



**GREATECH TECHNOLOGY BERHAD**  
(Company No. 201801008633 (1270647-H))  
(Incorporated in Malaysia under the Companies Act 2016)

**INTERIM FINANCIAL REPORT  
FOR THE THIRD QUARTER ENDED  
30 SEPTEMBER 2021**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
30 SEPTEMBER 2021 <sup>(1)</sup>**

|  | <b>Unaudited<br/>as at<br/>30/09/2021<br/>RM'000</b> | <b>Audited<br/>as at<br/>31/12/2020<br/>RM'000</b> |
|--|--|--|
| <b>ASSETS</b>                                      |  |  |
| <b>Non-current assets</b>                          |  |  |
| Property, plant and equipment                      | 86,130   | 64,541   |
| Right-of-use assets                                | 32,075   | 29,826   |
|  | <u>118,205</u>                                       | <u>94,367</u>                                      |
| <b>Current assets</b>                              |  |  |
| Inventories  | 8,777  | 11,671   |
| Trade and other receivables                        | 125,559  | 41,459   |
| Contract assets                                    | 16,589   | 20,590   |
| Derivative assets                                  | -  | 4  |
| Current tax assets                                 | 1,181  | 1,120  |
| Short term funds                                   | 268,427  | 212,960  |
| Cash and bank balances                             | 85,614   | 72,570   |
|  | <u>506,147</u>                                       | <u>360,374</u>                                     |
| <b>TOTAL ASSETS</b>                                | <b><u>624,352</u></b>                                | <b><u>454,741</u></b>                              |
| <b>EQUITY AND LIABILITIES</b>                      |  |  |
| <b>Equity attributable to owners of the parent</b> |  |  |
| Share capital                                      | 112,425  | 111,951  |
| Reserves   | 290,485  | 174,795  |
| <b>TOTAL EQUITY</b>                                | <u>402,910</u>                                       | <u>286,746</u>                                     |
| <b>Non-current liabilities</b>                     |  |  |
| Borrowings   | 15,291   | 17,202   |
| Lease liabilities                                  | 3,378  | 615  |
| Deferred tax liabilities                           | 6,002  | 6,002  |
| Government grant                                   | 427  | 526  |
|  | <u>25,098</u>  | <u>24,345</u>                                      |
| <b>Current liabilities</b>                         |  |  |
| Trade and other payables                           | 40,432   | 40,166   |
| Contract liabilities                               | 111,785  | 58,349   |
| Provision for warranties                           | 41,634   | 42,447   |
| Derivative liabilities                             | 44   | -  |
| Borrowings   | 1,100  | 1,416  |
| Lease liabilities                                  | 1,216  | 1,139  |
| Government grant                                   | 133  | 133  |
|  | <u>196,344</u>                                       | <u>143,650</u>                                     |
| <b>TOTAL LIABILITIES</b>                           | <u>221,442</u>                                       | <u>167,995</u>                                     |
| <b>TOTAL EQUITY AND LIABILITIES</b>                | <b><u>624,352</u></b>                                | <b><u>454,741</u></b>                              |



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT  
30 SEPTEMBER 2021 <sup>(1)</sup>**

|  | <b>Unaudited<br/>as at<br/>30/09/2021</b> | <b>Audited<br/>as at<br/>31/12/2020</b> |
|--|---|---|
| Number of ordinary shares in issue ('000)                      | 1,252,055                                 | 1,252,000                               |
| Net assets per share attributable to owners of the parent (RM) | 0.32                                      | 0.23                                    |

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021 <sup>(1)</sup>**

|   | Individual Quarter |               | Cumulative Quarter |               |
|---|--------------------|---------------|--------------------|---------------|
|   | 3 months ended     |               | 9 months ended     |               |
|   | 30/09/2021         | 30/09/2020    | 30/09/2021         | 30/09/2020    |
|   | RM'000             | RM'000        | RM'000             | RM'000        |
| Revenue   | 95,334             | 75,820        | 326,833            | 184,780       |
| Cost of sales   | (61,223)           | (40,985)      | (194,072)          | (107,209)     |
| <b>Gross profit</b>   | <b>34,111</b>      | <b>34,835</b> | <b>132,761</b>     | <b>77,571</b> |
| Other income  | 5,865              | 712           | 16,302             | 8,528         |
| Administrative and marketing expenses   | (10,641)           | (11,776)      | (33,542)           | (25,236)      |
| Finance cost  | (126)              | (258)         | (538)              | (719)         |
| <b>Profit before tax</b>  | <b>29,209</b>      | <b>23,513</b> | <b>114,983</b>     | <b>60,144</b> |
| Tax expense   | (214)              | (291)         | (947)              | (806)         |
| <b>Profit for the financial period</b>  | <b>28,995</b>      | <b>23,222</b> | <b>114,036</b>     | <b>59,338</b> |
| <b>Other comprehensive income</b>   |                    |               |                    |               |
| <b>Item that may be reclassified subsequently to profit or loss</b>                             |                    |               |                    |               |
| Foreign currency translations   | (25)               | *             | (70)               | (7)           |
| <b>Total comprehensive income for the financial period attributable to owners of the parent</b> | <b>28,970</b>      | <b>23,222</b> | <b>113,966</b>     | <b>59,331</b> |
| <b>Earnings per ordinary share attributable to owners of the parent (sen)</b>                   |                    |               |                    |               |
| - Basic <sup>(2)</sup>  | 2.32               | 1.85          | 9.11               | 4.74          |
| - Diluted <sup>(2)</sup>  | 2.32               | 1.85          | 9.11               | 4.74          |

(1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

(2) Based on weighted average number of ordinary shares in issue during the financial period under review.

\* Less than RM1,000

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021 <sup>(1)</sup>**

|   | Non-distributable       |  |  |                               | Distributable                  |                             | Total equity<br>RM'000 |
|---|-------------------------|--|--|-------------------------------|--------------------------------|-----------------------------|------------------------|
|   | Share capital<br>RM'000 | Exchange translation reserve<br>RM'000 | Reorganisation debit reserve<br>RM'000 | Revaluation reserve<br>RM'000 | Share option reserve<br>RM'000 | Retained earnings<br>RM'000 |                        |
| Balance as at 1 January 2021                                | 111,951                 | 3                                      | (39,500)                               | 8,604                         | -                              | 205,688                     | 286,746                |
| Profit for the financial period                             | -                       | -                                      | -                                      | -                             | -                              | 114,036                     | 114,036                |
| Foreign currency translations                               | -                       | (70)                                   | -                                      | -                             | -                              | -                           | (70)                   |
| Other comprehensive income, net of tax                      | -                       | (70)                                   | -                                      | -                             | -                              | -                           | (70)                   |
| Total comprehensive income                                  | -                       | (70)                                   | -                                      | -                             | -                              | 114,036                     | 113,966                |
| Realisation of revaluation surplus                          | -                       | -                                      | -                                      | (174)                         | -                              | 174                         | -                      |
| <b>Transactions with owners:</b>                            |                         |  |  |                               |                                |                             |                        |
| Share-based payment transaction                             | -                       | -                                      | -                                      | -                             | 1,898                          | -                           | 1,898                  |
| Issuance of ordinary shares pursuant to ESOP <sup>(2)</sup> | 474                     | -                                      | -                                      | -                             | (174)                          | -                           | 300                    |
| Total transactions with owners                              | 474                     | -                                      | -                                      | -                             | 1,724                          | -                           | 2,198                  |
| Balance as at 30 September 2021                             | 112,425                 | (67)                                   | (39,500)                               | 8,430                         | 1,724                          | 319,898                     | 402,910                |
| Balance as at 1 January 2020                                | 111,951                 | 7                                      | (39,500)                               | 5,464                         | -                              | 117,668                     | 195,590                |
| Profit for the financial period                             | -                       | -                                      | -                                      | -                             | -                              | 59,338                      | 59,338                 |
| Foreign currency translations                               | -                       | (7)                                    | -                                      | -                             | -                              | -                           | (7)                    |
| Other comprehensive income, net of tax                      | -                       | (7)                                    | -                                      | -                             | -                              | -                           | (7)                    |
| Total comprehensive income                                  | -                       | (7)                                    | -                                      | -                             | -                              | 59,338                      | 59,331                 |
| Realisation of revaluation surplus                          | -                       | -                                      | -                                      | (130)                         | -                              | 130                         | -                      |
| Balance as at 30 September 2020                             | 111,951                 | *                                      | (39,500)                               | 5,334                         | -                              | 177,136                     | 254,921                |

(1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

(2) ESOP - Employees' Share Option Plan

\* Less than RM1,000

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021 <sup>(1)</sup>**

|  | <b>9 months ended</b> |                   |
|--|-----------------------|-------------------|
|  | <b>30/09/2021</b>     | <b>30/09/2020</b> |
|  | <b>RM'000</b>         | <b>RM'000</b>     |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>            |                       |                   |
| Profit before tax                                      | 114,983               | 60,144            |
| Adjustments for:                                       |                       |                   |
| Amortisation of government grant                       | (99)                  | (101)             |
| Depreciation of:                                       |                       |                   |
| - property, plant and equipment                        | 3,398                 | 2,737             |
| - right-of-use assets                                  | 1,663                 | 1,472             |
| Fair value adjustment on derivative assets/liabilities | 48                    | (3)               |
| Gain on lease modification                             | (3)                   | -                 |
| Impairment losses on:                                  |                       |                   |
| - contract assets                                      | 636                   | 207               |
| - trade receivables                                    | 3,631                 | 711               |
| Interest expense                                       | 538                   | 719               |
| Interest income  | (514)                 | (472)             |
| Lease concessions                                      | (23)                  | (22)              |
| Loss on disposal of property, plant and equipment      | 25                    | -                 |
| Property, plant and equipment written off              | 255                   | -                 |
| Provision for warranties                               | 10,315                | 13,006            |
| Reversals of:  |                       |                   |
| - impairment losses on contract assets                 | (332)                 | -                 |
| - impairment losses on trade receivables               | (527)                 | (180)             |
| - unused provision for warranties                      | (11,128)              | (8,268)           |
| Share-based payment transaction                        | 1,898                 | -                 |
| Unrealised (gain)/loss on foreign exchange             | (1,438)               | 1,101             |
| Operating profit before changes in working capital     | 123,326               | 71,051            |
| Decrease/(Increase) in inventories                     | 2,894                 | (11,144)          |
| Increase in trade and other receivables                | (86,312)              | (21,629)          |
| Decrease in contract assets                            | 3,697                 | 12,703            |
| Increase/(Decrease) in trade and other payables        | 218                   | (1,231)           |
| Increase/(Decrease) in contract liabilities            | 53,436                | (19,704)          |
| Cash generated from operations                         | 97,259                | 30,046            |
| Interest paid  | (471)                 | (617)             |
| Interest received                                      | 514                   | 472               |
| Tax paid   | (541)                 | (815)             |
| Net cash from operating activities                     | 96,761                | 29,086            |

**GREATECH TECHNOLOGY BERHAD****(Company No. 201801008633 (1270647-H))**

(Incorporated in Malaysia under the Companies Act 2016)

Interim Financial Report For The Third Quarter Ended 30 September 2021

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021 <sup>(1)</sup>**

|   | 9 months ended        |                       |
|---|-----------------------|-----------------------|
|   | 30/09/2021<br>RM'000  | 30/09/2020<br>RM'000  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                       |                       |
| Proceeds from disposal of property, plant and equipment                             | 373                   | -                     |
| Purchases of:   |                       |                       |
| - property, plant and equipment   | (25,640)              | (12,583)              |
| - right-of-use assets   | (259)                 | (89)                  |
| Net changes in deposits pledged with licensed banks                                 | -                     | 1,328                 |
| Net changes in deposits with licensed bank (more than three months)                 | (5,066)               | -                     |
|   | <u>(30,592)</u>       | <u>(11,344)</u>       |
| Net cash used in investing activities   |                       |                       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                       |                       |
| Proceeds from:  |                       |                       |
| - issuance of ordinary shares   | 300                   | -                     |
| - term loans  | 16,500                | 490                   |
| Repayments of:  |                       |                       |
| - lease liabilities   | (854)                 | (986)                 |
| - term loans  | (18,727)              | (655)                 |
|   | <u>(2,781)</u>        | <u>(1,151)</u>        |
| Net cash used in financing activities   |                       |                       |
| Net changes in cash and cash equivalents  | 63,388                | 16,591                |
| <b>Effects of exchange rate changes on cash and cash equivalents</b>                | 57                    | (1,253)               |
| <b>Cash and cash equivalents at beginning of financial period</b>                   | <u>284,023</u>        | <u>215,108</u>        |
| <b>Cash and cash equivalents at end of financial period</b>                         | <u><u>347,468</u></u> | <u><u>230,446</u></u> |
| <b>Cash and cash equivalents comprise the following at end of financial period:</b> |                       |                       |
| Cash and bank balances  | 79,041                | 39,313                |
| Deposits pledged with licensed banks  | -                     | 1,649                 |
| Deposits with licensed bank (more than three months)                                | 6,573                 | -                     |
| Short term funds  | 268,427               | 190,980               |
|   | <u>354,041</u>        | <u>231,942</u>        |
| Less: Deposits pledged to licensed banks  | -                     | (1,496)               |
| Deposits with licensed bank (more than three months)                                | (6,573)               | -                     |
|   | <u><u>347,468</u></u> | <u><u>230,446</u></u> |

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021 <sup>(1)</sup>**

***RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES***

|                                 | <b>Lease liabilities</b> | <b>Term loans</b> |
|---------------------------------|--------------------------|-------------------|
|                                 | <b>RM'000</b>            | <b>RM'000</b>     |
| Balance as at 1 January 2021    | 1,754                    | 18,618            |
| Cash flows                      | (854)                    | (2,227)           |
| Non-cash flows                  |                          |                   |
| - addition of lease liabilities | 3,702                    | -                 |
| - effects of lease modification | (52)                     | -                 |
| - lease concessions             | (23)                     | -                 |
| - unwinding of interest         | 67                       | -                 |
| Balance as at 30 September 2021 | <u>4,594</u>             | <u>16,391</u>     |

|                                 | <b>Lease liabilities</b> | <b>Term loans</b> |
|---------------------------------|--------------------------|-------------------|
|                                 | <b>RM'000</b>            | <b>RM'000</b>     |
| Balance as at 1 January 2020    | 3,517                    | 19,129            |
| Cash flows                      | (986)                    | (165)             |
| Non-cash flows                  |                          |                   |
| - lease concessions             | (22)                     | -                 |
| - unwinding of interest         | 102                      | -                 |
| Balance as at 30 September 2020 | <u>2,611</u>             | <u>18,964</u>     |

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**

**Part A - Explanatory Notes Pursuant To MFRS 134, Interim Financial Reporting**

**A1. Basis of Preparation**

The interim financial report of Greatech Technology Berhad (“**Company**” or “**Greatech**”) and its subsidiaries (collectively known as “**Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRSs**”) 134 *Interim Financial Reporting* and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”).

This interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

**A2. Significant Accounting Policies**

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the latest audited financial statements, except for the adoption of the following new and revised MFRSs, Amendments to MFRSs and IC interpretations.

**a) New and revised MFRSs, Amendments to MFRSs and IC interpretations adopted during the financial year**

| <b>Title</b>  | <b>Effective date</b> |
|---|-----------------------|
| Amendments to MFRSs 4, 7, 9, 16 and 139 <i>Interest Rate Benchmark Reform - Phase 2</i> | 1 January 2021        |
| Amendments to MFRS 16 <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>      | 1 April 2021          |

The adoption of the above accounting standards and interpretations have no impact on the financial statements of the Group upon their initial application.

**b) New and revised MFRSs, Amendments to MFRSs and IC interpretations, but only effective for annual periods beginning on or after 1 January 2022**

The following are standards of the MFRSs Framework that have been issued by the Malaysian Accounting Standards Board but have not been early adopted by the Group:

| <b>Title</b>  | <b>Effective date</b> |
|---|-----------------------|
| <i>Amendments to MFRSs contained in the document entitled “Annual Improvements to MFRS Standards 2018–2020”</i>                 | 1 January 2022        |
| Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>   | 1 January 2022        |
| Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>                                      | 1 January 2022        |
| Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>   | 1 January 2022        |
| Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-Current</i>   | 1 January 2023        |
| MFRS 17 <i>Insurance Contracts</i>  | 1 January 2023        |
| Amendments to MFRS 17 <i>Insurance Contracts</i>  | 1 January 2023        |
| Amendments to MFRS 101 <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>Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>   | 1 January 2023        |
| Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Deferred              |

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**

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### **A3. Audit Report**

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

### **A4. Seasonal or Cyclical Factors**

The Group did not experience any material seasonality or cyclicity in the business as the demand for the products and services are neither subject to seasonal fluctuations nor cyclical variations.

### **A5. Material Unusual Items**

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

### **A6. Material Changes in Estimates**

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

### **A7. Debt and Equity Securities**

Save as disclosed below, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review.

The Company had issued 50,700 new ordinary shares at an exercise price of RM5.475 pursuant to the Employees' Share Option Plan ("ESOP").

### **A8. Dividend Paid**

There was no dividend paid during the current financial quarter under review.

### **A9. Segmental Reporting**

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the sale of automated equipment together with provision of parts and services.

No provision of parts and services segment information is presented as the Chief Executive Officer ("CEO") views the Group as a single reportable segment.

### **A10. Valuations of Property, Plant and Equipment and Right-Of-Use Assets**

The valuations of buildings and leasehold land classified under Property, Plant and Equipment and Right-Of-Use Assets respectively is performed by an independent professional valuer using the open market value basis on 31 December 2020.

### **A11. Material Events Subsequent to the end of the Interim Financial Period**

There were no material events subsequent to the end of the current financial quarter under review that have not been reflected in this interim financial report.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**

**A12. Changes in Group's Composition**

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

**A13. Contingent Assets and Contingent Liabilities**

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

**A14. Capital Commitments**

Save as disclosed below, as at 30 September 2021, the Group does not have any material capital commitments:

|                                      |               |
|--------------------------------------|---------------|
| <b>Property, Plant and Equipment</b> | <b>RM'000</b> |
| - Approved and contracted for        | <u>52,758</u> |

Capital commitments of the Group relate to the land and building cost for its new operational facilities, plant and machinery, tools and equipment and computer systems.

**A15. Significant Related Party Transactions**

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

**A16. 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 financial quarter under review.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**

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**Part B - Additional Information Required by the Main Market Listing Requirements of Bursa Securities**

**B1. Review of Group's Performance**

**Comparison with prior year corresponding quarter results**

The Group's revenue of RM95.33 million for the current financial quarter were 25.74% or RM19.51 million higher than that of prior year corresponding quarter. The increase was attributable to the higher revenue recognised in production line systems ("PLS") and single automated equipment ("SAE"). The most visible increase can be seen in the PLS for electric vehicle energy storage ("EV energy storage") industry. EV energy storage industry took a bigger cut in the current quarter PLS revenue with 65.76%.

The Group has recorded a lower gross profit ("GP") and gross profit margin ("GP margin") of RM34.11 million and 35.78% respectively, as compared to RM34.84 million and 45.94% respectively in the prior year corresponding quarter. The current quarter's margin was mainly impacted by the higher freight costs and travelling expenses for the shipment, installation and commissioning of machines abroad as most of the revenue were derived from overseas. During the prior year corresponding quarter, majority of the revenue were derived locally, incurring lower freight costs for land transportation and the travelling expenses were minimal. For informational purpose, the normalised GP margin without the net warranty impact is 36.52% and 46.71% for current financial quarter and prior year corresponding quarter respectively.

Despite a lower GP recorded, the Group's profit before tax ("PBT") for the current financial quarter has increased by RM5.70 million or 24.22% as compared to the prior year corresponding quarter. This was primarily contributed from the increased realised and unrealised foreign exchange gain as seen under Note B13 and a lower administrative and marketing expenses mainly attributable to the provision of employees' incentive expenses recognised in the prior year corresponding quarter.

**Comparison with prior year cumulative quarter results**

The Group's cumulative revenue has increased by RM142.05 million or 76.88% from RM184.78 million in 2020 to RM326.83 million in 2021. The increase was mainly attributable to the higher revenue recorded from PLS for the EV energy storage industry.

The Group's PBT has increased significantly by RM54.84 million or 91.18% from RM60.14 million in 2020 to RM114.98 million in 2021. This was due to the higher GP recorded as compared with prior year and higher other income mainly arising from the increase in realised and unrealised foreign exchange gain. Although the Group recorded a higher administrative and marketing expenses of RM33.54 million in 2021 as compared to RM25.24 million in 2020 primarily driven by the higher employee benefits expenses from the increased employee headcount and impairment losses on trade receivables, the administrative and marketing expenses as a percentage of revenue has dropped from 13.66% in 2020 to 10.26% this year, contributing to a higher PBT margin of 35.18% as compared to 32.55% a year earlier.

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## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**

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### **B2. Comparison with Immediate Preceding Quarter's Results**

The Group's revenue for the current financial quarter ended 30 September 2021 has decreased by RM41.02 million or 30.08% as compared to the preceding financial quarter ended 30 June 2021. This was mainly attributable to the lower revenue contribution from PLS. There were some rescheduling from customer to postpone the equipment installations due to the introduction of strictest lockdown measures by certain country. Furthermore, there were lesser revenue recognised during the current financial quarter due to the PLS shipped in the last quarter were in customer site acceptance this quarter. In addition, the new projects have yet to reach the milestone for revenue recognition during this quarter.

The GP and GP margin of the Group has dropped by RM15.16 million and 0.35% respectively in tandem with the lower revenue recorded.

The PBT of the Group for the current financial quarter was lower by RM9.55 million, in tandem with the lower GP contribution. Nonetheless, there were a slight increase in PBT margin from 28.43% to 30.64%, mainly attributable from the higher other income recorded and the lower administrative and marketing expenses due to unrealised foreign exchange differences and share-based payment transaction respectively.

### **B3. Commentary on Prospects**

The increasing demand for clean electricity and clean energy goals adoption has fuelled the growth in demand of industrial equipment of solar and energy storage. The Group's order book in third quarter showed positive improvement driven by the Group's solar customer focused on expanding its manufacturing capacity in America and India, and reducing environment footprint. The Group is ideally placed to benefit from this growth opportunity. The significant near-term focus is maximising production to support the increased demand, including additional recruitment, increased manufacturing facilities, increased production capacity through new machine and broaden our supply chain. In response to this, the Group is carefully managing the additional costs incurred in ramping capacity.

With COVID-19 still affecting our daily lives, the Group continued to prioritise safety and well-being of our employees, their families, customers and suppliers. As part of the Group commitment to adhere to COVID-19 safety protocols, the Group is partnered with healthcare service provider to facilitate a bi-monthly on-site RTK-Antigen testing for our employees. 100% of the Group's workforce has been fully vaccinated so far, and the Group is operating at 100% capacity.

The Group is mindful of the risk of COVID-19 disruption and global supply chains issue leading to escalation in raw material and freight costs. Cost escalation has remained within our expectations. The Group is working closely with our suppliers and customers to limit the exposure.

As of 29 October 2021, the Group's accumulated outstanding order book since quarter ended 30 September 2021 stood at approximately RM426 million, and is expected to last until the second half of 2022.

### **B4. Profit Forecast**

The Group did not issue any profit forecast during the financial quarter under review.

### **B5. Status of Corporate Proposals**

There were no corporate proposals announced but not completed for the current financial quarter under review.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**

**B6. Tax Expense**

|                         | Individual Quarter<br>3 months ended |              | Cumulative Quarter<br>9 months ended |              |
|-------------------------|--------------------------------------|--------------|--------------------------------------|--------------|
|                         | 30/09/2021                           | 30/09/2020   | 30/09/2021                           | 30/09/2020   |
|                         | RM'000                               | RM'000       | RM'000                               | RM'000       |
| Malaysian income tax    |                                      |              |                                      |              |
| - Current tax           | (183)                                | (180)        | (480)                                | (570)        |
| - Deferred tax          | -                                    | -            | -                                    | -            |
| Withholding tax expense | (31)                                 | (111)        | (467)                                | (236)        |
|                         | <u>(214)</u>                         | <u>(291)</u> | <u>(947)</u>                         | <u>(806)</u> |
| Effective tax rate      | 0.73%                                | 1.24%        | 0.82%                                | 1.34%        |

The overall effective tax rate for the financial period of the Group was lower than the statutory tax rate of 24% as the subsidiary, Greatech Integration (M) Sdn. Bhd., was granted pioneer status by Ministry of International Trade and Industry of Malaysia under the Promotion of Investments Act, 1986 on 29 March 2013, for a period of five (5) years up to 28 March 2018, which was subsequently extended for another five (5) years to 28 March 2023. As such, its statutory income during this period is exempted from income tax.

Withholding tax expense is related to foreign withholding tax liability from sales of production line systems and provision of engineering services to a customer in certain jurisdiction. Due to complexity of the tax law, significant judgement is required in evaluating the tax positions, including uncertainties. There is no assurance of refundability. Thus, the Group has decided to expense the withholding tax to the statement of profit or loss and other comprehensive income.

**B7. Use of Proceeds from the Initial Public Offering (“IPO”)**

The gross proceeds of RM73.05 million raised from the Public Issue and status of utilisation as at 30 September 2021 is disclosed in the following manner:

| Purposes   | Estimated time<br>frame for<br>utilisation<br>upon Listing | Proposed<br>utilisation<br>RM'000 | Actual<br>utilisation<br>RM'000 | Percentage<br>utilised<br>% |
|--|--|-----------------------------------|---------------------------------|-----------------------------|
| Business expansion and development, and marketing activities | Within 48 months   | 18,000                            | 6,285                           | 35%                         |
| Capital expenditure  | Within 24 months   | 5,000                             | 5,000                           | 100%                        |
| R&D expenditure  | Within 24 months   | 5,000                             | 5,000                           | 100%                        |
| Working capital  | Within 30 months   | 36,548                            | 36,548                          | 100%                        |
| Repayment of bank borrowings                                 | Within 3 months  | 4,500                             | 4,500                           | 100%                        |
| Estimated listing expenses                                   | Immediately  | 4,000                             | 4,000                           | 100%                        |
| <b>Total</b>   |  | <b>73,048</b>                     | <b>61,333</b>                   | <b>84%</b>                  |

The use of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 13 May 2019.

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**

**B8. Borrowings and Debt Securities**

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

|                                | <b>Unaudited</b>  |                   |
|--------------------------------|-------------------|-------------------|
|                                | <b>30/09/2021</b> | <b>30/09/2020</b> |
|                                | <b>RM'000</b>     | <b>RM'000</b>     |
| <b>Secured:</b>                |                   |                   |
| <b>Current liabilities</b>     |                   |                   |
| Term loans                     | 1,100             | 1,402             |
| <b>Non-current liabilities</b> |                   |                   |
| Term loans                     | 15,291            | 17,562            |
| <b>Total liabilities</b>       |                   |                   |
| Term loans                     | 16,391            | 18,964            |

**B9. Derivative Liabilities**

The details of outstanding derivative instruments as at 30 September 2021 are as follow:

|                                     | <b>Contracts amount</b> | <b>Liabilities</b> |
|-------------------------------------|-------------------------|--------------------|
|                                     | <b>RM'000</b>           | <b>RM'000</b>      |
| Forward Foreign Exchange Contracts: |                         |                    |
| - Less than 1 year                  | 4,382                   | 44                 |

The Group's derivative liabilities at the end of the current financial quarter comprise forward foreign exchange contracts which are used to manage the foreign currency exposures arising from the Group's receivables denominated in USD. The fair value of the forward foreign exchange contracts is based on the difference between the contracted forward rates and the mark-to-market rates.

**B10. Material Litigation**

As at the date of this interim financial report, there were no material litigations involving the Group.

**B11. Proposed Dividend**

The Board of Directors did not declare or recommend any dividend for the current financial quarter under review.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**

**B12. Earnings Per Ordinary Share (“EPS”)**

|   | Individual Quarter<br>3 months ended |            | Cumulative Quarter<br>9 months ended |            |
|---|--------------------------------------|------------|--------------------------------------|------------|
|   | 30/09/2021                           | 30/09/2020 | 30/09/2021                           | 30/09/2020 |
| Profit after tax attributable to owners<br>of the parent (RM'000)   | 28,995                               | 23,222     | 114,036                              | 59,338     |
| <b>Basic</b>  |                                      |            |                                      |            |
| Weighted average number of ordinary<br>shares in issue ('000) <sup>(1)</sup>                              | 1,252,018                            | 1,252,000  | 1,252,007                            | 1,252,000  |
| Basic EPS (sen) <sup>(2)</sup>  | 2.32                                 | 1.85       | 9.11                                 | 4.74       |
| <b>Diluted</b>  |                                      |            |                                      |            |
| Weighted average number of ordinary<br>shares in issue ('000) <sup>(1)</sup>                              | 1,252,018                            | 1,252,000  | 1,252,007                            | 1,252,000  |
| Effect of dilution due to employee<br>share option plan ('000)  | 100                                  | -          | 34                                   | -          |
| Adjusted weighted average number<br>of ordinary shares applicable to<br>diluted earnings per share ('000) | 1,252,118                            | 1,252,000  | 1,252,041                            | 1,252,000  |
| Diluted EPS (sen) <sup>(3)</sup>  | 2.32                                 | 1.85       | 9.11                                 | 4.74       |

(1) Includes the retrospective effect of bonus issue of 626,000,000 bonus shares listed on 11 January 2021. Excluding this, the basic and diluted EPS for the individual and cumulative financial period ended 30 September 2020 was 3.71 sen and 9.48 sen respectively.

(2) Basic EPS for the financial period is calculated by dividing the profit for the financial period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period.

(3) Diluted EPS for the financial period is calculated by dividing the profit for the financial period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial period adjusted for the effects of dilutive potential ordinary shares.

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**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT**

**B13. Profit Before Tax**

Included in profit before tax for the financial period are the following income/(expense) items:

|   | Individual Quarter<br>3 months ended |                      | Cumulative Quarter<br>9 months ended |                      |
|---|--------------------------------------|----------------------|--------------------------------------|----------------------|
|   | 30/09/2021<br>RM'000                 | 30/09/2020<br>RM'000 | 30/09/2021<br>RM'000                 | 30/09/2020<br>RM'000 |
| Amortisation of government grant                            | 33                                   | 34                   | 99                                   | 101                  |
| Depreciation of:  |                                      |                      |                                      |                      |
| - property, plant and equipment                             | (1,189)                              | (986)                | (3,398)                              | (2,737)              |
| - right-of-use assets                                       | (545)                                | (513)                | (1,663)                              | (1,472)              |
| Fair value adjustment on derivative<br>assets/liabilities   | 46                                   | 15                   | (48)                                 | 3                    |
| Gain/(Loss) on disposal of property,<br>plant and equipment | 41                                   | -                    | (25)                                 | -                    |
| Gain on lease modification                                  | 1                                    | -                    | 3                                    | -                    |
| Impairment losses on:                                       |                                      |                      |                                      |                      |
| - contract assets   | (636)                                | (207)                | (636)                                | (207)                |
| - trade receivables   | (3,631)                              | (711)                | (3,631)                              | (711)                |
| Interest expense  | (126)                                | (258)                | (538)                                | (719)                |
| Interest income   | 247                                  | 114                  | 514                                  | 472                  |
| Lease concessions   | 23                                   | -                    | 23                                   | 22                   |
| Property, plant and equipment<br>written off                | -                                    | -                    | (255)                                | -                    |
| Provision for warranties                                    | (2,595)                              | (5,383)              | (10,315)                             | (13,006)             |
| Realised gain on foreign exchange                           | 3,373                                | 387                  | 10,063                               | 3,699                |
| Reversals of:   |                                      |                      |                                      |                      |
| - impairment losses on contract<br>assets                   | 2,822                                | -                    | 332                                  | -                    |
| - impairment losses on trade<br>receivables                 | 1,204                                | 419                  | 527                                  | 180                  |
| - unused provision for warranties                           | 1,889                                | 4,801                | 11,128                               | 8,268                |
| Share-based payment transaction                             | -                                    | -                    | (1,898)                              | -                    |
| Unrealised gain/(loss) on foreign<br>exchange               | 1,088                                | (1,262)              | 1,438                                | (1,101)              |

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