



N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2022**

N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)
SUMMARY OF KEY FINANCIAL INFORMATION
FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2022

Remark:

The results for the quarter ended 30 September 2022 should be read in conjunction with the Annual Audited Financial Statements of N2N Connect Berhad and its subsidiaries ("Group") for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

	Quarter Ended		Year-To-Date Ended	
	30 Sep 2022 RM'000	30 Sep 2021 RM'000	30 Sep 2022 RM'000	30 Sep 2021 RM'000
1 Revenue	25,505	26,991	78,425	87,234
2 Profit before taxation	4,052	1,072	13,124	13,784
3 Profit for the period	2,950	753	10,431	13,288
4 Profit attributable to owners of the Company	3,128	1,366	11,092	14,289
5 Basic earnings per share (sen)	0.56	0.24	1.99	2.56
6 Diluted earnings per share (sen)	0.56	0.24	1.99	2.54
7 Proposed/Declared dividend per share (sen)	-	-	1.00	3.00

N2N CONNECT BERHAD 200001020530 (523137-K)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2022**

	Note	Quarter Ended			Year-To-Date Ended		
		30 Sep 2022 RM'000 (UNAUDITED)	30 Sep 2021 RM'000 (UNAUDITED)	Changes %	30 Sep 2022 RM'000 (UNAUDITED)	30 Sep 2021 RM'000 (UNAUDITED)	Changes %
Revenue		25,505	26,991	-6%	78,425	87,234	-10%
Cost of sales		(11,698)	(11,231)	4%	(34,934)	(33,604)	4%
Gross profit		13,807	15,760	-12%	43,491	53,630	-19%
Other operating income		1,794	482	272%	3,974	1,475	169%
Administrative expenses		(11,369)	(13,956)	-19%	(32,464)	(37,853)	-14%
Finance costs		(8)	(74)	-89%	(59)	(266)	-78%
Share of results of an associate		(172)	(1,140)	-85%	(1,818)	(3,202)	-43%
Profit before taxation		4,052	1,072	278%	13,124	13,784	-5%
Taxation	B6	(1,102)	(319)	245%	(2,693)	(496)	443%
Profit for the period		2,950	753	292%	10,431	13,288	-22%
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
- Exchange differences arising from translation of foreign operations		4,556	574		7,869	3,111	
Total comprehensive income for the period		7,506	1,327		18,300	16,399	
Profit for the period attributable to:							
- Owners of the Company		3,128	1,366		11,092	14,289	
- Non-controlling interests		(178)	(613)		(661)	(1,001)	
		2,950	753		10,431	13,288	
Total comprehensive income for the period:							
- Owners of the Company		7,684	1,940		18,961	17,400	
- Non-controlling interests		(178)	(613)		(661)	(1,001)	
		7,506	1,327		18,300	16,399	
Earnings per share ("EPS") attributable to owners of the Company:							
- Basic EPS (sen)	B12	0.56	0.24		1.99	2.56	
- Diluted EPS (sen)	B12	0.56	0.24		1.99	2.54	

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

N2N CONNECT BERHAD 200001020530 (523137-K)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022**

	Note	As at 30 Sep 2022 RM'000 (UNAUDITED)	As at 31 Dec 2021 RM'000 (AUDITED)
ASSETS			
Non-current assets			
Property, plant and equipment		30,530	31,994
Investment properties		9,318	9,494
Right-of-use assets		982	1,770
Intangible assets		84,450	79,593
Investment in an associate		4,068	6,659
		<u>129,348</u>	<u>129,510</u>
Current assets			
Trade receivables		15,764	18,301
Other receivables	A11	5,786	4,569
Amount owing by related companies		576	215
Tax recoverable		7,330	8,202
Marketable securities	B7	58,951	64,624
Financial assets at fair value through profit or loss	A13	144	168
Cash and bank balances		85,982	63,879
		<u>174,533</u>	<u>159,958</u>
TOTAL ASSETS		<u>303,881</u>	<u>289,468</u>
EQUITY AND LIABILITIES			
Total equity			
Share capital		260,987	260,987
Treasury shares		(37,237)	(37,237)
Exchange reserve		1,492	(6,377)
LTIP reserve		2,131	1,530
Retained profits		54,158	48,648
Equity attributable to owners of the Company		<u>281,531</u>	<u>267,551</u>
Non-controlling interests		(2,853)	(2,192)
		<u>278,678</u>	<u>265,359</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022**

		As at 30 Sep 2022 RM'000 (UNAUDITED)	As at 31 Dec 2021 RM'000 (AUDITED)
Non-current liabilities			
Lease liabilities		-	660
Provision for retirement benefits	A14	2,878	2,245
Deferred tax liabilities		722	653
		<u>3,600</u>	<u>3,558</u>
Current liabilities			
Trade payables		4,157	3,927
Other payables	A12	14,258	12,200
Amount owing to related companies		822	328
Bank borrowings	B8	-	2,314
Lease liabilities		1,089	1,291
Provision for taxation		1,277	491
		<u>21,603</u>	<u>20,551</u>
Total liabilities		<u>25,203</u>	<u>24,109</u>
TOTAL EQUITY AND LIABILITIES		<u>303,881</u>	<u>289,468</u>
Net assets per share attributable to owners of the Company (sen) *		<u>50</u>	<u>48</u>

Note:

* Based on number of shares net of treasury shares ('000)

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

N2N CONNECT BERHAD 200001020530 (523137-K)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2022**

	Note	Attributable to owners of the Company					Total	Non-Controlling Interests	Total Equity
		Non-distributable				Distributable			
		Share Capital	Treasury Shares	Exchange Reserve	LTIP Reserve	Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2022		260,987	(37,237)	(6,377)	1,530	48,648	267,551	(2,192)	265,359
Profit for the period		-	-	-	-	11,092	11,092	(661)	10,431
Other comprehensive income		-	-	7,869	-	-	7,869	-	7,869
Total comprehensive income for the period		-	-	7,869	-	11,092	18,961	(661)	18,300
Dividend paid	(i)	-	-	-	-	(5,582)	(5,582)	-	(5,582)
Long term incentive plan ("LTIP")		-	-	-	601	-	601	-	601
At 30 September 2022		260,987	(37,237)	1,492	2,131	54,158	281,531	(2,853)	278,678
At 1 January 2021		260,987	(37,237)	(9,050)	-	48,624	263,324	(639)	262,685
Profit for the period		-	-	-	-	14,289	14,289	(1,001)	13,288
Other comprehensive income		-	-	3,111	-	-	3,111	-	3,111
Total comprehensive income for the period		-	-	3,111	-	14,289	17,400	(1,001)	16,399
Dividend paid	(ii)	-	-	-	-	(16,746)	(16,746)	-	(16,746)
Long term incentive plan ("LTIP")		-	-	-	1,900	-	1,900	-	1,900
At 30 September 2021		260,987	(37,237)	(5,939)	1,900	46,167	265,878	(1,640)	264,238

Notes:

(i) The Company paid First Interim Dividend of 1 sen per share (Single Tier Dividend) in respect of the financial year ended 31 December 2022 on 30 June 2022.

(ii) The Company paid First Interim Dividend of 1 sen per share (Single Tier Dividend) in respect of the financial year ending 31 December 2021 and Special Dividend of 2 sen per share (Single Tier Dividend) in respect of the financial year ended 31 December 2020, on 30 June 2021.

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR TO DATE ENDED 30 SEPTEMBER 2022**

	Year-To-Date Ended	
	30 Sep 2022 RM'000 (UNAUDITED)	30 Sep 2021 RM'000 (UNAUDITED)
Cash flows from operating activities		
Profit before taxation	13,124	13,784
Adjustments for:		
Amortisation of intangible assets	5,396	5,001
Bad debts written off	75	63
Depreciation of property, plant and equipment	3,243	3,387
Depreciation of investment properties	176	176
Depreciation of right-of-use assets	899	722
Fair value changes on financial assets at fair value through profit or loss	24	(28)
Long term incentive plan expenses	601	1,900
Provision/(reversal) for doubtful debts	627	(115)
Provision for long service payments	264	285
Share of results of an associate	1,818	3,202
Unrealised foreign exchange gain	(1,731)	(75)
Finance cost	59	266
Finance income	(216)	(158)
Dividend income	(819)	(890)
Operating profit before working capital changes	23,540	27,520
Changes in working capital		
Trade receivables	1,975	2,833
Other receivables	(1,217)	(1,153)
Trade payables	1,094	391
Other payables	2,171	610
Amount owing by/to related companies	133	293
Cash generated from operations	27,696	30,494
Dividend received	819	890
Interest paid	(59)	(266)
Interest received	216	158
Net tax paid	(1,072)	(2,636)
Net cash generated from operating activities	27,600	28,640

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR TO DATE ENDED 30 SEPTEMBER 2022**

	Year-To-Date Ended	
	30 Sep 2022 RM'000 (UNAUDITED)	30 Sep 2021 RM'000 (UNAUDITED)
Cash flows from investing activities		
Computer software development cost	(4,175)	(5,091)
Purchase of property, plant and equipment	(1,566)	(4,795)
Net changes in marketable securities	5,673	(1,899)
Net cash used in investing activities	(68)	(11,785)
Cash flows from financing activities		
Dividend paid	(5,582)	(16,746)
Increase in fixed deposit pledged	-	(3)
Repayment of bank borrowings	(2,314)	(6,507)
Repayment of lease liabilities	(1,015)	(1,011)
Net cash used in financing activities	(8,911)	(24,267)
Net increase/(decrease) in cash and cash equivalents	18,621	(7,412)
Effect of exchange rate changes	3,482	352
Cash and cash equivalents at beginning of the period	63,879	75,219
Cash and cash equivalents at end of the period	85,982	68,159
Cash and cash equivalents at end of the period comprises:		
Cash and bank balances	85,982	67,798
Deposit with a licensed bank	-	361
	85,982	68,159
Less: Fixed deposit pledged to a licensed bank	-	(361)
	85,982	67,798

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

N2N CONNECT BERHAD 200001020530 (523137-K)

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**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2022**

A NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A1 BASIS OF PREPARATION

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") No. 134: Interim Financial Reporting, and Part K Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market.

The condensed consolidated interim financial statements should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2021.

A2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those in the preparation of the Group's audited financial statements for the financial year ended 31 December 2021. As at the date of authorisation of these financial statements, the following Standards and amendments to standards have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective and have not been adopted by the Group:

Standards issued but not yet effective

Effective for annual periods beginning on or after 1 January 2023

MFRS 17, "Insurance Contracts"

Amendments to MFRS 101, "Presentation of Financial Statements" (Classification of Liabilities as Current or Non-current)

Amendments to MFRS 101, "Presentation of Financial Statements" (Disclosure of Accounting Policies)

Amendments to MFRS 108, Definition of Accounting Estimates

Amendments to MFRS 112, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective date of these amendments to Standards has been deferred

Amendments to MFRS 10 and 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have a material impact to the financial statements of the Group upon their initial recognition.

A3 AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

There were no audit qualifications on the audited financial statements for the financial year ended 31 December 2021.

A4 SEASONAL OR CYCLICAL FACTORS

The Group's operations were not materially affected by seasonal or cyclical changes during the current period under review.

A5 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

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

A6 MATERIAL CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in prior financial years, which have a material effect in the current period under review.

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UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2022

A7 DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities for the current period under review.

A8 DIVIDEND PAID

The Company paid First Interim Dividend of 1 sen per share (Single Tier Dividend) in respect of the financial year ending 31 December 2022 on 30 June 2022.

A9 SEGMENT INFORMATION

The reportable segments of the Group derive their revenue primarily from the provision of design, programming, consultancy services and related services which are substantially within a single business segment.

	Malaysia RM'000	Hong Kong RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Financial period ended 30 September 2022					
<u>Revenue</u>					
Sales to external customers	34,003	37,394	7,028	-	78,425
Inter-segment sales	-	-	22	(22)	-
Total	<u>34,003</u>	<u>37,394</u>	<u>7,050</u>	<u>(22)</u>	<u>78,425</u>
<u>Results</u>					
EBITDA *	11,392	7,565	4,285	298	23,540
Amortisation of intangible assets	(5,230)	-	(166)	-	(5,396)
Bad debt written off	(75)	-	-	-	(75)
Depreciation of property, plant and equipment	(2,205)	(728)	(310)	-	(3,243)
Depreciation of investment properties	(176)	-	-	-	(176)
Depreciation of right-of-use assets	-	(899)	-	-	(899)
Dividend income	819	-	-	-	819
Finance income	173	1	42	-	216
Finance costs	(28)	(31)	-	-	(59)
Long term incentive plan	(383)	(233)	15	-	(601)
Provision/reversal for doubtful debts	(658)	31	-	-	(627)
Share of results of associate	-	-	(1,818)	-	(1,818)
Unrealised foreign exchange gain	1,006	-	725	-	1,731
Other non-cash items	(24)	(264)	-	-	(288)
Taxation	(1,185)	(1,093)	(415)	-	(2,693)
Segment profit for the period	<u>3,426</u>	<u>4,350</u>	<u>2,358</u>	<u>298</u>	<u>10,431</u>

* Earnings before interest, taxes, depreciation and amortisation (excluding other significant non-cash items).

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**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2022****A9 SEGMENT INFORMATION (CON'T)**

	Malaysia RM'000	Hong Kong RM'000	Others RM'000	Eliminations RM'000	Total RM'000
Financial period ended 30 September 2021					
<u>Revenue</u>					
Sales to external customers	41,776	36,560	8,898	-	87,234
Inter-segment sales	-	-	553	(553)	-
Total	<u>41,776</u>	<u>36,560</u>	<u>9,451</u>	<u>(553)</u>	<u>87,234</u>
<u>Results</u>					
EBITDA *	20,639	4,359	5,723	(5,101)	25,620
Amortisation of intangible assets	(4,880)	(79)	(42)	-	(5,001)
Bad debt written off	(21)	(42)	-	-	(63)
Depreciation of property, plant and equipment	(1,824)	(1,182)	(381)	-	(3,387)
Depreciation of investment properties	(176)	-	-	-	(176)
Depreciation of right-of-use assets	-	(677)	(45)	-	(722)
Dividend income	16,939	-	-	(16,049)	890
Finance income	119	-	39	-	158
Finance costs	(212)	(54)	-	-	(266)
Provision/reversal for doubtful debts	(10)	125	-	-	115
Share of results of associate	-	-	(3,202)	-	(3,202)
Unrealised foreign exchange gain/(loss)	53	-	84	(62)	75
Other non-cash items	28	(285)	-	-	(257)
Taxation	(245)	(503)	252	-	(496)
Segment profit for the period	<u>30,410</u>	<u>1,662</u>	<u>2,428</u>	<u>(21,212)</u>	<u>13,288</u>

* Earnings before interest, taxes, depreciation and amortisation (excluding other significant non-cash items).

A10 PROVISION FOR DOUBTFUL DEBTS

The Group applies a simplified approach in calculating ECL (Expected Credit Losses). The Group has established a provision matrix that is based on its client's historical payment trend, adjusted for forward-looking factors specific to the debtors and the economic environment.

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UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2022

A11 OTHER RECEIVABLES

	As At 30 Sep 2022 RM'000	As At 31 Dec 2021 RM'000
Prepayments	3,789	2,752
Deposits paid	1,994	1,717
Other receivables	3	100
	<u>5,786</u>	<u>4,569</u>

A12 OTHER PAYABLES

	As At 30 Sep 2022 RM'000	As At 31 Dec 2021 RM'000
Accruals	2,704	3,271
Deposit received	3,627	3,290
Other payables	7,927	5,639
	<u>14,258</u>	<u>12,200</u>

A13 FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that is not based on observable market data.

The following table analyses the fair value hierarchy for financial instruments carried at fair value in the statement of financial position:

	As At 30 Sep 2022 Level 1 Fair Value RM'000	As At 31 Dec 2021 Level 1 Fair Value RM'000
Financial assets at fair value through profit or loss	<u>144</u>	<u>168</u>

A14 PROVISION FOR RETIREMENT BENEFITS

Provision for retirement benefits of the Group relate to long service payments ("LSP") provisions as prescribed under the Hong Kong Employment Ordinance and Labour Protection Act of Thailand. LSP is paid to employees of a subsidiary company upon termination of their employment, subject to completion of number of continuous year of service and meeting certain qualifying conditions. The benefit is based on final wages and service at leaving employment.

A15 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no changes in the valuation of the property, plant and equipment reported in the previous audited financial statements that will have an effect in the current period under review.

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**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2022**

A16 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

There was no material event subsequent to the current financial period ended up to the date of the announcement of this report which is likely to substantially affect the results of the operations of the Group.

A17 CHANGES IN THE COMPOSITION OF THE GROUP

There were no other changes in the composition of the Group for the current period under review.

A18 CONTINGENT LIABILITIES

The Directors are of the opinion that the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position and business of the Group as at 23 November 2022 (the latest practicable date which is not earlier than 7 days from the date of issue of this financial results).

A19 CAPITAL COMMITMENTS

There were no material capital commitments in the current period under review.

A20 SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions in the current period under review.

N2N CONNECT BERHAD 200001020530 (523137-K)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2022****B ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA
SECURITIES BERHAD****B1 REVIEW OF PERFORMANCE**(a) Performance of current quarter against the preceding year's corresponding quarter

	<u>Quarter Ended</u>	
	<u>30 Sep 2022</u>	<u>30 Sep 2021</u>
	<u>RM'000</u>	<u>RM'000</u>
Revenue	25,505	26,991
Profit after taxation	2,950	753
Core profit *	<u>1,775</u>	<u>2,957</u>

* Core profit represents the profits of N2N excluding unrealised gains/losses on foreign exchange, one-off taxes, penalties and non-recurring gains or losses (which are not expected to recur).

The Group recorded a revenue of RM25.51 million for the period ended 30 September 2022 in comparison to revenue of RM26.99 million in the preceding year's corresponding quarter. The lower revenue of 5.51% was mainly due to the lower transaction based revenue owing to normalised trading momentum in Bursa Malaysia for the quarter under review compared to the corresponding quarter.

The profit after taxation for the current quarter totalling RM2.96 million was 292% higher than the profit after taxation of RM0.75 million recorded in the preceding year's corresponding quarter. The higher profit after taxation was mainly due to higher other income, lower operating expenses and lower share of losses of an associate. This had the combined effect of offsetting the impact of lower margins arising from lower transaction based revenue and higher taxation in the quarter under review.

The Group recorded a 39.97% lower Core Profit of RM1.77 million for the quarter under review compared to RM2.96 million in the preceding year's corresponding quarter mainly due to the lower transaction based revenue. The effects of lower transaction based revenue on the core profits of the Group for the period ended 30 September 2022 were softened by the lower operating expenses and lower share of losses of an associate in the quarter under review.

(b) Performance of the current financial period against the preceding year's corresponding period

	<u>Year-To-Date Ended</u>	
	<u>30 Sep 2022</u>	<u>30 Sep 2021</u>
	<u>RM'000</u>	<u>RM'000</u>
Revenue	78,425	87,234
Profit for the period	10,431	13,288
Core profit *	<u>7,892</u>	<u>15,670</u>

* Core profit represents the profits of N2N excluding unrealised gains/losses on foreign exchange, one-off taxes, penalties and non-recurring gains or losses (which are not expected to recur).

The Group recorded a revenue of RM78.43 million for the period ended 30 September 2022 in comparison to revenue of RM87.23 million in the preceding year's corresponding period. The lower revenue of 10.10% was mainly due to lower transaction based revenue owing to normalised trading momentum in Bursa Malaysia.

The profit after taxation for the current period totalling RM10.43 million was 21.50% lower than the profit after tax of RM13.29 million recorded in the corresponding period mainly due to the lower transaction based revenue arising from normalized trading momentum in Bursa Malaysia. The resulting effects of lower gross margins were nonetheless softened by the higher other operating income, lower operating expenses and lower share of losses of an associate for the period ended 30 September 2022.

The Group recorded a Core Profit of RM7.89 million for the current period which was 49.64% lower than the Core Profit of RM15.67 million recorded in the corresponding period. This was mainly due to the lower transaction based revenue arising from normalized trading momentum in Bursa Malaysia.

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**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2022****B2 MATERIAL CHANGES IN THE CURRENT QUARTER RESULTS COMPARED WITH IMMEDIATE PRECEDING QUARTER**

	Quarter Ended	
	30 Sep 2022	30 June 2022
	RM'000	RM'000
Revenue	25,505	26,163
Profit after taxation	2,950	3,713
Core profit *	1,775	2,313

* Core profit represents the profits of N2N excluding unrealised gains/losses on foreign exchange and one-off taxes & penalties and non-recurring gains or losses (which are not expected to recur).

The normalization of the trading momentum in Bursa Malaysia resulted in a lower transaction based revenue for the Group in the current quarter compared to the immediate preceding quarter. As a result, the Group recorded a lower revenue of RM25.51 million for the current quarter which was 4.68% lower compared to RM26.16 million in the immediate preceding quarter.

For the current quarter, the effects of lower transaction based revenue and higher operating expenses on the Group's Profit After Tax was softened by the combined effects of higher other operating income and lower share of losses in an associate compared to the immediate preceding quarter. As a result, the Group posted lower Profit After Tax of RM2.95 million for the current quarter compared to RM3.71 million in the immediate preceding quarter.

The Group posted a lower core profit of RM1.77 million for the current quarter compared to RM2.31 million in the immediate preceding quarter mainly due to lower transaction based fees and higher operating expenses.

B3 PROSPECTS

The ongoing domestic and global developments, in particular, the potential slow down of global growth by end of 2022, as cautioned by the World Bank, due to global deceleration, rising debt and policy distortions are expected to continue influencing the performance of the securities market in general.

Taking into consideration the challenging and competitive environment, the Group expects to register a moderate performance as compared to the preceding year.

B4 VARIATION OF ACTUAL PROFIT FROM FORECAST PROFIT

Not applicable as no profit forecast was published.

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B5 ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME

The following items have been charged/(credited) in arriving at the profit from operations:

	Quarter Ended		Year-To-Date Ended	
	30 Sep 2022 RM'000	30 Sep 2021 RM'000	30 Sep 2022 RM'000	30 Sep 2021 RM'000
(a) Interest income	(93)	(42)	(216)	(158)
(b) Dividend Income	(312)	(274)	(819)	(890)
(c) Interest expense	8	74	59	266
(d) Depreciation and amortisation	3,213	3,160	9,714	9,286
(e) Net foreign exchange (gain)/loss	(822)	22	(1,689)	207
(f) Fair value changes on financial assets at fair value through profit or loss	9	(18)	24	(28)

B6 TAXATION

	Quarter Ended		Year-To-Date Ended	
	30 Sep 2022 RM'000	30 Sep 2021 RM'000	30 Sep 2022 RM'000	30 Sep 2021 RM'000
Current tax:				
- Current year provision	(1,102)	(322)	(2,652)	(845)
- Under provision in prior years	-	3	(41)	349
	<u>(1,102)</u>	<u>(319)</u>	<u>(2,693)</u>	<u>(496)</u>

The effective tax rate of the Group for the current quarter under review was lower than the statutory tax rate of 24% mainly due to one of the subsidiary company has been granted second five year tax exemption for Multimedia Super Corridor ("MSC") qualifying activities under pioneer status pursuant to the Promotion of Investments Act, 1986 in Malaysia.

B7 MARKETABLE SECURITIES

	As At 30 Sep 2022 RM'000	As At 31 Dec 2021 RM'000
Quoted unit trusts in Malaysia*	<u>58,951</u>	<u>64,624</u>

Note * : These relate to quoted Islamic unit trusts, which are exempted from corporate tax and have the flexibility of withdrawal.

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B8 GROUP'S BORROWINGS AND DEBT SECURITIES

	As At 30 Sep 2022 RM'000	As At 31 Dec 2021 RM'000
Secured		
Short-term borrowings		
<i>United States Dollar</i>		
Term loan	-	2,314
	<u>-</u>	<u>2,314</u>

B9 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no financial instruments with off balance sheet risk as at the date of this announcement applicable to the Group.

B10 MATERIAL LITIGATION

On 31 March 2021, N2N Connect Berhad and a few of its subsidiaries (collectively referred to as "Plaintiffs") filed a civil suit at the High Court of Malaya at Kuala Lumpur ("High Court") against Chua Tiong Hoong, Ahmad Ashraf bin Azman, Shyam Sundar Rayudu, Wong Voon Fui, Finevo Technology Sdn Bhd and AK Partner Hybrid Connect Sdn Bhd (collectively referred to as "Defendants") for breach of N2N's intellectual property rights, including but not limited to the copyright and trade secrets in the source codes and marketing materials; breach of fiduciary duties and breach of confidence.

On 2 April 2021, the Plaintiffs also obtained an Anton Piller Order ("Order" or "APO") from the High Court. The Order allows the Plaintiffs, subject to the terms and conditions of the Order, to enter the Defendants' premises to inspect, take possession of documents, records or other items, which may form evidence in an action against the Defendants.

On 22 October 2021, the Defendants filed their appeals in the Court of Appeal against the High Court's dismissal of their applications to set aside the APO. The hearing date for the Defendants' appeals is yet to be fixed, due in part to the Grounds of Judgment, which are not yet available.

During the case management in the Court of Appeal, the Court of Appeal set the hearing date for the Appeals on 18 April 2023. The Appellants have been directed to obtain the Grounds of Judgment and file all the necessary Court documents as soon as possible.

In the meantime, the High Court has fixed new dates for trial for the main suit for 19th to 23rd July 2023 & 12th to 14th July 2023.

The Board believes that the Litigation is not expected to have any financial and operational impact on the Group.

Save and except for the Litigation set out above, the Board of Directors does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiaries.

B11 PROPOSED DIVIDENDS

No dividend has been declared or recommended during the current period under review.

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B12 EARNINGS PER SHARE ("EPS")

	Quarter Ended		Year-To-Date Ended	
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
(a) Basic earnings per share				
Profit attributable to owners of the Company (RM'000)	3,128	1,366	11,092	14,289
Weighted average number of ordinary shares in issue ('000)	558,204	558,204	558,204	558,204
Basic EPS (sen)	0.56	0.24	1.99	2.56
(b) Diluted earnings per share				
Profit attributable to owners of the Company (RM'000)	3,128	1,366	11,092	14,289
Weighted average number of ordinary shares in issue ('000)	558,204	558,204	558,204	558,204
Assumed exercise of Warrants at no consideration ('000)	-*	-*	-*	-*
Assumed exercise of LTIP at no consideration ('000)	-*	4,999	-*	4,999
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	558,204	563,203	558,204	563,203
Diluted EPS (sen)	0.56	0.24	1.99	2.54

* No warrants and LTIP are assumed to be exercised at no consideration as the average fair value of the Company's quoted share price during the financial period is below the exercise price of the warrants.

B13 STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED AT THE LATEST PRACTICABLE DATE WHICH

The Group had on 26 June 2020 announced the proposal in relation to the undertaking of the transfer of listing of and quotation for the entire issued share capital and the outstanding warrants 2019/2024 from ACE Market to the Main Market of Bursa Securities.

Please refer to our announcement dated 26 June 2020 for details.

B14 AUTHORISATION FOR ISSUE

The unaudited condensed consolidated financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 23 November 2022.

By Order of the Board

Tiang Boon Hwa
Managing Director

Date : 23 November 2022