



## **Mi TECHNOVATION BERHAD**

(Company No. 201701021661(1235827-D))  
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT  
FOR THE THIRD QUARTER ENDED  
30 September 2023

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income<sup>(1)</sup>**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30-Sep-2023	30-Sep-2022	30-Sep-2023	30-Sep-2022
	RM '000	RM '000	RM '000	RM '000
<b>Revenue</b>	98,448	89,659	259,346	272,327
Operating expenses	(78,629)	(73,062)	(215,288)	(223,846)
Depreciation and amortisation	(6,301)	(6,149)	(19,006)	(17,089)
Non-operating income	7,742	12,178	27,658	26,857
Finance costs	(390)	(484)	(1,391)	(1,445)
<b>Profit before tax</b>	<u>20,870</u>	<u>22,142</u>	<u>51,319</u>	<u>56,804</u>
Tax expense	(7,279)	(3,240)	(10,624)	(7,732)
<b>Net Profit for the financial period</b>	<u>13,591</u>	<u>18,902</u>	<u>40,695</u>	<u>49,072</u>
<b>Other comprehensive income/(loss), net of tax:</b>				
<b>Items that may be subsequently reclassified to profit or loss</b>				
Foreign currency translations	(3,379)	(611)	3,358	(1,339)
<b>Total comprehensive income</b>	<u>10,212</u>	<u>18,291</u>	<u>44,053</u>	<u>47,733</u>
<b>Net Profit attributable to:</b>				
Owners of the parent	14,158	20,253	43,288	51,751
Non-controlling interests	(567)	(1,351)	(2,593)	(2,679)
	<u>13,591</u>	<u>18,902</u>	<u>40,695</u>	<u>49,072</u>
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	10,752	19,468	46,732	50,159
Non-controlling interests	(540)	(1,177)	(2,679)	(2,426)
	<u>10,212</u>	<u>18,291</u>	<u>44,053</u>	<u>47,733</u>
<b>Earnings per share attributable to owners of the parent:</b>				
Basic (sen) <sup>(2)</sup>	<u>1.58</u>	<u>2.26</u>	<u>4.83</u>	<u>5.78</u>
Diluted (sen) <sup>(2)</sup>	<u>1.58</u>	<u>2.25</u>	<u>4.83</u>	<u>5.76</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 2022 and the accompanying explanatory notes attached to the interim financial report.
- (2) Calculation of earnings per share are disclosed in explanatory note B11 attached to the interim financial report.

**Unaudited Condensed Consolidated Statement of Financial Position <sup>(1)</sup>**

	<b>Unaudited As at 30-Sep-2023 RM'000</b>	<b>Audited As at 31-Dec-2022 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	190,091	224,195
Right-of-use assets	26,080	18,369
Investment properties	34,485	34,967
Intangible assets	79,858	84,444
Investment in associate	38,836	25,476
Goodwill on consolidation	115,345	115,345
Deferred tax assets	7,598	7,466
Lease receivable	3,473	3,729
Defined benefit asset	2,812	2,464
<b>Total non-current assets</b>	<b>498,578</b>	<b>516,455</b>
<b>Current assets</b>		
Inventories	129,172	142,986
Trade and other receivables	163,483	152,493
Lease receivable	1,547	1,413
Current tax assets	501	31
Short term funds <sup>(2)</sup>	107,294	241,964
Cash and bank balances	287,525	176,562
<b>Total current assets</b>	<b>689,522</b>	<b>715,449</b>
<b>TOTAL ASSETS</b>	<b>1,188,100</b>	<b>1,231,904</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	855,459	855,459
Treasury shares	(8,006)	(4,700)
Reserves	208,971	202,350
	1,056,424	1,053,109
Non-controlling interests	(477)	(4,434)
<b>TOTAL EQUITY</b>	<b>1,055,947</b>	<b>1,048,675</b>

**Unaudited Condensed Consolidated Statement of Financial Position <sup>(1)</sup> (Cont'd)**

	<b>Unaudited As at 30-Sep-2023 RM'000</b>	<b>Audited As at 31-Dec-2022 RM'000</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Borrowings	27,851	35,377
Government grants	3,592	3,660
Provisions	2,032	1,038
Lease liabilities	8,844	1,497
Deferred tax liabilities	16,537	17,157
<b>Total non-current liabilities</b>	<b>58,856</b>	<b>58,729</b>
<b>Current liabilities</b>		
Trade and other payables	42,240	55,488
Contract liabilities	5,583	4,875
Borrowings	13,967	47,141
Government grants	208	203
Provisions	2,607	3,369
Lease liabilities	2,689	2,229
Current tax liabilities	6,003	11,195
<b>Total current liabilities</b>	<b>73,297</b>	<b>124,500</b>
<b>TOTAL LIABILITIES</b>	<b>132,153</b>	<b>183,229</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>1,188,100</b>	<b>1,231,904</b>
Net asset per share (RM)	1.18	1.17

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 2022 and the accompanying explanatory notes attached to the interim financial report.
- (2) Short term funds comprise the following:

	<b>30-Sep-2023 RM'000</b>	<b>31-Dec-2022 RM'000</b>
<b>Short term funds</b>		
Money market funds	107,294	241,964
	<b>107,294</b>	<b>241,964</b>

**Unaudited Condensed Consolidated Statement of Changes in Equity <sup>(1)</sup>**

	← Non-distributable			→ Distributable			Non-controlling interests RM'000	Total equity RM'000	
	Share capital RM'000	Treasury shares RM'000	Legal reserve RM'000	Share grant reserve RM'000	Exchange translation reserve RM'000	Reorganisation debit reserve RM'000			Retained earnings RM'000
Balance as at 1 January 2023	855,459	(4,700)	5,001	3,072	(9,840)	(63,558)	267,675	(4,434)	1,048,675
Profit for the financial period	-	-	-	-	-	-	43,288	(2,593)	40,695
Other comprehensive income, net of tax	-	-	-	-	3,444	-	-	(86)	3,358
Share grant scheme ("SGS") expenses	-	-	-	1,460	-	-	-	-	1,460
Share vested under SGS	-	965	-	(2,311)	-	-	1,346	-	-
Transfer to legal reserve	-	-	3,157	-	-	-	(3,157)	-	-
Dividends paid	-	-	-	-	-	-	(35,814)	-	(35,814)
Purchase of treasury share	-	(4,271)	-	-	-	-	-	-	(4,271)
Acquisition of equity interest of non-controlling interest	-	-	-	-	(86)	-	-	1,930	1,844
Accretion of equity interest of a subsidiary	-	-	-	-	-	-	(4,706)	4,706	-
<b>Balance as at 30 September 2023</b>	<b>855,459</b>	<b>(8,006)</b>	<b>8,158</b>	<b>2,221</b>	<b>(6,482)</b>	<b>(63,558)</b>	<b>268,632</b>	<b>(477)</b>	<b>1,055,947</b>
Balance as at 1 January 2022	855,459	(5,247)	2,326	360	4,123	(63,558)	236,642	(1,746)	1,028,359
Profit for the financial period	-	-	-	-	-	-	51,751	(2,679)	49,072
Other comprehensive income, net of tax	-	-	-	-	(1,592)	-	-	253	(1,339)
Share vested under SGS	-	66	-	(77)	-	-	11	-	-
Transfer to legal reserve	-	-	2,675	-	-	-	(2,675)	-	-
Share Grant Scheme(SGS) Expense	-	-	-	2,789	-	-	-	-	2,789
Dividends paid	-	-	-	-	-	-	(35,840)	-	(35,840)
<b>Balance as at 30 September 2022</b>	<b>855,459</b>	<b>(5,181)</b>	<b>5,001</b>	<b>3,072</b>	<b>2,531</b>	<b>(63,558)</b>	<b>249,889</b>	<b>(4,172)</b>	<b>1,043,041</b>

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 2022 and the accompanying explanatory notes attached to the interim financial report.

**Unaudited Condensed Consolidated Statement of Cash Flows <sup>(1)</sup>**

	9 months ended 30-Sep-2023 RM '000	9 months ended 30-Sep-2022 RM '000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	51,319	56,804
Adjustments for:		
Amortisation of intangible assets	5,050	4,708
Depreciation of property, plant and equipment	11,285	10,454
Depreciation of right-of-use assets	2,189	1,445
Depreciation of investment properties	482	482
Interest expense	1,378	1,431
Impairment loss on trade receivables	270	632
Defined benefit expenses	169	-
Interest income	(7,907)	(2,685)
Inventories written down	720	360
Loss on fair value changes on bond funds	-	268
Gain on disposal of property, plant and equipment	(1,355)	-
Property, plant and equipment written off	1,323	32
Provision for warranty replacement costs	1,713	1,587
Reversal of inventories written down	(2,010)	-
Reversal of provision for warranty replacement costs	(1,284)	(153)
Share grant expenses	1,460	2,789
Share of result of an associate, net of tax	1,639	1,502
Unrealised gain on foreign exchange	(15,398)	(12,604)
Operating profit before changes in working capital	51,043	67,052
Decrease/(Increase) in inventories	15,104	(43,232)
(Increase)/Decrease in trade and other receivables	(547)	8,803
(Decrease)/Increase in trade and other payables	(14,236)	31,616
Increase in contract liabilities	708	-
Cash generated from operations	52,072	64,239
Lease payment received	236	201
Defined benefit paid	(461)	(146)
Warranty paid	(197)	(771)
Tax paid	(17,008)	(9,050)
Net cash from operating activities	34,642	54,473

**Unaudited Condensed Consolidated Statement of Cash Flows <sup>(1)</sup> (Cont'd)**

	9 months ended 30-Sep-2023 RM '000	9 months ended 30-Sep-2022 RM '000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of interests in associate	(14,946)	-
Net proceeds of shares from non-controlling interest	1,930	-
Interest received	7,793	2,685
Proceeds from disposal of property, plant and equipment	27,110	15
Proceeds from redemption of bond funds	-	15,280
Purchase of intangible asset	(211)	(353)
Purchase of property, plant and equipment	(888)	(4,396)
Net cash from used in investing activities	<u>20,788</u>	<u>13,231</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividends paid	(35,814)	(35,840)
Interest paid	(1,249)	(1,366)
Drawdown of borrowings	42,057	31,450
Repayment of borrowings	(87,432)	(51,562)
Payment of lease liabilities	(2,169)	(1,268)
Repurchase of treasury shares	(4,271)	-
Withdrawn of deposits pledged to a licensed bank	131	-
Net cash used in financing activities	<u>(88,747)</u>	<u>(58,586)</u>
Net cash used in cash and cash equivalents	(33,317)	9,118
Effect on foreign exchange rates changes	9,741	4,767
<b>Cash and cash equivalents at beginning of financial period</b>	418,395	394,540
<b>Cash and cash equivalents at end of financial period</b>	<u>394,819</u>	<u>408,425</u>
<b>Cash and cash equivalents at end of financial period comprises:</b>		
Cash and bank balances	287,525	171,161
Money market funds	107,294	237,264
Deposits with a licensed bank	-	132
	<u>394,819</u>	<u>408,557</u>
<u>Less:</u>		
Deposits pledged to a licensed bank	-	(132)
	<u>394,819</u>	<u>408,425</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 2022 and the accompanying explanatory notes attached to the interim financial report.

## **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 2022 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 2022, 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 2023.

<b>Title</b>	<b>Effective Date</b>
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendment to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Amendment to MFRS 17 Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 and MFRS Practice Statement 2 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

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 2024**

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

<b>Title</b>	<b>Effective Date</b>
Amendment to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
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 2022.

**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 under review.

**A6. Material Changes in Estimates**

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

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

**A7. Debt and Equity Securities**

There were no issuance, cancellation, transfer, resale and equity securities during the current quarter under review except for the repurchase of treasury shares. The details of the shares held as treasury shares for the financial period ended 30 September 2023 were as follows:

	Number of Treasury Shares ( '000)	Total Cost Consideration RM'000
Balance as at 1 January 2023	3,583	4,700
Repurchased during the financial period	2,667	4,271
Transferred during the financial period	(700)	(965)
Balance as at 30 September 2023	5,550	8,006

**A8. Dividends Paid**

Dividend paid during current quarter and financial period under review are as follows:

- a) A third single-tier dividend of 2.0 sen per ordinary shares amounting to RM17.90 million in respect of the financial year ended 31 December 2022 was paid on 21 March 2023.
- b) A first single-tier dividend of 2.0 sen per ordinary shares amounting to RM17.91 million in respect of the financial year ending 31 December 2023 was paid on 11 September 2023.

**A9. Segment Information**

The Group reportable segments, aptly named Business Unit (“BU”) which comprised its major operating segments. These business units are involved in different industry segments and separately managed by the BU Presidents who report directly to the Group Chief Executive Officer.

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

**A9. Segment Information (cont'd)**

The major 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, coupled with integrated artificial intelligence (“AI”) visual inspection technique and smart factory automation solutions, together with the provision of maintenance services and technical support for these machines, as well as the sale of related spare parts and components.

No.	Entity	Product Portfolio
1	Mi Equipment Penang, Malaysia	<b>Mi Series (Assembly and Packaging Equipment) &amp; Vi Series (Vision Inspection Equipment)</b> Advanced Packaging (WLP, WLCSP, FOWLP, Flip chip) die and package sorting machine with vision inspection and other applicable functions. Wafer and package inspection both in 2D and 3D mode.
2	Mi Equipment Gyeonggi, Korea	<b>Ai Series (Laser Assisted Bonding Equipment)</b> High precision bonding machine for extra fine pitch with thin die and substrate thickness.
3	Mi Equipment Suzhou, China	<b>Si Series (Power Test &amp; Final Test Equipment)</b> Final test equipment for high power and fine pitch devices.

**(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 (solder balls)
2	Accurus Scientific Ningbo, China	Solder spheres (solder balls)

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. 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 period ended 30 September 2023<sup>(1)</sup>

	SEBU RM '000	SMBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Revenue from external customers	131,535	127,811	-	-	259,346
Inter-segment revenue	-	-	41,201	(41,201)	-
<b>Total revenue</b>	<b>131,535</b>	<b>127,811</b>	<b>41,201</b>	<b>(41,201)</b>	<b>259,346</b>
Interest income	1,682	220	6,005	-	7,907
Interest expense	(3,049)	(1,001)	(97)	2,769	(1,378)
Net interest income/(expense)	<b>(1,367)</b>	<b>(781)</b>	<b>5,908</b>	<b>2,769</b>	<b>6,529</b>
Share of result of an associate					(1,639)
<b>Segment profit/(loss) before tax</b>	<b>23,434</b>	<b>20,120</b>	<b>11,628</b>	<b>(3,863)</b>	<b>51,319</b>
Tax expense					(10,624)
<b>Other material non-cash items:</b>					
- Depreciation of property, plant and equipment	(5,058)	(6,037)	(280)	90	(11,285)
- Depreciation of right-of-use assets	(1,413)	(65)	(711)	-	(2,189)
- Depreciation of investment properties	(482)	-	-	-	(482)
- Amortisation of intangible assets	(1,496)	(3,423)	(131)	-	(5,050)
- Inventories written down	(720)	-	-	-	(720)
- Unrealised gain on foreign exchange	6,189	2,485	6,724	-	15,398
- Provision for warranty replacement costs	(1,713)	-	-	-	(1,713)
- Reversal of provision for warranty replacement costs	1,284	-	-	-	1,284

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

**A9. Segment Information (cont'd)**

Results for the financial period ended 30 September 2023<sup>(1)</sup> (cont'd)

	SEBU RM '000	SMBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
<b>Assets</b>					
Segment assets	322,914	377,953	98,646	(55,979)	743,534
Investment in associate					38,836
Deferred tax assets					7,598
Defined benefit asset					2,812
Current tax assets					501
Short term funds					107,294
Cash and bank balances					287,525
					<u>1,188,100</u>
<b>Liabilities</b>					
Segment liabilities	130,016	57,508	4,000	(81,911)	109,613
Deferred tax liabilities					16,537
Current tax liabilities					6,003
					<u>132,153</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 2022, under Note 35 *Operating Segments*.

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

**A9. Segment Information (cont'd)**

Results for the financial period ended 30 September 2022 <sup>(1)</sup>

	SEBU RM '000	SMBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
Revenue from external customers	120,555	151,751	21	-	272,327
Inter-segment revenue	4	231	841	(1,076)	-
<b>Total revenue</b>	<b>120,559</b>	<b>151,982</b>	<b>862</b>	<b>(1,076)</b>	<b>272,327</b>
Interest income	464	31	2,190	-	2,685
Interest expense	(1,653)	(1,402)	(14)	1,638	(1,431)
Net interest income/(expense)	(1,189)	(1,371)	2,176	1,638	1,254
Share of results of an associate					(1,502)
<b>Segment profit/(loss) before tax</b>	<b>20,883</b>	<b>33,179</b>	<b>5,745</b>	<b>(3,003)</b>	<b>56,804</b>
Tax expense					(7,732)
<b>Other material non-cash items:</b>					
- Depreciation of property, plant and equipment	(6,287)	(4,028)	(233)	94	(10,454)
- Depreciation of right-of-use assets	(1,361)	(36)	(158)	110	(1,445)
- Depreciation of investment properties	(482)	-	-	-	(482)
- Amortisation of intangible assets	(1,158)	(3,421)	(129)	-	(4,708)
- Inventories written down	(360)	-	-	-	(360)
- Unrealised gain on foreign exchange	5,647	2,122	4,835	-	12,604
- Provision for warranty replacement costs	(1,587)	-	-	-	(1,587)
- Reversal of provision for warranty replacement costs	153	-	-	-	153

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

**A9. Segment Information (cont'd)**

Results for the financial period ended 30 September 2022 <sup>(1)</sup> (cont'd)

	SEBU RM '000	SMBU RM '000	Others RM '000	Adjustment RM '000	Consolidated RM '000
<b>Assets</b>					
Segment assets	352,821	406,451	154,964	(116,369)	797,867
Investment in an associate					27,052
Deferred tax assets					5,298
Defined benefit asset					1,943
Current tax assets					31
Short term funds					237,264
Cash and bank balances					171,293
					<u>1,240,748</u>
<b>Liabilities</b>					
Segment liabilities	202,817	109,386	1,808	(141,644)	172,367
Deferred tax liabilities					17,708
Defined benefit liability					52
Current tax liabilities					7,580
					<u>197,707</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 2022, under Note 35 *Operating Segments*.

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

**A10. Material Events Subsequent to the end of the Quarter**

The Group had on 19 October 2023, via its wholly-owned subsidiary, Mi Semiconductor Pte. Ltd. ('MiSESG'), entered into an investment agreement with the Xiaoshan Economic and Technological Development Zone Administration Committee to invest in a research, development and manufacturing facility for power module and devices in Xiaoshan, Hangzhou City which amounting to USD30.0 million (equivalent to approximately RM142 million).

Saved for the above, there were no material events subsequent to the end of current quarter that have not been reflected in the interim financial report.

**A11. Changes in the Composition of the Group**

Investment in an associated company

The Group had on 23 February 2023, via its wholly-owned subsidiary, Mi Semiconductor (Ningbo) Co. Ltd. ('MiSECN'), acquired the equity interest in Talentek Microelectronics (Hefei) Limited ('Talentek'), representing approximately 7.5441% equity interest in Talentek for a purchase consideration of CNY22.6 million (equivalent to RM14.6 million). Accordingly, the Group hold 25.5441% of total equity interest in Talentek and Talentek remains an associated company of the Group.

Investment in a subsidiary company

The Group had on 1 August 2023, via its wholly-owned subsidiary, Mi Equipment (M) Sdn Bhd ("MiEMY"), increased the equity interest in Mi Equipment Korea Co., Ltd ("MiEKR"). Accordingly, the Group hold 90.0% of total equity interest in MiEKR and MiEKR remains a subsidiary of the Group.

The Group had on 26 September 2023, via its wholly-owned subsidiary, Mi Semiconductor Pte. Ltd. ('MiSESG'), incorporated a wholly-owned subsidiary, Mi Semiconductor (Hangzhou) Co., Ltd. ('MiSEHZ') in the People's Republic of China with a registered share capital of USD30.0 million (equivalent to approximately RM142 million).

Voluntary liquidation of dormant subsidiary

The Company's wholly-owned subsidiary which is dormant, namely Mi Autobotics Sdn Bhd has been placed under members' voluntary winding-up procedures, with the latter had its extraordinary general meeting (EGM) on 15 June 2023.

The financial result of the abovementioned subsidiaries and associated company is insignificant and will not have any material impact on the earnings and net assets of the Group for the financial period ended 30 September 2023.

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**

Saved as disclosed under B9 Material Litigation, 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 30 September 2023, the Group does not have any material capital commitment:

	<b>RM'000</b>
Material capital expenditure in respect of purchase of property, plant and equipment:	
- Approved but not contracted for	8,026
- Contracted but not provided for	450
	<b>8,476</b>

**A14. Significant Related Party Transactions**

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

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

### B1. Review of Performance

#### Individual Quarter:

#### Comparison with corresponding quarter in previous year (Q3 2023 vs Q3 2022)

	INDIVIDUAL QUARTER 3 months ended		Changes RM'000 %		CUMULATIVE QUARTER 9 months ended		Changes RM'000 %	
	30-Sep-2023 RM'000	30-Sep-2022 RM'000			30-Sep-2023 RM'000	30-Sep-2022 RM'000		
Revenue	98,448	89,659	8,789	9.8%	259,346	272,327	(12,981)	-4.8%
Operating expenses	(78,629)	(73,062)			(215,288)	(223,846)		
Depreciation and amortisation	(6,301)	(6,149)			(19,006)	(17,089)		
Operating profit	13,518	10,448	3,070	29.4%	25,052	31,392	(6,340)	-20.2%
Non-operating income	7,742	12,178			27,658	26,857		
Finance costs	(390)	(484)			(1,391)	(1,445)		
Profit before tax	20,870	22,142	(1,272)	-5.7%	51,319	56,804	(5,485)	-9.7%
PBT Margin	21.2%	24.7%			19.8%	20.9%		
Net profit attributable to owners of the parent	14,158	20,253	(6,095)	-30.1%	43,288	51,751	(8,463)	-16.4%
Net profit margin	14.4%	22.6%			16.7%	19.0%		
Basic earnings per share (sen)	1.58	2.26	(0.68)	-30.1%	4.83	5.78	(0.95)	-16.4%

The Group recorded a revenue of RM98.4 million for the current quarter, an increase of 9.8% year-on-year. This indicates the Group's resilient business model in response to the current slowdown in global market and re-formation of supplier chain.

**SEBU** contributed RM51.1 million to the Group's top line during the current quarter, representing 52.0% of total revenue. The revenue increased by 46.5% from RM34.9 million last year due to higher number of machines delivery to China market, especially for EMI (electromagnetic interference) process equipment, during this quarter under review.

**SMBU** contributed RM47.3 million to the Group's top line during the current quarter, representing 48.0% of total revenue. The revenue contracted 13.7% year-on-year from RM54.8 million last year due to on-going inventory adjustment mainly in Taiwan market for Mobility & Wearables segment, during this quarter under review.

In tandem with the revenue growth, the Group's operating profit ("**OP**") increased by 29.4% year-on-year due to higher capacity utilization and favorable product mix.

The Group's profit before tax ("**PBT**") decreased by 5.7% year-on-year from RM22.1 million to RM20.9 million in the current quarter, with a PBT Margin dropped 3.5 percentage point and closed at 21.2% during this quarter. Both the PBT and PBT margin decreased year-on-year mainly due to much lower foreign exchange gain compared to a year ago.

The Group's net profit attributable to owners of the parent ("**Net Profit**") of RM14.16 million for current quarter decreased by 30.1% year-on-year mainly due to a RM3.58 million withholding tax paid in relation to the dividend received from our Taiwan subsidiary in the current quarter. This resulted a **basic EPS** of 1.58 sen in the current quarter. If we were to exclude the one-off withholding tax and lower foreign exchange gain impact which amounting to approximately RM9.6 million from the equation, the PAT margin of the current quarter would conclude at 23.6%.

**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 period (9M 2023 vs 9M 2022)**

The Group recorded a revenue of RM259.3 million for the current financial period ended 30 September 2023, a drop by 4.8% from RM272.3 million the previous year. The drop in revenue is mainly due to the weaker demand from the key customers of SMBU, which is partially offset by better performance in machine sales of SEBU during the cumulative quarter under review.

In tandem with the revenue contraction, the Group posted a lower operating profit (“OP”) of RM25.1 million as compared to the previous cumulative quarter. The decrease in OP is due to lower capacity utilization in 1H2023. On the other hand, the Group’s profit before tax (“PBT”) of RM51.32 million showed a 9.7% drop from a year ago. The PBT margin decreased slightly by 1 percentage point, mainly due to the higher interest income had partly weathered the lower foreign exchange gain during the cumulative quarter under review.

The Group’s net profit attributable to owners of the parent (“Net Profit”) of RM43.3 million for the current financial period ended 30 September 2023 decreased by 16.4% year-on-year, mainly due to a RM3.58 million withholding tax paid in relation to the dividend received from our Taiwan subsidiary in the current quarter. **Basic EPS** was 4.83 sen in the cumulative quarter under review. If we were to exclude the withholding tax impact which amounting to RM3.58 million from the equation, the PAT margin of the current financial period ended 30 September 2023 would conclude at 17.1%.

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

**B2. Comparison with Immediate Preceding Quarter (Q3 2023 vs Q2 2023)**

	INDIVIDUAL QUARTER 3 months ended		Changes	
	30-Sep-2023 RM'000	30-Jun-2023 RM'000	RM'000	%
Revenue	98,448	84,052	14,396	17.1%
Operating expenses	(78,629)	(70,638)		
Depreciation and amortisation	(6,301)	(6,336)		
Operating profit	13,518	7,078	6,440	91.0%
Non-operating income	7,742	17,187		
Finance costs	(390)	(496)		
Profit before tax	20,870	23,769	(2,899)	-12.2%
PBT Margin	21.2%	28.3%		
Net profit attributable to owners of the parent	14,158	22,733	(8,575)	-37.7%
Net profit margin	14.4%	27.0%		
Basic earnings per share (sen)	1.58	2.54	(0.96)	-37.8%

The Group recorded a higher revenue of RM98.4 million as compared to RM84.1 million the previous quarter, a rise of 17.1%.

**SEBU** posted a revenue of RM51.1 million, a 24.0% increase from RM41.3 million the previous quarter. Besides the higher machines and spare parts sales to China and Taiwan markets, especially for EMI (electromagnetic interference) process equipment, the strengthening greenback has also contributed to better revenue performance in local currency.

**SMBU** posted a revenue of RM47.3 million, a 10.5% increase from RM42.8 million the previous quarter. This is supported by stronger demand of new product launches from key customers, mainly in Taiwan market for Mobility & Wearables segment during this quarter.

In tandem with the revenue growth, the Group's operating profit ("**OP**") increased by 91.0% quarter-on-quarter to RM13.5 million. Besides the better capacity utilization supported by higher revenue, a favorable product mix in the current quarter has contributed to the higher OP margin.

The Group's profit before tax ("**PBT**") decreased by 12.2% quarter-on-quarter to RM20.9 million, while the PBT margin decreased by 7 percentage point as compared to previous quarter. The drop in both the PBT and PBT margin is mainly due to huge foreign exchange gain resulting from a strengthening USD during the previous quarter.

The Group's net profit attributable to owners of the parent ("**Net Profit**") of RM14.16 million for current quarter, a decrease of 37.7% quarter-on-quarter mainly due to a RM3.58 million withholding tax paid in relation to the dividend received from our Taiwan subsidiary in the current quarter. If we were to exclude the one-off withholding tax and lower foreign exchange gain impact which amounting to approximately RM15.6 million from the equation, the PAT margin of the current quarter would conclude at 29.6%.

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

**B3. Prospects for the Financial Year Ending 31 December 2023**

While the global semiconductor market facing mixed growth and contraction both segmentally and geographically which caused market uncertainty, the Group concluded the third quarter with increased top line. The Group remains positive and committed to fulfilling our long-term business strategy to strengthen our position as a comprehensive solution provider and is ready to seize any opportunities for business diversification and localization in FY2023.

**In SEBU**, the effort of diversification has successfully led the BU from being a single WLCSP sorting process equipment vendor with single factory in Penang in 2018, to one that offers additional bonding and final test equipment solutions with multiple factories in Suzhou China and Gyeonggi Korea. Our flagship Mi Series from the Penang factory expands its application scope from WLCSP sorting process to EMI (electromagnetic interference) process and advanced multi-bin sorting process for 5G and CPU/GPU chips, with good prospect for this sale in FY2023. Our Si Series final test handler which is locally designed and manufactured in Suzhou factory has proven its capability and stability in optical sensor and automotive chips testing process. The BU expects its Suzhou factory to be in the black in FY2023 due to strong market demand for Si Series. The BU's state-of-the-art Ai Series bonding equipment, namely LAB, LCB and Laser Pin Bonder, which are locally designed and manufactured at the Gyeonggi Korea factory, are gaining traction in the market. These state-of-the-art products will drive the BU's participation in the HPC, Memory and Artificial Intelligence (AI) segments and will benefit from its high growth trend in the coming decades.

**In SMBU**, amidst positive business developments with new product launches from key customers, we see a stronger demand in 2H2023. Our Tainan factory is the world's top advanced solder balls supplier in the niche market with our cutting-edge manufacturing technologies to produce micro-solder balls from our patented alloy. The leading position of our technology and product quality brought the BU to enlarge the market share in the past 2 years and accelerate in FY2023. Despite the uncertainty of the US-China technology and trade war, our Ningbo factory remains confident to be one of the key solder balls suppliers in China domestic market with a large scale of product qualification process on-going in FY2023. The tip applications in Mobility & Wearables, Automotive and AI segment continues to be the focal points that will enable the BU to grow in FY2023.

**In SSBU**, with the positive outlook for the EV and renewable energy market associated with the government's policy to achieve carbon neutrality in the coming decades, SSBU is poised to become the most important and promising business unit within the Group. The official launch in October 2023 of our investment in Hangzhou for a new R&D and manufacturing factory for power modules and devices will have marked the start of an accelerated growth period for SSBU.

Barring any unforeseen circumstances, we remain aggressively optimistic about the Group's prospects for the FY2023 and beyond, with our comprehensive & well-structured corporate roadmaps and leadership.

**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 under review are set out below:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30-Sep-2023	30-Sep-2022	30-Sep-2023	30-Sep-2022
	RM '000	RM '000	RM '000	RM '000
Tax Expense (RM'000)	3,793	3,439	7,313	8,353
Deferred Tax (RM'000)	(212)	(212)	(635)	(634)
Withholding Tax (RM'000)	3,698	13	3,946	13
<b>Total (RM'000)</b>	<b>7,279</b>	<b>3,240</b>	<b>10,624</b>	<b>7,732</b>
Effective Tax Rate (%)	34.9	14.6	20.7	13.6
Statutory tax rate (%)	24.0	24.0	24.0	24.0

The Group's effective tax rate for the current quarter under review is much higher than the statutory tax rate mainly due to a RM3.58 million withholding tax paid in relation to the dividend received from our Taiwan subsidiary in the current quarter, which represents a 12.5% withholding tax on the gross dividend received.

The Group's effective tax rate for the current financial period ended 30 September 2023 remains below the statutory tax rate of 24%. This is mainly due to tax incentive enjoyed by its subsidiary, Mi Equipment (M) Sdn Bhd ("Mi Equipment Malaysia") and the relatively lower statutory tax rate of overseas subsidiaries.

Mi Equipment Malaysia has been granted pioneer status for its promoted principal activities, the statutory income of which is 100% tax-exempted for a period of 10 years. The initial 5-year tax relief period commenced from 18 January 2014 and expired on 17 January 2019. Approval for the extended 5-year pioneer period has been obtained from Malaysian Investment Development Authority ("MIDA"), beginning on 18 January 2019 to 17 January 2024.

**B6. Status of Corporate Proposals**

There were no corporate proposals announced and not completed as at the date of this interim financial report.

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

**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 <sup>#</sup>	Amount RM'000	Actual utilisation RM'000	Percentage utilised %
1)	Expansion of the Group's businesses	Within 30 months	215,728	170,079	78.8%
2)	Repayment of bank borrowings	Within 6 months	15,000	15,000	100.0%
3)	Working capital	Within 18 months	60,000	60,000	100.0%
4)	Expenses in relation to the Proposed Private Placement	Within 1 month	4,697	4,697	100.0%
	<b>Total</b>		<b>295,425</b>	<b>249,776</b>	<b>84.5%</b>

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.

**B8. Group Borrowings and Debt Securities**

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

	Unaudited As at 30-Sep-2023 RM '000	Unaudited As at 30-Sep-2022 RM '000
<u>Borrowings (Secured)</u>		
Short term portion	13,967	46,322
Long term portion	27,851	40,443
<b>Total</b>	<b>41,818</b>	<b>86,765</b>

The Group's borrowings comprise the following:

- 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 has been fully settled on 26<sup>th</sup> September 2023.
- Revolving credit and term loan denominated in New Taiwan Dollar ("NTD"), which were drawn down by Accurus Scientific Co. Ltd. to finance the operating expenses and capex spending.
- Term loan denominated in Chinese Yuan ("CNY"), which was drawn down by Accurus (Ningbo) Scientific Co. Ltd. to partly finance the construction of factory building in Ningbo, China.

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

**B9. Material Litigation**

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

- (a) Mi Technovation Berhad has on 14 May 2023 filed a writ in the Penang High Court against Mr. Chin Yong Keong, the former Chief Operation Officer cum General Manager of the Company, primarily for breach of employment contract, abuse of legal process and the false or misleading statements contained in Mr. Chin Yong Keong's profile stated in the prospectus dated 9 May 2023 published by Edelteq Holdings Berhad pertaining to his employment history in the Company ("Writ"). The Company has on 16 May 2023 received the sealed Writ from the Penang High Court and effected service of the Writ on Mr. Chin Yong Keong on 18 May 2023. On 28 July 2023, the Company's solicitors were served with the defence and counterclaim of Mr. Chin Yong Keong in response to the writ filed by the Company in the Penang High Court on 14 May 2023. The Company has sought legal advice on the counterclaim and the Company's solicitors are of the view that the Company has a strong defence to the counterclaim. The Company filed and served reply to defence and defence to counterclaim on 11 August 2023. On 9 October 2023, the Company's solicitors were served with reply to defence to counterclaim of Mr. Chin Yong Keong. The Company will file and serve the rejoinder on or before 10 November 2023.
- (b) Mi Technovation Berhad and its wholly owned subsidiary, Mi Equipment (M) Sdn. Bhd. ("the Companies") has on 19 July 2023 filed a writ in the Penang High Court against 9 defendants, namely:

- Chin Yong Keong (former employee of Mi Technovation Berhad),
- Lee Kim Loon (former employee of Mi Equipment (M) Sdn. Bhd.),
- Edelteq Holdings Berhad (Co. No. 201901033362(1342692-X)),
- Edelteq Technologies Sdn. Bhd. (Co. No. 201901010509(1319837-U)),
- Edel Technology (M) Sdn. Bhd. (Co. No.200401018737(657240-T)),
- Edelteq Ventures Sdn. Bhd. (Co. No.201901012483(1321811-T)),
- Camyang Enterprise Sdn. Bhd. (Co. No.200601005398(725147-T)),
- Dysteq Technique Sdn. Bhd. (Co. No.201901013390(1322718-W)),
- Tan Joo Hung (former employee of Mi Technovation Berhad),

inter-alia for Breach of Confidential Information, Copyright Infringement, Patent Infringement, Conspiracy to Injure and Unlawful Interference with Trade. The relief sought for in the writ includes general damages and injunction orders. On 27 July 2023, vide the Companies' Notice of Application (ex-parte), the Penang High Court granted an Anton Piller Order allowing the Companies' solicitors and independent experts to enter the Defendants' corporate premises for the purposes of searching for the listed items allowed by the Anton Piller Order. The said Order was executed on 31 July 2023 and completed on 2 August 2023. The court has fixed 10 November 2023 for the case management of the Companies' inter-partes application for Anton Piller Order and an application by the 1<sup>st</sup> to 8<sup>th</sup> defendants to set aside the ex-parte Anton Piller Order.



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

**B9. Material Litigation (cont'd)**

On 20 October 2023, the 1<sup>st</sup> to 8<sup>th</sup> defendants filed and served their defence and counterclaim to invalidate the Companies' Malaysian Patent No. MY-194779-A entitled "System and Method of Replacing Reel", which patent the Companies claim to have been infringed by the 1<sup>st</sup> to 8<sup>th</sup> defendants. In this respect, the Companies are advised by solicitors and verily believe that they have a meritorious defence against the counterclaim lodged by the 1st to 8th defendants. The Companies will file and serve their reply to defence and defence to counterclaim on or before 10 November 2023.

**B10. Dividend Declared**

Dividend declaration in respect of the financial year ending 31 December 2023 as follows:

- (a) A first single-tier interim dividend of 2.0 sen per ordinary share declared on 11 August 2023, with the book closure and payment dates on 25 August 2023 and 11 September 2023 respectively.

**B11. Earnings Per Share ("EPS")**

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

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 9 months ended	
	30-Sep-2023	30-Sep-2022	30-Sep-2023	30-Sep-2022
Net profit attributable to owners of the parent (RM'000)	14,158	20,253	43,288	51,751
Weighted average number of ordinary shares in issue ('000)	895,458	896,023	895,365	896,008
Adjusted weighted average no. of ordinary shares in issue ('000)	896,730	899,201	896,637	899,186
Basic EPS (sen) <sup>(1)</sup>	1.58	2.26	4.83	5.78
Diluted EPS (sen) <sup>(2)</sup>	1.58	2.25	4.83	5.76

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 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 after deducting for treasury shares and adjusted for the effects of dilutive potential ordinary shares due to share grant scheme.

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

**B12. Profit Before Tax**

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		9 months ended	
	30-Sep-2023	30-Sep-2022	30-Sep-2023	30-Sep-2022
	RM '000	RM '000	RM '000	RM '000
Interest income	(2,490)	(1,136)	(7,907)	(2,685)
Interest expense	386	479	1,378	1,431
Amortisation of intangible asset	1,692	1,573	5,050	4,708
Depreciation of property, plant and equipment	3,687	4,029	11,285	10,454
Depreciation of right-of-use asset	761	386	2,189	1,445
Depreciation of investment properties	161	161	482	482
Realised (gain)/loss on foreign exchange	(2,773)	(2,249)	(2,713)	(7,525)
Unrealised gain on foreign exchange	(88)	(6,782)	(15,398)	(12,604)

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**  
**09 November 2023**