



Mi TECHNOVATION BERHAD

(Company No. 201701021661(1235827-D))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31-Dec-2021	31-Dec-2020	31-Dec-2021	31-Dec-2020
	RM '000	RM '000	RM '000	RM '000
Revenue	90,041	67,569	375,479	229,004
Operating expenses	(69,968)	(47,462)	(298,232)	(167,899)
Depreciation and amortisation	(5,381)	(2,466)	(17,002)	(7,481)
Non-operating (expense)/income	(1,336)	(2,696)	4,221	2,473
Finance costs	(24)	(260)	(837)	(381)
Profit before tax	<u>13,332</u>	<u>14,685</u>	<u>63,629</u>	<u>55,716</u>
Tax expense	(637)	(1,475)	(3,525)	(2,003)
Profit for the financial period/year	<u>12,695</u>	<u>13,210</u>	<u>60,104</u>	<u>53,713</u>
Other comprehensive income/(loss), net of tax:				
Items that may be subsequently reclassified to profit or loss				
Foreign currency translations	578	(858)	5,580	(681)
Remeasurements of defined benefit obligations	(122)	-	(122)	-
Total comprehensive income	<u>13,151</u>	<u>12,352</u>	<u>65,562</u>	<u>53,032</u>
Profit attributable to:				
Owners of the parent	13,235	13,205	61,814	54,008
Non-controlling interests	(540)	5	(1,710)	(295)
	<u>12,695</u>	<u>13,210</u>	<u>60,104</u>	<u>53,713</u>
Total comprehensive income attributable to:				
Owners of the parent	13,730	12,345	67,283	53,320
Non-controlling interests	(579)	7	(1,721)	(288)
	<u>13,151</u>	<u>12,352</u>	<u>65,562</u>	<u>53,032</u>
Earnings per share attributable to owners of the parent:				
Basic and diluted (sen) ⁽²⁾	<u>1.43</u>	<u>1.77</u>	<u>7.49</u>	<u>7.24</u>

Notes:

- (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 2020 and the accompanying explanatory notes attached to the interim financial report.
- (2) Based on weighted average number of ordinary shares outstanding during the financial year under review after deducting for treasury shares.

Unaudited Condensed Consolidated Statement of Financial Position ⁽¹⁾

	Unaudited As at 31-Dec-2021 RM'000	Audited As at 31-Dec-2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	259,533	119,081
Right-of-use assets	27,798	27,035
Investment in associate	28,614	-
Intangible assets ⁽²⁾	208,762	8,504
Lease receivable	3,909	2,124
Defined benefit asset	1,748	-
Deferred tax assets	4,949	341
Total non-current assets	<u>535,313</u>	<u>157,085</u>
Current assets		
Inventories	110,413	70,265
Trade and other receivables	151,859	103,805
Lease receivable	1,547	546
Current tax assets	121	8
Derivative	-	6
Short term funds ⁽³⁾	284,651	52,871
Cash and bank balances	125,025	56,026
Total current assets	<u>673,616</u>	<u>283,527</u>
TOTAL ASSETS	<u>1,208,929</u>	<u>440,612</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	855,459	252,615
Treasury shares	(5,247)	(5,247)
Reserves	179,861	140,959
	<u>1,030,073</u>	<u>388,327</u>
Non-controlling interests	<u>(1,745)</u>	<u>(51)</u>
TOTAL EQUITY	<u>1,028,328</u>	<u>388,276</u>

Unaudited Condensed Consolidated Statement of Financial Position ⁽¹⁾ (Cont'd)

	Unaudited As at 31-Dec-2021 RM'000	Audited As at 31-Dec-2020 RM'000
LIABILITIES		
Non-current liabilities		
Borrowings	62,491	2,616
Provisions	5,795	626
Defined benefit liability	166	-
Lease liabilities	1,171	1,877
Deferred tax liabilities	18,050	1,811
Total non-current liabilities	<u>87,673</u>	<u>6,930</u>
Current liabilities		
Trade and other payables	26,228	39,610
Contract liabilities	-	8
Borrowings	46,142	2,481
Provisions	10,814	1,553
Lease liabilities	1,344	1,660
Current tax liabilities	8,400	94
Total current liabilities	<u>92,928</u>	<u>45,406</u>
TOTAL LIABILITIES	<u>180,601</u>	<u>52,336</u>
TOTAL EQUITY AND LIABILITIES	<u>1,208,929</u>	<u>440,612</u>
Net asset per share (RM)	<u>1.15</u>	<u>0.52</u>

Notes:

- (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 2020 and the accompanying explanatory notes attached to the interim financial report.
- (2) Included in the intangible assets are goodwill and customer relationships amounting to RM119 million and RM83 million respectively, arising from business combination in respect of the equity interest in Accurus Scientific Co. Ltd. acquired by the Company as at the completion date of 19 April 2021.
- (3) Short term funds comprise the following:

	31-Dec-2021 RM'000	31-Dec-2020 RM'000
Short term funds		
Money market funds	269,103	27,346
Bond Funds	15,548	25,525
	<u>284,651</u>	<u>52,871</u>

Unaudited Condensed Consolidated Statement of Changes in Equity ⁽¹⁾

	← Non-distributable →			Distributable			Non-controlling interests	Total equity	
	Share capital	Treasury shares	Legal reserve	Share options reserve	Exchange translation reserve	Reorganisation debit reserve			Retained earnings
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2021	252,615	(5,247)	148	-	(485)	(63,558)	204,854	(51)	388,276
Profit for the financial year	-	-	-	-	-	-	61,814	(1,710)	60,104
Other comprehensive income, net of tax	-	-	-	-	5,591	-	(122)	(11)	5,458
Issuance of shares	602,844	-	-	-	-	-	-	-	602,844
Employee share grant scheme	-	-	-	360	-	-	-	-	360
Acquisition of a subsidiary	-	-	-	-	(982)	-	(879)	27	(1,834)
Transfer to legal reserve	-	-	2,178	-	-	-	(2,178)	-	-
Dividends paid	-	-	-	-	-	-	(26,880)	-	(26,880)
Balance as at 31 December 2021	<u>855,459</u>	<u>(5,247)</u>	<u>2,326</u>	<u>360</u>	<u>4,124</u>	<u>(63,558)</u>	<u>236,609</u>	<u>(1,745)</u>	<u>1,028,328</u>
Balance as at 1 January 2020	252,615	(5,247)	42	-	203	(63,558)	195,712	-	379,767
Profit for the financial year	-	-	-	-	-	-	54,008	(295)	53,713
Other comprehensive income, net of tax	-	-	-	-	(688)	-	-	7	(681)
Dividends paid	-	-	-	-	-	-	(44,760)	-	(44,760)
Incorporation of a subsidiary	-	-	-	-	-	-	-	237	237
Transfer to legal reserve	-	-	106	-	-	-	(106)	-	-
Balance as at 31 December 2020	<u>252,615</u>	<u>(5,247)</u>	<u>148</u>	<u>-</u>	<u>(485)</u>	<u>(63,558)</u>	<u>204,854</u>	<u>(51)</u>	<u>388,276</u>

Note:

(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 2020 and the accompanying explanatory notes attached to the interim financial report.

Unaudited Condensed Consolidated Statement of Cash Flows ⁽¹⁾

	12 months ended 31-Dec-2021 RM '000	12 months ended 31-Dec-2020 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	63,629	55,716
Adjustments for:		
Amortisation of intangible assets	4,139	216
Depreciation of property, plant and equipment	10,913	5,998
Depreciation of right-of-use assets	1,950	1,267
Interest expense	825	376
Gain on fair value changes on derivative	-	(6)
Loss/(Gain) on fair value changes on bond funds	699	(680)
Loss on disposal of property, plant and equipment	24	224
Lease concession	-	(6)
Impairment loss on trade receivables	953	321
Interest income	(2,922)	(3,552)
Inventories written down	386	359
Inventories written off	1,185	698
Property, plant and equipment written off	26	74
Provision for warranty replacement costs	3,437	2,060
Reversal of impairment loss on trade receivables	(321)	(142)
Reversal of inventories written down	-	(668)
Reversal of provision for warranty replacement costs	(729)	(513)
Reversal of provision of technical support services	-	(461)
Share grant expenses	360	-
Unrealised (gain)/loss on foreign exchange	(2,471)	583
Operating profit before changes in working capital	82,083	61,864
Increase in inventories	(9,968)	(21,993)
Increase in trade and other receivables	(4,917)	(5,231)
(Increase)/Decrease in lease receivables	(3,002)	243
Decrease in trade and other payables	(15,485)	(3,005)
Increase in contract liabilities	-	8
Warranty paid	(1,162)	(1,071)
Technical support related expenses paid	-	(144)
Cash generated from operations	47,549	30,671
Tax paid	(850)	(561)
Net cash from operating activities	46,699	30,110

Unaudited Condensed Consolidated Statement of Cash Flows ⁽¹⁾ (Cont'd)

	12 months ended 31-Dec-2021 RM '000	12 months ended 31-Dec-2020 RM '000
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiary, net cash acquired ⁽²⁾	30,109	-
Acquisition of interests in associate	(28,614)	-
Interest received	2,922	3,509
Net proceeds of shares from non-controlling interest	-	237
Proceeds from disposal of property, plant and equipment	673	2,340
Proceeds from redemption of bond funds	9,895	31,907
Purchase of intangible asset	(832)	(5,819)
Purchase of property, plant and equipment	(45,947)	(39,618)
Purchase of bond funds	(617)	(45,216)
Net cash used in investing activities	<u>(32,411)</u>	<u>(52,660)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(26,880)	(44,760)
Interest paid	(696)	(333)
Net proceeds from ordinary shares issued pursuant to private placement exercise	290,994	-
Drawdown of borrowings	34,532	3,926
Repayment of borrowings	(2,674)	(2,709)
Payment of lease liabilities	(3,872)	(1,051)
Placement of deposits pledged to a licensed bank	(2)	(6)
Upliftment of deposits pledged to a licensed bank	2,156	-
Net cash from/(used in) financing activities	<u>293,558</u>	<u>(44,933)</u>
Net increase/(decrease) in cash and cash equivalents	307,846	(67,483)
Effect on foreign exchange rates changes	4,970	(536)
Cash and cash equivalents at beginning of financial year	81,312	149,331
Cash and cash equivalents at end of financial year	<u><u>394,128</u></u>	<u><u>81,312</u></u>
Cash and cash equivalents at end of financial year comprises:		
Cash and bank balances	125,025	53,966
Money market funds	269,103	27,346
Deposits with a licensed bank	-	2,060
	<u>394,128</u>	<u>83,372</u>
Less:		
Deposits pledged to a licensed bank	-	(2,060)
	<u><u>394,128</u></u>	<u><u>81,312</u></u>

Notes:

(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 2020 and the accompanying explanatory notes attached to the interim financial report.

Unaudited Condensed Consolidated Statement of Cash Flows ⁽¹⁾ (Cont'd)

Notes:

(2) Acquisition of subsidiary

- a) The Company had completed the acquisition of 99% equity interest in Accurus Scientific Co. Ltd. ("Accurus Scientific") with purchase consideration fully settled via issuance of new ordinary shares on 19 April 2021. The fair values of assets acquired and liabilities assumed were as follows:

	RM'000
Total Assets	
Property, plant and equipment	106,609
Intangible assets	84,735
Deferred tax assets	(14,700)
Net defined benefit assets	1,583
Inventories	31,750
Trade and other receivables	41,317
Cash and cash equivalents	32,954
	284,248
Total Liabilities	
Borrowings	(72,435)
Provisions	(1,234)
Trade and other payables	(12,852)
Current tax liabilities	(2,576)
	(89,097)
Non-controlling interests	(44)
Net Assets Acquired	195,107
Company's equity interest in Accurus Scientific	99%
Net assets attributable to the acquisition	193,151
Goodwill arising from business combination	118,699
Fair value of purchase consideration *	311,850
Less: Portion discharged by issuance of share capital	(311,850)
Purchase consideration discharged by cash	-

* Purchase consideration was calculated based on 74,250,000 new ordinary shares issued multiplied by the share price of RM4.20 as at completion date, i.e. 19 April 2021.

- b) The balance 1% equity interest in Accurus Scientific was acquired on 31 May 2021 with purchase consideration fully settled via cash, amounted to RM2.85 million. Hence, the net effects on cash flows arising from the acquisition were as follows:

	RM'000
Cash and cash equivalents acquired on 19 April 2021	32,954
Purchase consideration paid via cash on 31 May 2021	(2,845)
Net cash inflow arising from acquisition	30,109

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial report of the Group is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) (“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 2020 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

The accounting policies adopted by the Group in the interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2020, except for the adoption of the following new MFRS, Amendments to MFRSs and Annual Improvements to MFRS Standards.

a) New MFRSs adopted during the financial year

The Group adopted the following Amendments to the Standards that are mandatory for annual periods beginning on or after 1 January 2021.

Title	Effective Date
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 <i>Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
<i>Covid-19 Related Rent Concessions beyond 30 June 2021</i> (Amendment to MFRS 16 <i>Leases</i>)	1 April 2021

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (Cont'd)

A2. Significant Accounting Policies (Cont'd)

b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group.

Title	Effective Date
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>)	1 January 2023
<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> (Amendments to MFRS 112)	1 January 2023
<i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>)	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards and Amendments to the Standards, since the effects would only be observable for the future financial years.

A3. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2020.

A4. Seasonal or Cyclical Factors

The business operation of the Group, in general, is subject to the cyclical trend of the global semiconductor and electronics industry.

A5. Material Unusual Items

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

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

A6. Material Changes in Estimates

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

A7. Debt and Equity Securities

Save as disclosed in Notes A11 and B6, there were no other issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter and financial year under review.

A8. Dividends Paid

A first single-tier dividend of 3.0 sen per ordinary shares amounting to RM26.88 million in respect of the financial year ended 31 December 2021 was paid on 30 November 2021.

A9. Segment Information

The Group has two reportable segments, aptly named Business Unit (“BU”) which comprised its major operating segments. These business units are involved in different activities and industry segments and separately managed by General Managers who report to the BU President.

The reportable segments of the Group are as follows:

(a) Semiconductor Equipment Business Unit (“SEBU”)

Involved in the manufacturing and sales of the semiconductor manufacturing equipment, paired with smart factory automation solutions for Industrial 4.0, as well as the provision of maintenance services and technical support for these machines, and the sale of related spare parts and components.

No.	Entity	Product Portfolio
1	Mi Equipment Penang, Malaysia	Mi Series Die sorting machine for advanced packaging, such as WLP, WLCSP, FOWLP, CSP for flip chip.
2	Mi Equipment Hsinchu, Taiwan	Vi Series Vision inspection machine for wafer and package inspection both in 2D and 3D mode.
3	Mi Equipment Pyeongtaek, Korea	Ai Series Precision bonding machine (LAB/LCB) for extra fine pitch with thin die and substrate.
4	Mi Equipment Suzhou, China	Si Series Final test handler for high power, fine pitch device and KGD.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

A9. Segment Information (cont'd)

(b) Semiconductor Material Business Unit (“SMBU”)

Involved in the manufacturing and sale of solder spheres (also known as solder balls), a key assembly and packaging material in semiconductor industry.

No.	Entity	Product Portfolio
1	Accurus Scientific Tainan, Taiwan	Solder spheres (ball)
2	Accurus Scientific Ningbo, China	Solder spheres (ball)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Inter-segment transactions have been accounted for on a basis that is consistent with the Group’s accounting policies. No other operating segments have been aggregated to form the above reportable segments. Investment holding and other activities are not considered as reporting segment and the related financial information has been included under “Others”.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

A9. Segment Information (cont'd)

Results for the financial year ended 31 December 2021 ⁽¹⁾

	SEBU ⁽²⁾ RM '000	SMBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Revenue from external customers	249,976	125,397	106	-	375,479
Inter-segment revenue	93	192	48,594	(48,879)	-
Total revenue	250,069	125,589	48,700	(48,879)	375,479
Interest income	492	41	2,389	-	2,922
Interest expense	(657)	(388)	(25)	245	(825)
Net interest income/(expense)	(165)	(347)	2,364	245	2,097
Segment profit/(loss) before tax	49,614	24,071	26,909	(36,965)	63,629
Tax expense					(3,525)
Other material non-cash items:					
- Depreciation of property, plant and equipment	(8,004)	(2,412)	(581)	84	(10,913)
- Depreciation of right-of-use assets	(1,828)	(38)	(312)	228	(1,950)
- Amortisation of intangible assets	(1,040)	(78)	(199)	(2,822)	(4,139)
- Provision for warranty replacement costs	(3,375)	-	(62)	-	(3,437)
- Reversal of provision for warranty replacement costs	607	-	122	-	729

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

A9. Segment Information (cont'd)

Results for the financial year ended 31 December 2021⁽¹⁾ (cont'd)

	SEBU ⁽²⁾ RM '000	SMBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Assets					
Segment assets	364,006	415,310	76,310	(63,191)	792,435
Deferred tax assets					4,949
Defined benefit asset					1,748
Current tax assets					121
Short term funds					284,651
Cash and bank balances					125,025
					<u>1,208,929</u>
Liabilities					
Segment liabilities	108,750	104,916	2,597	(62,278)	153,985
Deferred tax liabilities					18,050
Defined benefit liability					166
Current tax liabilities					8,400
					<u>180,601</u>

Notes:

- (1) The segment information should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2020, under Note 30 *Operating Segments*.
- (2) There were changes in the reportable segments where Automation and Robotics segment has been integrated and form part of SEBU effective Q2'2021, to spur the development activities and gain better cost efficiency on investment, under the Smart Factory Automation Division. As both have similar economic characteristics and exhibit similar long-term financial performance, hence, evaluated internally as a single business unit.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

A9. Segment Information (cont'd)

Results for the financial year ended 31 December 2020 ⁽¹⁾

	SEBU ⁽²⁾ RM '000	SMBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Revenue from external customers	226,733	-	2,271	-	229,004
Inter-segment revenue	11,567	-	26,126	(37,693)	-
Total revenue	238,300	-	28,397	(37,693)	229,004
Interest income	662	-	2,890	-	3,552
Interest expense	(410)	-	-	34	(376)
Net interest income/(expense)	252	-	2,890	34	3,176
Segment profit before tax	59,200	-	18,084	(21,568)	55,716
Tax expense					(2,003)
Other material non-cash items:					
- Depreciation of property, plant and equipment	(5,118)	-	(889)	9	(5,998)
- Depreciation of right-of-use assets	(1,101)	-	(454)	288	(1,267)
- Amortisation of intangible assets	(32)	-	(184)	-	(216)
- Provision for warranty replacement costs	(1,991)	-	(69)	-	(2,060)
- Reversal of provision for warranty replacement costs	501	-	12	-	513
- Reversal of provision of technical support services	461	-	-	-	461

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

A9. Segment Information (cont'd)

Results for the financial year ended 31 December 2020 ⁽¹⁾ (cont'd)

	SEBU ⁽²⁾ RM '000	SMBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Assets					
Segment assets	318,854	-	48,596	(36,090)	331,360
Deferred tax assets					341
Current tax assets					8
Derivative					6
Short term funds					52,871
Cash and bank balances					56,026
					<u>440,612</u>
Liabilities					
Segment liabilities	77,662	-	7,642	(34,873)	50,431
Deferred tax liabilities					1,811
Current tax liabilities					94
					<u>52,336</u>

Notes:

- (1) The segment information should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2020, under Note 30 *Operating Segments*.
- (2) There were changes in the reportable segments where Automation and Robotics segment has been integrated and form part of SEBU effective Q2'2021, to spur the development activities and gain better cost efficiency on investment, under the Smart Factory Automation Division. As both have similar economic characteristics and exhibit similar long-term financial performance, hence, evaluated internally as a single business unit.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

A10. Material Events Subsequent to the end of the Quarter

Save as disclosed in Note A11, there were no other material events subsequent to the current quarter and financial year under review that have not been reflected in the interim financial report.

A11. Changes in the Composition of the Group

Investment in a subsidiary

The Company had completed the acquisition of 99% equity interest in Accurus Scientific Co Ltd. ("Accurus Scientific") via allotment and issuance of 74,250,000 new ordinary shares in the Company at an issue price of RM3.65 each and the shares had been listed and quoted on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 21 April 2021.

Subsequently, on 31 May 2021, the Company had also completed the acquisition of the balance 1% equity interest in Accurus Scientific via cash. Upon completion, Accurus Scientific is now a wholly owned subsidiary of the Company.

Investment in an associated company

The Company had on 5 August 2021, via its wholly owned subsidiary, Suzhou Mi Equipment Co Ltd, entered into a capital increase agreement with Talentek Microelectronics (Hefei) Limited ("Talentek"), Lansus Technologies Inc and Wuhan Silicon Integrated Co Ltd, to subscribe for the increase in capital of Talentek amounting to RMB45 million (equivalent to approximately RM29.36 million or 22.64% equity interest in Talentek) via cash consideration.

On 8 October 2021, the proposed subscription has been completed and Talentek is now an associated company of the Company.

Voluntary liquidation of dormant subsidiaries

The Company's wholly owned subsidiaries which are dormant, namely Mi Components Sdn Bhd and Mi Sales & Services (M) Sdn Bhd, have been placed under members' voluntary winding-up procedures, with the latter had its final voluntary winding-up meeting on 15 February 2022. Further, Mi Sales & Services (S) Pte Ltd has been struck off from the register on 10 August 2021.

The abovementioned voluntary winding-up and striking off procedures on the dormant subsidiaries will not have any material impact on the earnings and net assets of the Group for the financial year ended 31 December 2021.

Save for the above, there were no other changes in the composition of the Group that have not been reflected in the interim financial report.

PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (cont'd)

A12. Contingent Liabilities and Contingent Assets

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

A13. Material Capital Commitment

Save as disclosed below, as of 31 December 2021, the Group does not have any material capital commitment:

	RM'000
Material capital expenditure in respect of purchase of property, plant and equipment:	
- Approved but not contracted for	9,153
- Contracted but not provided for	1,334
	<u>10,487</u>

A14. Significant Related Party Transactions

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

A15. 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 quarter and financial year under review.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS

B1. Review of Performance

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	3 months ended		Changes		12 months ended		Changes	
	31-Dec-2021	31-Dec-2020			31-Dec-2021	31-Dec-2020		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	90,041	67,569	22,472	33.3%	375,479	229,004	146,475	64.0%
Operating expenses	(69,968)	(47,462)			(298,232)	(167,899)		
Depreciation and amortisation	(5,381)	(2,466)			(17,002)	(7,481)		
Operating profit	14,692	17,641	(2,949)	-16.7%	60,245	53,624	6,621	12.3%
Non-operating (expense)/income	(1,336)	(2,696)			4,221	2,473		
Finance costs	(24)	(260)			(837)	(381)		
Profit before tax	13,332	14,685	(1,353)	-9.2%	63,629	55,716	7,913	14.2%
PBT Margin	14.8%	21.7%			16.9%	24.3%		

Individual Quarter:

Comparison with corresponding quarter in previous financial year (Q4 2021 vs Q4 2020)

The Group posted a 33.3% increase in revenue during the current quarter compared to a year ago, an increase from RM67.6 million to RM90.0 million as a result of Corporate effort to enlarge our market share with bigger customer base and product diversification. The ultimate goal is to make the Group as a total solutions provider in semiconductor industry.

To achieve the Group's targeted top line within a shorter timeframe, aggressive investments and expansions are needed. Hence, additional expenses incurred resulting in lower profit before tax ("PBT") of RM13.3 million in the current quarter, a decrease of 9.2% year-on-year, which is within the Group's expectation.

Additional expenses arising from the investments and expansions are mainly focused on the following areas :

- (i) Human resource expenses incurred in new plant for SEBU's entities in Taiwan, Korea and China.
- (ii) New factory related capex spending and human resource expenses for SMBU's Ningbo factory.

Increase in the material and logistics costs for both business units also contributed to a lower PBT margin.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

B1. Review of Performance (cont'd)

Comparison with corresponding quarter in previous financial year (Q4 2021 vs Q4 2020)
(cont'd)

The revenue contribution by business unit is as follows:

(a) Semiconductor Equipment Business Unit (“SEBU”)

SEBU contributed RM40.9 million to Group’s top line during the current quarter, representing 45.5% of total revenue.

The revenue has decreased from RM67.6 mil to RM40.9 mil, representing 39.5% decline year-on-year basis, which was due to lower sales in Q4 2021 where fourth quarter is a soft quarter for capex spending traditionally, especially in the advanced packaging segment in which the Group operates. Furthermore, Q4 2020 was an exceptionally good quarter where the purchase cycle was disrupted by the pandemic with pent-up demand happened in the said quarter. Lastly, change in customer order trend where most of the clients’ machine demand had been accomplished in the earlier two quarters. This is mainly due to customers’ earlier capex spending cycle for capacity buildup ahead of the anticipated ramp in second half of 2021.

(b) Semiconductor Material Business Unit (“SMBU”)

SMBU contributed RM49.2 million to Group’s top line during the current quarter representing approximately 54.5% of total revenue.

The consistent strong contribution from SMBU to Group revenue mainly driven by continuous strong demand from customers, especially in Taiwan and China, in line with the growth in 5G, IoT, HPC and automotive industries. There were also consumer electronics products released gradually in second half of 2021 which increased the demand for chips (e.g. AP, RF, PIMIC, Memory, etc.), hence, boosted the demand for IC packaging materials as well where SMBU is one of the key suppliers.

Cumulative Quarter: Comparison with preceding financial year (FY 2021 vs FY 2020)

The Group achieved a record of RM375.5 million in revenue for the current financial year ended 31 December 2021, an increase of RM146.5 million from RM229.0 million, representing a growth rate of 64.0% year-on-year. This beat our internal revenue target set at RM350 million for year 2021. Grasping every opportunity to gain bigger market share with large customer base and diversified product portfolios in a short timeframe is crucial for a young company like Mi Technovation for long-term survival and sustainability.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

B1. Review of Performance (cont'd)

Cumulative Quarter: Comparison with preceding financial year (FY 2021 vs FY 2020) (cont'd)

SMBU's contribution to the Group's top line amounted to RM125.4 million upon completion of acquisition, approximately 33.4% of the Group's revenue for the current financial year. SEBU contributed RM250.1 million, an increase of 10.2% compared to a year ago, in line with the industry growth rate for mobile devices. Further, the unprecedented disruptive events due to prolonged Covid-19 pandemic, such as on-going restrictions, health concerns, and border controls have continued to impact us in promoting our new series of product. We believe with the easing of Covid-19 controls measures, we should be able to see bigger contributions from our overseas entities in 2022.

In line with revenue growth, the Group posted PBT of RM63.6 million, a 14.2% increase year-on-year (amounting to RM7.9 million). PBT margin for the current financial year stood at 16.9%, after taking into account of the unrealized foreign exchange gain and one-off operating expenses in Q1 2021.

B2. Comparison with Immediate Preceding Quarter (Q4 2021 vs Q3 2021)

	INDIVIDUAL QUARTER		Changes	
	3 months ended			
	31-Dec-2021 RM'000	30-Sep-2021 RM'000	RM'000	%
Revenue	90,041	113,967	(23,926)	-21.0%
Operating expenses	(69,968)	(90,172)		
Depreciation and amortisation	(5,381)	(4,901)		
Operating profit	14,692	18,894	(4,202)	-22.2%
Non-operating (expense)/income	(1,336)	2,039		
Finance costs	(24)	(366)		
Profit before tax	13,332	20,567	(7,235)	-35.2%
PBT Margin	14.8%	18.0%		

The Group recorded a revenue of RM90.0 million in Q4 2021 as compared to RM114.0 million for prior quarter, a decrease of 21.0%. This reflects the cyclical nature of semiconductor industry.

SEBU's revenue dropped by 36.2% from RM64.2 million to RM40.9 million, a decrease of RM23.3 million. This was in line with the capex spending cycle in semiconductor industry in the normal mode. There was no early capex spending in Q4 2021 as what happened in year 2019 and 2020 which was induced by pandemic.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

B2. Comparison with Immediate Preceding Quarter (Q4 2021 vs Q3 2021) (cont'd)

SMBU contributed RM49.2 million to Group's revenue in the current quarter, which is consistent with previous quarter due to a more balanced-out quarterly demand from customers.

As for profit before tax ("PBT"), the PBT margin slid in the current quarter due to change in product mix from different BU contribution where SMBU's contribution was higher at 54.5% to Group's revenue as compared to 43.6% in previous quarter.

B3. Prospects for the Financial Year Ending 31 December 2022

Entering 2022, we anticipate market outlook remains relatively upbeat due to opportunities arising from the structural increase in long-term semiconductor demand underpinned by the industry mega trend of 5G, AI, IoT, EV, HPC and smart city related applications. We also observed the higher silicon content in many end devices, including automotive, PCs, servers, networking, and smartphones. With these emerging trends, the Board remains cautiously optimistic about the Group's prospect for the financial year ending 31 December 2022.

Anchored by our strong foundation and clear business roadmaps, we continue to benefit from our wide customer base and strong establishment in Taiwan, China, Korea, Southeast Asia and North America which help to offset various market challenges. The Group will continue to push for higher revenue by aggressive investments and expansions in 2022. A bigger market share with wide customer base and product diversification is the key to long-term sustainability. However, we may see a lower profit margin in the short term before the return from investments materialize.

Leveraging on our global technology and operations strengths, we are accelerating our product portfolio diversification and transformation towards eco-system solutions partner through both semiconductor equipment and material business units. We remain cognizant of ongoing product developments aiming to drive technology R&D leadership in new technology enabling solutions. Further, we expect to see strong momentum in Tier 1 semiconductor players engaging in advanced packaging and 5G EMI segment, where our product portfolios with ability of cross-selling to key strategic customers by both semiconductor equipment and material business units are well positioned to gain from this expansion.

We are also actively engaging in merger and acquisition activities in line with our 10-years roadmap in anticipation of the growth that will follow in future years. We believe this unyielding approach would enable us to consistently outgrow our end markets and we work proactively to grasp business opportunities ahead of us.

As we scale today's technology and innovate for tomorrow, the Board believes to build a strong and scalable base globally with multiple cutting-edge technology products is the number-one job for Mi Technovation instead of mere focusing on earnings margin. We are committed to making a difference, relentlessly and over the long-term.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

B4. Profit Forecast

The Group did not provide any revenue or profit forecast in any public document.

B5. Taxation

The Group's taxation together with the comparison between the effective and statutory tax rates for the current quarter and financial year under review are set out below:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		12 months ended	
	31-Dec-2021	31-Dec-2020	31-Dec-2021	31-Dec-2020
	RM '000	RM '000	RM '000	RM '000
Tax Expense (RM'000)	1,450	(83)	4,659	430
Deferred Tax (RM'000)	(813)	1,521	(1,166)	1,521
Withholding Tax (RM'000)	-	37	32	52
Total (RM'000)	637	1,475	3,525	2,003
Effective Tax Rate (%)	4.78	10.04	5.54	3.60
Statutory tax rate (%)	24.00	24.00	24.00	24.00

The effective tax rates of the Group for the financial year under review were higher compared to a year ago mainly due to the following:

- (a) Temporary differences arising from qualifying building expenditures on factory buildings in Malaysia and operation sites in overseas.
- (b) Tax expenses incurred by SMBU, mainly Accurus Scientific Co Ltd which is subject to Taiwan corporate tax rate at 20%.

However, the effective tax rate of the Group is still below the 24% statutory tax rate due to tax incentive enjoyed by its subsidiary, Mi Equipment (M) Sdn Bhd ("Mi Equipment Malaysia").

Mi Equipment Malaysia is entitled to pioneer status incentives under the Promotion of Investments Act, 1986 (Amendment) for the design, development and manufacturing of vision inspection and taping equipment as well as the related components. The profit derived from these products is exempted from tax for a total relief period of 5 years from 18 January 2014 to 17 January 2019 subject to a further renewal of another 5 years. On 31 January 2020, approval has been obtained from Malaysian Investment Development Authority ('MIDA') for next 5-year pioneer period, i.e. from 18 January 2019 to 17 January 2024.

Mi Equipment Malaysia has also been granted approval-in-principle by MIDA on 21 September 2018 for the design, development and manufacturing of die bonding systems and related modules. The profit derived from these activities is exempted from tax for a total relief period of 10 years from the manufacturing date. Application for pioneer certificate is to be submitted within 24 months of the approval date. On 21 July 2020, an appeal to extend the timeframe for submitting pioneer certification application has been lodged to MIDA. The approval has been granted on 30 November 2020 for extension of time until 20 September 2022. The application has yet to be submitted as at the date of this report.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

B6. Status of Corporate Proposals

On 5 July 2021, the Company announced to undertake a private placement of up to 10% of the total number of issued shares (excluding treasury shares) to third party investors (“Proposed Private Placement”) in accordance with the general mandate approved by the shareholders at its 4th Annual General Meeting held on 4 June 2021, pursuant to Section 75 of the Companies Act 2016.

The listing application in relation to the Proposed Private Placement has been submitted to Bursa Malaysia Securities Berhad (“Bursa Securities”) on 8 July 2021 and approval was obtained on 14 July 2021.

The book building exercise in relation to the Proposed Private Placement has been completed on 12 August 2021. The Board has fixed the issue price at RM3.90 per Placement Share, which represents a discount of approximately 9.23% to the 5-day VWAP of Mi Technovation Shares up to and including 12 August 2021 of RM4.2966 per Mi Technovation Share.

On 24 August 2021, the Private Placement was completed following the listing of and quotation for 75,750,000 Placement Shares, representing approximately 9.23% of the total number of issued shares of the Company (excluding treasury shares), on the Main Market of Bursa Securities and the gross proceeds raised amounting to RM295.4 million.

Save for the above, there were no other corporate proposals announced and not completed as at the date of this interim financial report.

B7. Utilization of Proceeds from the Private Placement

The gross proceeds from the Private Placement of approximately RM295.4 million was intended to be utilized in the following manner:

No.	Details of utilisation	Estimated utilisation timeframe upon completion [#]	Amount RM'000	Actual utilisation RM'000	Percentage utilised %
1)	Expansion of the Group's businesses	Within 30 months	215,728	29,948	13.9%
2)	Repayment of bank borrowings	Within 6 months	15,000	-	0.0%
3)	Working capital	Within 18 months	60,000	1,269	2.1%
4)	Expenses in relation to the Proposed Private Placement	Within 1 month	4,697	4,697	100.0%
	Total		295,425	35,914	12.2%

Notes:

Starting from listing date of 24 August 2021

The utilization of gross proceeds as disclosed above should be read in conjunction with the announcement of the Company dated 5 July 2021.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

B8. Group Borrowings and Debt Securities

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

	Unaudited As at 31-Dec-2021 RM '000	Audited As at 31-Dec-2020 RM '000
<u>Borrowings (Secured)</u>		
Short term portion	46,142	2,481
Long term portion	62,491	2,616
Total	108,633	5,097

The Group's borrowings comprise the following:

- (a) Term loan denominated in US Dollar ("USD"), which was drawn down by Mi Equipment (M) Sdn Bhd to partly replenish the Group's internally generated funds used to finance the purchase of the Bayan Lepas factory land;
- (b) Term loan denominated in New Taiwan Dollar ("NTD"), which was drawn down by Mi Equipment (Taiwan) Co. Ltd. to partly finance the purchase of factory in Taiwan.
- (c) Revolving credit and term loan denominated in NTD, which were drawn down by Accurus Scientific Co. Ltd. to finance the operating expenses and capex spending.
- (d) Term loan denominated in Renminbi ("RMB"), which was drawn down by Accurus (Ningbo) Scientific Co. Ltd. to partly finance the construction of factory building in Ningbo, China.

B9. Material Litigation

As at the date of this interim financial report, the Group is not engaged in any material litigation or arbitration proceedings, either as plaintiff or defendant, and the Directors are not aware of any proceedings pending or threatened against the Group, which may materially and adversely affect the financial position or business performance of the Group.

B10. Dividend Declared

Dividend declaration in respect of the financial year ended 31 December 2021 as follows:

- (a) A first single-tier interim dividend of 3.0 sen per ordinary share declared on 29 October 2021, with the book closure and payment dates on 16 November 2021 and 30 November 2021 respectively.
- (b) A second single-tier interim dividend of 2.0 sen per ordinary share declared on 21 February 2022, with the book closure and payment dates on 8 March 2022 and 22 March 2022 respectively.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (cont'd)

B11. Earnings Per Share (“EPS”)

The basic and diluted EPS for the current quarter and financial year is computed as below:

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 12 months ended	
	31-Dec-2021	31-Dec-2020	31-Dec-2021	31-Dec-2020
Profit after tax attributable to the owners of the Company (RM'000)	13,235	13,205	61,814	54,008
Weighted average number of ordinary shares in issue ('000)	896,000	746,000	825,056	746,000
Basic EPS (sen) ⁽¹⁾	1.43	1.77	7.49	7.24
Diluted EPS (sen) ⁽²⁾	1.43	1.77	7.49	7.24

Notes:

- (1) Basic EPS is calculated by dividing the profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period/year under review, after deducting for treasury shares.
- (2) Diluted EPS equals basic EPS as there are no potentially dilutive instruments in existence as at the end of the financial period/year under review.

B12. Profit Before Tax

Profit before tax is arrived at after charging/(crediting):

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 12 months ended	
	31-Dec-2021 RM '000	31-Dec-2020 RM '000	31-Dec-2021 RM '000	31-Dec-2020 RM '000
Interest income	(1,487)	(233)	(2,922)	(3,552)
Interest expense	322	265	825	376
Amortisation of intangible asset	1,763	89	4,139	216
Depreciation of property, plant and equipment	3,083	1,726	10,913	5,998
Depreciation of right-of-use asset	535	652	1,950	1,267
Realised (gain)/loss on foreign exchange	(185)	1,261	(597)	840
Unrealised loss/(gain) on foreign exchange	1,948	1,466	(2,471)	583

Save as disclosed above, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Listing Requirements are not applicable.

BY ORDER OF THE BOARD
21 February 2022