



NOVELPLUS TECHNOLOGY BERHAD

(Registration No. 202001024527 (1380847-U))

(Incorporated in Malaysia under the Companies Act 2016)

HALF-YEAR REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

**CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD
("BURSA SECURITIES")**

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE MAIN MARKET AND ACE MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY NOVELPLUS TECHNOLOGY BERHAD ("NTB" OR THE "COMPANY").

INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISK OF INVESTING IN NTB AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.



NOVELPLUS TECHNOLOGY BERHAD
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND
 OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2023**

| | Individual 6 months ended | | Cumulative 12 months ended | |
|---|-------------------------------|-------------------------------|-------------------------------|-----------------------------|
| | Unaudited 31.12.2023 RM | Unaudited 31.12.2022 RM | Unaudited 31.12.2023 RM | Audited 31.12.2022 RM |
| Revenue | 1,783,351 | 2,111,346 | 3,734,977 | 4,754,670 |
| Cost of sales | (1,243,418) | (1,395,625) | (2,588,673) | (3,072,767) |
| Gross profit | 539,933 | 715,721 | 1,146,304 | 1,681,903 |
| Other income | 105,894 | 83,338 | 238,156 | 150,623 |
| Selling and marketing expenses | (365,814) | (437,700) | (691,938) | (1,039,302) |
| Administrative and other operating expenses | (525,962) | (491,785) | (1,125,011) | (1,066,390) |
| Finance costs | (15) | (944) | (424) | (2,412) |
| Loss before taxation | (245,964) | (131,370) | (432,913) | (275,578) |
| Income tax reversal/(expenses) | 72,513 | 59,963 | 104,324 | (22,787) |
| Loss after taxation/ Total comprehensive expenses for the financial period/year | (173,451) | (71,407) | (328,589) | (298,365) |
| Loss after taxation/ Total comprehensive expenses for the financial period/year attributable to: | | | | |
| Owners of the Company | (173,451) | (71,407) | (328,589) | (298,365) |
| Basic loss per share (sen) | (0.04) | (0.02) | (0.08) | (0.07) |

The unaudited condensed consolidated statements of profit or loss and other comprehensive income above should be read in conjunction with the audited financial statements of Novelplus Technology Berhad and its subsidiaries (“Group”) for the financial year ended (“FYE”) 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

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NOVELPLUS TECHNOLOGY BERHAD
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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

| | (Unaudited) As at 31.12.2023 | (Audited) As at 31.12.2022 |
|---|---------------------------------|-------------------------------|
| | RM | RM |
| <u>ASSETS</u> | | |
| <u>Non-current assets</u> | | |
| Equipment | 81,292 | 89,532 |
| Intangible assets | 1,266,054 | 1,306,033 |
| Right-of-use asset | - | 26,107 |
| | 1,347,346 | 1,421,672 |
| <u>Current assets</u> | | |
| Trade receivables | 188 | 1,473 |
| Other receivables, deposits and prepayments | 492,359 | 739,607 |
| Other investments | 6,255,212 | 6,450,422 |
| Current tax assets | 141,410 | 278,352 |
| Cash and cash equivalents | 761,983 | 510,886 |
| | 7,651,152 | 7,980,740 |
| Total assets | 8,998,498 | 9,402,412 |
| <u>EQUITY AND LIABILITIES</u> | | |
| <u>Equity</u> | | |
| Share capital | 9,540,313 | 9,540,313 |
| Accumulated losses | (1,071,575) | (742,986) |
| Total equity | 8,468,738 | 8,797,327 |
| <u>Non-current liabilities</u> | | |
| Deferred tax liabilities | 155,311 | 251,035 |
| | 155,311 | 251,035 |
| <u>Current liabilities</u> | | |
| Trade payables | 60,378 | 66,526 |
| Other payables and accruals | 314,071 | 259,948 |
| Lease liabilities | - | 27,576 |
| | 374,449 | 354,050 |
| Total liabilities | 529,760 | 605,085 |
| Total equity and liabilities | 8,998,498 | 9,402,412 |
| Net assets per share (RM) | 0.02 | 0.02 |
| Number of ordinary shares | 400,000,000 | 400,000,000 |



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UNAUDITED CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023 (continued)

The unaudited condensed consolidated statements of financial position above should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

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NOVELPLUS TECHNOLOGY BERHAD
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UNAUDITED CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| | Share capital | Accumulated losses | Total equity |
|---|----------------------|---------------------------|---------------------|
| | RM | RM | RM |
| Balance at 1.1.2023 | 9,540,313 | (742,986) | 8,797,327 |
| Loss after taxation/Total comprehensive expenses for the financial year | - | (328,589) | (328,589) |
| Balance at 31.12.2023 | 9,540,313 | (1,071,575) | 8,468,738 |
| Balance at 1.1.2022 | 9,540,313 | (444,621) | 9,095,692 |
| Loss after taxation/Total comprehensive expenses for the financial year | - | (298,365) | (298,365) |
| Balance at 31.12.2022 | 9,540,313 | (742,986) | 8,797,327 |
| | | | |

The unaudited condensed consolidated statements of changes in equity above should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

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NOVELPLUS TECHNOLOGY BERHAD
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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

| | (Unaudited) 12 months ended 31.12.2023 | (Audited) 12 months ended 31.12.2022 |
|--|--|--|
| | RM | RM |
| <u>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</u> | | |
| Loss before taxation | (432,913) | (275,578) |
| Adjustments for: | | |
| Amortisation of intangible assets | 420,593 | 348,297 |
| Depreciation of equipment | 31,303 | 31,786 |
| Depreciation of right-of-use assets | 26,107 | 44,755 |
| Interest expense on lease liabilities | 424 | 2,412 |
| Dividend income | (5,517) | (480) |
| Fair value gain on short term investment | (204,822) | (134,650) |
| Interest income | (7,118) | (649) |
| Unrealised gain on foreign exchange | (20,571) | (13,633) |
| Operating (loss)/profit before working capital changes | (192,514) | 2,260 |
| Decrease in trade and other receivables | 248,533 | 136,428 |
| Increase in trade and other payables | 47,975 | 45,528 |
| CASH FROM OPERATIONS | 103,994 | 184,216 |
| Interest paid | (424) | (2,412) |
| Tax paid | (28,382) | (62,720) |
| Tax refund | 173,924 | - |
| NET CASH FROM OPERATING ACTIVITIES | 249,112 | 119,084 |
| <u>CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES</u> | | |
| Dividend received | 5,517 | 480 |
| Interest received | 7,118 | 649 |
| Purchase of equipment | (23,063) | (4,041) |
| Purchase and origination of intangible assets | (380,614) | (406,109) |
| Net withdrawal of other investments | 400,032 | 316,315 |
| NET CASH FROM/(FOR) INVESTING ACTIVITIES | 8,990 | (92,706) |
| <u>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</u> | | |
| Repayment of lease liabilities | (27,576) | (45,587) |
| NET CASH FOR FINANCING ACTIVITIES | (27,576) | (45,587) |



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UNAUDITED CONDENSED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023 (continued)

| | (Unaudited) 12 months ended 31.12.2023 | (Audited) 12 months ended 31.12.2022 |
|---|--|--|
| | RM | RM |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | 230,526 | (19,209) |
| EFFECT ON EXCHANGE RATE CHANGES | 20,571 | 13,633 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR | 510,886 | 516,462 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR | 761,983 | 510,886 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR COMPRISING: | | |
| Cash and bank balances | 761,983 | 510,886 |
| | 761,983 | 510,886 |

The unaudited condensed consolidated statements of cash flows above should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

A1 Compliance with financial reporting standard and LEAP Market Listing Requirements (“Listing Requirements”)

Basis of preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting.

This report should be read in conjunction with the audited financial statements of the Group for the FYE 31 December 2022. The explanatory notes attached to this report provide an explanation of events and transactions that are significant to the understanding of changes in the financial position and performance of the Group since the FYE 31 December 2022.

Changes in accounting policies

The accounting policies adopted by the Group in the interim financial report are consistent with those adopted in the audited financial statements for the FYE 31 December 2022, except for the adoption of the following Amendments to MFRS during the current financial period:

- Amendments to MFRS 17: Insurance Contracts
- Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101: Classification of Liabilities as Current or Non - Current
- Amendments to MFRS 101: 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

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A1 Compliance with financial reporting standard and Listing Requirements (Continued)

Changes in accounting policies (continued)

The Group has not applied in advance the following new and revised MFRSs, Amendments to MFRS and IC interpretations that have been issued by the Malaysian Accounting Standards Board but are not yet effective for the current financial period:

New MFRS, Amendments to MFRSs and IC Interpretation effective for financial periods beginning on or after 1 January 2024:

| | Effective for financial periods beginning on or after |
|--|--|
| Amendments to MFRS 16: Lease Liability in a Sale and Leaseback | 1 January 2024 |
| Amendments to MFRS 101: Non-current Liabilities with Covenants | 1 January 2024 |
| Amendments to MFRS 107: Supplier Finance Arrangements | 1 January 2024 |
| Amendments to MFRS 121: Lack of Exchangeability | 1 January 2025 |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |

The adoption of the above new standards and amendments is not expected to have significant impact on the financial position and financial performance of the Group.

A2 Seasonal / cyclical factors

The Group does not experience any seasonality in its business as the demand for online reading is not subject to major seasonal fluctuations.

A3 Unusual items

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

A4 Material changes in estimates

There were no material changes in estimates of amounts reported in prior financial year that have a material effect in the current period.

A5 Debt and equity securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current period.

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A6 Segmental information

Analysis of revenue

| | Individual 6 months ended | | Cumulative 12 months ended | |
|--------------------------------------|-------------------------------|-------------------------------|-------------------------------|-----------------------------|
| | Unaudited 31.12.2023 RM | Unaudited 31.12.2022 RM | Unaudited 31.12.2023 RM | Audited 31.12.2022 RM |
| Rendering of online reading services | 1,730,539 | 1,996,140 | 3,612,466 | 4,531,413 |
| Advertising and others | 52,812 | 115,206 | 122,511 | 223,257 |
| Total | 1,783,351 | 2,111,346 | 3,734,977 | 4,754,670 |

A7 Material events subsequent to the end of the financial period

There were no other material events subsequent to the end of the current period.

A8 Contingent assets and contingent liabilities

There were no contingent assets and contingent liabilities as at the date of this report.

A9 Changes in the composition of the Group

There were no changes in the composition of the Group during the current period.

A10 Capital commitments

The Group has no capital commitments as at the date of this report.

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B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1 Review of performance

The Group's financial performance is dependent on the number of subscribers of its subscription plans through the use of the Group's online social reading and writing platform (i.e., NovelPlus). As such, any factors which adversely affect the disposable income of subscribers may affect their ability to pay for subscription fees and the Group's ability to attract new subscribers.

The Group recorded a revenue of RM1.78 million for the current period, of which RM1.73 million or approximately 97.0% was generated from the rendering of online reading services while advertising and others contributed approximately RM0.05 million or approximately 3.0%.

The Group recorded a higher loss after taxation of RM0.17 million for the current period (6 months ended 31 December 2022: RM0.07 million) primarily due to a decline in revenue. Nonetheless, this was offset by higher other income and lower marketing expenses.

B2 Prospects of the Group

NovelPlus' library has a vast content of e-books with over 52,000 published novels mostly in Bahasa Melayu (commonly used in Malaysia) and Bahasa Indonesia (commonly used in Indonesia). As such, the Group targets a user base primarily located in Southeast Asia that is literate in either one or all of these languages (Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand).

Further, the e-book market is driven by the proliferation of mobile devices and growth in internet penetration, environmental initiatives to reduce paper usage as well as various government initiatives to promote reading habit in Southeast Asia. The Board is of the view that the e-book market will continue to grow in the near term as more people are accustomed to reading materials online. The improvement in economic conditions in Southeast Asia will also augur well for the growth of the e-book market.

While revenue declined for the 6 months ended 31 December 2023 (unaudited) against the 6 months ended 31 December 2022 (unaudited), the Board had established additional connections with telecommunication service providers in the second quarter of 2023 to expand market coverage and hopes to leverage on this to improve the Group's revenue in the future.

B3 Profit forecast / guarantee

Not applicable as the Group did not publish any profit forecast or profit guarantee.

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C OTHER INFORMATION

C1 Status of corporate proposal

There were no corporate proposals announced but pending completion as at the date of this report.

C2 Status of utilisation of proceeds

The utilisation of proceeds of RM6.0 million from the placement of shares as at 22 February 2024 is as follows:

| Utilisation purposes | Proposed utilisation RM'000 | Variation RM'000 | Actual utilisation RM'000 | Unutilised proceeds RM'000 | Expected time frame for the utilisation of proceeds (from the date of listing of the Shares) |
|---|--|-----------------------------|--------------------------------------|---------------------------------------|---|
| Acquisition of e-books | 1,000 | (789) | (211) | - | Within 36 months |
| Future business expansion | 1,200 | (1,077) | (123) | - | Within 36 months |
| Enhancement of technological capabilities | 1,500 | (1,475) | (25) | - | Within 36 months |
| Working capital | 1,600 | 3,341 | (4,664) | 277 | Within 36 months |
| Listing expenses | 700 | - | (700) | - | Immediately |
| Total proceeds | 6,000 | - | (5,723) | 277 | |

C3 Loans and borrowings

There were no loans and borrowings as at the date of this report.

C4 Material litigation

There was no material litigation as at the date of this report.

C5 Dividend

There was no dividend declared or proposed as at the date of this report.

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C6 Loss per Share (“LPS”)

(a) Basic LPS

| | Individual 6 months ended | | Cumulative 12 months ended | |
|--|-------------------------------|-------------------------------|-------------------------------|-----------------------------|
| | Unaudited 31.12.2023 RM | Unaudited 31.12.2022 RM | Unaudited 31.12.2023 RM | Audited 31.12.2022 RM |
| Loss after taxation attributable to the owners of the Company (RM) | (173,451) | (71,407) | (328,589) | (298,365) |
| Weighted average number of Shares issued | 400,000,000 | 400,000,000 | 400,000,000 | 400,000,000 |
| Basic LPS (sen) | (0.04) | (0.02) | (0.08) | (0.07) |

(b) Diluted LPS

The diluted LPS is equivalent to the basic LPS as the Company does not have any potential ordinary shares outstanding as at the end of the reporting period.

This report is dated 29 February 2024.