

INDUSTRONICS BERHAD (23699-X)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021**

| | AS AT THE END OF THE CURRENT FINANCIAL PERIOD 30.09.2021 RM (Unaudited) | AS AT THE PRECEDING FINANCIAL YEAR END 31.12.2020 RM (Audited) |
|---|---|--|
| ASSETS | | |
| Non-current assets | | |
| Property, Plant and Equipment | 5,419,669 | 5,559,960 |
| Right-of-use assets | 170,436 | 272,697 |
| Investment Properties | 165,104 | 168,625 |
| Investment in Associate | 2,062,863 | - |
| Intangible Assets | 3,692,548 | 3,540,087 |
| Other Investments | - | 462,672 |
| Total Non-current assets | <u>11,510,620</u> | <u>10,004,041</u> |
| Current Assets | | |
| Inventories | 13,668,040 | 1,432,775 |
| Tax recoverable | 12,630 | 11,526 |
| Trade & Other Receivables | 3,954,834 | 4,419,712 |
| Amount due from Associate Company | 1,447,098 | - |
| Cash and Bank Balances | 14,858,096 | 647,785 |
| Total Current Assets | <u>33,940,698</u> | <u>6,511,798</u> |
| Assets of disposal group classified as held for sale | - | - |
| TOTAL ASSETS | <u><u>45,451,318</u></u> | <u><u>16,515,839</u></u> |
| EQUITY AND LIABILITIES | | |
| Equity attributable to owners of the Company | | |
| Share Capital | 16,905,905 | 7,240,905 |
| Reserves | 942,130 | 2,615,442 |
| Shareholders' funds | <u>17,848,035</u> | <u>9,856,347</u> |
| Non-Controlling Interest | 40,331 | 50,542 |
| Total equity | <u>17,888,366</u> | <u>9,906,889</u> |
| Non-current liabilities | | |
| Lease obligation | 35,598 | 142,392 |
| RCPS | 1,000,000 | - |
| Deferred Tax Liabilities | 524,282 | 524,282 |
| Total Non-current liabilities | <u>1,559,880</u> | <u>666,674</u> |
| Current Liabilities | | |
| Trade & Other Payables | 12,695,518 | 5,654,870 |
| Amount due to director | 246,344 | - |
| Borrowings | - | 151,145 |
| Short term loan payable | 12,920,351 | - |
| Lease obligation | 140,859 | 136,261 |
| Total Current Liabilities | <u>26,003,072</u> | <u>5,942,276</u> |
| TOTAL EQUITY AND LIABILITIES | <u><u>45,451,318</u></u> | <u><u>16,515,839</u></u> |
| Net Assets per share (RM) | 0.05 | 0.07 |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE (9)-MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTERS | |
|---|----------------------------------|------------------------------------|---------------------------------|-----------------------------------|
| | CURRENT QUARTER 30.09.2021 | PRECEDING QUARTER 30.09.2020 | CURRENT PERIOD 30.09.2021 | PRECEDING PERIOD 30.09.2020 |
| | RM | RM | RM | RM |
| Revenue | 10,495,657 | 2,927,353 | 31,483,807 | 8,448,986 |
| Cost of Sales | <u>(9,602,595)</u> | <u>(2,615,705)</u> | <u>(26,695,802)</u> | <u>(6,957,698)</u> |
| Gross profit | 893,061 | 311,648 | 4,788,006 | 1,491,289 |
| Other Income | 133,241 | 2,142,794 | 356,440 | 2,328,471 |
| Operating Expenses | (2,060,009) | (2,581,565) | (6,137,607) | (7,813,587) |
| Finance Costs | (1,836) | (4,702) | (26,567) | (20,398) |
| Investing Results | <u>(770,986)</u> | <u>-</u> | <u>(770,986)</u> | <u>-</u> |
| Loss before Tax | (1,806,529) | (131,825) | (1,790,716) | (4,014,225) |
| Income Tax | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Loss for the period | <u>(1,806,529)</u> | <u>(131,825)</u> | <u>(1,790,716)</u> | <u>(4,014,225)</u> |
| Other comprehensive income/(loss), net of tax: | | | | |
| Revaluation of land and buildings | - | (81,588) | - | (81,588) |
| Tax relating to revaluation of land and building | - | (7,841) | - | (7,841) |
| Foreign currency translation differences for foreign operations | (1,518) | (1,936,569) | 73,631 | (1,651,464) |
| Gain on financial assets | - | - | - | - |
| Available-for-sale financial assets - reclassification of fair value adjustment to profit or loss upon disposal | - | - | - | - |
| Capital repayment to non-controlling interest by a subsidiary | - | - | - | - |
| Reversal of income tax relating to components of other comprehensive income | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>(1,518)</u> | <u>(2,025,998)</u> | <u>73,631</u> | <u>(1,740,893)</u> |
| Total comprehensive loss for the period | <u>(1,808,047)</u> | <u>(2,157,823)</u> | <u>(1,717,085)</u> | <u>(5,755,118)</u> |
| Loss Attributable to : | | | | |
| Owners of the Company | (1,803,669) | (129,152) | (1,780,505) | (4,007,137) |
| Non-Controlling Interest | <u>(2,860)</u> | <u>(2,673)</u> | <u>(10,211)</u> | <u>(7,088)</u> |
| Loss for the period | <u>(1,806,529)</u> | <u>(131,825)</u> | <u>(1,790,716)</u> | <u>(4,014,225)</u> |
| Total Comprehensive Loss Attributable to : | | | | |
| Owners of the Company | (1,805,187) | (2,155,150) | (1,706,874) | (5,748,030) |
| Non-Controlling Interest | <u>(2,860)</u> | <u>(2,673)</u> | <u>(10,211)</u> | <u>(7,088)</u> |
| | <u>(1,808,047)</u> | <u>(2,157,823)</u> | <u>(1,717,085)</u> | <u>(5,755,118)</u> |
| Loss per share | | | | |
| - Basic (sen) | (0.69) | (0.10) | (0.68) | (3.00) |

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

INDUSTRONICS BERHAD (23699-X)
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**CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE (9)-MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

| | ----- Attributable to Owners of the Parent ----- | | | | | | Total Equity |
|---|--|--------------------------------|-------------------------|--|---------------------------|-----------------------------|-------------------|
| | Share capital | Foreign currency reserve | Revaluation reserves | Distributable Retained earnings/ (accumulated losses) | Share- holders Fund | Non-Controlling Interest | |
| | RM | RM | RM | RM | RM | RM | |
| At 31 December 2020 | 7,240,905 | 15,841 | 3,819,608 | (1,220,007) | 9,856,347 | 50,542 | 9,906,889 |
| Disposal of subsidiary company | - | (575) | - | 34,136 | 33,561 | - | 33,561 |
| Loss for the period | - | - | - | (1,780,505) | (1,780,505) | (10,211) | (1,790,716) |
| Foreign exchange translation | - | 73,631 | - | - | 73,631 | - | 73,631 |
| Total comprehensive income/(loss) for the period | - | 73,631 | - | (1,780,505) | (1,706,874) | (10,211) | (1,717,085) |
| Conversion from RCPS | 9,665,000 | - | - | - | 9,665,000 | - | 9,665,000 |
| At 30 September 2021 | 16,905,905 | 88,897 | 3,819,608 | (2,966,375) | 17,848,035 | 40,331 | 17,888,366 |
| At 31 December 2019 | 7,240,905 | 4,484,063 | 3,909,037 | (792,019) | 14,841,986 | 59,920 | 14,901,906 |
| Loss for the year | - | - | - | (4,007,137) | (4,007,137) | (7,088) | (4,014,225) |
| Revaluation of land and building | - | - | (81,588) | - | (81,588) | - | (81,588) |
| Tax relating to revaluation of land and building | - | - | (7,841) | - | (7,841) | - | (7,841) |
| Foreign exchange translation | - | (1,651,464) | - | - | (1,651,464) | - | (1,651,464) |
| Total comprehensive loss for the year | - | (1,651,464) | (89,429) | (4,007,137) | (5,748,030) | (7,088) | (5,755,118) |
| At 30 September 2020 | 7,240,905 | 2,832,600 | 3,819,608 | (4,799,156) | 9,093,956 | 52,832 | 9,146,789 |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE NINE (9)-MONTHS FINANCIAL PERIOD ENDED 30 SEPTEMBER 2021**

| | Current Period 9 Months Ended 30.09.2021 (Unaudited) | Preceding Period 9 Months Ended 30.09.2020 (Audited) |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss before taxation | (1,790,716) | (4,014,225) |
| Adjustments for non-cash flow:- | | |
| Non-cash items | 762,759 | 1,584,385 |
| Non-operating items | (31,558) | 11,160 |
| Operating loss before changes in working capital | (1,059,515) | (2,418,681) |
| Net change in current assets | (13,217,485) | 1,601,601 |
| Net change in current liabilities | 7,286,992 | 1,365,871 |
| Cash (used in)/generated from operations | (6,990,008) | 548,791 |
| Interest paid | (24,731) | (20,398) |
| Interest income | 56,289 | 1,398 |
| Taxes refunded | - | 7,841 |
| Taxes paid | (1,104) | (2,453) |
| Net cash (used in)/generated from operating activities | (6,959,554) | 535,180 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant and equipment | (545) | (318,067) |
| Addition of Right-of-use assets | - | (97,795) |
| Purchase of intangible assets | (1,632,242) | - |
| Proceeds from disposal of property, plant and equipment | - | 98,010 |
| Proceeds from disposal of other investments | 628,182 | - |
| Investment in associate company | (1,332,792) | - |
| Net cash used in investing activities | (2,337,397) | (317,853) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Issuance of RCPS -Tranche 1, 2 & 3 | 10,665,000 | - |
| Drawdown from short term loan | 12,920,351 | - |
| Net cash generated from financing activities | 23,585,351 | - |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 14,288,400 | 217,327 |
| Effect of exchange rate changes | 73,056 | (1,651,464) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 496,640 | 2,333,835 |
| Effects of exchange rate changes | - | - |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u>14,858,096</u> | <u>899,698</u> |
| CASH AND CASH EQUIVALENTS COMPRISE: | | |
| Cash and bank balances | 14,858,096 | 1,141,562 |
| Bank overdraft | - | (241,864) |
| | <u>14,858,096</u> | <u>899,698</u> |

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.)

NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

These condensed consolidated interim financial statement, for the financial period ended 30 September 2021 have not been audited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia") ("Listing Requirements").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2020.

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2020 except for the adoption of the following new MFRSs / Amendments with effect from 1 January 2021:-

Effective for financial years beginning on or after 1 January 2021

Amendments to MFRS 16 Leases: Covid-19-Related Rent Concessions

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform-Phase 2

The application of these amendments to MFRSs and amendments to MFRSs did not result in significant changes in the accounting policies of the Group and had no significant effect on the financial performance or position of the Group.

A2. Auditors' report on the preceding year's audited financial statements

The Group's financial statements for the financial year ended 31 December 2020 is not qualified.

A3. Seasonal or Cyclical Factors

The business operations of the Group is generally non-seasonal and not subject to any seasonal or cyclical factors. The nature of the group's business is primarily project based and hence impact on the Group is subject to systemic market risk.

A4. Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the financial period ended 30 September 2021.

A5. Changes in estimates

There is no significant change in estimates of amounts reported in prior financial year that have a material effect in the current financial period.

A6. Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayments of debt and equity securities for the current financial period ended 30 September 2021.

A7. Dividend paid

There were no dividends paid during the current financial period ended 30 September 2021.

A8. Segmental Reporting

For management purposes, the Group is organised into the following business units based on their products and services, and has three reportable operating segments as follows:

| | |
|---|---|
| Electronics & system integration | - Design, manufacturing and installation of electronics and microprocessor controlled products. Trading, maintenance and supply of industrial electronic equipment. Intelligent transportation system and major system integration projects involving Information Communication Technology, supply and service of telecommunication equipment, audio visual multimedia systems. |
| Security systems, mechanical and electrical engineering ("M&E") | - Supply and installation of security systems. Specialist in fire protection system design and installation works and mechanical engineering services. Industrial maintenance and service works. Trading of transport equipment and provision of related services. Manufacturing of filter inclusive of import and marketing. |
| Other operations | - Involving in trading of precision instruments, provision of cloud service and general trading. |

Geographical Segments

| | |
|-----------|--|
| Malaysia | - All main businesses disclosed in primary reporting format-business segments. |
| Hong Kong | - Trading of precision instruments, provision of cloud service and general trading. - Operating E commerce business and target market is South East Asia. |

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(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL REPORT

A8. Information on Segments (Continued)

a) Individual quarter

Business segments:

| Individual quarter ended | Electronics & System Integration | | Security Systems & M&E | | Other Operations | | Adjustments and Eliminations | | Per consolidated Financial Statements | |
|-------------------------------|----------------------------------|----------------|------------------------|--------------|------------------|-----------------|------------------------------|----------------|---------------------------------------|-----------------|
| | 30.09.2021 | 30.09.2020 | 30.09.2021 | 30.09.2020 | 30.09.2021 | 30.09.2020 | 30.09.2021 | 30.09.2020 | 30.09.2021 | 30.09.2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | | | | | | | |
| External customers | 464 | 404 | 294 | 336 | 9,737 | 2,188 | - | - | 10,495 | 2,927 |
| Inter-segment | 130 | 266 | - | - | 6 | - | (136) | (266) | 0 | - |
| Total revenue | 594 | 669 | 294 | 336 | 9,743 | 2,188 | (136) | (266) | 10,495 | 2,927 |
| Results | | | | | | | | | | |
| Interest income | 0 | 0 | - | 0 | 0 | - | - | - | 0 | 0 |
| Finance costs | 1 | 5 | 0 | 0 | 0 | (1) | - | - | 2 | 5 |
| Depreciation and amortisation | 32 | 39 | 11 | 11 | 598 | 576 | (22) | (22) | 619 | 605 |
| Segment profit/(loss) | (71) | (879) | (57) | (53) | (906) | (1,925) | (772) | 2,726 | (1,807) | (132) |
| Segment assets | 25,635 | 14,228 | 1,287 | 1,497 | 21,775 | 12,368 | (3,246) | (8,529) | 45,451 | 19,564 |
| Segment liabilities | (18,137) | (9,320) | (480) | (441) | (30,389) | (25,608) | 22,443 | 24,951 | (26,563) | (10,417) |
| Capital expenditure | - | 4 | - | 1 | 1,632 | 9 | - | - | 1,632 | 14 |

Geographical segments:

| | Malaysia | | Hong Kong | | Adjustments and eliminations | | Per consolidated financial statements | |
|---------------------------------|---------------|---------------|---------------|---------------|------------------------------|----------------|---------------------------------------|---------------|
| | 30.09.2021 | 30.09.2020 | 30.09.2021 | 30.09.2020 | 30.09.2021 | 30.09.2020 | 30.09.2021 | 30.09.2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | | | | | |
| Revenue from external customers | 887 | 1,005 | 9,744 | 2,188 | (136) | (266) | 10,495 | 2,927 |
| Segment assets | 27,736 | 16,784 | 20,960 | 11,309 | (3,246) | (8,529) | 45,451 | 19,564 |
| Capital expenditure | - | 14 | 1,632 | - | - | - | 1,632 | 14 |

b) Cumulative quarters

Business segments:

| Cumulative quarters ended | Electronics & System Integration | | Security Systems & M&E | | Other Operations | | Adjustments and Eliminations | | Per consolidated Financial Statements | |
|-------------------------------|----------------------------------|----------------|------------------------|--------------|------------------|-----------------|------------------------------|----------------|---------------------------------------|-----------------|
| | 30.09.2021 | 30.09.2020 | 30.09.2021 | 30.09.2020 | 30.09.2021 | 30.09.2020 | 30.09.2021 | 30.09.2020 | 30.09.2021 | 30.09.2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | | | | | | | |
| External customers | 1,799 | 4,449 | 991 | 807 | 28,694 | 3,193 | - | - | 31,484 | 8,449 |
| Inter-segment | 554 | 504 | 0 | - | 1,167 | - | (1,721) | (504) | - | - |
| Total revenue | 2,352 | 4,953 | 991 | 807 | 29,861 | 3,193 | (1,721) | (504) | 31,484 | 8,449 |
| Results | | | | | | | | | | |
| Interest income | 0 | 1 | - | 0 | 56 | - | - | - | 56 | 1 |
| Finance costs | 13 | 19 | 0 | 0 | 13 | 1 | - | - | 27 | 20 |
| Depreciation and amortisation | 103 | 120 | 35 | 34 | 1,779 | 1,790 | (66) | (66) | 1,851 | 1,878 |
| Segment profit/(loss) | (13) | (1,856) | (204) | (142) | (804) | (3,538) | (770) | 1,521 | (1,791) | (4,014) |
| Segment assets | 25,635 | 14,228 | 1,287 | 1,497 | 21,775 | 12,368 | (3,246) | (8,529) | 45,451 | 19,564 |
| Segment liabilities | (18,137) | (9,320) | (480) | (441) | (30,389) | (25,608) | 22,443 | 24,951 | (26,563) | (10,417) |
| Capital expenditure | - | 26 | - | 2 | 1,633 | 291 | - | - | 1,633 | 318 |

Geographical segments:

| | Malaysia | | Hong Kong | | Adjustments and eliminations | | Per consolidated financial statements | |
|---------------------------------|-----------------|-----------------|-----------------|-----------------|------------------------------|----------------|---------------------------------------|-----------------|
| | 30.09.2021 | 30.09.2020 | 30.09.2021 | 30.09.2020 | 30.09.2021 | 30.09.2020 | 30.09.2021 | 30.09.2020 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | | | | | |
| Revenue from external customers | 3,375 | 5,760 | 29,829 | 3,193 | (1,721) | (504) | 31,484 | 8,449 |
| Segment assets | 27,736 | 16,784 | 20,960 | 11,309 | (3,246) | (8,529) | 45,451 | 19,564 |
| Capital expenditure | 1 | 318 | 1,632 | - | - | - | 1,633 | 318 |
| Segment liabilities | (26,296) | (14,846) | (22,710) | (20,522) | 22,443 | 24,951 | (26,563) | (10,417) |
| Results | | | | | | | | |
| Interest income | 0 | 1 | 56 | - | - | - | 56 | 1 |
| Finance costs | 15 | 20 | 12 | 0 | - | - | 27 | 20 |
| Depreciation and amortisation | 307 | 310 | 1,610 | 1,633 | (66) | (66) | 1,851 | 1,878 |
| Segment profit/(loss) | (2,414) | (2,447) | 1,394 | (3,089) | (770) | 1,521 | (1,791) | (4,014) |

A9. Valuation of property, plant and equipment

The valuation of land and buildings have been brought forward from previous valuation done as at 30 September 2020.

A10. Subsequent Events

As at 30 November 2021, being the latest practicable date ("LPD") prior to the issue of this quarterly report, material events subsequent to the end of the financial period at 30 September 2021 are as follows:

On 4 October 2021, 14,258,400 Shares being allotted and issued at the issue price of RM0.158 per share through Private Placement.

NOTES TO THE INTERIM FINANCIAL REPORT

A10. Subsequent Events (Continued)

On 28 October 2021, 5,494,600 Shares being allotted and issued at the issue price of RM0.182 per share through Private Placement.

A11. Effect of Changes in the Composition of the Group

There were no material changes in the composition of the Group during the current financial period including business combination, acquisition of subsidiaries and long term investment, disposal of subsidiaries, restructuring and discontinuing operations as of to date save for the below:

On 20 August 2021, the Company entered into a Subscription Agreement ("SA") to subscribe for additional 2,449,999 ordinary shares in All Best Group Limited (incorporated in Hong Kong SAR with a Company number : 2942499) ["All Best"] for a total cash consideration of HKD2,449,999.00 ("Subscription"). On 27 August 2021, the shares have successfully been allotted to the Company and All Best has changed from a wholly-owned subsidiary of ITRONIC, holding 1 ordinary share of HKD1 to a 49%-owned associate company of ITRONIC, holding 2,450,000 ordinary shares.

A12. Contingent Assets or Contingent Liabilities

There were no material changes in contingent assets or contingent liabilities since the last audited statement of financial position as at 31 December 2020.

A13. Intangible Assets

Intangible assets includes an amount of RM1,971,306 which is related to investment in software development from a subsidiary of the Company, Industronics Technology Limited ("IBTECH"). The software development consists of openstack cloud computing software platform, file hosting platform and game server platform.

On 31 August 2020, that the assets were transferred from IBTECH to ECGO International Limited at net book value as part of the proposed internal restructuring plan to reorganise and realign the business by streamlining operational management structure for better synergy to enhance the corporate direction of the Company and the Group.

A14. Capital Commitment

The Group has no material capital commitments as at 30 September 2021.

A15. Related Party Transactions

- a. There were no significant transactions and balances with related parties of the Group during the current financial period under review.
- b. There were no transactions with the directors and key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment.

A16. Loss Before Taxation

The following amounts have been included in arriving at operating loss:

| | Q321 RM | Q320 RM | YTD 21 RM | YTD 20 RM |
|--|------------|-------------|--------------|--------------|
| Interest Income | (280) | - | (56,289) | (1,398) |
| Other Income | - | - | - | (14,623) |
| Interest expense | 1,836 | 4,702 | 26,567 | 20,398 |
| Depreciation and amortisation | 619,408 | 604,621 | 1,850,646 | 1,738,471 |
| Reversal of inventories written down | - | (42,288) | - | (42,288) |
| Subsidy of wages | (42,000) | (244,606) | (55,200) | (313,006) |
| Write off of inventories | - | 42,288 | - | 42,288 |
| Write off of property, plant and equipment | - | 62 | - | 1,328 |
| Loss/(Gain) on disposal of subsidiary | 758,240 | (1,901,014) | 758,240 | (1,901,014) |
| (Gain)/Loss on disposal of property, plant and equipment | - | - | 1,972 | (98,010) |
| Reversal of impairment loss: | | | | |
| - Investment properties | - | (57,405) | - | (57,405) |
| Realised foreign exchange loss/(gain) | 5,619 | (4,253) | 11,512 | (8,508) |
| Unrealised foreign exchange loss/(gain) | (97,335) | 397 | (95,513) | 1,154 |

*** Gain or loss on derivatives is not applicable as the Company does not have any derivative financial instrument.

ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS

B1. Review of Performance

- a) Quarter ended 30 September 2021 (3Q21) compared with quarter ended 30 September 2020 (3Q20)

The Group has recorded a higher revenue in 3Q21 (RM10.50 million) compared to 3Q20 (RM2.93 million). The higher revenue was mainly contributed from other operations segment in 3Q21 (RM9.74 million), ie trading of precision instruments, as compared to previous year 3Q20 (RM2.19 million).

For 3Q21, the Group recorded a loss before tax of RM1.81 million as compared to a loss before tax of RM0.13 million in 3Q20. The losses were mainly due to loss on deemed disposal of a subsidiary and the overall losses from all the business segments of the Group during the quarter.

- b) Current financial period ended 30 September 2021 (9M21) compared with preceding financial period ended 30 September 2020

The Group recorded higher revenue of RM31.48 million for 9M21 compared to RM8.45 million for 9M20, mainly attributable to higher revenue generated by other operations segment in 9M21, RM28.69 million. However, this was offsetted by the decrease in sales from electronics segment in 9M21, RM2.65 million, mainly due to lesser projects secured for this current financial period.

The Group recorded a loss before tax of RM1.79 million in 9M21 compared to a loss before tax of RM4.01 million in 9M20, mainly due to higher sales generated from other operations segment which has resulted to higher gross profit in 9M21 of RM4.79 million compared to 9M20 of RM1.49 million.

Operating expenses of the Group has reduced by RM1.68 million which was mainly attributed to disposal of loss-making subsidiaries in Year 2020. However, a loss on deemed disposal of a subsidiary has further weaken the performance of the Group for this 9M21.

B2. Material Changes in the Quarterly Results (3Q21) compared to the Results of the Preceding Quarter (2Q21)

The Group recorded lower revenue of RM10.50 million in 3Q21 compared with RM16.39 million in 2Q21. Loss before tax was RM1.81 million in the current quarter as compared to profit before tax of RM0.87 million in 2Q21.

B3. Current Year Prospects

The prevailing uncertainties in the global economy continue to pose challenges to the Group financial performance.

The COVID-19 pandemic has impacted significantly on the global and domestic economies. Even though a partial of the Group's activities are considered as essential operations, it is foreseen that the Covid-19 pandemic may have financial implications to the Group i.e. cash flow and operation cost.

The Group is expecting the local market to be challenging in view of the COVID-19 pandemic spread throughout the world, resulting in major economic slowdown, which would in turn impact the demand for our products and services.

Moving forward, the Group will tighten its control on the operating expenses and focus on developing new customer base. The Group is also constantly reviewing its portfolio and will continue to divest any current non-profitable entity if required to enhance its overall profitability and cash flow. The Group will also evaluate any opportunities in investing into new potential business that may arise in this crisis.

B4. Profit Forecast

Not applicable as no profit forecast was published.

B5. Taxation

Taxation comprises the following:-

| | Current Quarter RM | Cumulative Quarters |
|--------------|--------------------------|------------------------|
| Current tax | - | - |
| Deferred tax | - | - |
| | <u> </u> | <u> </u> |
| | <u> </u> | <u> </u> |

B6. Sale of Quoted and Unquoted Investments

There were no material sale of quoted and unquoted investments for the financial period ended 30 September 2021.

B7. Sale of Properties

There was no disposal of property for the financial period ended 30 September 2021.

B8. Status of Corporate Proposals

As at 30 November 2021, being the latest practicable date ("LPD") prior to the issue of this quarterly report, save as disclosed below, there were no corporate proposals announced but not completed by the Company:

On 13 March 2020, M&A, on behalf of the Board of Directors of ITRONIC announced that the listing application to Bursa Malaysia Securities Berhad as well as the application to Bank Negara Malaysia in relation to the proposals has been submitted.

On 6 April 2020, M&A, on behalf of the Board of Directors of ITRONIC announced that the Company has entered into a supplemental agreement with the subscriber, Bluemount Investment Fund SPC "BIF" ("Supplemental Agreement") to vary, modify, substitute, alter and amend certain terms and relevant provisions of the Subscription Agreement. The revisions include proposal to issue up to 500,000,000 new RCPS at an issue price of RM0.04 per RCPS.

ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS

B8. Status of corporate proposals (Continued)

On 27 April 2020, M&A, on behalf of the Board of Directors of ITRONIC announced that the Company has entered into a 2nd supplemental agreement with the Subscriber ("Supplemental Agreement 2") to vary, modify, substitute, alter and amend certain terms and relevant provision of the Subscription Agreement.

On 20 July 2020, M&A, on behalf of the Board of Directors of ITRONIC wishes to announce that Bursa Securities has vide its letter dated 20 July 2020, resolved to approve the listing of up to 266,625,000 new Itronic Shares to be issued pursuant to the conversion of the RCPS arising from the Proposed Issuance of RCPS.

On 8 Feb 2021, The Company received fund i.e. Tranche 1 of USD680,000.00 approximately of RM 2.66 million from Subscriber. The Company will proceed to log SSM as of 22 Feb 2021.

On 5 March 2021, Bluemount Investment Fund SPC converted 33,350,000 redeemable convertible preference shares of RM0.04 each into ordinary share.

On 19 April 2021, Bluemount Investment Fund SPC converted converted 33,275,000 redeemable preference preference shares of RM0.04 each into ordinary share.

On 28 April 2021, on behalf of the Board of Directors of ITRONIC announced that the Bluemount Investment Fund SPC "Subscriber" subscribed for Tranche 2 comprising 100,000,000 RCPS in the share capital of ITRONIC at an issue price of RM0.04 per RCPS for a cash consideration of RM4,000,000 subject to the Rights and Terms of the RCPS and in accordance with the relevant provisions of the Constitution of ITRONIC.

On 11 May 2021, Bluemount Investment Fund SPC converted 50,000,000 Redeemable Convertible Preference Shares of RM0.04 each into ordinary shares.

On 23 June 2021, Bluemount Investment Fund SPC converted 50,000,000 Redeemable Convertible Preference Shares of RM0.04 each into ordinary shares.

On 24 June 2021, on behalf of the Board of Directors of ITRONIC announced that the Bluemount Investment Fund SPC "Subscriber" subscribed for Tranche 3 comprising 100,000,000 RCPS in the share capital of ITRONIC at an issue price of RM0.04 per RCPS for a cash consideration of RM4,000,000 subject to the Rights and Terms of the RCPS and in accordance with the relevant provisions of the Constitution of ITRONIC.

On 20 September 2021, Bluemount Investment Fund SPC converted 75,000,000 Redeemable Convertible Preference Shares of RM0.04 each into ordinary shares.

The table below sets out the status of utilisation of proceeds raised from the RCPS Issuance of Tranches 1, 2 & 3 as mentioned above amounting to RM10.67 million.

| Descriptions | Proposed utilisation * | Actual Proceeds Raised | Actual Utilisation | Balance | Estimate time frame for the utilisation upon receipt of Tranches 1, 2 & 3 |
|---|------------------------|------------------------|--------------------|---------------|---|
| | RM (Million) | RM (Million) | RM (Million) | RM (Million) | |
| Business expansion | 7.27 | 7.27 | 0.55 | 6.72 | Within 24 months |
| Working capital for the existing group's business | 3.00 | 3.00 | 2.66 | 0.34 | Within 24 months |
| Estimated expenses relating to the Proposals | 0.40 | 0.40 | 0.06 | 0.34 | Within 1 month |
| Total | 10.67 | 10.67 | 3.27 | 7.40 | |

B9. Group Borrowings and Debt Securities

Total Group Borrowings as at 30 September 2021:-

| | |
|-----------------------------|-------------------|
| | RM |
| a) Secured and unsecured : | |
| Total secured borrowings | - |
| Total unsecured borrowings | 12,920,351 |
| Total borrowings | <u>12,920,351</u> |
| | RM |
| b) Short Term and Long Term | |
| Total short-term borrowings | 12,920,351 |
| Total long term borrowings | - |
| Total borrowings | <u>12,920,351</u> |

All borrowings are denominated in Hong Kong Dollar of HKD24,000,000 (RM12,920,351).

The freehold land and buildings of the Group with a carrying amount of RM5,095,700.00 (2020:RM5,132,675.00) are pledged as securities to a financial institution for banking facilities granted to the Company which amount of bank overdrafts limit of RM100,000 as at end of the financial period ended 30 September 2021.

B10. Off Balance Sheet Financial Instruments

Not applicable as off balance sheet financial instruments are accounted for in the statement of financial position.

ADDITIONAL INFORMATION REQUIRED PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS

B11. Material Litigations

There was no material litigation pending as at the date of this quarterly report.

B12. Dividend

No dividend has been declared in the current quarter.

B13. Basic loss per share

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTERS | |
|---|-----------------------|-------------------------|-----------------------|-------------------------|
| | Current 30.09.2021 | Preceding 30.09.2020 | Current 30.09.2021 | Preceding 30.09.2020 |
| Net loss attributable to the owners of the Company for the period | (1,803,669) | (129,152) | (1,780,505) | (4,007,137) |
| Weighted average no. of ordinary shares in issue | 260,460,907 | 133,402,574 | 260,460,907 | 133,402,574 |
| Basic loss per share (sen) | (0.69) | (0.10) | (0.68) | (3.00) |

b) Diluted loss per share

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTERS | |
|---|-----------------------|-------------------------|-----------------------|-------------------------|
| | Current 30.09.2021 | Preceding 30.09.2020 | Current 30.09.2021 | Preceding 30.09.2020 |
| Net loss attributable to the owners of the Company for the period | (1,803,669) | (129,152) | (1,780,505) | (4,007,137) |
| Weighted average no. of ordinary shares in issue | 266,710,907 | 133,402,574 | 266,710,907 | 133,402,574 |
| Diluted loss per share (sen) | (0.68) | (0.10) | (0.67) | (3.00) |

B14. Authorisation For Issue

The interim financial statements for the nine (9)-months financial period ended 30 September 2021 were authorised for issue by the Board of Directors.

BY ORDER OF THE BOARD

INDUSTRONICS BERHAD
30 November 2021