

PENTAMASTER CORPORATION BERHAD ("PCB" or "COMPANY")
COMPANY NO.: 200201004644 (572307-U)
QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2024

| | Individual Quarter | | Cumulative Year | |
|--|--------------------|----------------|------------------------|------------------------|
| | 3 Months Ended | 3 Months Ended | Financial Period Ended | Financial Period Ended |
| | 30/9/2024 | 30/9/2023 | 30/9/2024 | 30/9/2023 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 150,178 | 180,743 | 492,341 | 522,930 |
| Cost of goods sold | (107,489) | (126,193) | (352,765) | (368,886) |
| Gross profit | <u>42,689</u> | <u>54,550</u> | <u>139,576</u> | <u>154,044</u> |
| Other income | 9,495 | 6,344 | 15,444 | 11,602 |
| Distribution costs | (1,641) | (2,868) | (6,136) | (7,224) |
| Administrative expenses | (28,961) | (19,790) | (63,802) | (48,072) |
| Other operating expenses | (128) | (58) | (495) | (291) |
| Operating profit | <u>21,454</u> | <u>38,178</u> | <u>84,587</u> | <u>110,059</u> |
| Share of (loss)/profit of associates | (58) | (644) | (310) | 83 |
| Profit before taxation | <u>21,396</u> | <u>37,534</u> | <u>84,277</u> | <u>110,142</u> |
| Taxation | (197) | (860) | (1,171) | (2,594) |
| Profit for the financial period | <u>21,199</u> | <u>36,674</u> | <u>83,106</u> | <u>107,548</u> |
| Total other comprehensive income, net of tax: | | | | |
| <i>Item that will be reclassified subsequently to profit or loss</i> | | | | |
| Foreign currency translation of foreign operations | (298) | 4 | (303) | (19) |
| Total comprehensive income for the financial period | <u>20,901</u> | <u>36,678</u> | <u>82,803</u> | <u>107,529</u> |
| Profit for the financial period, attributable to: | | | | |
| Owners of the Company | 11,774 | 23,497 | 51,049 | 68,425 |
| Non-controlling interests | 9,425 | 13,177 | 32,057 | 39,123 |
| | <u>21,199</u> | <u>36,674</u> | <u>83,106</u> | <u>107,548</u> |
| Total comprehensive income for the financial period, attributable to: | | | | |
| Owners of the Company | 11,584 | 23,499 | 50,856 | 68,413 |
| Non-controlling interests | 9,317 | 13,179 | 31,947 | 39,116 |
| | <u>20,901</u> | <u>36,678</u> | <u>82,803</u> | <u>107,529</u> |
| Earnings per share attributable to owners of the Company (sen): | | | | |
| - Basic/Diluted | 1.66 | 3.30 | 7.18 | 9.62 |

The unaudited condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023.

PENTAMASTER CORPORATION BERHAD ("PCB" or "COMPANY")
COMPANY NO.: 200201004644 (572307-U)
QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS

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

| | Unaudited | Audited |
|---|-------------------------|-------------------------|
| | As at | As at |
| | 30/9/2024 | 31/12/2023 |
| | RM'000 | RM'000 |
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 414,469 | 282,037 |
| Investment properties | 14,975 | 22,560 |
| Goodwill | 4,495 | 4,495 |
| Intangible assets | 38,065 | 40,058 |
| Investment in an associate | 20,193 | 17,578 |
| Other investments | 11,642 | 9,868 |
| Other receivables, deposits and prepayments | 4,968 | 13,612 |
| | <u>508,807</u> | <u>390,208</u> |
| Current assets | | |
| Inventories | 99,458 | 190,608 |
| Trade receivables | 162,968 | 196,289 |
| Other receivables, deposits and prepayments | 51,146 | 45,068 |
| Derivative financial assets | 5,462 | 2,384 |
| Other investments | 182 | 170 |
| Tax recoverable | 2,114 | 2,293 |
| Cash and cash equivalents | 466,728 | 490,870 |
| | <u>788,058</u> | <u>927,682</u> |
| TOTAL ASSETS | <u><u>1,296,865</u></u> | <u><u>1,317,890</u></u> |
| EQUITY AND LIABILITIES | | |
| Share capital | 79,303 | 79,303 |
| Reserves | 658,139 | 620,137 |
| | <u>737,442</u> | <u>699,440</u> |
| Non-controlling interests | 328,432 | 306,118 |
| Total Equity | <u>1,065,874</u> | <u>1,005,558</u> |
| LIABILITIES | | |
| Non-current liabilities | | |
| Deferred income | 893 | 620 |
| Deferred tax liabilities | 1,747 | 2,150 |
| Other payables, accruals and provisions | 11,005 | 6,717 |
| | <u>13,645</u> | <u>9,487</u> |
| Current liabilities | | |
| Trade payables | 112,919 | 118,030 |
| Other payables, accruals and provisions | 33,051 | 44,484 |
| Contract liabilities | 70,805 | 138,441 |
| Derivative financial liabilities | - | 1,833 |
| Tax payable | 571 | 57 |
| | <u>217,346</u> | <u>302,845</u> |
| Total Liabilities | <u>230,991</u> | <u>312,332</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>1,296,865</u></u> | <u><u>1,317,890</u></u> |

The unaudited condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023.

PENTAMASTER CORPORATION BERHAD ("PCB" or "COMPANY")
COMPANY NO.: 200201004644 (572307-U)
QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

| | Attributable to Owners of the Company | | | | | | Retained Profits RM'000 | Total RM'000 | Non-controlling Interests RM'000 | Total Equity RM'000 |
|---|---------------------------------------|---------------------------|---|-----------------------|-----------------------------|--|----------------------------|-----------------|-------------------------------------|------------------------|
| | Non-distributable | | | Distributable | | | | | | |
| | Share Capital RM'000 | Treasury Shares RM'000 | Shares held for Employee Share Scheme ("ESS") RM'000 | ESS Reserve RM'000 | Statutory Reserve RM'000 | Foreign Currency Translation Reserve RM'000 | | | | |
| As at 1 January 2024 (Audited) | 79,303 | (3,052) | (14,923) | 3,944 | 454 | (21) | 633,735 | 699,440 | 306,118 | 1,005,558 |
| Profit for the financial period | - | - | - | - | - | - | 51,049 | 51,049 | 32,057 | 83,106 |
| Other comprehensive income for the financial period | - | - | - | - | - | (193) | - | (193) | (110) | (303) |
| Total comprehensive income for the financial period | - | - | - | - | - | (193) | 51,049 | 50,856 | 31,947 | 82,803 |
| <i>Transactions with owners:</i> | | | | | | | | | | |
| Dividend paid | - | - | - | - | - | - | (14,227) | (14,227) | - | (14,227) |
| Dividend paid to non-controlling interest | - | - | - | - | - | - | - | - | (10,409) | (10,409) |
| Equity-settled ESS expenses | - | - | - | 3,804 | - | - | (1,373) | 2,431 | 1,373 | 3,804 |
| ESS vested | - | - | 6,729 | (6,405) | - | - | (324) | - | - | - |
| Purchase of shares held for ESS | - | - | (1,655) | - | - | - | 597 | (1,058) | (597) | (1,655) |
| Total transactions with owners of the Company | - | - | 5,074 | (2,601) | - | - | (15,327) | (12,854) | (9,633) | (22,487) |
| As at 30 September 2024 (Unaudited) | 79,303 | (3,052) | (9,849) | 1,343 | 454 | (214) | 669,457 | 737,442 | 328,432 | 1,065,874 |

| | Attributable to Owners of the Company | | | | | | Retained Profits RM'000 | Total RM'000 | Non-controlling Interests RM'000 | Total Equity RM'000 |
|---|---------------------------------------|---------------------------|---|-----------------------|-----------------------------|--|----------------------------|-----------------|-------------------------------------|------------------------|
| | Non-distributable | | | Distributable | | | | | | |
| | Share Capital RM'000 | Treasury Shares RM'000 | Shares held for Employee Share Scheme ("ESS") RM'000 | ESS Reserve RM'000 | Statutory Reserve RM'000 | Foreign Currency Translation Reserve RM'000 | | | | |
| As at 1 January 2023 (Audited) | 79,303 | (3,052) | (11,478) | 3,706 | - | (51) | 558,359 | 626,787 | 265,953 | 892,740 |
| Profit for the financial period | - | - | - | - | - | - | 68,425 | 68,425 | 39,123 | 107,548 |
| Other comprehensive income for the financial period | - | - | - | - | - | (12) | - | (12) | (7) | (19) |
| Total comprehensive income for the financial period | - | - | - | - | - | (12) | 68,425 | 68,413 | 39,116 | 107,529 |
| <i>Transactions with owners:</i> | | | | | | | | | | |
| Dividend paid | - | - | - | - | - | - | (14,227) | (14,227) | - | (14,227) |
| Dividend paid to non-controlling interest | - | - | - | - | - | - | - | - | (9,948) | (9,948) |
| Equity-settled ESS expenses | - | - | - | 6,239 | - | - | (2,253) | 3,986 | 2,253 | 6,239 |
| ESS vested | - | - | 8,902 | (8,644) | - | - | (258) | - | - | - |
| Purchase of shares held for ESS | - | - | (5,675) | - | - | - | 2,049 | (3,626) | (2,049) | (5,675) |
| Total transactions with owners of the Company | - | - | 3,227 | (2,405) | - | - | (14,689) | (13,867) | (9,744) | (23,611) |
| As at 30 September 2023 (Unaudited) | 79,303 | (3,052) | (8,251) | 1,301 | - | (63) | 612,095 | 681,333 | 295,325 | 976,658 |

The unaudited condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023.

PENTAMASTER CORPORATION BERHAD ("PCB" or "COMPANY")

COMPANY NO.: 200201004644 (572307-U)

QUARTERLY REPORT ON UNAUDITED CONSOLIDATED RESULTS**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024**

| | 9 Months ended 30/9/2024 (Unaudited) RM'000 | 9 Months ended 30/9/2023 (Unaudited) RM'000 |
|---|--|--|
| Cash flows from operating activities | | |
| Profit before taxation | 84,277 | 110,142 |
| Adjustments for: | | |
| Amortisation of intangible assets | 5,845 | 4,946 |
| Depreciation of property, plant and equipment | 9,871 | 8,314 |
| Equity-settled ESS expenses | 3,804 | 6,239 |
| Expected credit loss ("ECL") on receivables: | | |
| - current period | 1,249 | 500 |
| - reversal | (834) | (1,313) |
| Gain from changes in fair value of foreign currency forward contracts | (4,911) | (1,584) |
| Gain from changes in fair value of other investments | (12) | (2) |
| Gain from changes in fair value of short-term investments | (492) | - |
| Gain on disposal of other investments | - | (17) |
| Intangible assets written off | - | 3 |
| Interest income | (9,170) | (9,115) |
| Inventory written down - addition | 3,946 | 639 |
| Inventory written down - reversal | (429) | (51) |
| Loss on disposal of investment properties | 271 | - |
| Property, plant and equipment written off | - | 4 |
| Share of loss/(profit) of associates | 310 | (83) |
| Unrealised loss/(gain) on foreign exchange | 14,552 | (6,984) |
| Operating profit before working capital changes | <u>108,277</u> | <u>111,638</u> |
| Changes in: | | |
| Inventories | 87,633 | (11,428) |
| Receivables | 15,228 | 30,975 |
| Payables | (3,339) | 13,563 |
| Contract liabilities | (67,636) | 66,864 |
| Cash generated from operations | <u>140,163</u> | <u>211,612</u> |
| Grant received | 273 | 810 |
| Tax paid | (1,824) | (1,810) |
| Tax refunded | 926 | 284 |
| Net cash from operating activities | <u>139,538</u> | <u>210,896</u> |
| Cash flows from investing activities | | |
| Acquisition of other investments | (1,774) | (1,333) |
| Deposits paid for acquisition of property, plant and equipment | (2,219) | - |
| Interest and fund distributions received | 9,662 | 9,115 |
| Investment in an associate | (2,925) | - |
| Proceeds from disposal of: | | |
| - investment properties | 7,150 | - |
| - other investments | - | 78 |
| Purchase of: | | |
| - intangible assets | (3,870) | (5,642) |
| - property, plant and equipment | (135,587) | (85,186) |
| Net cash used in investing activities | <u>(129,563)</u> | <u>(82,968)</u> |
| Cash flows from financing activities | | |
| Dividend paid | (14,227) | (14,227) |
| Dividend paid to non-controlling interest of a subsidiary | (10,409) | (9,948) |
| Purchase of shares in a subsidiary for ESS | (1,655) | (5,675) |
| Net cash used in financing activities | <u>(26,291)</u> | <u>(29,850)</u> |
| Net (decrease)/increase in cash and cash equivalents | (16,316) | 98,078 |
| Effect of foreign exchange rate changes | (7,826) | 1,848 |
| Cash and cash equivalents at beginning | <u>490,870</u> | <u>421,225</u> |
| Cash and cash equivalents at end | <u>466,728</u> | <u>521,151</u> |

The unaudited condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023.

PENTAMASTER CORPORATION BERHAD (“PCB” or “COMPANY”)

COMPANY NO.: 200201004644 (572307-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

1 Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with 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”). The figures for the cumulative financial period in the current quarter to 30 September 2024 have not been audited.

The interim financial report should be read in conjunction with the audited financial statements of the Company and its subsidiaries (“Group”) for the financial year ended 31 December 2023.

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2023, except for the adoption of the following Malaysian Financial Reporting Standards (“MFRS”) that are effective for annual periods beginning on or after 1 January 2024:

Amendments to MFRS 16 Leases: Lease Liability in a Sale and Leaseback

Amendments to MFRS 101 Presentation of Financial Statements: Non-current Liabilities with Covenants

Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosure - Supplier Finance Arrangements

The adoption of the above MFRSs did not result in any significant changes in the accounting policies of the Group.

As at the date of this announcement, the Group has not applied the following MFRSs which have been issued as at the end of reporting period but are not yet effective:

Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability¹

Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments: Disclosures - Classification and Measurement of Financial Instruments²

Annual Improvements to MFRS Accounting Standards - Volume 11²

MFRS 18 Presentation and Disclosure in Financial Statements³

MFRS 19 Subsidiaries without Public Accountability: Disclosures³

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴

¹ *Effective for annual periods beginning on or after 1 January 2025*

² *Effective for annual periods beginning on or after 1 January 2026*

³ *Effective for annual periods beginning on or after 1 January 2027*

⁴ *Effective date not yet determined*

PENTAMASTER CORPORATION BERHAD (“PCB” or “COMPANY”)

COMPANY NO.: 200201004644 (572307-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

The Group is in the process of making an assessment of the impact of these new and amended IFRSs upon initial application and anticipates that such application will have no material impact on the results and financial position of the Group.

2 Audit Report of Preceding Annual Financial Statements

The audit report of the Group’s most recent annual audited financial statements for the financial year ended 31 December 2023 was not subject to any qualification.

3 Seasonal and Cyclical Factors

The Group sells its products and services to customers from various sub-sectors of the semiconductor and manufacturing industries. As such, the Group’s performance will, to a certain extent, depend on the outlook and cyclical nature of the semiconductor and manufacturing industries.

4 Unusual Items

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

5 Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

6 Valuations of Property, Plant and Equipment

The carrying values of property, plant and equipment have been brought forward, without amendment from the previous audited financial statements.

7 Changes in Share Capital and Debt

There were no issuances, cancellations, repurchases and repayments of debt and equity securities for the financial period under review.

8 Contingent Liabilities

There were no contingent liabilities for the Group since 31 December 2023 up to 30 September 2024.

PENTAMASTER CORPORATION BERHAD (“PCB” or “COMPANY”)

COMPANY NO.: 200201004644 (572307-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

9 Capital Commitments

| | Amount (RM'000) |
|--|----------------------------|
| Contracted but not provided for - Property, plant and equipment | 34,324 |
| Authorised but not contracted for - Property, plant and equipment | 10,322 |

10 Related Party Transactions

Transactions with a related party, a company in which a person connected to a director of the Company who has substantial financial interest, during the financial period ended 30 September 2024 are as follows:

| Nature of transactions | Amount (RM'000) |
|---|----------------------------|
| Provision of hardware and system in integration solution | 4,578 |
| Licensing of software and provision of integration services | 60 |

11 Segmental Information

The Group has three operating segments which are involved in different activities and are managed by segment managers who report directly to the Group’s executive directors. The operating segments are as follows:

- (i) Automated test equipment (“ATE”): Designing, development and manufacturing of standard and non-standard automated equipment;
- (ii) Factory automation solutions (“FAS”): Designing, development and installation of integrated factory automation solutions;
- (iii) Smart control solution system: Project management, smart building solutions and trading of materials.

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 operating segments. Investment holding and other activities are not considered as operating segment and the related financial information has been included under “Adjustment”.

PENTAMASTER CORPORATION BERHAD (“PCB” or “COMPANY”)

COMPANY NO.: 200201004644 (572307-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

Results for the financial period ended 30 September 2024

| | Automated test equipment RM'000 | Factory automation solutions RM'000 | Smart control solution system RM'000 | Adjustment RM'000 | Total RM'000 |
|--|--|--|---|----------------------|-----------------|
| Revenue | | | | | |
| External revenue | 187,169 | 305,010 | 162 | | 492,341 |
| Inter-segment revenue | 9,303 | 6,750 | 621 | (16,674) | - |
| Total revenue | <u>196,472</u> | <u>311,760</u> | <u>783</u> | | <u>492,341</u> |
| Results | | | | | |
| Segment results | 13,706 | 86,541 | (2,413) | (22,417) | 75,417 |
| Interest income | 6,456 | 645 | - | 2,069 | 9,170 |
| Share of loss of an associate | - | - | - | (310) | (310) |
| Profit/(Loss) before taxation | <u>20,162</u> | <u>87,186</u> | <u>(2,413)</u> | | <u>84,277</u> |
| Taxation | (858) | (250) | (55) | (8) | (1,171) |
| Profit/(Loss) for the financial period | <u>19,304</u> | <u>86,936</u> | <u>(2,468)</u> | | <u>83,106</u> |

Results for the financial period ended 30 September 2023

| | Automated test equipment RM'000 | Factory automation solutions RM'000 | Smart control solution system RM'000 | Adjustment RM'000 | Total RM'000 |
|--|--|--|---|----------------------|-----------------|
| Revenue | | | | | |
| External revenue | 358,277 | 164,528 | 94 | 31 | 522,930 |
| Inter-segment revenue | 468 | 12,315 | 521 | (13,304) | - |
| Total revenue | <u>358,745</u> | <u>176,843</u> | <u>615</u> | | <u>522,930</u> |
| Results | | | | | |
| Segment results | 83,765 | 34,557 | (2,389) | (14,989) | 100,944 |
| Interest income | 6,255 | 628 | - | 2,232 | 9,115 |
| Share of profit of associates | - | - | - | 83 | 83 |
| Profit/(Loss) before taxation | <u>90,020</u> | <u>35,185</u> | <u>(2,389)</u> | | <u>110,142</u> |
| Taxation | (2,906) | (39) | (51) | 402 | (2,594) |
| Profit/(Loss) for the financial period | <u>87,114</u> | <u>35,146</u> | <u>(2,440)</u> | | <u>107,548</u> |

PENTAMASTER CORPORATION BERHAD (“PCB” or “COMPANY”)

COMPANY NO.: 200201004644 (572307-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

12 Profit Before Taxation

| | Current Quarter | Current Year to Date |
|---|----------------------------|---------------------------------|
| | RM'000 | RM'000 |
| Profit before taxation is arrived at after crediting/(charging): | | |
| Depreciation and amortisation | (5,374) | (15,716) |
| Gain/(Loss) on foreign exchange: | | |
| - realised | 2,515 | (4,681) |
| - unrealised | (17,612) | (14,552) |
| Gain from changes in fair value of foreign currency forward contracts | 6,004 | 4,911 |
| Interest income | 3,205 | 9,170 |
| (Loss)/Gain from changes in fair value of other investments | (35) | 12 |
| Gain from changes in fair value of short-term investments | 173 | 492 |
| Gain on disposal of property, plant and equipment | - | - |
| Loss on disposal of investment properties | (111) | (271) |
| Property, plant and equipment written off | - | - |
| Intangible assets written off | - | - |
| Inventory written down - addition | (716) | (3,946) |
| Inventory written down - reversal | 277 | 429 |
| Net ECL allowance on receivables | (596) | (415) |
| Bad debts written off | - | - |

13 Events Subsequent to the End of the Financial Period

There are no material events subsequent to the end of the financial period under review that have not been reflected in the interim financial report.

14 Review of Performance

| | Individual Quarter 3 Months Ended | | | Cumulative Financial Period Ended | | |
|---------------------------------|--|------------------|-----------------|--|------------------|-----------------|
| | 30/9/2024 | 30/9/2023 | Variance | 30/9/2024 | 30/9/2023 | Variance |
| | RM'000 | RM'000 | % | RM'000 | RM'000 | % |
| Revenue | 150,178 | 180,743 | (16.9) | 492,341 | 522,930 | (5.8) |
| Operating profit | 21,454 | 38,178 | (43.8) | 84,587 | 110,059 | (23.1) |
| Profit before taxation | 21,396 | 37,534 | (43.0) | 84,277 | 110,142 | (23.5) |
| Profit for the financial period | 21,199 | 36,674 | (42.2) | 83,106 | 107,548 | (22.7) |

PENTAMASTER CORPORATION BERHAD (“PCB” or “COMPANY”)

COMPANY NO.: 200201004644 (572307-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2024

The Group recorded a quarterly revenue of RM150.2 million in the 3-month ended 30 September 2024 (“3Q2024”) as compared to RM180.7 million registered in the 3-month ended 30 September 2023 (“3Q2023”), representing a drop of 16.9%. For the nine-month financial period ended 30 September 2024 (“9M2024”), the Group’s revenue stood at RM492.3 million as compared to RM522.9 million in the nine-month financial period ended 30 September 2023 (“9M2023”), representing a decrease of 5.8%.

The Group’s revenue was mainly contributed by the ATE and FAS segments, constituting approximately 38.0% and 62.0% respectively for the 9M2024 period.

Below outlined the revenue of the respective operating segments where elements of inter-segment transactions were included.

| | Individual Quarter 3 Months Ended | | | Cumulative Financial Period Ended | | |
|-------------------------------|--------------------------------------|-----------|----------|--------------------------------------|-----------|----------|
| | 30/9/2024 | 30/9/2023 | Variance | 30/9/2024 | 30/9/2023 | Variance |
| | RM’000 | RM’000 | % | RM’000 | RM’000 | % |
| ATE | 53,416 | 98,776 | (45.9) | 196,472 | 358,745 | (45.2) |
| FAS | 106,621 | 88,297 | 20.8 | 311,760 | 176,843 | 76.3 |
| Smart control solution system | 218 | 112 | 94.6 | 783 | 615 | 27.3 |

The following table sets out revenue breakdown by customers’ segment for the Group:

| | Individual Quarter 3 Months Ended | | | | Cumulative Financial Period Ended | | | |
|----------------------------------|--------------------------------------|------|----------------|------|--------------------------------------|------|----------------|------|
| | 30/9/2024 | | 30/9/2023 | | 30/9/2024 | | 30/9/2023 | |
| | RM’000 | % | RM’000 | % | RM’000 | % | RM’000 | % |
| Medical devices | 78,964 | 52.6 | 64,030 | 35.4 | 234,487 | 47.6 | 98,459 | 18.8 |
| Automotive | 32,612 | 21.7 | 74,971 | 41.5 | 127,903 | 26.0 | 271,682 | 52.0 |
| Electro-Optical | 14,121 | 9.4 | 9,179 | 5.1 | 67,147 | 13.6 | 51,182 | 9.8 |
| Semiconductor | 16,442 | 11.0 | 20,782 | 11.5 | 37,743 | 7.7 | 72,310 | 13.8 |
| Consumer and industrial products | 7,986 | 5.3 | 11,746 | 6.5 | 24,899 | 5.1 | 29,203 | 5.6 |
| Others | 53 | n.m. | 35 | n.m. | 162 | n.m. | 94 | n.m. |
| Total | 150,178 | | 180,743 | | 492,341 | | 522,930 | |

The Group closed its 3Q2024 with a profit before taxation of RM21.4 million (3Q2023: RM37.5 million), representing a decrease of approximately 43.0% from the same period last year, mainly impacted by the lower ATE sales volume and the significant depreciation of the U.S. dollar against the Ringgit which has led to an unfavourable foreign exchange loss. However, the bulk of this foreign exchange loss remained unrealised as the foreign currencies have not been converted into Ringgit.

Accordingly, the Group closed its 9M2024 with a profit before taxation of RM84.3 million, representing a decrease of 23.5% from RM110.1 million recorded in 9M2023. The Group’s EBITDA (earnings before interest, tax, depreciation and amortisation) for the 3Q2024 stood at RM26.8 million (3Q2023: RM42.8 million), representing a decrease of 37.4%, while the Group’s EBITDA for the 9M2024 stood at RM100.0 million (9M2023: RM123.4 million), representing a decrease of 19.0%.

Basic earnings per share decreased from 3.30 sen in 3Q2023 to 1.66 sen in 3Q2024, while for 9M2024, basic earnings per share decreased from 9.62 sen achieved in 9M2023 to 7.18 sen.

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Performance of the respective operating segments which includes inter-segment transactions for the current quarter as compared to the previous corresponding quarter is analysed as follows:

1) Automated test equipment

Revenue in the ATE segment dropped by RM45.4 million in 3Q2024, to record at RM53.4 (3Q2023: RM98.8 million), a decline of 45.9% as compared to the same period last year. This was the result of the Group’s revenue growth from the automotive segment which has been impacted given the automotive industry faced severe headwinds since beginning of this year.

Within the ATE segment, the automotive segment continued to form the largest share of wallet, at approximately 64.0% for 3Q2024 (3Q2023: 74.4%). On 9-month basis, the automotive segment contributed 63.9% towards the ATE segment in 9M2024, as compared to 74.4% in 9M2023. The Group faced persistent headwinds in the automotive market, particularly in Western regions. While automotive electrification has accelerated in the last few years with the aim to achieve zero-emission targets, it has also become a key geopolitical tool among major economies. Key automotive markets such as the U.S. and Europe have announced its respective policies and tariffs towards Chinese-made electric vehicles (“EV”), resulting in greater market uncertainty and disruptions. Conversely, the EV market and supply chain in China have become highly competitive and disruptive, limiting the Group’s ability to fully capitalise on the expanding market locally in China. As a result, the Group’s revenue growth from the automotive segment has been impacted, despite the EV market’s strong fundamentals and long-term growth potential.

Revenue performance from the semiconductor industry segment was relatively stable in its contribution towards the Group’s ATE segment. During the 3Q2024, the semiconductor industry contributed 20.6% towards the ATE segment, as compared to 21.0% in 3Q2023. However, on 9M2024, this industry segment’s contribution showed a decrease to 11.8% as compared to 9M2023 of 18.8%, reflecting an overall industry softness since beginning of the year.

On the other hand, revenue contribution from the electro-optical industry showed a rebound as compared to 3Q2023, where this segment contributed 14.4% towards the ATE segment in 3Q2024, versus 4.4% for 3Q2023. For 9M2024, the share of wallet coming from this segment was at 23.5%, a significant increase from 6.6% recorded in 9M2023. The recovery of the Group’s electro-optical segment was largely driven by product cycle upgrades relating to the Group’s ambient light and its related smart sensor test equipment.

Overall, the Group’s ATE segment recorded a lower profit before taxation in 3Q2024 at RM4.3 million (3Q2023: RM19.6 million), along with a decrease in revenue. This was mainly due to the trade tensions and the lack of certainty at the macro front, particularly for the automotive segment.

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The performance of the ATE segment is expected to remain subdued with this outlook potentially extending through the first half of 2025 given the lack of certainty at the macro front, particularly in the automotive segment. Despite these short-term challenges, the Group maintains an optimistic long-term outlook for its ATE segment, driven primarily by its diversified portfolio and involvement in key growth areas, particularly the increasing demand for advanced packaging in semiconductor manufacturing and the ongoing evolution of opto-electronic devices as the Group steers towards such high growth potential segment.

2) Factory automation solutions

Revenue from the Group’s FAS segment registered a commendable growth of approximately 20.8% in 3Q2024 as compared to 3Q2023, coming in at RM106.6 million in 3Q2024 versus RM88.3 million in 3Q2023. The FAS segment has reached another milestone in 3Q2024 with its total revenue hitting RM311.8 million for 9M2024, an impressive growth of 76.3% as compared to RM176.8 million achieved in the same period last year. Such performance was attributable to the Group’s medical devices industry segment with a share of wallet coming in at 74.8% in 3Q2024 (3Q2023: 78.0%).

Other industry segments such as electro-optical segment and consumer and industrial products segment made up the remaining contributions to the FAS segment in 3Q2024, with each contributing approximately 7.3% and 7.1% respectively. All-in-all, the Group expects its FAS segment to continue to grow and contribute meaningfully in the near future, particularly the medical device segment as the industry progressively adopts factory automation solutions for operational efficiency, safety and adherence to stringent regulatory standards and the Group is actively pursuing such pace of change.

For the 3Q2024, the FAS segment recorded a higher profit before taxation at RM29.8 million as compared to RM25.6 million in 3Q2023.

Owing to technological disruptions and macrotrends such as reshoring, a global skilled-labour shortage, and environmental, social, and governance (ESG) efforts, industrial automation across the medical devices industry as well as other sectors will continue to sustain the Group’s FAS segment momentum.

3) Smart control solution system

The products and solutions in this segment entail project management, smart building solutions and trading of materials.

The smart control solution system segment recorded an increase in revenue to RM0.2 million in 3Q2024, from RM0.1 million recorded in 3Q2023. This segment recorded a loss before taxation of RM0.9 million in both 3Q2024 and 3Q2023 as it has yet to reach a scale.

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15 Material Changes in the Quarterly Results as Compared with the Preceding Quarter

| | 3 Months Ended 30/9/2024 | 3 Months Ended 30/6/2024 | Variance |
|---------------------------------|-----------------------------|-----------------------------|----------|
| | RM'000 | RM'000 | % |
| Revenue | 150,178 | 171,373 | (12.4) |
| Operating profit | 21,454 | 32,119 | (33.2) |
| Profit before taxation | 21,396 | 32,089 | (33.3) |
| Profit for the financial period | 21,199 | 31,620 | (33.0) |

In 3Q2024, the Group recorded a lower revenue at RM150.2 million as compared to the revenue of RM171.4 million for the 3-month ended 30 June 2024 (“2Q2024”), representing a decrease of 12.4%. The decrease in 3Q2024 revenue was mainly due to lower contribution from the ATE business segment that has been largely affected by the automotive industry. Meanwhile, the Group’s profit before taxation for 3Q2024 registered a decrease of 33.3% to RM21.4 million (2Q2024: RM32.1 million), primarily due to the decrease in ATE sales and adverse foreign exchange movements.

Below outlined the revenue of the respective operating segments where elements of inter-segment transactions were included.

| | 3 Months Ended 30/9/2024 | 3 Months Ended 30/6/2024 | Variance |
|-------------------------------|-----------------------------|-----------------------------|----------|
| | RM'000 | RM'000 | % |
| ATE | 53,416 | 69,865 | (23.5) |
| FAS | 106,621 | 106,389 | 0.2 |
| Smart control solution system | 218 | 89 | 144.9 |

The following table sets out revenue breakdown and comparison by customers’ segment for the Group:

| | 3 Months Ended 30/9/2024 | | 3 Months Ended 30/6/2024 | |
|----------------------------------|-----------------------------|-------------|-----------------------------|-------------|
| | RM'000 | % | RM'000 | % |
| Medical devices | 78,964 | 52.6 | 76,976 | 44.9 |
| Automotive | 32,612 | 21.7 | 51,408 | 30.0 |
| Electro-Optical | 14,121 | 9.4 | 24,654 | 14.4 |
| Semiconductor | 16,442 | 11.0 | 11,497 | 6.7 |
| Consumer and industrial products | 7,986 | 5.3 | 6,789 | 4.0 |
| Others | 53 | <i>n.m.</i> | 49 | <i>n.m.</i> |
| Total | 150,178 | | 171,373 | |

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Performance of the respective operating segments which includes inter-segment transactions in 3Q2024 as compared to 2Q2024 are analysed as follows:

1) Automated test equipment

In 3Q2024, revenue from the ATE segment decreased by RM16.4 million to RM53.4 million (2Q2024: RM69.9 million), representing a decline of 23.5%. The decrease was mainly due to the lower project value delivered and recorded during the quarter in the automotive and electro-optical segments.

Albeit a lower revenue achieved, the ATE segment managed to maintain its profit before taxation at RM4.3 million in 3Q2024 as compared to the preceding quarter (2Q2024: RM4.2 million). This was mainly due to higher provisions for slow-moving inventories in the preceding quarter along with certain projects with better margin secured during the current quarter.

2) Factory automation solutions

The FAS segment maintained its revenue in 3Q2024 as compared to the preceding quarter, recording at RM106.6 million in 3Q2024 (2Q2024: RM106.4 million), driven by its scheduled project delivery that was fulfilled during the quarter.

Profit before taxation for the FAS segment in 3Q2024 decreased by 11.7% to RM29.8 million as compared to the preceding quarter (2Q2024: RM33.8 million) as a result of higher material costs recorded for certain projects during the quarter.

3) Smart control solution system

In 3Q2024, this segment recorded a revenue of RM0.2 million (2Q2024: RM89,000) and recorded a lower loss before taxation in 3Q2024 at RM0.9 million as compared to preceding quarter (2Q2024: RM1.0 million).

16 Prospect

In the near term, the global macroeconomic environment is expected to remain murky and uncertain as the pace of economic recovery continues to fall short of expectations with heightened geopolitical risk. The prevailing weakness at the macro front is placing significant constraints on the Group’s ability to drive revenue growth. Weak demand across key segments, particularly in the automotive sector, where capital investments are sensitive to economic cycles and shifting government policies has prolonged the expected structural growth trend, leading to slow demand up-tick for the Group’s solution offerings. Additionally, aggressive pricing war in domestic China market continues to challenge margin preservation and expansion strategies for the Group’s ATE segment. Given these conditions, the Group expects sluggish demand to persist across its key segments for the remainder of 2024 and anticipates closing the financial year with flat revenue momentum.

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Despite these short-term headwinds, the Group remains committed to addressing the challenges in the ATE segment while continuing to leverage growth opportunities within the FAS segment. Key initiatives are being undertaken to streamline operations and improve efficiencies which are critical steps for enhancing margins in future reporting periods. Simultaneously, the Group is working to strengthen its presence in high-growth industries and pursue long-term strategic initiatives that will position it strategically in the ever-evolving technology market, particularly given the current high demand for high-performance, high-bandwidth, and low-latency chipset used in Artificial Intelligence, data centers, high-performance computing and advanced networking. With a diversified product portfolio aligned with global trends, the Group aims to mitigate risks from sector-specific downturns while capturing emerging growth opportunities in line with industry trends. As it is, the Group’s new campus 3 facility, covering 720,000 sq.ft. mainly to support the growing needs of the FAS and medical devices segments, is nearing completion and expected to be operational by the first quarter of 2025.

As the Group navigates both opportunities and challenges, it remains focused on staying agile, innovative and customer centric. The Group is also honoured to be listed for the fifth time in Forbes’ “Asia’s Best Under a Billion” in August 2024, reflecting its strong track record.

17 Profit Forecast or Profit Guarantee

There was no profit forecast or profit guarantee issued by the Group.

18 Taxation

The taxation charge for the current quarter and year to date is as follows:

| | Current Quarter | Current Year to Date |
|--------------------|-----------------|----------------------|
| | RM’000 | RM’000 |
| Income tax payable | (197) | (1,171) |
| Income tax credit | - | - |

The effective tax rate is lower than the statutory tax rate as certain subsidiaries of the Group have been granted pioneer status under the Promotion of Investments Act, 1986 by the Malaysian Investment Development Authority which exempts 100% of statutory income in relation to production of certain products and solutions.

19 Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter under review.

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20 Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this announcement.

21 Status of Utilisation of Proceeds Raised from Any Corporate Proposal

1) Share Award Scheme

The utilisation of proceeds of RM29.5 million raised from the share award scheme, in conjunction with the Listing Exercise of PIL, as at the end of the reporting quarter is as follows:

| Purpose | Proposed Utilisation (RM'000) | Gross Proceeds Received (RM'000) | Actual Utilisation (RM'000) | Intended Timeframe for Utilisation | Balance (RM'000) |
|--|-------------------------------|----------------------------------|-----------------------------|---------------------------------------|------------------|
| Payment of staff salaries and benefits | 4,500 | 4,500 | 4,500 | Within one (1) year | - |
| Purchase of raw materials such as sensors, control panels, input/output control and computer field bus system and other services such as subcontracting work | 20,000 | 20,000 | 2,048 | Within eight (8) years ⁽³⁾ | 17,952 |
| General administrative and operating expenses | 5,000 | 5,000 | 5,000 | Within one (1) year | - |
| Total | 29,500 | 29,500 | 11,548 | | 17,952 |

2) Listing Exercise of PIL

The utilisation of proceeds of RM87.1 million from the offer for sale of PIL Shares by the Company, in conjunction with the Listing Exercise of PIL, as at the end of the reporting quarter is as follows:

| Purpose | Proposed Utilisation | | Gross Proceeds Received ⁽²⁾ (RM'000) | Actual Utilisation (RM'000) | Intended Timeframe for Utilisation | Balance (RM'000) |
|--|--|--|---|-----------------------------|---------------------------------------|------------------|
| | Minimum Scenario ⁽¹⁾ (RM'000) | Maximum Scenario ⁽¹⁾ (RM'000) | | | | |
| Business expansion through investment and acquisition | 33,972 | 37,775 | 32,741 | 5,000 | Within eight (8) years ⁽³⁾ | 27,741 |
| Investment into technology related solutions and business applications | 29,726 | 33,059 | 28,648 | 28,648 | Within eight (8) years ⁽³⁾ | - |
| Working capital | 21,172 | 23,549 | 20,405 | 20,405 | Within five (5) years | - |
| Defray estimated expenses in relation to Listing Exercise, bonus issue and share split, collectively | 5,508 | 5,508 | 5,306 | 5,306 | Within six (6) months | - |
| Total | 90,378 | 99,891 | 87,100 | 59,359 | | 27,741 |

Notes:

- (1) The minimum and maximum scenario under the proposed utilisation was based on the indicative offer price in relation to the Listing Exercise of HKD0.95 and HKD1.05 respectively.

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- (2) *The actual gross proceeds received was based on the actual offer price in relation to the Listing Exercise of HKD1.00. The difference between the gross proceeds received and the proposed utilisation was due to the difference in the conversion rate.*
- (3) *The original intended timeframe for utilisation of two (2) years was extended to five (5) years on 17 January 2020 and further extended to eight (8) years on 18 January 2023.*

22 Borrowings

There are no outstanding borrowings or debt securities as at the end of the reporting period.

23 Derivative Financial Instruments

As at the date of the statement of financial position 30 September 2024, the Group has the following outstanding derivative financial instruments:

| Derivatives | Contract or Notional amount (RM'000) | Fair value Net gain/(loss) (RM'000) | Purpose |
|---|--------------------------------------|-------------------------------------|---|
| Currency forward contracts: - Less than 1 year | 91,170 | 5,462 | For hedging currency risk arising from sales proceeds in foreign currencies |

For the quarter ended 30 September 2024, there have been no significant changes to the Group's exposure to credit risk, market risk and liquidity risk from the previous financial year. Also, there have been no changes to the Group's risk management objectives, accounting policies and processes since the previous financial year end. Financial instruments are viewed as risk management tools by the Group and are not used for trading or speculative purposes.

24 Fair Value of Financial Liabilities

For the quarter ended 30 September 2024, there is no fair value gain or loss on the financial liabilities. The carrying amounts of the financial liabilities as at date of the end of the statement of financial position date approximate to their fair value due to their short-term nature.

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25 Material Litigations

There was no material litigation since the last annual balance sheet date until the date of this announcement.

26 Dividends

The Board of Directors does not recommend any dividend in respect of the quarter ended 30 September 2024.

27 Earnings Per Share

The calculation of basic earnings per share for the financial period based on the profit attributable to owners of the Company for the quarter divided by the weighted average number of ordinary shares in issue during the quarter.

| | 3 Months Ended 30/9/2024 RM'000 | 3 Months Ended 30/9/2023 RM'000 | 9 Months Ended 30/9/2024 RM'000 | 9 Months Ended 30/9/2023 RM'000 |
|--|--|--|--|--|
| Profit attributable to owners of the Company | 11,774 | 23,497 | 51,049 | 68,425 |
| Weighted average number of ordinary shares | 711,317,121 | 711,317,121 | 711,317,121 | 711,317,121 |
| Earnings per share attributable to owners of the Company (sen) | 1.66 | 3.30 | 7.18 | 9.62 |

BY ORDER OF THE BOARD

KONG SOWN KAEY

Secretary

7 November 2024