[For Immediate Release] 23 February 2023

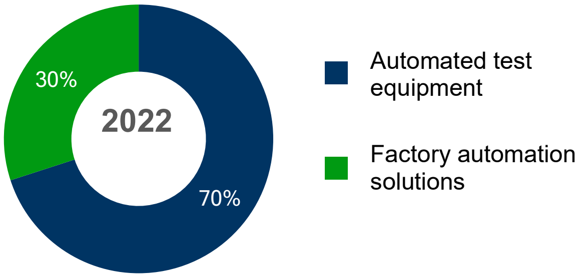
New Record Year for PIL in 2022

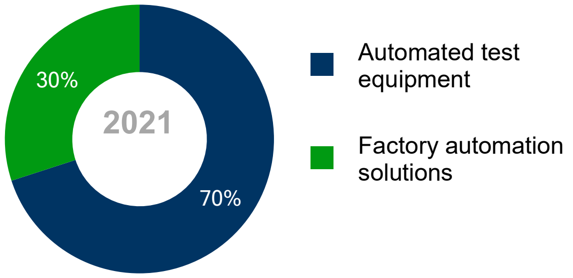
Pentamaster International Limited ("PIL" or "the Group") which is listed under the Main Board of The Stock Exchange of Hong Kong Limited announced its financial results for the year ended 31 December 2022 today. Amid the challenging environment, the Group achieved significant organic growth, recording a new record in its 2022 revenue at MYR600.6 million, whilst its net profit stood at MYR133.3 million; marking an applauding jump of approximately 18.2% and 14.2% respectively from the corresponding period last year.

2022 Financial highlights

	2022 MYR in thousands	*2021 MYR in thousands*	*Change*
Revenue	600,587	508,086	+18.2%
Gross profit	185,452	154,914	+19.7%
Profit for the year	133,301	116,744	+14.2%
Earnings per share (sen)			
Basic	5.59	4.87	+14.8%
Diluted	5.58	4.87	+14.6%

Key business unit revenue and trend



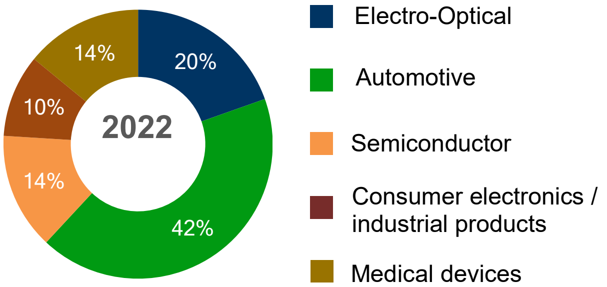


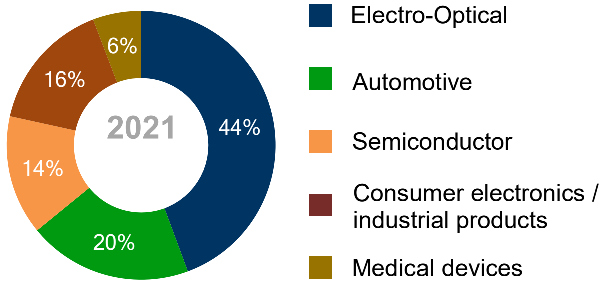
Amidst a dynamic headwind faced at the macroeconomic front, 2022 has been an exceptional year for the Group where the Group achieved another record level for its revenue at MYR600.6 million, which was 18.2% higher than the preceding year. The double-digit growth in revenue was primarily driven by the continuous improved contributions from both the ATE and FAS business segments with each segment accounted for approximately 70.1% and 29.9% of the total Group's revenue. In 2021, revenue contribution from the ATE and FAS business segments was similar at 70.1% and 29.9% respectively.

The below outlined the revenue of the respective operating segments, which includes elements of the inter-segment transactions during the year.

	2022 MYR in thousands	2021 MYR in thousands	Change
Revenue by operating segment			
Automated test equipment			
External customers	420,716	356,327	+18.1%
Inter-segment revenue	83,471	2,060	
	504,187	358,387	
Factory automation solutions			
External customers	179,871	151,759	+18.5%
Inter-segment revenue	5,068	3,542	
	184,939	155,301	

Revenue by customer's segment





	2022 MYR in thousands	2021 MYR in thousands	Change
Revenue by customer's segment			
Automotive	254,856	104,322	+144.3%
Electro-Optical	117,409	223,067	-47.4%
Medical devices	84,581	29,293	+188.7%
Semiconductor	84,001	72,449	+15.9%
Consumer and industrial products	59,740	78,955	-24.3%

ATE segment

The ATE segment, being the Group's main revenue source, continued to contribute the larger portion of the Group's overall revenue and profit during the year. After marking a turnaround in 2021 with its double-digit growth rate of 25.9%, total revenue from this segment continued to grow at 18.1% to MYR420.7 million in 2022. During the year, backed by the electrification in the automobile industry and the proliferation of the EV ecosystem, the automotive industry emerged as the leading segment within the ATE business unit, contributing approximately 58.4% as compared to 27.6% in the previous year. Such significant growth of the automotive segment within the ATE business unit at an astounding rate of 150.1% did not only signify the Group's encouraging milestone in penetrating the automotive industry but was a testament to the Group's comprehensive products and solutions offering for the automotive industry. Underpinned by a massive wave of developments in automotive electrification and the various global decarbonisation policies which accelerated the adoption of EV, the Group's broad array of automotive test solutions specifically the front-end tester for SiC and back end solutions for power devices made a meaningful breakthrough in the addressable market.

On the other hand, while the semiconductor industry is inherently cyclical, the ATE segment also benefitted from the semiconductor industry with its revenue contribution rate of 19.9%, representing an overall 17.6% growth as compared to 2021. Given the wide application of semiconductor contents in multiple industries from computer, telecommunication, healthcare, automotive to general industrial application coupled with the growing adoption of consumer electronics from the rapid urbanisation and improved living standards, the market growth of semiconductor production continues to bring opportunities and demand for the Group's test handling equipment.

In contrast, revenue from the electro-optical within the ATE segment contracted to 19.0% in 2022, from 49.7% in 2021, which represented an overall drop of 54.9%. Recognising that the smartphone market has reached a certain plateau given the lack of major upgrade and development in smart sensors, the drop in revenue from this segment was within the Group's expectation. During the year, revenue from this segment was mainly derived from the module upgrade of the Group's existing smart device test solutions.

Overall, the Group's strong presence in the automotive industry has complemented its ATE business and such positive development will continue to provide impetus for growth to the overall Group's ATE segment in the mid-to long term.

FAS segment

The FAS segment of the Group has been gaining its traction over the last few years. Since the listing of the Company, the FAS segment has been consistently recording years of double-digit revenue growth with the exception of 2019 where a decrease of 18.4% was recorded. In 2022, the FAS segment continued to witness double-digit growth rate in its contribution to the Group's revenue, chalking 18.5% growth to achieve MYR179.9 million during the year. Specifically, the revenue momentum in this segment picked up in the third and fourth quarter of the year, with revenue in second half of the year exceeding its first half by 46.4%.

This year saw the medical devices segment leading and driving the Group's FAS growth with its revenue contribution rose to 41.5% from 19.3% in the previous year. The strong year on-year revenue growth of 154.6% from the medical devices segment was mainly driven by global manufacturers of medical products in adopting the various process and assembly automation in their manufacturing processes for better productivity and efficiency. It is also a testament of the Group's medical automation know-how post acquisition of TP Concept in 2019 that has started to have a positive bearing in the Group's exposure for the medical industry. Revenue from other business segments, such as consumer and industrial products segment and electro-optical segment contributed 32.3% and 20.9% respectively towards the FAS business unit during the year.

The emergence of digital technologies have accelerated the adoption of automation. Many companies across various industries are seen adopting automation in a broader manner especially in a post-pandemic environment in achieving efficiency and productivity within a safe operating environment. With the current automation trend and the acceptance of Industry 4.0, the FAS segment will continue to grow and contribute positively to the Group.

Outlook

"When the going gets tough, the tough get going."

Year 2022 ended on another challenging note and it was a year of two halves. While the aftermath of the COVID-19 pandemic continued to be felt, the first half of the year was compounded by the various geopolitical developments and rising inflationary pressures from the prolonged supply chain disruptions. The Group, through its various business strategies and approaches, navigated carefully in these challenging times and embraced the second half of the year on a better footing by executing and undertaking some of its internal business initiatives that were geared towards building new capabilities and revenue streams, while remaining vigilant and reactive in every stage of its execution to ensure agility in this highly evolving situation. It was definitely a year of resilience and a year of adaptability where the Group remained focused on its core competencies while responding to challenges and opportunities.

With the challenging year that has been, 2023 will be a year of consolidating and gathering internal strength and commitment to continue achieving breakthroughs in its existing businesses and geographical markets with new growth drivers and initiatives. Anchored by a record high order book on hand, the Group is forward-looking in establishing another year of solid business growth. Most notably, the Group will continue to strengthen its pillar of growth strategies in product diversification, geographical diversification and segmental diversification. Operationally, the Group has made headway in expanding its presence in higher growth segments namely the automotive and medical devices segment. In respect of automotive segment, with its leading position achieved during the year from revenue contribution standpoint, the Group expects the growing revenue exposure from this segment to persist on the back of its strong order fulfilment that is largely driven by the quickening pace of automotive electrification and the various automotive-related stimulus and policies towards decarbonisation that provide impetus to the EV market. The medical devices segment, which is now seen dominating the Group's FAS segment will set the scene for pushing the revenue growth streak further within the segment as the application of automation in medical manufacturing becomes prevalent.

The Group's effort in its geographical diversification approach entails establishing its presence outside of Malaysia which mainly includes China, Japan, U.S. and Singapore. Such establishment held the Group in good stead as the Group continues to record positive financial performance on the back of its growing sales traction achieved from these regions that cover important key market for the business segments of the Group. While the Group sets eyes on Germany, Indonesia and Middle East for its next geographical expansion, the Group is mindful of the "China plus one" strategy in which multinational firms are seen moving parts of their production outside of China, with India and Vietnam being the two primary locations brought up in attention. The Group is of the opinion that while such economic policy brings positive development in reducing supply chain dependency and vulnerability, it augurs well for the overall Group's business growth opportunity with the potential increase in demand for the Group's products and solutions from these new establishment outside of China.

As the Group continues to seek opportunities to improve its financial performance, it is also keeping a keen eye on building a sustainable environment. In addition to putting sustainable business strategy in place, the Group is cognisant of the increasing importance of nonfinancial reporting. As part of the Group's continuing efforts in enhancing transparency, the Group will step up its Environmental, Social and Governance ("ESG") disclosures by making reference to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). In addition, the Group will enhance its ESG initiatives through the formulation and implementation of the various ESG action plans that encompass, among others, climate change initiatives, supply chain, diversity, employees' engagement, corporate culture and compliance to reinforce its sustainability.

As the Group enters 2023 at an encouraging pace, the Group remains cautious given the current volatile global environment. The Group does not expect the overall sentiment to return to pre-pandemic conditions anytime soon and while this dynamic situation remains fluid, the Group will continue to drive operational efficiency and prudent cost optimisation to mitigate the impact of rising material price and any other cost increase from the inflationary pressure. Organically, the Group will continue to build its internal capabilities and accelerate innovation across all facets of its business segments from new product development to value chain activities to address the rapidly evolving market requirement. On a broader level, the Group is staying on course to keep pace with its long term growth initiatives steered by its "Grand Roadmap & key Focus 2022-2025" which is formulated to further progress the Group towards achievement of its long term growth trajectory.

About Pentamaster International Limited

PIL (HKEX stock code: 1665) is a leading global supplier in providing automation technology and solutions to multinational manufacturers mainly in the semiconductor, automotive, electrical & electronics, medical devices and consumer industrial products sectors spanning APAC, North America and Europe. The Group's broad range of integrated automation products and solutions entails innovating, designing, manufacturing and installing automated equipment and/or automated manufacturing solutions.

To learn more about PIL, please visit us at www.pentamaster.com.my.

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