in accordance with a resolution of the Board.