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**PENTAMASTER INTERNATIONAL LIMITED**

**檳傑科達國際有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1665)**

**UNAUDITED THIRD QUARTERLY RESULTS  
ANNOUNCEMENT FOR THE NINE MONTHS ENDED  
30 SEPTEMBER 2024**

The board (the “Board”) of directors (the “Directors”) of Pentamaster International Limited (the “Company”) is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (collectively, “we”, “us”, “our” or the “Group”) for the nine months ended 30 September 2024 (the “Period”), together with the comparative figures for the nine months ended 30 September 2023 (the “Previous Corresponding Period”) (*expressed in Ringgit Malaysia “MYR”*).

The unaudited third quarterly results of the Group is released in conjunction with the quarterly results announcement of Pentamaster Corporation Berhad, the holding company of the Company in Malaysia pursuant to the Listing Requirements of the Main Market of the Bursa Malaysia Securities Berhad.

## FINANCIAL HIGHLIGHTS

<b>For the nine months ended 30 September</b>	<b>2024 (Unaudited) MYR'000</b>	<b>2023 (Unaudited) MYR'000</b>
Revenue	<b>492,179</b>	522,836
Gross profit	<b>141,167</b>	155,676
Profit for the period	<b>88,800</b>	108,375
Earnings per share (sen)		
Basic	<b>3.73</b>	4.54
Diluted	<b>3.73</b>	4.54

- Revenue of the Group was MYR492.2 million, representing a decrease of 5.9% over the Previous Corresponding Period.
- Profit for the period stood at MYR88.8 million, representing a decrease of 18.1% over the Previous Corresponding Period.
- Cash and cash equivalents of MYR366.6 million as at 30 September 2024 against MYR395.8 million as at 31 December 2023.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2024

	<b>Individual Quarter 3 Months Ended</b>		<b>Cumulative Year Financial Period Ended</b>	
	<b>30/9/2024 (Unaudited) MYR'000</b>	30/9/2023 (Unaudited) MYR'000	<b>30/9/2024 (Unaudited) MYR'000</b>	30/9/2023 (Unaudited) MYR'000
<b>Revenue</b>	<b>150,125</b>	180,708	<b>492,179</b>	522,836
Cost of sales	<b>(106,879)</b>	(125,553)	<b>(351,012)</b>	(367,160)
<b>Gross profit</b>	<b>43,246</b>	55,155	<b>141,167</b>	155,676
Other income	<b>8,785</b>	5,596	<b>13,127</b>	9,208
Distribution costs	<b>(1,639)</b>	(2,868)	<b>(6,134)</b>	(7,222)
Administrative expenses	<b>(24,002)</b>	(19,876)	<b>(57,767)</b>	(46,707)
Other operating expenses	<b>(43)</b>	(19)	<b>(168)</b>	(120)
<b>Operating profit</b>	<b>26,347</b>	37,988	<b>90,225</b>	110,835
Share of results of associates	<b>(58)</b>	(644)	<b>(310)</b>	83
<b>Profit before taxation</b>	<b>26,289</b>	37,344	<b>89,915</b>	110,918
Taxation	<b>(182)</b>	(840)	<b>(1,115)</b>	(2,543)
<b>Profit for the period</b>	<b>26,107</b>	36,504	<b>88,800</b>	108,375
<b>Other comprehensive income, including reclassification adjustments</b>				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Exchange (loss)/gain on translation of financial statements of foreign operations	<b>(298)</b>	4	<b>(303)</b>	(19)
<b>Profit and total comprehensive income for the period</b>	<b>25,809</b>	36,508	<b>88,497</b>	108,356

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)  
FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2024**

	<b>Individual Quarter 3 Months Ended</b>		<b>Cumulative Year Financial Period Ended</b>	
	<b>30/9/2024 (Unaudited) MYR'000</b>	<b>30/9/2023 (Unaudited) MYR'000</b>	<b>30/9/2024 (Unaudited) MYR'000</b>	<b>30/9/2023 (Unaudited) MYR'000</b>
	<b>Profit for the period, attributable to:</b>			
Owners of the Company	<b>26,108</b>	36,504	<b>88,801</b>	108,375
Non-controlling interests	<b>(1)</b>	-	<b>(1)</b>	-
	<b><u>26,107</u></b>	<b><u>36,504</u></b>	<b><u>88,800</u></b>	<b><u>108,375</u></b>
<b>Profit and total comprehensive income for the period, attributable to:</b>				
Owners of the Company	<b>25,810</b>	36,508	<b>88,498</b>	108,356
Non-controlling interests	<b>(1)</b>	-	<b>(1)</b>	-
	<b><u>25,809</u></b>	<b><u>36,508</u></b>	<b><u>88,497</u></b>	<b><u>108,356</u></b>
<b>Earnings per share attributable to owners of the Company (sen):</b>				
Basic	<b>1.10</b>	1.53	<b>3.73</b>	4.54
Diluted	<b>1.10</b>	1.53	<b>3.73</b>	4.54

The unaudited condensed consolidated statement of profit or loss and other comprehensive income for the three months and nine months ended 30 September 2024 should be read in conjunction with the audited financial statements for the year ended 31 December 2023.

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

	<b>As at 30/9/2024 (Unaudited) MYR'000</b>	<b>As at 31/12/2023 (Audited) MYR'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	<b>380,026</b>	247,117
Leasehold land	<b>34,438</b>	34,900
Deposits paid for acquisition of property, plant and equipment	<b>4,968</b>	13,612
Goodwill	<b>4,495</b>	4,495
Intangible assets	<b>36,181</b>	36,864
Interest in an associate	<b>20,193</b>	17,578
	<b>480,301</b>	354,566
<b>Current assets</b>		
Inventories	<b>99,458</b>	190,608
Trade receivables	<b>162,914</b>	196,289
Other receivables, deposits and prepayments	<b>21,096</b>	15,717
Amount due from ultimate holding company	<b>-</b>	4
Amount due from fellow subsidiaries	<b>1,412</b>	1,227
Derivative financial assets	<b>5,462</b>	2,384
Other investments	<b>182</b>	170
Tax recoverable	<b>2,099</b>	2,279
Cash and cash equivalents	<b>366,591</b>	395,797
	<b>659,214</b>	804,475
<b>Total assets</b>	<b>1,139,515</b>	1,159,041

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF  
FINANCIAL POSITION (CONTINUED)**

AS AT 30 SEPTEMBER 2024

	As at 30/9/2024 (Unaudited) MYR'000	As at 31/12/2023 (Audited) MYR'000
<b>EQUITY AND LIABILITIES</b>		
<b>EQUITY</b>		
Share capital	12,340	12,340
Reserves	<u>897,445</u>	<u>835,632</u>
	<b>909,785</b>	847,972
Non-controlling interests	<u>(1)</u>	<u>-</u>
<b>Total equity</b>	<u><b>909,784</b></u>	<u>847,972</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade payables	112,919	118,022
Other payables, accruals and provisions	32,236	43,730
Contract liabilities	70,357	137,940
Amount due to ultimate holding company	3	-
Derivative financial liabilities	-	1,833
Provision for taxation	<u>571</u>	<u>57</u>
	<u><b>216,086</b></u>	<u>301,582</u>
<b>Non-current liabilities</b>		
Other payables	11,005	6,717
Deferred income	893	620
Deferred tax liabilities	<u>1,747</u>	<u>2,150</u>
	<u><b>13,645</b></u>	<u>9,487</u>
<b>Total liabilities</b>	<u><b>229,731</b></u>	<u>311,069</u>
<b>Total equity and liabilities</b>	<u><b>1,139,515</b></u>	<u><b>1,159,041</b></u>

The unaudited condensed consolidated statement of financial position as at 30 September 2024 should be read in conjunction with the audited financial statements for the year ended 31 December 2023.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

	Share capital MYR'000	Share premium MYR'000	Shares held for share award scheme MYR'000	Share award reserve MYR'000	Statutory reserve MYR'000	Capital reserve MYR'000	Translation reserve MYR'000	Retained profits MYR'000	Proposed final dividend MYR'000	Total MYR'000	Non-controlling interests MYR'000	Total equity MYR'000
<b>As at 1 January 2024 (Audited)</b>	12,340	80,650	(14,923)	3,944	454	44,477	(33)	691,620	29,443	847,972	-	847,972
<i>Transactions with owners:</i>												
Purchase of shares for share award scheme	-	-	(1,655)	-	-	-	-	-	-	(1,655)	-	(1,655)
Equity-settled share award scheme expenses	-	-	-	3,804	-	-	-	-	-	3,804	-	3,804
Vesting of shares of share award scheme	-	-	6,729	(6,405)	-	-	-	(324)	-	-	-	-
	-	-	5,074	(2,601)	-	-	-	(324)	-	2,149	-	2,149
Profit for the period	-	-	-	-	-	-	-	88,801	-	88,801	(1)	88,800
Other comprehensive income	-	-	-	-	-	-	(303)	-	-	(303)	-	(303)
Total comprehensive income for the period	-	-	-	-	-	-	(303)	88,801	-	88,498	(1)	88,497
2023 final dividend declared	-	-	-	-	-	-	-	609	(29,443)	(28,834)	-	(28,834)
<b>As at 30 September 2024 (Unaudited)</b>	<b>12,340</b>	<b>80,650</b>	<b>(9,849)</b>	<b>1,343</b>	<b>454</b>	<b>44,477</b>	<b>(336)</b>	<b>780,706</b>	<b>-</b>	<b>909,785</b>	<b>(1)</b>	<b>909,784</b>
<b>As at 1 January 2023 (Audited)</b>	12,340	80,650	(11,478)	3,706	-	44,477	(80)	579,955	27,143	736,713	-	736,713
<i>Transactions with owners:</i>												
Purchase of shares for share award scheme	-	-	(5,675)	-	-	-	-	-	-	(5,675)	-	(5,675)
Equity-settled share award scheme expenses	-	-	-	6,239	-	-	-	-	-	6,239	-	6,239
Vesting of shares of share award scheme	-	-	8,902	(8,644)	-	-	-	(258)	-	-	-	-
	-	-	3,227	(2,405)	-	-	-	(258)	-	564	-	564
Profit for the period	-	-	-	-	-	-	-	108,375	-	108,375	-	108,375
Other comprehensive income	-	-	-	-	-	-	(19)	-	-	(19)	-	(19)
Total comprehensive income for the period	-	-	-	-	-	-	(19)	108,375	-	108,356	-	108,356
2022 final dividend declared	-	-	-	-	-	-	-	(414)	(27,143)	(27,557)	-	(27,557)
<b>As at 30 September 2023 (Unaudited)</b>	<b>12,340</b>	<b>80,650</b>	<b>(8,251)</b>	<b>1,301</b>	<b>-</b>	<b>44,477</b>	<b>(99)</b>	<b>687,658</b>	<b>-</b>	<b>818,076</b>	<b>-</b>	<b>818,076</b>

The unaudited condensed consolidated statement of changes in equity for the nine months ended 30 September 2024 should be read in conjunction with the audited financial statements for the year ended 31 December 2023.

# UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

	<b>9 Months Ended 30/9/2024 (Unaudited) MYR'000</b>	9 Months ended 30/9/2023 (Unaudited) MYR'000
<b>Cash flows from operating activities</b>		
Profit before taxation	<b>89,915</b>	110,918
Adjustments for:		
Amortisation of intangible assets	<b>4,464</b>	3,569
Amortisation of leasehold land	<b>462</b>	266
Depreciation of property, plant and equipment	<b>9,230</b>	7,846
Gain from changes in fair value of foreign currency forward contracts	<b>(4,911)</b>	(1,584)
Gain on disposal of other investments	<b>-</b>	(17)
Gain from changes in fair value of other investments	<b>(12)</b>	(2)
Gain from changes in fair value of short term investments	<b>(492)</b>	-
Bank interest income	<b>(7,199)</b>	(6,887)
Inventory written down – addition	<b>3,946</b>	639
Inventory written down – reversal	<b>(429)</b>	(51)
Expected credit loss (“ECL”) allowance on trade receivables	<b>1,249</b>	500
Reversal of ECL allowance on trade receivables	<b>(834)</b>	(1,313)
Property, plant and equipment written off	<b>-</b>	4
Intangible assets written off	<b>-</b>	3
Share of results of associates	<b>310</b>	(83)
Equity-settled share award scheme expenses	<b>3,804</b>	6,239
Unrealised loss/(gain) on foreign exchange	<b>10,306</b>	(6,830)
Operating profit before working capital changes	<b>109,809</b>	113,217
Decrease/(Increase) in inventories	<b>87,633</b>	(11,428)
Decrease in trade and other receivables	<b>15,987</b>	37,113
(Decrease)/Increase in trade and other payables	<b>(3,392)</b>	13,649
(Decrease)/Increase in contract liabilities	<b>(67,583)</b>	66,864
Net change in fellow subsidiaries’ balances	<b>(139)</b>	(1,559)
Cash generated from operations	<b>142,315</b>	217,856
Government grants received	<b>273</b>	810
Tax paid	<b>(1,767)</b>	(1,759)
Tax refunded	<b>926</b>	284
<i>Net cash from operating activities</i>	<b>141,747</b>	217,191



## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2024

	<b>9 Months Ended 30/9/2024 (Unaudited) MYR'000</b>	9 Months ended 30/9/2023 (Unaudited) MYR'000
<b>Cash flows from investing activities</b>		
Bank interest and fund distributions received	7,691	6,887
Purchase of intangible assets	(3,799)	(5,641)
Purchase of property, plant and equipment	(135,587)	(85,186)
Deposits paid for acquisition of property, plant and equipment	(2,219)	-
Proceeds from disposal of other investments	-	78
Investment in an associate	(2,925)	-
Advance to fellow subsidiaries	(46)	-
	<b>(136,885)</b>	<b>(83,862)</b>
<i>Net cash used in investing activities</i>		
<b>Cash flows from financing activities</b>		
Advance from ultimate holding company	7	1
Dividend paid to owners of the Company	(28,834)	(27,557)
Purchase of shares for share award scheme	(1,655)	(5,675)
	<b>(30,482)</b>	<b>(33,231)</b>
<i>Net cash used in financing activities</i>		
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(25,620)</b>	<b>100,098</b>
Cash and cash equivalents at the beginning of the period	<b>395,797</b>	<b>328,628</b>
Effect of foreign exchange rate changes	<b>(3,586)</b>	<b>1,998</b>
	<b>366,591</b>	<b>430,724</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>366,591</b>	<b>430,724</b>

## MANAGEMENT DISCUSSION AND ANALYSIS

Escalating conflicts in the Middle East coupled with uncertainty in global trades especially between the U.S. and China have created significant downside risk and such impact had a noticeable bearing on the Group's revenue performance. In the post-pandemic environment with inflation being a key focus that follows subsequently, escalating geopolitical tensions and restrictive monetary policies in key markets have led to a sharp and profound cautious spending environment. As a result, the Group experienced slower-than-expected growth in certain industry segments and reported a lower quarterly revenue of MYR150.1 million in the third quarter of 2024. This brought the total revenue for the nine months of 2024 to MYR492.2 million, reflecting a 5.9% decline from the MYR522.8 million recorded during the same period in 2023. The Group's revenue was driven by the following reportable segments:

- (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.

The performance of the respective operating segments, which includes elements of the inter-segment transactions, for the nine months ended 30 September 2024 as compared to the Previous Corresponding Period is outlined as below:

### Unaudited results for the nine months ended 30 September 2024

	<b>Automated test equipment</b>	<b>Factory automation solutions</b>	<b>Adjustment</b>	<i>Note</i>	<b>Total</b>
	<b>MYR'000</b>	<b>MYR'000</b>	<b>MYR'000</b>		<b>MYR'000</b>
<b>Revenue</b>					
External customers	187,169	305,010			492,179
Inter-segment revenue	9,303	6,750	(16,053)	<i>(i)</i>	-
Total revenue	<u>196,472</u>	<u>311,760</u>			<u>492,179</u>
<b>Results</b>					
Segment results	13,706	86,541	(17,221)		83,026
Interest income	6,456	645	98		7,199
Share of results of an associate	-	-	(310)		(310)
Profit before taxation	20,162	87,186			89,915
Taxation	(858)	(250)	(7)		(1,115)
Profit for the period	<u>19,304</u>	<u>86,936</u>			<u>88,800</u>

Unaudited results for the nine months ended 30 September 2023

	Automated test equipment MYR'000	Factory automation solutions MYR'000	Adjustment MYR'000	Note	Total MYR'000
<b>Revenue</b>					
External customers	358,277	164,528	31		522,836
Inter-segment revenue	468	12,315	(12,783)	(i)	-
Total revenue	<u>358,745</u>	<u>176,843</u>			<u>522,836</u>
<b>Results</b>					
Segment results	83,765	34,557	(14,374)		103,948
Interest income	6,255	628	4		6,887
Share of results of associates	-	-	83		83
Profit before taxation	90,020	35,185			110,918
Taxation	(2,906)	(39)	402		(2,543)
Profit for the period	<u>87,114</u>	<u>35,146</u>			<u>108,375</u>

*Note to segment information:*

(i) *Inter-segment revenues are eliminated on consolidation.*

Overall, the Group's revenue was contributed by both the ATE and FAS segments, with each constituting approximately 38.0% and 62.0% respectively of the Group's revenue during the Period.

## **ATE segment**

Revenue from the ATE segment declined by 47.8% to MYR187.2 million for the nine months period ended 30 September 2024 as compared to MYR358.3 million achieved in the Previous Corresponding Period. Despite a 55.2% decline in revenue compared to the same period in 2023, the automotive segment remained the largest contributor to the ATE segment, accounting for approximately 63.9% of total revenue during the Period. The Group faced persistent headwinds in the automotive market, particularly in Western regions. The International Monetary Fund (“IMF”) stated, “The rising adoption of electric vehicles represents a fundamental transformation of the global automotive industry. It will have far-reaching consequences”. While the shift towards automotive electrification as noted by the IMF 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.

On the other hand, the electro-optical industry rebounded to become the second largest contributor to the ATE segment, with its contribution increasing to 23.5% during the Period from 6.6% in the Previous Corresponding Period. This expansion was largely driven by product cycle upgrades relating to the Group’s ambient light and its related smart sensor test equipment. Meanwhile, revenue contribution from the semiconductor industry contributed 11.8% within the segment, down from 18.8% achieved in the Previous Corresponding Period.

Overall, 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.

## FAS segment

Revenue from the FAS segment reached another milestone in the third quarter of 2024, with total revenue hitting MYR305.0 million for the nine months ended 30 September 2024. This marked an impressive growth of 85.4% compared to MYR164.5 million achieved in the same period last year, underscoring the strong growth trajectory of the segment.

The medical devices industry segment continued to lead within the FAS segment with its share of wallet increasing to 76.9% of total FAS segment's revenue, a significant leap from 59.8% in the corresponding period last year. Generally, the medical industry is progressively adopting factory automation solutions driven mainly by its specific need for operational efficiency, safety and adherence to stringent regulatory standards and the Group is pursuing such pace of change. 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.

Other industry segments within the FAS segment, such as consumer and industrial products and electro-optical contributed approximately 7.7% and 7.6% respectively during the Period.

The following table sets out revenue breakdown by customers' segment for both the ATE and FAS segments for the reporting quarter:

	For the nine months ended 30 September			
	2024 (Unaudited) MYR'000	%	2023 (Unaudited) MYR'000	%
Medical devices	234,487	47.6	98,459	18.8
Automotive	127,903	26.0	271,682	52.0
Electro-Optical	67,147	13.6	51,182	9.8
Semiconductor	37,743	7.7	72,310	13.8
Consumer and industrial products	24,899	5.1	29,203	5.6
	<u>492,179</u>	<u>100.0</u>	<u>522,836</u>	<u>100.0</u>

## **Gross margin**

The Group recorded a gross margin of 28.8% for the third quarter and 28.7% for the nine months ended 30 September 2024, as compared to 30.5% and 29.8% achieved during the same periods in 2023. The overall drop in gross margin was mainly attributed to a decline in revenue from the ATE segment, leading to a lack of economies of scale. Adding to the gross margin constraint was an increase in the Group's operating expenses contributed by additional bonus payouts in the earlier quarter and provisions for slow-moving inventories. The impact on the ATE segment's gross margin was partially mitigated by the FAS segment's better gross margin, as the FAS segment benefitted from improved economies of scale deriving from an increase in revenue.

## **Other income**

Other income mainly comprised of the movement arising from foreign exchange, interest income and miscellaneous income. Overall, the Group's other income increased from MYR9.2 million to MYR13.1 million during the Period. This was mainly contributed by the bank interest income of MYR7.2 million and miscellaneous income of MYR0.4 million, as compared to MYR6.9 million and MYR0.6 million recorded respectively in the same period last year. Adding to the increase in the Group's other income was the gain from changes in fair value of foreign currency forward contracts ("derivative gain") of approximately MYR4.9 million during the Period. Such derivative gain was offset by a loss on foreign exchange of approximately MYR15.5 million recorded under the Group's administrative expenses, resulting effectively in a net loss on foreign exchange of approximately MYR10.6 million during the Period.

Comparatively in the Previous Corresponding Period, the Group recorded a derivative gain of approximately MYR1.6 million in other income where such gain was offset by a loss on foreign exchange of approximately MYR6.2 million recorded under the Group's administrative expenses. This has resulted in a net loss on foreign exchange of approximately MYR4.7 million in the Previous Corresponding Period.

## **Administrative expenses**

The Group's administrative expenses increased from MYR46.7 million in the Previous Corresponding Period to MYR57.8 million during the Period. This was mainly due to the following factors:

- (i) loss on foreign exchange of MYR15.5 million during the Period as compared to MYR6.2 million in the Previous Corresponding Period. This loss on foreign exchange was primarily due to the significant depreciation of the U.S. dollar against the MYR as at the reporting date, driven mainly by the Federal Reserve's monetary policy and the changes in market dynamics and economic conditions. The bulk of this foreign exchange loss remained unrealised as the foreign currencies have not been converted into MYR. As discussed under the other income category, elements of the foreign exchange movement recorded under administrative expenses should be analysed in tandem with the foreign exchange movement captured under the Group's other income for a complete view of the Group's foreign exchange effects;
- (ii) higher research and development cost incurred for the single-use medical devices by MYR2.7 million during the Period; and
- (iii) higher net ECL allowance on trade receivables by MYR1.2 million during the Period.

The above increase in administrative expenses was partially offset by:

- (i) lower administrative staff cost of MYR2.3 million during the Period mainly due to the lower amount of employee benefit expenses incurred.

## **Profit for the Period**

The Group closed its nine months ended 30 September 2024 with a net profit of MYR88.8 million, a decrease of 18.1% as compared to the net profit of MYR108.4 million in the Previous Corresponding Period. Similarly, the Group's EBITDA (earnings before interest, tax, depreciation and amortisation) was MYR104.1 million, down from MYR122.6 million in the Previous Corresponding Period, representing a decline of 15.1%. The overall reduction in net profit and EBITDA during the Period were attributed to several significant factors including lower ATE segment's revenue, higher staff costs from the earlier one-off bonus payments, provisions for slow-moving inventories, ECL allowance on trade receivables, adverse foreign exchange movements and increased research and development expenses. The Group's core operating profit margin, excluding the one-off bonus payments, provisions for slow-moving inventories and net loss on foreign exchange where the bulk of it remained unrealised, stood at 21.7% during the Period as opposed to 22.6% for the same period in 2023.

Basic earnings per share fell from 4.54 sen to 3.73 sen during the Period.

## **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.

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.



## **PUBLICATION OF THIRD QUARTERLY RESULTS ANNOUNCEMENT**

This announcement will be published on the website of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.pentamaster.com.my](http://www.pentamaster.com.my)) respectively.

By order of the Board  
**Pentamaster International Limited**  
**Chuah Choon Bin**  
*Chairman and Executive Director*

Hong Kong, 7 November 2024

*As at the date of this announcement, the Board comprises Mr. Chuah Choon Bin and Ms. Gan Pei Joo as executive Directors; Mr. Leng Kean Yong as non-executive Director; and Ms. Chan May May, Dr. Chuah Jin Chong and Mr. Sim Seng Loong @ Tai Seng as independent non-executive Directors.*