

PAPPAJACK BERHAD  
(Company No. 202001042414) (1398735 - V)  
(Incorporated in Malaysia)  
UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED 31 MARCH 2024

## CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		31.3.2024 RM'000	31.3.2023 RM'000	31.3.2024 RM'000	31.3.2023 RM'000
Revenue		29,980	24,858	29,980	24,858
Cost of sales		(19,128)	(17,100)	(19,128)	(17,100)
Gross profit		10,852	7,758	10,852	7,758
Other income		168	17	168	17
		11,020	7,775	11,020	7,775
Administrative expenses		(2,820)	(1,829)	(2,820)	(1,829)
Depreciation and amortisation		(131)	(97)	(131)	(97)
		(2,951)	(1,926)	(2,951)	(1,926)
Profit from operations		8,069	5,849	8,069	5,849
Finance costs		(590)	(497)	(590)	(497)
Profit before taxation	B4	7,479	5,352	7,479	5,352
Income tax expense	B5	(2,244)	(1,284)	(2,244)	(1,284)
Profit after taxation/ Total comprehensive income		5,235	4,068	5,235	4,068
Profit after taxation/Total comprehensive income attributable to:					
Owners of the Company		5,235	4,060	5,235	4,060
Non-Controlling Interests		-	8	-	8
		5,235	4,068	5,235	4,068
Earnings per share (sen):					
Basic/Diluted	B12	0.68	0.61	0.68	0.61

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 31.3.2024 RM'000	Audited As at 31.12.2023 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property and equipment	13,214	12,858
Investment property	1,284	1,289
Deferred tax assets	129	129
Total Non-Current Assets	<u>14,627</u>	<u>14,276</u>
<b>Current Assets</b>		
Inventories	6,328	5,757
Trade and other receivables	216,779	215,794
Current tax assets	669	669
Cash and bank balances	53,169	49,781
Total Current Assets	<u>276,945</u>	<u>272,001</u>
<b>TOTAL ASSETS</b>	<u>291,572</u>	<u>286,277</u>

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		Unaudited As at 31.3.2024	Audited As at 31.12.2023
	Note	RM'000	RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		211,699	211,699
Reorganisation deficit		(11,518)	(11,518)
Reserves		50,339	45,104
<b>TOTAL EQUITY</b>		<b>250,520</b>	<b>245,285</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Loans and borrowings	B8	6,646	6,542
Deferred tax liabilities		13	13
<b>Total Non-Current Liabilities</b>		<b>6,659</b>	<b>6,555</b>
<b>Current Liabilities</b>			
Other payables and accruals		610	734
Loans and borrowings	B8	31,615	31,983
Current tax liabilities		2,168	1,720
<b>Total Current Liabilities</b>		<b>34,393</b>	<b>34,437</b>
<b>TOTAL LIABILITIES</b>		<b>41,052</b>	<b>40,992</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>291,572</b>	<b>286,277</b>
<b>Net assets per share attributable to ordinary equity holders (RM)</b>	B13	<b>0.33</b>	<b>0.32</b>

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PAPPAJACK BERHAD  
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				Sub-total RM'000	Non- controlling interests RM'000	Total equity RM'000
	Share capital RM'000	Reorganisation deficit RM'000	Other reserve RM'000	Retained earnings RM'000			
At 1.1.2023	156,589	(11,518)	-	28,386	173,457	789	174,246
Total comprehensive income for the financial year	-	-	-	19,987	19,987	20	20,007
<b>Transactions with owners</b>							
Issue of ordinary shares	55,110	-	-	-	55,110	-	55,110
Share option issued	-	-	559	-	559	-	559
Changes in ownership interests in a subsidiary	-	-	-	13	13	(809)	(796)
Dividend paid on shares	-	-	-	(3,841)	(3,841)	-	(3,841)
Total transactions with owners	55,110	-	559	(3,828)	51,841	(809)	51,032
At 31.12.2023	211,699	(11,518)	559	44,545	245,285	-	245,285
Total comprehensive income for the financial period	-	-	-	5,235	5,235	-	5,235
Balance as at 31.3.2024	211,699	(11,518)	559	49,780	250,520	-	250,520

## CONSOLIDATED STATEMENT OF CASH FLOWS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
	RM'000	RM'000	RM'000	RM'000
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>				
Profit before taxation	7,479	5,352	7,479	5,352
Adjustments for:				
Depreciation of:				
- investment properties	5	5	5	5
- property and equipment	809	643	809	643
Interest expense	590	497	590	497
Interest income	(143)	(4)	(143)	(4)
Operating profit before working capital changes	8,740	6,493	8,740	6,493
Net change in inventories	(571)	(1,837)	(571)	(1,837)
Net change in trade and other receivables	(985)	3,907	(985)	3,907
Net change in trade and other payables	(124)	(2,923)	(124)	(2,923)
Cash generated from operations	7,060	5,640	7,060	5,640
Income tax paid	(1,796)	(1,271)	(1,796)	(1,271)
Net cash from operating activities	5,264	4,369	5,264	4,369
<b><u>NET CASH USED IN INVESTING ACTIVITIES</u></b>				
Purchase of property and equipment	(1,165)	(333)	(1,165)	(333)
<b><u>CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES</u></b>				
Interest received	143	4	143	4
Interest paid	(590)	(497)	(590)	(497)
Net change to loans and borrowings	(264)	2,932	(264)	2,932
Net cash (used in)/from financing activities	(711)	2,439	(711)	2,439
NET CHANGE IN CASH AND BANK BALANCES	3,388	6,475	3,388	6,475
CASH AND BANK BALANCES				
AT BEGINNING OF FINANCIAL PERIOD	49,781	23,962	49,781	23,962
CASH AND BANK BALANCES				
AT END OF FINANCIAL PERIOD	53,169	30,437	53,169	30,437

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A. SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) NO. 134 - INTERIM FINANCIAL REPORTING

A1. BASIS OF PREPARATION

The unaudited interim financial report of Pappajack Berhad and its subsidiaries ("Group") have been prepared in accordance with MFRS 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). These unaudited consolidated interim financial statements also comply with International Accounting Standards ("IAS") 34 - Interim Financial Reporting issued by the International Accounting Standards Board.

A2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2023 except for the adoption of the following new accounting standards, amendments and interpretation:

A2.1 New MFRS adopted during the financial period

		<b>Effective for financial periods beginning on or after</b>
<b>Amendments to MFRSs</b>		
MFRS 7	Financial Instruments: Disclosures	1 January 2024
MFRS 16	Leases	1 January 2024
MFRS 101	Presentation of Financial Statements	1 January 2024
MFRS 107	Statement of Cash Flows	1 January 2024

The adoption of the above amendments to MFRSs do not have a material impact on the financial statements of the Group.

A3. AUDITORS' REPORT

The audited consolidated financial statements of the Group for the financial year ended (“FYE”) 31 December 2023 was not subject to any qualification.

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## A4. SEASONAL AND CYCLICAL FACTORS

The business of the Group is not affected by any significant seasonal or cyclical factors.

## A5. UNUSUAL ITEMS

There was no unusual item affecting assets, liabilities, equity, net income or cash flows of the Group during the current quarter under review.

## A6. CHANGES IN ESTIMATES

There were no major changes in estimates that have had material effect on the results of the current quarter under review.

## A7. DEBT AND EQUITY SECURITIES

Save as disclosed below, there are no other issuance, cancellation, repurchase, resale or repayment of debt and equity securities to the end of the current quarter under review:

	Amount	Number of
	RM'000	ordinary shares
<b>Ordinary share capital</b>		
Issued and fully paid-up (no par value):		
At 1.1.2023	156,589	668,000,000
Issuance pursuant to a Private Placement Exercise	55,110	167,000,000
At 31.12.2023/ 31.3.2024	<u>211,699</u>	<u>768,200,000</u>

## A8. DIVIDEND PAID

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

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## A9. SEGMENTAL INFORMATION

Operating segments are prepared in a manner consistent with the internal reporting provided to the management as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purposes, the Group is organised into business units based on their revenue stream, namely pawnbroking interest charges and sale of unredeemed or bid pledges. No segmental analysis by geographical location is prepared as the Group operates predominantly in Malaysia.

<u>Operating segment</u>	Pawnbroking interest charges	Sales of unredeemed or bid pledges	Group
<b>Individual/Cumulative quarter ended 31.3.2024</b>	RM'000	RM'000	RM'000
<b>Revenue</b>	10,511	19,469	29,980
<b>Results</b>			
Segment gross profit	8,123	2,729	10,852
Other income			168
Administrative expenses			(2,820)
Depreciation and amortisation			(131)
Finance costs			(590)
Profit before taxation			7,479
Income tax expense			(2,244)
Profit after taxation			5,235
<b>Individual quarter/Cumulative quarter ended 31.3.2023</b>	RM'000	RM'000	RM'000
<b>Revenue</b>	8,172	16,686	24,858
<b>Results</b>			
Segment gross profit	6,243	1,515	7,758
Other income			17
Administrative expenses			(1,829)
Depreciation and amortisation			(97)
Finance costs			(497)
Profit before taxation			5,352
Income tax expense			(1,284)
Profit after taxation			4,068

## A10. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE INTERIM FINANCIAL PERIOD

Save as disclosed in Note B6 below, there are no other significant events subsequent to the end of the interim financial period.

## A11. RELATED PARTY TRANSACTIONS

The related party transactions described below were carried out on terms and conditions negotiated amongst the parties. The related party transactions are as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.3.2024 RM'000	31.3.2023 RM'000	31.3.2024 RM'000	31.3.2023 RM'000
Directors:				
- interest on shareholders' loan	-	30	-	30
- rental expense	143	56	143	56
Key management personnel:				
- interest on shareholders' loan	-	*	-	*
	<u>143</u>	<u>86</u>	<u>143</u>	<u>86</u>

Note:

\* - negligible, less than RM500.

Rental expenses in relation to rental of certain shop lots were paid/payable to companies of which certain directors have interests.

## A12. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets and contingent liabilities as at the end of the financial quarter under review.

## A13. CAPITAL COMMITMENTS

There were no material commitments as at the end of the financial quarter under review.

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## B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES

## B1. REVIEW OF PERFORMANCE FOR CURRENT QUARTER AND FINANCIAL PERIOD TO DATE

The Group operates a total of 40 pawnbroking outlets as of the end of the fiscal quarter.

In the current quarter ("1Q2024"), the Group achieved a total revenue of RM29.98 million. This comprised 35% from the pawnbroking interests segment, with the remaining revenue generated from sales of unredeemed or bid pledges segment.

For 1Q2024, the Group's gross profit amounted to RM10.85 million, as analysed below:

	Unit	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		31.3.2024	31.3.2023	31.3.2024	31.3.2023
<b>Gross profit:</b>					
Pawnbroking interest charges	RM	8,123	6,243	8,123	6,243
Sale of unredeemed or bid pledges	RM	2,729	1,515	2,729	1,515
		<u>10,852</u>	<u>7,758</u>	<u>10,852</u>	<u>7,758</u>
Overall gross profit margin	%	<u>36.20</u>	<u>31.21</u>	<u>36.20</u>	<u>31.21</u>
<b>Segmental gross profit margin:</b>					
Pawnbroking interest charges	%	77.28	76.40	77.28	76.40
Sale of unredeemed or bid pledges	%	<u>14.02</u>	<u>9.08</u>	<u>14.02</u>	<u>9.08</u>
<b>Gross profit composition:</b>					
Pawnbroking interest charges	%	74.85	80.47	74.85	80.47
Sale of unredeemed or bid pledges	%	<u>25.15</u>	<u>19.53</u>	<u>25.15</u>	<u>19.53</u>

The Group reported robust earnings before interest, taxation, depreciation, and amortisation ("EBITDA") of RM8.74 million for the 1Q2024, an improvement from RM6.49 million in the same period last year.

Consequently, the Group achieved a profit after tax of RM5.24 million for the 1Q2024, an increase from RM4.07 million in the same period last year.

## B2. PROSPECTS

The Group is committed to both expanding its existing network of pawnbroking outlets and venturing into new geographical markets within Peninsular Malaysia. By expanding the Group's network of pawnbroking outlets, the Group would be able to increase its market presence and serve a wider customer base. The expansion will support and contribute positively to the Group's financial performance.

The Management is currently engaged in a proactive strategy aimed at expansion, which involves both the opening of new pawnbroking outlets and the consideration of strategic acquisitions involving suitable pawnbroking outlets. This strategic approach is expected to yield positive contributions to the Group's financial performance in the forthcoming years.

**B3. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST OR PROFIT GUARANTEE**

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

**B4. PROFIT BEFORE TAXATION**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):				
Depreciation of:				
- investment properties	5	5	5	5
- property and equipment	809	643	809	643
Interest expense	590	497	590	497
Interest income	(143)	(4)	(143)	(4)
Rental income from investment property	(13)	(13)	(52)	(13)

**B5. INCOME TAX EXPENSE**

	Unit	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		31.3.2024	31.3.2023	31.3.2024	31.3.2023
		RM'000	RM'000	RM'000	RM'000
Current tax recognised in profit or loss:					
- Malaysian income tax		2,244	1,284	2,244	1,284
Effective tax rate	%	30	24	30	24

**B6. STATUS OF CORPORATE PROPOSAL**

Save as disclosed below, there are no corporate proposals announced but not completed as at the date of this report:

**Proposed Transfer**

The Proposed Transfer entails the transfer of the listing of and quotation for the entire issued share capital of the Company from the ACE Market to the Main Market of Bursa Securities.

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## B7. UTILISATION OF PROCEEDS

**FROM THE PRIVATE PLACEMENT**

Details of Use of Proceeds	Proposed Utilisation RM'000	Utilised Amount RM'000	To be Utilised RM'000	Estimated Timeframe for Utilisation
Cash capital for deployment of pawn loans	54,511	24,095	30,416	Within 12 months
Listing expenses	599	599	-	Immediate
	55,110	24,694	30,416	

The utilisation of the proceeds as disclosed above should be read in conjunction with the Company's Circular to Shareholders in relation to the Private Placement dated 19 May 2023.

## B8. BORROWINGS

	Unaudited As at 31.3.2024 RM'000	Audited As at 31.12.2023 RM'000
<b>Non-current</b>		
Term loan (secured)	581	588
Lease liabilities (unsecured)	6,065	5,954
	6,646	6,542
<b>Current</b>		
Revolving credit (secured)	30,000	30,000
Term loan (secured)	42	57
Lease liabilities (unsecured)	1,573	1,926
	31,615	31,983
<b>Total borrowings</b>		
Revolving credit (secured)	30,000	30,000
Term loan (secured)	623	645
Lease liabilities (unsecured)	7,638	7,880
	38,261	38,525

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**B9. DERIVATIVES**

The Group did not enter any derivatives during the current quarter under review.

**B10. MATERIAL LITIGATION**

There are no litigation or arbitration which have a material effect on the financial position of the Group. The Board of Directors is not aware of any pending proceedings or of any fact likely to give rise to any proceedings as at the date of this financial report.

**B11. DIVIDEND PROPOSED**

On 24 May 2024, the Company declared an interim single tier dividend of 0.5 sen per ordinary share, amounting to RM3,841,000.00 in respect of the financial year ending 31 December 2024, to be paid on 21 June 2024 to shareholders of the Company whose name appear in the Record of Depositors on 11 June 2024.

**B12. EARNING PER SHARES ("EPS")**

	Unit	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		31.3.2024	31.3.2023	31.3.2024	31.3.2023
Profit attributable to owners of the Company	RM'000	5,235	4,059	5,235	4,059
Weighted average number of ordinary shares in issue	'000	768,200	668,000	768,200	668,000
Basic/Diluted EPS <sup>(1)</sup>	sen	0.68	0.61	0.68	0.61

Note:

- (1) Diluted earnings per share of the Company is equivalent to the basic earnings per share as the Company does not have convertible options at the end of the reporting period.

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PAPPAJACK BERHAD

(Company No. 202001042414) (1398735 - V)

(Incorporated in Malaysia)

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B13. NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDER

		Unaudited As at 31.3.2024	Audited As at 31.12.2023
	Units		
Net assets attributable to ordinary equity holders	RM'000	250,519	245,284
Number of ordinary shares in issue	'000	768,200	768,200
Net assets per share attributable to ordinary equity holders	RM	<u>0.33</u>	<u>0.32</u>

Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements are not applicable.

**BY ORDER OF THE BOARD**

**PAPPAJACK BERHAD**

**24 MAY 2024**