

NETX HOLDINGS BERHAD (Registration No. 200001030834 (533441-W))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR CURRENT QUARTER AND YEAR TO DATE ENDED 29 FEBRUARY 2024**

	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
	<u>CURRENT YEAR QUARTER 29/02/2024 RM'000</u>	<u>PRECEDING YEAR QUARTER 28/02/2023 RM'000</u>	<u>CURRENT YEAR TO DATE 29/02/2024 RM'000</u>	<u>PRECEDING YEAR TO DATE 28/02/2023 RM'000</u>
REVENUE	3,409	2,238	3,409	2,238
COST OF SALES	<u>(1,543)</u>	<u>(1,012)</u>	<u>(1,543)</u>	<u>(1,012)</u>
GROSS PROFIT	1,866	1,226	1,866	1,226
OTHER INCOME	2,468	1,278	2,468	1,278
ADMINISTRATION EXPENSES	(6,133)	(5,758)	(6,133)	(5,758)
OTHER OPERATING EXPENSES	<u>(1,076)</u>	<u>1</u>	<u>(1,076)</u>	<u>1</u>
PROFIT / (LOSS) FROM OPERATIONS	(2,875)	(3,253)	(2,875)	(3,253)
FINANCE COST	<u>(202)</u>	<u>(490)</u>	<u>(202)</u>	<u>(490)</u>
PROFIT / (LOSS) BEFORE TAX	(3,077)	(3,743)	(3,077)	(3,743)
INCOME TAX EXPENSES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET PROFIT / (LOSS) FOR THE PERIOD	(3,077)	(3,743)	(3,077)	(3,743)
OTHER COMPREHENSIVE INCOME / (LOSS)	<u>(1,111)</u>	<u>(291)</u>	<u>(1,111)</u>	<u>(291)</u>
TOTAL COMPREHENSIVE PROFIT / (LOSS) FOR THE PERIOD	<u>(4,188)</u>	<u>(4,034)</u>	<u>(4,188)</u>	<u>(4,034)</u>
NET PROFIT / (LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE COMPANY	(2,956)	(3,757)	(2,956)	(3,757)
NON-CONTROLLING INTEREST	<u>(121)</u>	<u>14</u>	<u>(121)</u>	<u>14</u>
	<u>(3,077)</u>	<u>(3,743)</u>	<u>(3,077)</u>	<u>(3,743)</u>
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE PERIOD ATTRIBUTABLE TO:				
OWNERS OF THE PARENT	(3,974)	(4,029)	(3,974)	(4,029)
NON-CONTROLLING INTEREST	<u>(214)</u>	<u>(5)</u>	<u>(214)</u>	<u>(5)</u>
	<u>(4,188)</u>	<u>(4,034)</u>	<u>(4,188)</u>	<u>(4,034)</u>
EARNING/(LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY :				
Basic (sen)	<u>(0.32)</u>	<u>(0.45)</u>	<u>(0.32)</u>	<u>(0.45)</u>

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 November 2023 and the accompanying explanatory notes attached to the interim financial statements.

NETX HOLDINGS BERHAD (Registration No. 200001030834 (533441-W))

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 29 FEBRUARY 2024**

	AS AT 29/02/2024 Unaudited RM'000	AS AT 30/11/2023 Audited RM'000
<u>ASSETS</u>		
<u>NON-CURRENT ASSETS</u>		
Plant and Equipment	3,194	3,388
Investment Properties	39,102	39,456
Right off Use Assets	2,073	2,198
Intangible Assets	4,902	5,629
Other Investments	9,902	5,207
Goodwill on Consolidation	5,940	5,940
	<u>65,113</u>	<u>61,818</u>
<u>CURRENT ASSETS</u>		
Inventories	202	202
Trade Receivables	15,185	13,337
Other Receivables, Deposits and Prepayment	8,818	9,942
Contract Assets	833	860
Current Tax Assets	98	84
Short Term Investment	-	-
Cash and Bank Balances	59,905	65,013
	<u>85,041</u>	<u>89,438</u>
TOTAL ASSETS	<u><u>150,154</u></u>	<u><u>151,256</u></u>
<u>EQUITIES AND LIABILITIES</u>		
<u>EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT</u>		
Share Capital	212,029	212,029
Foreign Exchange Reserve	(6,615)	(5,597)
Accumulated Losses	(94,396)	(91,440)
	<u>111,018</u>	<u>114,992</u>
Non-Controlling Interest	(4,668)	(4,454)
TOTAL EQUITY	<u>106,350</u>	<u>110,538</u>
<u>NON-CURRENT LIABILITIES</u>		
Term Loan	16,897	19,505
Lease Liabilities	1,349	1,454
Deferred Tax Liability	127	127
	<u>18,373</u>	<u>21,086</u>
<u>CURRENT LIABILITIES</u>		
Trade Payables	5,642	5,041
Other Payables and Accruals	7,660	5,300
Contract Liabilities	4,353	2,376
Lease Liabilities	782	807
Term Loan	6,993	6,108
	<u>25,431</u>	<u>19,632</u>
TOTAL LIABILITIES	<u>43,804</u>	<u>40,718</u>
TOTAL EQUITIES AND LIABILITIES	<u><u>150,154</u></u>	<u><u>151,256</u></u>
	937,953	937,953
Net Assets per share attributable to owners of the Company (RM)	0.12	0.12

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 November 2023 and the accompanying explanatory notes attached to the interim financial statements.

NETX HOLDINGS BERHAD (Registration No. 200001030834 (533441-W))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR YEAR TO DATE ENDED 29 FEBRUARY 2024**

	←← ATTRIBUTABLE TO OWNER OF THE COMPANY →→				NON CONTROLLING INTEREST RM'000	TOTAL EQUITY RM'000	
	SHARE CAPITAL RM'000	WARRANT RESERVE RM'000	FOREIGN EXCHANGE RESERVE RM'000	ACCUMULATED LOSSES RM'000			TOTAL RM'000
As at 1 December 2023	212,029	-	(5,597)	(91,440)	114,992	(4,454)	110,538
Loss after taxation	-	-	-	(2,956)	(2,956)	(121)	(3,077)
Other Comprehensive loss:							
Foreign Currency translation reserve	-	-	(1,018)	-	(1,018)	(93)	(1,111)
Total omprehensive loss for the financial year	-	-	(1,018)	(2,956)	(3,974)	(214)	(4,188)
<u>Transactions with owners:</u>							
Acquisition of subsidiary	-	-	-	-	-	-	-
Change in ownership interests in a subsidiary company	-	-	-	-	-	-	-
Subscription of additional equipty share by NCI	-	-	-	-	-	-	-
Total Transactions with owners:	-	-	-	-	-	-	-
As at 30 November 2024	212,029	-	(6,615)	(94,396)	111,018	(4,668)	106,350
As at 1 December 2022	205,877	19,226	(3,027)	(95,619)	126,457	(5,143)	121,314
Loss after taxation	-	-	-	(13,525)	(13,525)	(750)	(14,275)
Other Comprehensive loss:							
Foreign Currency translation reserve	-	-	(2,570)	-	(2,570)	(233)	(2,803)
Total omprehensive loss for the financial year	-	-	(2,570)	(13,525)	(16,095)	(983)	(17,078)
<u>Transactions with owners:</u>							
Acquisition of subsidiary	-	-	-	-	-	(2)	(2)
Change in ownership interests in a subsidiary company	-	-	-	(1,522)	(1,522)	1,184	(338)
Issuance of shares pursuant to exercise of private placement	3,762	-	-	-	3,762	-	3,762
Issuance of shares pursuant to exercise of detachable Warrant C	2,390	-	-	-	2,390	-	2,390
Reversal of warrant reserve due to exercise of detachable Warrant C	-	(2,390)	-	2,390	-	-	-
Expiration of detachable Warrant C	-	(16,836)	-	16,836	-	-	-
Subscription of additional equipty share by NCI	-	-	-	-	-	490	490
Total Transactions with owners:	6,152	(19,226)	-	17,704	4,630	1,672	6,302
As at 30 November 2023	212,029	-	(5,597)	(91,440)	114,992	(4,454)	110,538

The unaudited Condensed Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 November 2023 and the accompanying explanatory notes attached to the interim financial statements.

NETX HOLDINGS BERHAD (Registration No. 200001030834 (533441-W))
(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR TO DATE ENDED 29 FEBRUARY 2024

	CURRENT YEAR TO DATE 29/02/2024 RM'000	PRECEDING YEAR TO DATE 28/02/2023 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(3,077)	(3,743)
Adjustment for:		
Amortisation of intangible assets	1,043	277
Depreciation of plant and equipment	423	414
Depreciation of investment properties	355	355
Depreciation of right of use assets	128	51
Fair value loss on other investments	1,076	-
Fair value gain on short-term investment	-	(35)
Gain on disposal of other investments	(50)	-
Gain on disposal of short term investments	-	(13)
Unrealised foreign exchange gain	(2,312)	(744)
Interest expense	202	490
Interest income	(3)	(8)
Reversal of impairment losses on trade receivables	(49)	(1)
Operating loss before working capital changes	<u>(2,264)</u>	<u>(2,957)</u>
Changes in contract assets / contract liabilities	2,004	(14)
Increase in inventories	(1)	-
Increase in receivables	(1,343)	(2,209)
Increase / (Decrease) in payables	<u>4,529</u>	<u>(1,372)</u>
Cash generated from / (used in) operations	2,925	(6,552)
Interest received	3	8
Tax paid	<u>(13)</u>	<u>(2)</u>
Cash generated from / (used in) activities	2,915	(6,546)
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of intangible assets	(76)	(158)
Additions in other investments	(7,182)	-
Proceeds from disposal of investment	1,523	5
Purchase of plant and equipment	<u>(228)</u>	<u>(5)</u>
Net cash used in investing activities	(5,963)	(158)
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid	(202)	(490)
Withdrawal of short-term investment	-	5,000
Repayment of lease liabilities	(133)	(52)
Repayment of term loans	(1,723)	(1,126)
Non-controlling interests investment in a subsidiary	-	(332)
Net cash (used in) / generated from financing activities	<u>(2,058)</u>	<u>3,000</u>
Net decrease in cash and cash equivalents	(5,106)	(3,704)
Cash and cash equivalents at the beginning of the financial year	65,013	62,888
Effect of exchange differences	(2)	81
Cash and cash equivalents at the end of the financial year	<u><u>59,905</u></u>	<u><u>59,265</u></u>
Cash and cash equivalents comprise:		
Short term Investment	-	2,111
Cash and bank balances	<u>59,905</u>	<u>59,265</u>
	59,905	61,376
Less: Short term investment	-	(2,111)
	<u><u>59,905</u></u>	<u><u>59,265</u></u>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 November 2023 and the accompanying explanatory notes attached to the interim financial statements.

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 29 FEBRUARY 2024

A. EXPLANATORY NOTES

A1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 "Interim Financial Reporting" and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

The report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 November 2023. The explanatory notes attached to the quarterly financial report provide an explanation on events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 November 2023.

The accounting policies and methods of computation adopted by the Group in the quarterly financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 30 November 2023 except for the adoption of the following MFRS and Amendments to MFRSs:

<u>MFRSs and Amendments to MFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to MFRS 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112 Income Taxes - International Tax Reform - Pillar Two Model Rules	1 January 2023

The adoption of the above pronouncements did not have material impact on the financial statements of the Group.

The following MFRS and Amendments to MFRS have been issued by MASB but are not yet effective to the Group:

A1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

<u>MFRSs and Amendments to MFRSs</u>		<u>Effective for annual periods beginning on or after</u>
Amendments to MFRS 16	Leases - Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Presentation of Financial Statements – Non current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107	Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosure -Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability	1 January 2025
Amendments to MFRS 10	Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

A2 SEASONAL OR CYCLICAL FACTORS

The business operations of the Group are not subject to any seasonal or cyclical factors.

A3 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during current quarter and year to date ended 29 February 2024.

A4 CHANGES IN ESTIMATES

There were no changes in estimates that have had any material effect on current quarter and year to date ended 29 February 2024.

A5 DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during current quarter and year to date ended 29 February 2024.

A6 DIVIDENDS PAID

No dividends were paid during current quarter and year to date ended 29 February 2024.

A7 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no valuation of the property, plant and equipment during the current financial quarter under review and the financial year-to-date.

A8 CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during current quarter ended 29 February 2024.

A9 CONTINGENT LIABILITIES

There were no material contingent liabilities not provided for as at the date of this report.

A10 MATERIAL EVENTS SUBSEQUENT TO THE INTERIM REPORTING PERIOD

- 1) On 11 January 2024, the Company announced and proposed to undertake a proposed bonus issue of up to 468,976,320 new warrants in NetX (“Warrants D”) on the basis of 1 Warrant D for every 2 existing ordinary shares in NetX held by the entitled shareholders on an entitlement date to be determined and announced later (“Proposed Bonus Issue of Warrants”).

On 27 March 2024, Bursa Securities had approved the following:

- (i) admission to the Official List and listing and quotation of up to 468,976,320 Warrants D to be issued pursuant to the Bonus Issue of Warrants; and
- (ii) listing and quotation of up to 468,976,320 new NetX Shares to be issued arising from the exercise of Warrants D.

A11 SEGMENTAL INFORMATION

The Group's operating segments are classified according to the nature of activities as follows:-

Electronic Payment Services and Money Services	: Involved in provision of payment terminal and payment solutions, money exchange services, and its related software licensing and services.
Money Lending Services	: Involved in provision of money lending business, trading of motor vehicle and other related services.
Non-electronic Payment Services	: Involved in provision of turnkey solutions on the network infrastructure, security management, research and development of software, system design, integration and installation and provision of IT services.
GEM	: Involved in provision of reservation and planning services and its related solutions.
Fast Food Chain	: Operating fast food restaurants and master franchise of fast food chain.
Investment Holding	: This segment comprise investment holding and dormant companies.

A11 SEGMENTAL INFORMATION (CONTINUED)

	<u>Individual Quarter Ended</u>		<u>Cumulative Quarter Ended</u>	
	<u>Unaudited</u>	<u>Audited</u>	<u>Unaudited</u>	<u>Audited</u>
	<u>29.02.2024</u>	<u>28.02.2023</u>	<u>29.02.2024</u>	<u>28.02.2023</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Segment revenue				
Electronic payment	106	89	106	89
Non-electronic payment	417	360	417	360
Money lending	1,230	1,011	1,230	1,011
GEM	1,134	638	1,134	638
Investment holding	203	152	203	152
Fast food chain	353	-	353	-
Total	3,443	2,250	3,443	2,250
Less: Inter-company transactions	(34)	(12)	(34)	(12)
Total revenue	3,409	2,238	3,409	2,238
Segment result				
Electronic payment	(1,756)	(684)	(1,756)	(684)
Non-electronic payment	(59)	(644)	(59)	(644)
Money lending	339	279	339	279
GEM	(1,279)	(2,010)	(1,279)	(2,010)
Investment holding	(79)	(684)	(79)	(684)
Fast food chain	(243)	-	(243)	-
Total	(3,077)	(3,743)	(3,077)	(3,743)
Segment assets				
Electronic payment			10,927	13,387
Non-electronic payment			4,913	1,745
Money lending			12,882	12,984
GEM			5,476	8,697
Investment holding			114,362	116,704
Fast food chain			1,594	-
Total assets			150,154	153,517

A11 SEGMENTAL INFORMATION (CONTINUED)

	<u>Cumulative Quarter Ended</u>	
	Unaudited	Audited
	29.02.2024	28.02.2023
	RM'000	RM'000
Segment liabilities		
Electronic payment	4,725	2,277
Non-electronic payment	8,201	1,790
Money lending	817	184
GEM	2,503	756
Investment holding	26,810	31,427
Fast food chain	621	-
Total	43,677	36,434
Deferred tax liability	127	127
Total liabilities	43,804	36,561

A12 RELATED PARTY TRANSACTIONS

All related party transactions within the Group had been entered into in the normal course of business and were carried out on normal commercial terms.

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS**B1 PERFORMANCE REVIEW**

	Individual Quarter Ended			Cumulative Quarter Ended		
	Unaudited	Audited	Changes	Unaudited	Audited	Changes
	29.02.2024	28.02.2023		29.02.2024	28.02.2023	
	RM'000	RM'000	RM'000	RM'000	RM'000	
Revenue	3,409	2,238	1,171	3,409	2,238	1,171
Gross profit	1,866	1,226	640	1,866	1,226	640
Loss before interest and tax	(2,875)	(3,253)	378	(2,875)	(3,253)	378
Loss before tax	(3,077)	(3,743)	666	(3,077)	(3,743)	666
Loss after tax	(3,077)	(3,743)	666	(3,077)	(3,743)	666
Loss attributable to ordinary equity holders of the Company	(2,956)	(3,757)	801	(2,956)	(3,757)	801

B1 PERFORMANCE REVIEW (CONTINUED)

Current Year Quarter ended 29 February 2024 (Q1 2024) compared to Previous Year Quarter ended 28 February 2023 (Q1 2023)

In Q1 2024, the Group registered revenue of RM3.41 million, higher as compared to RM2.24 million in Q1 2023, mainly due to higher revenue contributed by Money Lending Segment, GEM Segment and Fast Food Chain.

The Group recorded a loss before taxation for current quarter of RM3.08 million, lower losses as compared to RM3.74 million in the preceding year corresponding quarter, mainly due to higher revenue achieved and higher forex gain of RM1.44 million mitigated by higher fair value adjustment on investment in public listed shares by RM1.08 million.

Electronic Payment Services and Money Services Segment

In Q1 2024, this segment registered revenue of RM0.11 million, higher revenue as compared to RM0.09 million in Q1 2023, mainly due to higher sales of foreign currencies from licensed money changer.

However, this segment reported a loss before tax of RM1.76 million in Q1 2024, which is higher compared to RM0.69 million in Q1 2023. This increase was mainly due to amortisation of intangible assets of RM 1.04 million on eFX Platform which was none in Q1 2023.

Money Lending Segment

In Q1 2024, this segment registered revenue of RM1.23 million, higher as compared to RM1.01 million in Q1 2023, mainly due to the higher loan disbursements and trading of motor vehicle.

This segment reported a profit before tax of RM0.34 million in Q1 2024, slightly higher as compared to RM0.28 million in Q1 2023, mainly due to higher revenue and interest earned from money lending business.

Non-electronic Payment Services Segment

The revenue in this segment was contributed by sales of supplies network equipment and infrastructure on a confirmed project basis. This segment registered revenue of RM0.42 million in Q1 2024 higher as compared to RM0.36 million in Q1 2023. The gross profit margin improvement from 4.72% to 61.63%, mainly due to higher gross profit margin project secured in Q1 2024.

This segment reported a loss before taxation of RM0.06 million in Q1 2024, lower losses as compared to RM0.64 million in Q1 2023, mainly due to higher gross profit margin, and lower general administration expenses.

B1 PERFORMANCE REVIEW (CONTINUED)

GEM Segment

GEM segment registered revenue of RM1.13 million in Q1 2024, higher revenue as compared to RM0.64 million in Q1 2023, mainly due to new revenue stream from cafe & buffet operation, and increase in consumer demand during festive season.

This segment reported a loss before taxation of RM1.28 million in Q1 2024, lower losses as compared to RM2.01 million in Q1 2023, mainly due to lower marketing expenses and amortisation of intangible assets.

Fast Food Chain Segment

The revenue in this segment was contributed by Saudi Burger's new fast food chain which was launched in November 2023.

This segment reported a loss before taxation of RM0.24 million in Q1 2024, mainly due to expenses on resources invested in promoting fast food chain business.

B2 COMMENT ON MATERIAL CHANGE IN PERFORMANCE COMPARED AGAINST PRECEDING QUARTER

	Quarter Ended		
	Unaudited 29.02.2024 RM'000	Audited 30.11.2023 RM'000	Changes RM'000
Revenue	3,409	6,236	(2,827)
Gross profit	1,866	2,105	(239)
Loss before interest and tax	(2,875)	(9,844)	6,969
Loss before tax	(3,077)	(10,497)	7,420
Loss after tax	(3,077)	(10,497)	7,420
Loss attributable to ordinary equity holders of the Company	(2,956)	(9,473)	6,517

The Group registered revenue of RM3.41 million in current quarter, lower revenue as compared to RM6.24 million in preceding quarter, mainly due to the lower revenue from sales of network equipment, machinery, and infrastructure in Non-electronic Payment Services Segment.

As compared to loss before taxation of RM10.50 million in preceding quarter, the Group recorded loss before taxation of RM3.08 million in current quarter, mainly due to higher marketing expenses by RM3.14 million, impairment of intangible asset of RM1.08 million, allowance for doubtful debts of RM1.37 million, and fair value adjustment on investment in public listed shares by RM1.60 million.

B3 FUTURE PROSPECTS

Electronic Payment Services and Money Services Segment

According to mytourismdata, the total tourist arrivals into Malaysia from January 2022 to September 2022 is 5,556,281. The Group estimated that the total tourist arrivals into Malaysia will be at least half of what the data is showing before the Pandemic which is more than 25 million.

In the end of 2022, The Group has received approvals from Bank Negara Malaysia to operate a physical money changer outlet in Sungei Wang Plaza. Sungei Wang Plaza is located right in the center of the Golden Triangle. Furthermore, the KL Hop-On Hop-Off bus ticketing counter is just right in front of Sungei Wang Plaza. The Group believes that this will generate a very good revenue to The Group once the outlet is opened. The Group expecting the outlet to be open by Q2 of 2024.

While for EFX Platform, The Group is currently still in the discussion with Bank Negara Malaysia to obtain the approval to launch it in Malaysia.

For Electronic Payment Services, The Group is still actively collaborating with it's business partners to deploy the EDC terminals and secure more merchants for it's electronic payment services business.

Money Lending Segment

In Q4 2023, The Group began offering Hire Purchase financing options to the customers for purchase motor vehicles. The Group believes that, with the new financing options it will be able to manage a low default rate while increasing the financing amount.

Non-electronic Payment Services Segment

Under the non-electronic payment services segment, the Group provides systems integration and hardware solutions including the supply of network equipment and infrastructure on a project basis. While the Group endeavours to continue to procure projects for this segment, the project nature of such business is expected to contribute to the volatility in the Group's revenue.

GEM Segment

In Quarter 4 of 2023, the Group achieved significant milestones, beginning with the launch of Miss J Cafe on 24th October 2023 nestled in Star Residence Two in Jalan Yap Kwan Seng. Specializing in brunch delights, pastries and good coffee, the cafe is designed to cater to the upscale Ascott Star Hotel guests, travelers, Star Residence owners, and nearby corporate offices.

Expanding our culinary offerings, the Group is pleased to announce our recent appointment to provide daily continental breakfast buffet services at Ascott Star Hotel, enhancing the Miss J Cafe's presence within the same property establishment. This strategic move aligns with our commitment to delivering exceptional dining experiences and reinforces our position in the hospitality sector.

Meanwhile, the Miss J brand's florist arm has also thrived, experiencing a remarkable 52% increase in online sales compared to the previous quarter. This outstanding growth can be attributed to intensified investments in Google and social media advertising, coupled with strategic marketing campaigns carried out during seasonal festivities, notably the mid-autumn festival in end-September, have played a pivotal role in boosting online sales. Additionally, these initiatives have significantly elevated brand awareness, generating an impressive 3 million impressions through online advertising endeavors. This success solidifies Miss J Florist's standing in the competitive florist and gifting industry.

B3 FUTURE PROSPECTS (CONTINUED)

GEM Segment (continued)

The Group's event arm, Miss J Events, has been abuzz with wedding planning and decoration projects, responding to heightened demand for integrated wedding services during the year-end season. Simultaneously, thematic venue decorations for F&B segments have seen a surge, aligning seamlessly with the upcoming Christmas and New Year celebrations. This diversification of our services has not only met market demand but has also contributed substantially to a revenue boost for the Group.

As we reflect on these achievements, the Group is optimistic about the continued upward trend in sales spilling into Quarter 1 of 2024. The anticipation of Chinese New Year and Valentine's Day festivities positions us favorably for sustained success. We remain committed to delivering exceptional experiences across our diverse portfolio, ensuring that our customers and clients continue to receive unparalleled service and quality.

Saudi Burger

The Group has entered into a joint venture agreement on 3rd October 2023 with Saudi Cold Storage Sdn Bhd ("SCS"), a wholly-owned subsidiary of Saudee Group Berhad ("Saudee").

The business will be carried under a joint venture company, under the brand name Saudi Burger. Saudi Burger will pioneer the master franchise of an exciting new fast-food chain in the heart of Kuala Lumpur. The first flagship outlet of Saudi Burger's new fast-food chain will be located in the iconic main entrance Sungei Wang Plaza in the heart of Bukit Bintang. This vibrant district is known for its bustling shopping, entertainment, and dining scene, making it the perfect location to introduce our exciting new offering.

The new fast-food chain will feature an innovative menu that focuses on the present need of the consumer market for a fulfilling food experience with quality and assurance of Saudee's food products that is reasonably priced for the needs of the mass consumer market. Customers can expect a diverse range of mouthwatering dishes, including Eggcellent Grill Burger, Saudi Crispy Burger and Black Pepper Cheese Burger.

In 2022, according to Statista, the retail value of fast food or limited-service restaurants in Malaysia amounted to around RM12.5 billion, an increase from RM10.3 billion in the previous year. The sales value of fast-food restaurants in Malaysia is expected to reach RM20.4 billion by 2026. This dynamic growth underscores the immense potential of the fast-food industry in the country, and Saudi Burger, as the master franchise holder, is poised to capitalize on this growth.

Saudi Burger's first outlet in Sungei Wang Plaza has opened in early December 2023. Since then, Saudi Burger has received lots of positive feedback regarding the menu offerings. The Group aims to open 20 more outlets within the next 3 years. The Group are confident that this venture, as the master franchise under Saudi Burger, will not only delight food enthusiasts but also tap into the incredible growth potential of the Malaysian fast-food market.

B3 FUTURE PROSPECTS (CONTINUED)

Group

The Group is adopting a cautious approach while remaining flexible in executing strategic plan in expanding our existing business and identifying new business opportunities to ensure adequate funding and sustainable profitability throughout the unprecedented time. Despite the uncertain market condition, the Group is optimistic to deliver a reasonable performance for the financial year ending 30 November 2024.

B4 PROFIT FORECAST OR PROFIT GUARANTEE

There is no profit forecast and profit guarantee provided by the Company.

B5 PROFIT / LOSS BEFORE TAX

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year Ended	Preceding Year Ended
	29.02.2024	28.02.2023	29.02.2024	28.02.2023
	RM'000	RM'000	RM'000	RM'000
Loss before tax is stated after charging :-				
Amortisation of intangible assets	1,043	277	1,043	277
Depreciation of plant and equipment	423	414	423	414
Depreciation of investment properties	355	355	355	355
Depreciation of right-of-use assets	128	51	128	51
Fair value losses on other investments	1,076	-	1,076	-
Interest expenses	202	490	202	490
Loss on foreign exchange - realised	18	-	18	-
and crediting :-				
Gain on foreign exchange - realised	-	110	-	110
Gain on foreign exchange - unrealised	2,312	744	2,312	744
Gain on disposal of other investment	50	-	50	-
Gain on disposal of short-term investment	-	13	-	13
Interest income	3	8	3	8
Rental income	48	84	48	84
Reversal of impairment gain on trade receivables	49	1	49	1

B6 TAXATION

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year Ended	Preceding Year Ended
	29.02.2024	28.02.2023	29.02.2024	28.02.2023
	RM'000	RM'000	RM'000	RM'000
Current period				
- Income taxation	-	-	-	-
- Deferred taxation	-	-	-	-
Total	-	-	-	-

The Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated taxable profit for the financial year. The effective tax rate of the Group for the financial year were higher than the statutory tax rate mainly due to certain expenses not tax allowable.

B7 CORPORATE PROPOSALS

- 1) Bursa Securities had vide its letter dated 27 March 2024, approved the following:
 - (i) admission to the Official List and listing and quotation of up to 468,976,320 Warrants D to be issued pursuant to the Bonus Issue of Warrants; and
 - (ii) listing and quotation of up to 468,976,320 new NetX Shares to be issued arising from the exercise of Warrants D.

B8 STATUS OF UTILISATION OF PROCEEDS

A) STATUS OF UTILISATION OF PROCEEDS RAISED FROM SHARE ISSUANCE TO MACQUARIE BANK LIMITED

On 16 June 2017, the Company entered into a conditional subscription agreement with Macquarie Bank Limited (“Macquarie Bank”) in relation to the proposed issuance and allotment of up to 500 million new ordinary shares in NetX to Macquarie Bank in accordance with the terms and conditions of the Subscription Agreement (“Proposed Share Issuance”)

MPEX has been enhanced to be a P2P digital wallet and currency

The Shares Issuance was completed on 19 January 2018. The 500 million Subscription Shares under the Share Issuance have fully subscribed by Macquarie Bank raising RM21,103,000 for the Company.

exchange application that allows users to exchange currencies at competitive commission rates. MPEX has been renamed as eFX application. The balance of proceeds available will be channelled towards the development and marketing of eFX application.

B8 STATUS OF UTILISATION OF PROCEEDS (CONTINUED)**A) STATUS OF UTILISATION OF PROCEEDS RAISED FROM SHARE ISSUANCE TO MACQUARIE BANK LIMITED (CONTINUED)**

Purpose	Proposed Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Intended Timeframe for Utilisation
Development and marketing of eFX System	20,000	10,850	9,150	Within 84 months
Working Capital	323	323	-	Within 24 months
Expenses for the Share Issuance	780	780	-	Immediate
	<u>21,103</u>	<u>11,953</u>	<u>9,150</u>	

B) PRIVATE PLACEMENT OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES TO THIRD PARTY INVESTOR(S)

On 9 January 2020, the Company proposed to undertake private placement of up to 10% of total number of issued shares of the Company to independent third-party investors. The Private Placement was completed on 21 April 2020 following the listing and quotation of 390,038,800 placement shares on the Ace Market of Bursa Securities, raising RM4,668,357 for the Company.

Purpose	Purpose Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Intended for Timeframe Utilisation
Rebranding and upgrading of the GEM application	4,573	4,573	-	Within 24 months
Expenses for the Private Placement	95	95	-	Immediate
	<u>4,668</u>	<u>4,668</u>	<u>-</u>	

C) PRIVATE PLACEMENT OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES TO THIRD PARTY INVESTOR(S)

On 29 May 2020, the Company proposed to undertake the private placement of up to 10% of the total number of issued shares of the Company (excluding treasury shares) to third party investors. The Private Placement was completed on 16 June 2020 following the listing and quotation of 459,891,000 placement shares on the Ace Market of Bursa Securities, raising RM4,690,888 for the Company.

B8 STATUS OF UTILISATION OF PROCEEDS (CONTINUED)**C) PRIVATE PLACEMENT OF UP TO 10% OF THE TOTAL NUMBER OF ISSUED SHARES TO THIRD PARTY INVESTOR(S) (CONTINUED)**

Purpose	Purpose Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Intended for Timeframe Utilisation
Enhancement of GemSpot and GemSpot Lite	4,581	4,581	-	Within 24 months
Expenses for the Private Placement	110	110	-	Immediate
	<u>4,691</u>	<u>4,691</u>	<u>-</u>	

D) SHARE CONSOLIDATION AND RIGHTS ISSUE WITH WARRANTS

On 14 August 2020, the Company revised its proposal to undertake the consolidation of every 25 ordinary shares in NetX (“NetX Shares” or “Shares”) into 1 NetX Share (“Share Consolidation”); and renounceable rights issue of up to 629,491,596 new Shares (“Rights Shares”) together with up to 314,745,798 free detachable warrants in NetX (“Warrants C”) on the basis of 6 Rights Shares together with 3 free Warrants C for every 2 existing Share (after the Share Consolidation) held by the entitled shareholders (“Rights Issue with Warrant”). The Rights Issue with Warrant has been completed on 3 November 2020 following the listing and quotation of 626,136,825 Rights Shares and 313,068,412 Warrants C, raising RM81,397,787 for the Company.

Purpose	Purpose Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Intended for Timeframe Utilisation
Development of a F&B e-commerce platform	5,000	5,000	-	Within 18 months
Marketing of GemSpot and GemSpot Lite	25,000	2,788	22,212	Within 48 months
Development and intergration of business intelligence and data analytics system	8,000	-	8,000	Within 48 months
Investment or partnership in other complementary businesses or assets	25,000	25,000	-	Within 48 months
Working capital	17,498	17,498	-	Within 36 months
Expenses for the Right Issue	900	900	-	Immediate
	<u>81,398</u>	<u>51,186</u>	<u>30,212</u>	

B8 STATUS OF UTILISATION OF PROCEEDS (CONTINUED)

E) PRIVATE PLACEMENT OF UP TO 20% OF THE TOTAL NUMBER OF ISSUED SHARES TO THIRD PARTY INVESTOR(S)

On 2 December 2021, the Company proposed to undertake the private placement of up to 167,193,400 new ordinary shares, representing up to approximately 20% of the total number of issued shares of the Company to third party investor(s). Bursa Securities has, vide its letter dated 23 December 2021, approved the listing and quotation of the placement shares to be issued pursuant to the private placement. Pursuant to the said approval granted by Bursa Securities, the Company may utilise it to issue the new shares until 31 December 2021, after which, the 10% general mandate will be reinstated pursuant to Rule 6.04(1) of the Listing Requirement. The Private Placement was completed on 8 June 2023 following the listing and quotation of 83,596,700 placement shares on the Ace Market of Bursa Securities, raising RM3,761,852 for the Company.

Purpose	Purpose Utilisation (RM'000)	Actual Utilisation (RM'000)	Balance (RM'000)	Intended for Timeframe Utilisation
Additonal funds for the microfinancing business	3,586	1,000	2,586	Within 12 months
Expenses for the Private Placement	176	176	-	Immediate
	<u>3,762</u>	<u>1,176</u>	<u>2,586</u>	

B9 GROUP BORROWINGS AND DEBT SECURITIES

	As at 29.02.2024 Unaudited RM'000	As at 30.11.2023 Audited RM'000
Short term borrowing		
Term loan - Secured	<u>6,993</u>	<u>6,108</u>
Long term borrowing		
Term loan - Secured	<u>16,897</u>	<u>19,505</u>

The term loans is denominated in Ringgit Malaysia and the interest rate of the term loan at the reporting date is 2.99% to 4.13% per annum.

B10 DIVIDEND PAYABLE

No dividend was declared or paid in quarter and year ended 29 February 2024.

B11 EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit/(loss) attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the period. The basic earnings per share was calculated as follows:

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended	Preceding Year Corresponding Quarter Ended	Current Year Ended	Preceding Year Ended
	29.02.2024	28.02.2023	29.02.2024	28.02.2023
Net profit/(loss) attributable to owners of the parent (RM)	<u>(2,956,000)</u>	<u>(3,757,000)</u>	<u>(2,956,000)</u>	<u>(3,757,000)</u>
Weighted average number of ordinary shares	<u>937,952,641</u>	<u>835,967,337</u>	<u>937,952,641</u>	<u>835,967,337</u>
Basic profit/(loss) per share (sen)	<u>(0.32)</u>	<u>(0.45)</u>	<u>(0.32)</u>	<u>(0.45)</u>

(b) Diluted

There is no dilution in the earnings per share of the Company as the average market values of the warrants as at 29 February 2024 together with the exercise price were higher than the market value of the ordinary shares. Accordingly, there was no assumed full conversion of the warrants into ordinary shares which could result in the dilution of the Company's earnings per share.

B12 AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 30 November 2023 was not subject to any qualification.

B13 AUTHORISATION FOR ISSUE

The interim financial statements are authorised for issue by the Board of Directors in accordance with a resolution of the directors.