

The Board of Directors of Mynews Holdings Berhad wishes to present the unaudited interim financial report of Mynews Holdings Berhad and its subsidiaries (“Mynews” or “the Group”) for the first quarter ended 31 January 2024. This report should be read in conjunction with its audited financial statements for the financial year ended 31 October 2023 and the accompanying notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 JANUARY 2024
i) Current quarter and financial year to date

| | Current Quarter 3 months ended | | | | Cumulative Quarters 3 months ended | | | |
|--|-----------------------------------|--------------------------|----------------------------------|--------|---------------------------------------|--------------------------|----------------------------------|--------|
| | 31 Jan 2024 RM'000 | 31 Jan 2023 RM'000 | Changes Fav/(Unfav) RM'000 | % | 31 Jan 2024 RM'000 | 31 Jan 2023 RM'000 | Changes Fav/(Unfav) RM'000 | % |
| Revenue | 195,518 | 184,094 | 11,424 | 6.2 | 195,518 | 184,094 | 11,424 | 6.2 |
| Cost of sales | (123,549) | (121,800) | (1,749) | (1.4) | (123,549) | (121,800) | (1,749) | (1.4) |
| Gross profit | 71,969 | 62,294 | 9,675 | 15.5 | 71,969 | 62,294 | 9,675 | 15.5 |
| Other income | 661 | 472 | 189 | 40.0 | 661 | 472 | 189 | 40.0 |
| Administration expenses | (9,626) | (8,576) | (1,050) | (12.2) | (9,626) | (8,576) | (1,050) | (12.2) |
| Selling and distribution expenses | (37,175) | (35,459) | (1,716) | (4.8) | (37,175) | (35,459) | (1,716) | (4.8) |
| Other expenses | (20,353) | (19,095) | (1,258) | (6.6) | (20,353) | (19,095) | (1,258) | (6.6) |
| Finance costs | (2,854) | (2,773) | (81) | (2.9) | (2,854) | (2,773) | (81) | (2.9) |
| Share of profit in jointly controlled entity | 567 | 284 | 283 | 99.6 | 567 | 284 | 283 | 99.6 |
| Profit/(Loss) before tax | 3,189 | (2,853) | 6,042 | 211.8 | 3,189 | (2,853) | 6,042 | 211.8 |
| Tax expense | (2,006) | (1,605) | (401) | (25.0) | (2,006) | (1,605) | (401) | (25.0) |
| Net profit/(loss) for the period | 1,183 | (4,458) | 5,641 | 126.5 | 1,183 | (4,458) | 5,641 | 126.5 |

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 JANUARY 2024 (Cont'd)

i) Current quarter and financial year to date (Cont'd)

| | Current Quarter | | | | Cumulative Quarters | | | |
|---|-----------------|----------------|--------------|--------------|---------------------|----------------|--------------|--------------|
| | 3 months ended | | Changes | | 3 months ended | | Changes | |
| | 31 Jan | 31 Jan | Fav/(Unfav) | % | 31 Jan | 31 Jan | Fav/(Unfav) | % |
| | 2024 | 2023 | RM'000 | | 2024 | 2023 | RM'000 | |
| | RM'000 | RM'000 | RM'000 | | RM'000 | RM'000 | RM'000 | |
| Net profit/(loss) | | | | | | | | |
| attributable to: | | | | | | | | |
| Owners of the Company | 1,265 | (3,213) | 4,478 | 139.4 | 1,265 | (3,213) | 4,478 | 139.4 |
| Non-controlling interest | (82) | (1,245) | 1,163 | 93.4 | (82) | (1,245) | 1,163 | 93.4 |
| | <u>1,183</u> | <u>(4,458)</u> | <u>5,641</u> | <u>126.5</u> | <u>1,183</u> | <u>(4,458)</u> | <u>5,641</u> | <u>126.5</u> |
| Total comprehensive income/(loss) | | | | | | | | |
| attributable to: | | | | | | | | |
| Owners of the Company | 1,265 | (3,213) | 4,478 | 139.4 | 1,265 | (3,213) | 4,478 | 139.4 |
| Non-controlling interest | (82) | (1,245) | 1,163 | 93.4 | (82) | (1,245) | 1,163 | 93.4 |
| | <u>1,183</u> | <u>(4,458)</u> | <u>5,641</u> | <u>126.5</u> | <u>1,183</u> | <u>(4,458)</u> | <u>5,641</u> | <u>126.5</u> |
| Basic earnings/(loss) per ordinary share (sen) | | | | | | | | |
| (Note B11) | <u>0.17</u> | <u>(0.47)</u> | | | <u>0.17</u> | <u>(0.47)</u> | | |

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 JANUARY 2024 (Cont'd)
ii) Current quarter compared with immediately preceding quarter

| | Current Quarter 31 Jan 2024 | Immediately Preceding Quarter 31 Oct 2023 (#) | Changes Fav/(Unfav) | |
|---|--------------------------------|--|------------------------|---------|
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 195,518 | 186,164 | 9,354 | 5.0 |
| Cost of sales | (123,549) | (118,173) | (5,376) | (4.5) |
| Gross profit | 71,969 | 67,991 | 3,978 | 5.9 |
| Other income | 661 | 2,893 | (2,232) | (77.2) |
| Administration expenses | (9,626) | (9,865) | 239 | 2.4 |
| Selling and distribution expenses | (37,175) | (35,390) | (1,785) | (5.0) |
| Other expenses | (20,353) | (21,059) | 706 | 3.4 |
| Finance costs | (2,854) | (2,915) | 61 | 2.1 |
| Share of profit in jointly controlled entity | 567 | 742 | (175) | (23.6) |
| Profit before tax | 3,189 | 2,397 | 792 | 33.0 |
| Tax expense | (2,006) | (2,317) | 311 | 13.4 |
| Profit after tax for the period | 1,183 | 80 | 1,103 | 1,378.8 |
| Other comprehensive income | | | | |
| Revaluation surplus on land and buildings, net of tax | - | 5,606 | (5,606) | (100.0) |
| Total comprehensive income | 1,183 | 5,686 | (4,503) | (79.2) |
| Profit/(Loss) attributable to: | | | | |
| Owners of the Company | 1,265 | 947 | 318 | 33.6 |
| Non-controlling interest | (82) | (867) | 785 | 90.5 |
| | 1,183 | 80 | 1,103 | 1,378.8 |
| Total comprehensive income/(loss) attributable to: | | | | |
| Owners of the Company | 1,265 | 6,553 | (5,288) | (80.7) |
| Non-controlling interest | (82) | (867) | 785 | 90.5 |
| | 1,183 | 5,686 | (4,503) | (79.2) |
| Basic earnings per ordinary share (sen) | 0.17 | 0.13 | | |

(#): Certain comparative figures have been reclassified/adjusted to conform to the FY2023 audited results.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2024**

| | Unaudited 31 Jan 2024 RM'000 | Audited 31 Oct 2023 RM'000 |
|---|---|---|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 226,404 | 225,744 |
| Right-of-use assets | 203,902 | 205,048 |
| Intangible asset | 2,978 | 3,082 |
| Investment properties | 8,950 | 8,950 |
| Investment in jointly controlled entity | 7,654 | 7,086 |
| Deferred tax assets | 837 | 837 |
| Lease receivables | 251 | 277 |
| Total non-current assets | 450,976 | 451,024 |
| Current assets | | |
| Inventories | 100,978 | 91,852 |
| Contract assets | 7,918 | 9,150 |
| Trade receivables | 887 | 4,583 |
| Other receivables | 29,495 | 27,382 |
| Lease receivables | 100 | 99 |
| Tax recoverable | 83 | 1,920 |
| Fixed Deposits with licensed banks | 25,599 | 26,801 |
| Cash and bank balances | 17,722 | 21,094 |
| Total current assets | 182,782 | 182,881 |
| Total assets | 633,758 | 633,905 |

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2024 (Cont'd)**

| | Unaudited 31 Jan 2024 RM'000 | Audited 31 Oct 2023 RM'000 |
|---|---|---|
| EQUITY AND LIABILITIES | | |
| Equity | | |
| Share capital | 229,417 | 229,417 |
| Revaluation reserve | 23,555 | 23,555 |
| Merger deficit | (45,952) | (45,952) |
| Retained earnings | 32,812 | 31,547 |
| Equity attributable to owners | 239,832 | 238,567 |
| Non-controlling interests | (2,031) | (1,949) |
| Total equity | 237,801 | 236,618 |
| LIABILITIES | | |
| Non-current liabilities | | |
| Provision for restoration costs | 9,407 | 8,568 |
| Bank borrowings | 47,916 | 49,642 |
| Lease liabilities | 104,400 | 106,695 |
| Deferred tax liabilities | 12,713 | 13,282 |
| Loans from corporate shareholders of subsidiaries | 4,013 | 4,039 |
| Total non-current liabilities | 178,449 | 182,226 |
| Current liabilities | | |
| Trade payables | 91,323 | 82,569 |
| Other payables | 36,765 | 42,457 |
| Provision for restoration costs | 144 | 900 |
| Contract liabilities | 910 | 1,502 |
| Bank borrowings | 38,752 | 39,241 |
| Lease liabilities | 49,576 | 48,213 |
| Amount due to jointly controlled entity | 38 | 179 |
| Total current liabilities | 217,508 | 215,061 |
| Total liabilities | 395,957 | 397,287 |
| Total equity and liabilities | 633,758 | 633,905 |
| Net assets per share (RM) | 0.32 | 0.32 |

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 JANUARY 2024**

| | ← Non-distributable → | | | Distributable | | Non-Controlling Interests RM'000 | Total Equity RM'000 |
|--|-------------------------|-------------------------------|--------------------------|-----------------------------|-----------------|-------------------------------------|------------------------|
| | Share Capital RM'000 | Revaluation Reserve RM'000 | Merger Deficit RM'000 | Retained Earnings RM'000 | Total RM'000 | | |
| As at 1 November 2022 | 201,581 | 17,950 | (45,952) | 46,003 | 219,582 | 2,748 | 222,330 |
| Net loss for the year | - | - | - | (10,704) | (10,704) | (4,697) | (15,401) |
| Other comprehensive income for the financial year | - | 5,605 | - | - | 5,605 | - | 5,605 |
| Total comprehensive income/(loss) for the year | - | 5,605 | - | (10,704) | (5,099) | (4,697) | (9,796) |
| Transactions with owners: | | | | | | | |
| Dividends to owners of the Company | - | - | - | (3,752) | (3,752) | - | (3,752) |
| Issue of ordinary shares | 27,836 | - | - | - | 27,836 | - | 27,836 |
| | 27,836 | - | - | (3,752) | 24,084 | - | 24,084 |
| As at 31 October 2023 | 229,417 | 23,555 | (45,952) | 31,547 | 238,567 | (1,949) | 236,618 |
| Net profit/(loss) for the period / Total comprehensive income/(loss) for the period | - | - | - | 1,265 | 1,265 | (82) | 1,183 |
| As at 31 January 2024 | 229,417 | 23,555 | (45,952) | 32,812 | 239,832 | (2,031) | 237,801 |

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 JANUARY 2024**

| | Cumulative 3 months ended | |
|--|------------------------------|-----------------------|
| | 31 Jan 2024 RM'000 | 31 Jan 2023 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before tax | 3,189 | (2,853) |
| Adjustments for: | | |
| Amortisation of intangible asset | 104 | 104 |
| Depreciation of property, plant and equipment | 7,368 | 7,498 |
| Depreciation of right-of-use assets | 13,076 | 12,295 |
| Loss/(Gain) on modification of leases | 5 | (23) |
| Interest expense | 2,854 | 2,773 |
| Interest income | (351) | (78) |
| Inventories written off | 1,172 | 1,592 |
| Inventories wastages | 5,236 | 4,467 |
| Net (gain)/loss on disposal of property, plant and equipment | (24) | 14 |
| Property, plant and equipment written off | 522 | 66 |
| Rental rebates | (786) | (141) |
| Share of profit in jointly controlled entity | (567) | (284) |
| Operating profit before working capital changes | 31,798 | 25,430 |
| Changes in working capital: | | |
| Inventories | (15,534) | (9,310) |
| Receivables | 1,583 | 7,155 |
| Payables | 6,814 | (2,387) |
| Jointly controlled entity | 141 | 218 |
| Contract assets | 1,232 | (286) |
| Contract liabilities | (592) | (599) |
| Cash generated from operations | 25,160 | 20,221 |
| Tax paid | (738) | (220) |
| Net cash generated from operating activities | 24,422 | 20,001 |

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST QUARTER ENDED 31 JANUARY 2024 (Cont'd)**

| | Cumulative 3 months ended | |
|---|--------------------------------------|--------------------|
| | 31 Jan 2024 | 31 Jan 2023 |
| | RM'000 | RM'000 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Acquisition of right-of-use assets | (233) | - |
| Income from lease receivables | 25 | - |
| Interest received | 351 | 78 |
| Proceeds from disposal of property, plant and equipment | 45 | 3 |
| Purchase of property, plant and equipment | (8,571) | (6,487) |
| Placement of fixed deposits | - | (9) |
| Net cash used in investing activities | (8,383) | (6,415) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid | (3,752) | - |
| Drawdown of bank borrowings | 14,236 | 17,804 |
| Interest paid | (2,880) | (2,738) |
| Payment of lease liabilities | (11,766) | (11,273) |
| Repayment of bank borrowings | (16,451) | (16,128) |
| Net cash used in financing activities | (20,613) | (12,335) |
| CASH AND CASH EQUIVALENTS | | |
| Net (decrease)/increase in cash and cash equivalents | (4,574) | 1,251 |
| Cash and cash equivalents at 1 November | 47,895 | 11,737 |
| Cash and cash equivalents at 31 January | 43,321 | 12,988 |
| Reconciliation of cash and cash equivalents: | | |
| Cash and bank balances | 17,722 | 12,988 |
| Fixed Deposits with licensed banks | 25,599 | 942 |
| | 43,321 | 13,930 |
| Less: Fixed deposits pledged to licensed banks | - | (169) |
| Less: Fixed deposits with maturity more than 3 months | - | (773) |
| | 43,321 | 12,988 |

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2024**A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING (“MFRS”)****A1 CORPORATE INFORMATION**

The principal activity of the Company is investment holding, while its subsidiaries are principally involved in the business of operating retail store chains, predominantly convenience store (CVS) chains. The Company owns and operates over 600 retail outlets domestically, including myNEWS, Korea’s CU, the UK’s WHSmith, SUPERVALUE minimart and MARU Coffee. Besides retailing, two of the Company’s subsidiaries, namely, Mynews Kineya Sdn Bhd and Mynews Ryoyupan Sdn Bhd, jointly referred to as Food Processing Centre (FPC), are in the business of producing ready-to-eat meals and bakery products to serve its retail chains.

A2 BASIS OF PREPARATION

The interim financial report is unaudited and has been prepared in accordance with the requirements of MFRS No. 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). It should be read in conjunction with the audited financial statements of Mynews for the financial year ended 31 October 2023.

A3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of these interim financial statements are consistent with those adopted in the audited financial statements for the year ended 31 October 2023. The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 in Malaysia.

A4 AUDITORS’ REPORT

There was no qualification on the audited financial statements of the Group for the financial year ended 31 October 2023.

A5 SEASONAL OR CYCLICAL FACTORS

The Group did not experience any material seasonality in sales.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2024 (Cont'd)**A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING ("MFRS") (Cont'd)****A6 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOW**

In the current quarter, there were no other unusual items affecting assets, liabilities, equity, net income or cash flow of the Group during the quarter under review.

A7 CHANGES IN ESTIMATES

There were no changes in estimates that had a material effect in the quarter under review.

A8 DEBT AND EQUITY SECURITIES

Saved as disclosed in Note B7, there was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities for the quarter under review.

A9 DIVIDEND PAID

On 26 September 2023, the Company announced a single-tier interim dividend of 0.5 sen per ordinary share in Mynews Holdings Berhad in respect of the financial year ending 31 October 2023, amounting to RM3,751,770 which was paid on 9 November 2023.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2024 (Cont'd)
A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING ("MFRS") (Cont'd)
A10 SEGMENTAL INFORMATION

The Group operates in the retail convenience segment in Malaysia and also produces ready-to-eat food and bakery products to serve its retail chains.

| | Retail RM'000 | Manufacturing RM'000 | Elimination RM'000 | Total RM'000 |
|---|--------------------------|---------------------------------|-------------------------------|-------------------------|
| For the period ended 31 January 2024 | | | | |
| Revenue | | | | |
| External | 195,130 | 388 | - | 195,518 |
| Inter-segment | - | 16,799 | (16,799) | - |
| Revenue | 195,130 | 17,187 | (16,799) | 195,518 |
| Results | | | | |
| Amortisation of intangible asset | 104 | - | - | 104 |
| Depreciation of property, plant and equipment | 6,919 | 449 | - | 7,368 |
| Depreciation of right-of-use assets | 12,653 | 1,187 | (764) | 13,076 |
| Interest income | (341) | (10) | - | (351) |
| Interest expense | 3,490 | 511 | (1,147) | 2,854 |
| Gain on disposal of property, plant and equipment | (24) | - | - | (24) |
| Property, plant and equipment written off | 522 | - | - | 522 |
| Share of results in jointly controlled entity | (567) | - | - | (567) |
| Profit/(Loss) before tax | 4,130 | (168) | (773) | 3,189 |
| Tax | (2,006) | - | - | (2,006) |
| Profit/(Loss) after tax | 2,124 | (168) | (773) | 1,183 |

NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2024 (Cont'd)
A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING ("MFRS") (Cont'd)
A11 SUBSEQUENT MATERIAL EVENTS

There were no material events subsequent to the current quarter under review and up to the date of this report.

A12 CHANGES IN COMPOSITION OF THE GROUP

There was no change in composition of the Group during the financial quarter under review.

A13 CONTINGENT LIABILITIES OR CONTINGENT ASSETS

Save as disclosed below, there were no material contingent liabilities or assets for the reporting quarter ended 31 January 2024.

RM'000

Corporate guarantee given to:

| | |
|---|--------|
| - financial institutions in respect of banking and lease facilities granted to subsidiaries | 92,862 |
| - landlords for rental of premises | 1,179 |
| | 94,041 |

A14 CAPITAL COMMITMENTS

The capital commitments of the Group as at 31 January 2024 were as follows:

RM'000

Authorised and contracted for:

| | |
|---------------------------------|-------|
| - Property, plant and equipment | 3,711 |
| | 3,711 |

A15 PROPERTY, PLANT AND EQUIPMENT

For the three (3) months ended 31 January 2024, the Group acquired assets at the cost of RM8.57 million, which comprised principally of construction and set up costs, and purchase of equipment, furniture and fittings for new outlets and outlets revamp.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2024 (Cont'd)
A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARD NO. 134: INTERIM FINANCIAL REPORTING ("MFRS") (Cont'd)
A16 SIGNIFICANT RELATED PARTY TRANSACTIONS

| | Current Quarter | | Cumulative Quarters | |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| | 3 months ended | | 3 months ended | |
| | 31 Jan 2024 RM'000 | 31 Jan 2023 RM'000 | 31 Jan 2024 RM'000 | 31 Jan 2023 RM'000 |
| Transactions with jointly controlled entity | | | | |
| Management fees income | 203 | 118 | 203 | 118 |
| Warehouse and storage fee | 108 | 108 | 108 | 108 |
| Administration fee | 2 | 2 | 2 | 2 |
| Trade sales | 314 | - | 314 | - |
| Advertising & promotion income | 1 | - | 1 | - |
| Transactions with related parties | | | | |
| Advertising & promotion income | 37 | 44 | 37 | 44 |
| Trade purchases | 1,807 | 1,726 | 1,807 | 1,726 |
| Trade sales | 62 | - | 62 | - |
| Office rental income | 3 | 3 | 3 | 3 |
| Royalty and license fees expenses | 59 | 41 | 59 | 41 |
| Technical support expenses | 25 | 80 | 25 | 80 |
| Staff secondment | 95 | 65 | 95 | 65 |
| Interest expenses | 53 | 35 | 53 | 35 |
| Hostel rental | 9 | - | 9 | - |
| Consultancy fee | 195 | - | 195 | - |

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2024 (Cont'd)

B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**B1 REVIEW OF PERFORMANCE****Review of Current Quarter Performance**

For the current quarter ended 31 January 2024, Mynews recorded a revenue of RM195.52 million which was RM11.42 million or 6.2% higher than the preceding year's corresponding quarter. The revenue increase was mainly contributed by the improvement in overall in-store sales. The number of outlets increased by one, from 596 to 597. Gross profit increased by RM9.68 million or 15.5%, from RM62.29 million to RM71.97 million, while its margin, boosted by the improvement in sales mix and higher margin of CU business, improved to 36.8% from 33.8%.

Administration expenses increased by RM1.05 million or 12.2%, from RM8.58 million to RM9.63 million, principally due to the annual payroll adjustment and HQ headcount increase in preparation for FY2024 expansion plan. Corresponding to the increase in business volume and activities, selling and distribution expenses increased from RM35.46 million to RM37.18 million, an increase of RM1.72 million or 4.8%. Meanwhile, other expenses increased by RM1.26 million or 6.6% from RM19.10 million to RM20.35 million. The increase was mainly due to the increase in depreciation of right-of-use assets of RM0.94 million, and property, plant and equipment written-off of RM0.46 million.

In short, at a profit before taxation of RM3.19 million, Mynews first quarter 2024 performance has improved by 211.8% as compared to a loss of RM2.85 million in the corresponding quarter of year 2023. The improved quarterly performance translated to the earnings before interest, tax, depreciation (inclusive of the depreciation of right-of-use assets) and amortization (EBITDA) of RM26.59 million as compared to RM19.82 million in the preceding year corresponding quarter.

B2 MATERIAL CHANGE IN THE PROFIT/(LOSS) BEFORE TAXATION FOR THE CURRENT QUARTER AS COMPARED WITH THE IMMEDIATELY PRECEDING QUARTER

The current quarter's revenue continued on an upward trend with RM195.52 million, which was RM9.36 million higher than RM186.16 million of the preceding quarter. Gross profit increased by RM3.98 million, from RM67.99 million to RM71.97 million and the average gross profit margin improved slightly to 36.8% from 36.5%.

There was a decrease in other income by RM2.23 million due to the absence of net gain on disposal of investment properties and fair value gain on investment properties that were recorded in the immediately preceding quarter. The selling and distribution expenses of RM37.18 million was an increase of RM1.79 million or 5.0% from RM35.39 million mainly due to increase in lease rental and increase in cost of selling and distribution in tandem with the increase in business volume and activities. Other expenses decreased by RM0.71 million or 3.4%, from RM21.06 million to RM20.35 million, mainly due to the decrease in property, plant and equipment written-off.

Profit before taxation for the current quarter was RM3.19 million as compared to RM2.40 million in the immediately preceding quarter.

Earnings before interest, tax, depreciation (inclusive the depreciation of right-of-use assets) and amortisation (EBITDA) increased by 2.0% to RM26.59 million from RM26.06 million.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2024 (Cont'd)**B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)****B3 PROSPECTS**

Currently, the group is operating a total of 619 outlets, made up of 468 myNEWS (including 34 SUPERVALUE), 132 CU and 19 WHSmith outlets. The number of new stores will increase at a faster rate in FY2024. Therefore, we expect the sales revenue to grow in parallel with the growing store network and ongoing efforts in increasing the in-store sales. Consequently, we expect the capacity of the FPC to continue to increase, driven by the increasing sales at the retail front.

After going through the pandemic, Mynews is stronger, more versatile and dynamic. It looks towards strategically expanding its five retail brands, namely, myNEWS, Korea's CU, the U.K.'s WHSmith, SUPERVALUE minimart and MARU Coffee at a faster rate. Meanwhile, the internal talent and core infrastructure made up of IT systems, FPC, distribution centres and logistics are continually enhanced to support the growing businesses.

Mynews has turned profitable since the fourth quarter of FY2023. Barring any unusual seasonal changes and unforeseen circumstances, Mynews is confident that the worst is over and expects that its performance will continue to improve.

B4 VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST AND PROFIT GUARANTEE

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

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2024 (Cont'd)
B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)
B5 NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Current Quarter 3 months ended | | Cumulative Quarter 3 months ended | |
|---|-----------------------------------|--------------------------|--------------------------------------|--------------------------|
| | 31 Jan 2024 RM'000 | 31 Jan 2023 RM'000 | 31 Jan 2024 RM'000 | 31 Jan 2023 RM'000 |
| Profit/(Loss) before tax is arrived at after charging: | | | | |
| Amortisation of intangible asset | 104 | 104 | 104 | 104 |
| Depreciation of property, plant and equipment | 7,368 | 7,498 | 7,368 | 7,498 |
| Depreciation of right-of-use assets | 13,076 | 12,295 | 13,076 | 12,295 |
| Property, plant and equipment written off | 522 | 66 | 522 | 66 |
| Interest expense | 2,854 | 2,773 | 2,854 | 2,773 |
| Net (gain)/loss on disposal of property, plant and equipment | (24) | 14 | (24) | 14 |
| And after crediting: | | | | |
| Interest Income | (351) | (78) | (351) | (78) |

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

B6 TAX EXPENSE

| | Current Quarter 3 months ended | | Cumulative Quarters 3 months ended | |
|------------------------------|-----------------------------------|--------------------------|---------------------------------------|--------------------------|
| | 31 Jan 2024 RM'000 | 31 Jan 2023 RM'000 | 31 Jan 2024 RM'000 | 31 Jan 2023 RM'000 |
| Current tax: | | | | |
| Provision for current period | 2,575 | 132 | 2,575 | 132 |
| Deferred tax: | | | | |
| Provision for current period | (569) | 1,473 | (569) | 1,473 |
| Total tax expense | 2,006 | 1,605 | 2,006 | 1,605 |

Tax expense is recognised based on management's best estimates.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2024 (Cont'd)
B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)
B7 STATUS OF CORPORATE PROPOSAL

There are no announced corporate proposals that are not completed during the period under review.

Utilisation of Proceeds from Private Placement as at 31 January 2024 are as follows:

| Description of use of proceeds | Estimated timeframe for use of proceeds from the listing date of the Placement Shares | Amount | Re- | Actual | Balance to |
|--|---|---------------|--------------------|----------------|---------------|
| | | RM'000 | allocation | Utilisation | be utilised |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Capital expenditure | Within 12 months | 22,880 | - | (1,350) | 21,530 |
| Working capital | Within 12 months | 4,952 | 4 | (1,812) | 3,144 |
| Defray estimated expenses relating to the Proposed Placement | Within 2 months | 130 | (4) ⁽ⁱ⁾ | (126) | - |
| Total | | 27,962 | - | (3,288) | 24,674 |

(i) Surplus of RM4,000 (of the RM130,000 allocated for the estimated listing expenses) was re-allocated to the working capital requirements of the Group.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2024 (Cont'd)
B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)
B8 BORROWINGS AND DEBT SECURITIES

The Group's borrowings as at 31 January 2024 are as follows:

| | Unaudited As at 31 Jan 2024 RM'000 | Audited As at 31 Oct 2023 RM'000 |
|--|---|---|
| Short term borrowings – Secured | | |
| Term loans | 2,453 | 1,860 |
| Revolving credit | 18,426 | 16,697 |
| Supplier financing | 10,579 | 10,914 |
| Banker acceptance | 7,294 | 9,770 |
| | 38,752 | 39,241 |
| Long term borrowings – Secured | | |
| Term loans | 20,998 | 20,432 |
| Revolving credit | 26,918 | 29,210 |
| | 47,916 | 49,642 |
| Total borrowings – Secured | | |
| Term loans | 23,451 | 22,292 |
| Revolving credit | 45,344 | 45,907 |
| Supplier financing | 10,579 | 10,914 |
| Banker acceptance | 7,294 | 9,770 |
| | 86,668 | 88,883 |

Note: All the loans in the Group are denominated in Ringgit Malaysia.

B9 MATERIAL LITIGATION

There is no material litigation against or by the Group as at the date of this report.

B10 DIVIDEND

Saved as disclosed in Note A9, there was no dividend declared or paid during the quarter under review.

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NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 JANUARY 2024 (Cont'd)
B. COMPLIANCE WITH APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)
B11 EARNINGS PER SHARE

| | Current Quarter 3 months ended | | Cumulative Quarters 3 months ended | |
|--|-----------------------------------|--------------------------|---------------------------------------|--------------------------|
| | 31 Jan 2024 RM'000 | 31 Jan 2023 RM'000 | 31 Jan 2024 RM'000 | 31 Jan 2023 RM'000 |
| Profit/(Loss) attributable to owners of the Company (RM'000) | 1,265 | (3,213) | 1,265 | (3,213) |
| Weighted average number ordinary shares in issue ('000) | <u>750,354</u> | <u>682,154</u> | <u>750,354</u> | <u>682,154</u> |
| Basic earnings/(loss) per share (sen) | <u>0.17</u> | <u>(0.47)</u> | <u>0.17</u> | <u>(0.47)</u> |

The basic earnings/(loss) per share is computed based on the profit/(loss) attributable to the owners of the Company divided by the weighted average number of ordinary shares in issue for the period under review. The Company does not have any dilutive potential ordinary shares in issue for the period under review.

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