

PAPPAJACK BERHAD  
(Company No. 202001042414) (1398735 - V)  
(Incorporated in Malaysia)  
UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE SECOND QUARTER ENDED 30 JUNE 2024

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

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		30.6.2024 RM'000	30.6.2023 RM'000	30.6.2024 RM'000	30.6.2023 RM'000
Revenue		29,881	27,293	59,861	52,151
Cost of sales		(18,249)	(18,353)	(37,377)	(35,453)
Gross profit		11,632	8,940	22,484	16,698
Other income		292	49	460	66
		11,924	8,989	22,944	16,764
Administrative expenses		(2,557)	(1,332)	(5,377)	(3,161)
Depreciation and amortisation		(120)	(123)	(251)	(220)
		(2,677)	(1,455)	(5,628)	(3,381)
Profit from operations		9,247	7,534	17,316	13,383
Finance costs		(601)	(591)	(1,191)	(1,088)
Profit before taxation	B4	8,646	6,943	16,125	12,295
Income tax expense	B5	(2,594)	(1,913)	(4,838)	(3,197)
Profit after taxation/ Total comprehensive income		6,052	5,030	11,287	9,098
Profit after taxation/Total comprehensive income attributable to:					
Owners of the Company		6,052	5,010	11,287	9,070
Non-Controlling Interests		-	20	-	28
		6,052	5,030	11,287	9,098
Earnings per share (sen):					
Basic/Diluted	B12	0.79	0.75	1.47	1.35

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PAPPAJACK BERHAD

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(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30.6.2024 RM'000	Audited As at 31.12.2023 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property and equipment	12,988	12,858
Investment property	1,279	1,289
Deferred tax assets	129	129
Total Non-Current Assets	<u>14,396</u>	<u>14,276</u>
<b>Current Assets</b>		
Inventories	4,920	5,757
Trade and other receivables	229,746	215,794
Current tax assets	1,869	669
Cash and bank balances	45,948	49,781
Total Current Assets	<u>282,483</u>	<u>272,001</u>
<b>TOTAL ASSETS</b>	<u>296,879</u>	<u>286,277</u>

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PAPPAJACK BERHAD

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		Unaudited As at 30.6.2024	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		52,550	45,104
<b>TOTAL EQUITY</b>		<b>252,731</b>	<b>245,285</b>
<b>LIABILITIES</b>			
<b>Non-Current Liabilities</b>			
Loans and borrowings	B8	6,653	6,542
Deferred tax liabilities		13	13
Total Non-Current Liabilities		<b>6,666</b>	<b>6,555</b>
<b>Current Liabilities</b>			
Other payables and accruals		1,672	734
Loans and borrowings	B8	31,117	31,983
Current tax liabilities		4,693	1,720
Total Current Liabilities		<b>37,482</b>	<b>34,437</b>
<b>TOTAL LIABILITIES</b>		<b>44,148</b>	<b>40,992</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>296,879</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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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

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	-	-	-	11,287	11,287	-	11,287
Dividend paid on shares	-	-	-	(3,841)	(3,841)	-	(3,841)
Balance as at 30.6.2024	211,699	(11,518)	559	51,991	252,731	-	252,731

## CONSOLIDATED STATEMENT OF CASH FLOWS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
	RM'000	RM'000	RM'000	RM'000
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>				
Profit before taxation	8,646	6,943	16,125	12,295
Adjustments for:				
Depreciation of:				
- investment properties	5	5	10	10
- property and equipment	819	1,330	1,628	1,973
Interest expense	601	591	1,191	1,088
Interest income	(259)	(20)	(402)	(24)
Operating profit before working capital changes	9,812	8,849	18,552	15,342
Net change in inventories	1,408	1,019	837	(818)
Net change in trade and other receivables	(12,967)	(17,864)	(13,952)	(13,957)
Net change in trade and other payables	1,062	(3,510)	938	(6,433)
Cash generated from operations	(685)	(11,506)	6,375	(5,866)
Income tax paid	(1,269)	(2,085)	(3,065)	(3,356)
Net cash from operating activities	(1,954)	(13,591)	3,310	(9,222)
<b><u>NET CASH USED IN INVESTING ACTIVITIES</u></b>				
Purchase of property and equipment	(593)	(1,846)	(1,758)	(2,179)
<b><u>CASH FLOWS (USED IN)/FROM FINANCING ACTIVITIES</u></b>				
Proceeds from issuance of ordinary shares	-	55,110	-	55,110
Dividend paid on shares	(3,841)	-	(3,841)	-
Interest received	259	20	402	24
Interest paid	(601)	(591)	(1,191)	(1,088)
Net change to loans and borrowings	(491)	178	(755)	3,110
Net cash (used in)/from financing activities	(4,674)	54,717	(5,385)	57,156
NET CHANGE IN CASH AND BANK BALANCES	(7,221)	39,280	(3,833)	45,755
CASH AND BANK BALANCES				
AT BEGINNING OF FINANCIAL PERIOD	53,169	30,437	49,781	23,962
CASH AND BANK BALANCES				
AT END OF FINANCIAL PERIOD	45,948	69,717	45,948	69,717

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	100,200,000
At 31.12.2023/ 30.6.2024	<u>211,699</u>	<u>768,200,000</u>

## A8. DIVIDEND PAID

A single tier tax exempt interim dividend of 0.5 sen per ordinary share, totalling RM3,841,000 was paid during the 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 quarter ended 30.6.2024</b>	RM'000	RM'000	RM'000
<b>Revenue</b>	10,545	19,336	29,881
<b>Results</b>			
Segment gross profit	7,973	3,659	11,632
Other income			292
Administrative expenses			(2,557)
Depreciation and amortisation			(120)
Finance costs			(601)
Profit before taxation			8,646
Income tax expense			(2,594)
Profit after taxation			6,052
<b>Cumulative quarter ended 30.6.2024</b>	RM'000	RM'000	RM'000
<b>Revenue</b>	21,056	38,805	59,861
<b>Results</b>			
Segment gross profit	16,096	6,388	22,484
Other income			460
Administrative expenses			(5,377)
Depreciation and amortisation			(251)
Finance costs			(1,191)
Profit before taxation			16,125
Income tax expense			(4,838)
Profit after taxation			11,287

## A9. SEGMENTAL INFORMATION (CONTINUED)

<b><u>Operating segment</u></b>	Pawnbroking interest charges	Sales of unredeemed or bid pledges	Group
<b>Individual quarter ended 30.6.2023</b>	RM'000	RM'000	RM'000
<b>Revenue</b>	<u>8,433</u>	<u>18,860</u>	<u>27,293</u>
<b>Results</b>			
Segment gross profit	6,436	2,504	8,940
Other income			49
Administrative expenses			(1,332)
Depreciation and amortisation			(123)
Finance costs			(591)
Profit before taxation			<u>6,943</u>
Income tax expense			(1,913)
Profit after taxation			<u>5,030</u>
<b>Cumulative quarter ended 30.6.2023</b>	RM'000	RM'000	RM'000
<b>Revenue</b>	<u>16,605</u>	<u>35,546</u>	<u>52,151</u>
<b>Results</b>			
Segment gross profit	12,679	4,019	16,698
Other income			66
Administrative expenses			(3,161)
Depreciation and amortisation			(220)
Finance costs			(1,088)
Profit before taxation			<u>12,295</u>
Income tax expense			(3,197)
Profit after taxation			<u>9,098</u>

## 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	
	30.6.2024 RM'000	30.6.2023 RM'000	30.6.2024 RM'000	30.6.2023 RM'000
Directors:				
- interest on shareholders' loan	-	15	-	45
- rental expense	143	69	285	125
Key management personnel:				
- interest on shareholders' loan	-	*	-	*
	<b>143</b>	<b>84</b>	<b>285</b>	<b>170</b>

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 41 pawnbroking outlets as of the end of the fiscal quarter.

In the current quarter ("2Q2024"), the Group achieved a total revenue of RM29.88 million, with 35.29% generated from the pawnbroking segment and the remaining 64.71% from sales of unredeemed or bid pledges.

The Group's gross profits analysed below:

	Unit	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		30.6.2024	30.6.2023	30.6.2024	30.6.2023
<b>Gross profit:</b>					
Pawnbroking interest charges	RM	7,973	6,436	16,096	12,679
Sale of unredeemed or bid pledges	RM	3,659	2,504	6,388	4,019
		<u>11,632</u>	<u>8,940</u>	<u>22,484</u>	<u>16,698</u>
<b>Overall gross profit margin</b>	<b>%</b>	<u>38.93</u>	<u>32.76</u>	<u>37.56</u>	<u>32.02</u>
<b>Segmental gross profit margin:</b>					
Pawnbroking interest charges	%	75.61	71.99	76.44	75.93
Sale of unredeemed or bid pledges	%	18.92	28.01	16.46	24.07
<b>Gross profit composition:</b>					
Pawnbroking interest charges	%	68.54	76.32	71.59	76.36
Sale of unredeemed or bid pledges	%	31.46	13.28	28.41	11.31

The Group reported strong earnings before interest, taxation, depreciation, and amortisation ("EBITDA") of RM9.81 million for the 2Q2024 (2Q2023: RM8.85 million) and RM18.55 million for the 1H2024 (1H2023: RM15.34 million), reflecting a quarter-on-quarter increase of 10.85% and a year-on-year rise of 20.93%.

As a result, the Group achieved a profit after tax of RM6.05 million for the 2Q2024 (2Q2023: RM5.03 million), and a cumulative profit after tax of RM11.29 million for the 1H2024 (1H2023: RM9.10 million).

## 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	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):				
Depreciation of:				
- investment properties	5	5	10	10
- property and equipment	819	1,330	1,628	1,973
Interest expense	601	591	1,191	1,088
Interest income	(259)	(20)	(402)	(24)
Rental income from investment property	(14)	(13)	(28)	(26)

**B5. INCOME TAX EXPENSE**

	Unit	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		30.6.2024	30.6.2023	30.6.2024	30.6.2023
		RM'000	RM'000	RM'000	RM'000
Current tax recognised in profit or loss:					
- Malaysian income tax		2,594	1,913	4,838	3,197
Effective tax rate	%	30	28	30	26

**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	35,965	18,546	30 June 2025 <sup>(1)</sup>
Listing expenses	599	599	-	Immediate
	<u>55,110</u>	<u>36,564</u>	<u>18,546</u>	

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 and the announcement made on 22 August 2024.

## Note:

- (1) On 22 August 2024, the Board of Directors has resolved to extend the timeframe for the utilisation of the Private Placement proceeds earmarked for the cash capital for deployment of pawn loans to 30 June 2025.

## B8. BORROWINGS

	Unaudited As at 30.6.2024 RM'000	Audited As at 31.12.2023 RM'000
<b>Non-current</b>		
Term loan (secured)	588	588
Lease liabilities (unsecured)	6,065	5,954
	<u>6,653</u>	<u>6,542</u>
<b>Current</b>		
Revolving credit (secured)	30,000	30,000
Term loan (secured)	29	57
Lease liabilities (unsecured)	1,088	1,926
	<u>31,117</u>	<u>31,983</u>
<b>Total borrowings</b>		
Revolving credit (secured)	30,000	30,000
Term loan (secured)	617	645
Lease liabilities (unsecured)	7,153	7,880
	<u>37,770</u>	<u>38,525</u>

**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, paid on 21 June 2024 to shareholders of the Company whose name appear in the Record of Depositors on 11 June 2024.

No further dividend was proposed.

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

	Unit	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		30.6.2024	30.6.2023	30.6.2024	30.6.2023
Profit attributable to owners of the Company	RM'000	6,052	5,010	11,287	9,070
Weighted average number of ordinary shares in issue	'000	768,200	671,303	768,200	669,661
Basic/Diluted EPS <sup>(1)</sup>	sen	0.79	0.75	1.47	1.35

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)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024

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B13. NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDER

	Unit	Unaudited As at 30.6.2024	Audited As at 31.12.2023
Net assets attributable to ordinary equity holders	RM'000	252,731	245,285
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**

**22 AUGUST 2024**

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