



Well Chip Group Berhad

(Registration No. 202301014119 (1508041-A))

(Incorporated in Malaysia)

Unaudited Interim Financial Report For The Third Quarter Ended 30 September 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Note	Unaudited as at 30.09.2024 RM'000	Unaudited as at 31.12.2023 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		6,821	7,585
Right-of-use assets		22,940	22,484
Goodwill		425	425
Total non-current assets		30,186	30,494
CURRENT ASSETS			
Inventories		29,299	32,097
Trade and other receivables		496,682	420,470
Current tax assets		374	299
Cash and bank balances		96,792	12,466
Total current assets		623,147	465,332
TOTAL ASSETS		653,333	495,826
EQUITY AND LIABILITIES			
EQUITY			
Share capital		339,433	-
Invested equity		-	27,683
Reorganisation deficit		(143,964)	-
Retained profits		210,639	175,694
TOTAL EQUITY		406,108	203,377
NON-CURRENT LIABILITIES			
Lease liabilities		16,070	15,604
Loans and borrowings	B9	4,693	3,831
Deferred tax liabilities		58	58
Total non-current liabilities		20,821	19,493
CURRENT LIABILITIES			
Lease liabilities		2,181	2,110
Loans and borrowings	B9	160,099	188,665
Other payables		57,073	79,911
Current tax liabilities		7,051	2,270
Total current liabilities		226,404	272,956
TOTAL LIABILITIES		247,225	292,449
TOTAL EQUITY AND LIABILITIES		653,333	495,826
Net assets per share ⁽²⁾ (RM)		0.68	0.45

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾ (Cont'd)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of Well Chip Group Berhad dated 26 June 2024 and the accompanying explanatory notes attached in this interim financial report.
- (2) Computed based on total equity of Well Chip Group Berhad divided by a total number of 600,000,000 Shares as at 30 September 2024 and 450,000,000 Shares as at 31 December 2023 respectively.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾

	Individual quarter		Cumulative quarter	
	Current period quarter	Preceding year corresponding quarter	Current period-to-date	Preceding year corresponding period-to-date
	30.09.2024 RM'000	30.09.2023 ⁽²⁾ RM'000	30.09.2024 RM'000	30.09.2023 ⁽²⁾ RM'000
Revenue	47,698	N/A	166,442	N/A
Cost of sales	(22,467)	N/A	(89,566)	N/A
Gross profit	25,231	N/A	76,876	N/A
Other income	866	N/A	1,047	N/A
Administrative expenses	(11,961)	N/A	(26,779)	N/A
Finance costs	(102)	N/A	(307)	N/A
Profit before taxation	14,034	N/A	50,837	N/A
Taxation	(5,265)	N/A	(15,892)	N/A
Net profit and total comprehensive income for the financial period	8,769	N/A	34,945	N/A
Basic / Diluted earnings per ordinary share ("Basic and diluted EPS") ⁽³⁾ (sen)	1.6	N/A	7.2	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾ (Cont'd)

Notes:

N/A means “Not applicable”.

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of Well Chip Group Berhad dated 26 June 2024 and the accompanying explanatory notes attached in this interim financial report.
- (2) This is the third interim financial report for the third quarter ended 30 September 2024 being announced in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”). There are no comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative period concerned.
- (3) Basic and Diluted EPS for current quarter and period-to-date ended 30 September 2024 are computed based on profit attributable to owners of Well Chip Group Berhad divided by the weighted average number of ordinary shares in issue of 564,130,435 and 488,461,538 respectively, after the completion of the Initial Public Offering (“IPO”) of the Company on 23 July 2024.

Diluted EPS for the current and cumulative quarters are equivalent to the basic EPS of our Company as our Company does not have any dilutive instruments during financial period ended 30 September 2024 and 30 September 2023 respectively.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾⁽²⁾

	← Attributable to Owners of the Company →				
	Share capital RM'000	Invested equity RM'000	Reorganisation deficit RM'000	Retained profits RM'000	Total equity RM'000
Balance at 1 January 2024	-	27,683	-	175,694	203,377
Issuance of shares pursuant to acquisition of subsidiaries	171,647	(27,683)	(143,964)	-	-
Issuance of shares pursuant to Initial Public Offering	172,500	-	-	-	172,500
Share issuance expenses	(4,714)	-	-	-	(4,714)
Total comprehensive income for the financial period	-	-	-	34,945	34,945
Balance as at 30 September 2024 (Unaudited)	339,433	-	(143,964)	210,639	406,108

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of Well Chip Group Berhad dated 26 June 2024 and the accompanying explanatory notes attached in this interim financial report.
- (2) This is the third interim financial report for the third quarter ended 30 September 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative period concerned.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾

	Current period-to-date Unaudited 30.09.2024 RM'000	Cumulative Quarter Preceding year corresponding period-to-date Unaudited 30.09.2023⁽²⁾ RM'000
Cash flows from operating activities		
Profit before taxation:	50,837	N/A
Adjustments for:		
Depreciation of:		
- Property, plant and equipment	1,582	N/A
- Right-of-use assets	1,736	N/A
Interest expenses	11,773	N/A
Gain on disposal of property, plant and equipment	*	N/A
Inventories written off	4	N/A
Pledged receivables written off	34	N/A
Property, plant and equipment written off	4	N/A
Operating profit before working capital changes	65,970	N/A
Changes in working capital:		
Decrease in inventories	2,794	N/A
Increase in trade and other receivables	(76,246)	N/A
Decrease in other payables	(201)	N/A
	(73,653)	N/A
Cash used in operations	(7,683)	N/A
Interest paid	(11,466)	N/A
Tax paid	(11,316)	N/A
Tax refunded	130	N/A
Net cash used in operating activities	(30,335)	N/A
Cash flows from investing activities		
Purchase of property, plant and equipment	(839)	N/A
Proceeds from disposal of property, plant and equipment	16	N/A
Net cash used in investing activities	(823)	N/A

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾ (Cont'd)

	Cumulative quarter	
	Current	Preceding year
	period-to-date	corresponding
	30.09.2024	period-to-date
	Unaudited	30.09.2023⁽²⁾
	RM'000	Unaudited
		RM'000
Cash flows from financing activities		
Movement of loans and borrowings	(10,635)	N/A
Movement of loans from related parties, shareholders, and directors	(22,637)	N/A
Payment of lease liabilities	(1,653)	N/A
Interest paid	(307)	N/A
Proceeds from issuance of shares	172,500	N/A
Payment for share issuance expenses	(4,714)	N/A
Net cash generated from financing activities	132,554	N/A
NET INCREASE OF CASH AND CASH EQUIVALENTS	101,396	N/A
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	(9,478)	N/A
CASH AND CASH EQUIVALENTS CARRIED FORWARD	91,918	N/A

Notes:

* means amount is less than RM1,000.

N/A means "Not applicable".

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of Well Chip Group Berhad dated 26 June 2024 and the accompanying explanatory notes attached in this interim financial report.
- (2) This is the third interim financial report for the third quarter ended 30 September 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative period concerned.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾ (Cont'd)

A. Cash and cash equivalents

Cash and cash equivalents included in the unaudited condensed consolidated statement of cash flows comprise the following amount from unaudited condensed consolidated statement of financial position:

	30.09.2024	30.09.2023
	Unaudited	Unaudited
	RM'000	RM'000
Cash and bank balances	96,792	N/A
Less: Bank overdraft	(4,874)	N/A
	<hr/>	<hr/>
	91,918	N/A
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PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024

A1. Basis of preparation

These condensed consolidated interim financial statements of Well Chip Group Berhad (“**Well Chip**” or “**the Company**”) and its subsidiaries (“**Well Chip Group**” or “**the Group**”) are unaudited and have been prepared in accordance with the paragraph 9.22 and Appendix 9B of the Listing Requirements, requirements of the Malaysian Financial Reporting Standards (“**MFRS**”) 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and International Financial Reporting Standards.

This is the third interim financial report for the third quarter ended 30 September 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative period concerned as Well Chip Group Berhad was listed on the Main Market of Bursa Malaysia Securities Berhad on 23 July 2024.

These condensed consolidated interim financial statements do not include all the information required for a full annual financial statement and should be read in conjunction with the Accountants’ Report as included in the Prospectus of the Company dated 26 June 2024 (“**Prospectus**”) and the accompanying notes attached to these condensed consolidated interim financial statements. The notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of Well Chip Group for the individual and cumulative quarter presented.

A2. Significant accounting policies

The accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the preparation of the Accountant’s Report as disclosed in the Prospectus dated 26 June 2024, save for the following:

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

The adoption of the above-mentioned amendments to MFRSs has no material impact on the Group’s consolidated financial statements.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s financial statements are disclosed below. The Group intends to adopt these new and amended standards and interpretations, if applicable, when they become effective in the respective financial periods.

Effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

Effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9 *Financial Instruments*, MFRS 7 *Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments*

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024 (Cont'd)

A2. Significant accounting policies (cont'd)

Effective for annual periods beginning on or after 1 January 2026 (cont'd)

- Amendments that are part of Annual Improvements – Volume 11:
 - Amendments to MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards*
 - Amendments to MFRS 7 *Financial Instruments: Disclosures*
 - Amendments to MFRS 9 *Financial Instruments*
 - Amendments to MFRS 10 *Consolidated Financial Statements*
 - Amendments to MFRS 107 *Statement of Cash Flows*

Effective for annual periods beginning on or after 1 January 2027

- MFRS 18 *Presentation and Disclosure in Financial Statements*
- MFRS 19 *Subsidiaries without Public Accountability: Disclosures*

Effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial applications of amendments to MFRSs are not expected to have any significant impact on the interim financial statements of the Group upon their initial application.

A3. Auditors' Report

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

A4. Seasonal or Cyclical Factors

The operations of the Group are not subject to any seasonal trends or cyclical fluctuations during the current financial quarter. However, prior to festive period, the Group may experience an increase in the number of redemptions of pledges from customers, followed by an increase in the number of pawn loans disbursed after the corresponding festive period.

A5. Material Unusual Items

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

A6. Material changes in Estimates

There were no material changes in estimates which have a material effect on the results for the current financial quarter.

A7. Debt and Equity Securities

Save as disclosed below, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter.

On 23 July 2024, the Company was listed on the Main Market of Bursa Securities pursuant to the Initial Public Offering of 150,000,000 new ordinary shares at IPO Price of RM1.15 per share.

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024 (Cont'd)

A7. Debt and Equity Securities (cont'd)

Pursuant to the Company's listing, the effect of the IPO on equity structure of the Company were allocated in the following manner.

	Number of ordinary shares	Amount RM'000
Prior to Initial Public Offering ("IPO")	450,000,000	171,647
Issuance of shares pursuant to IPO	150,000,000	172,500
Shares issuance expenses	-	(4,714)
	<hr/>	<hr/>
As at 30 September 2024	600,000,000	339,433
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A8. Dividends

There was no dividend declared or paid during the current financial quarter.

A9. Segmental Reporting

The Group organised its activities principally into 2 reportable business segments:

Business segment	Product and services
Pawnbroking services	<ul style="list-style-type: none"> Provision of pawn loans in exchange for pledges such as gold, jewellery and watches
Retail and trading of jewellery and gold	<ul style="list-style-type: none"> Retail sale of new and pre-owned jewellery and gold Sale of scrap gold acquired from unredeemed and bid pledges, and pre-owned jewellery and gold from walk-in individuals

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024 (Cont'd)

A9. Segmental Reporting (cont'd)

The segmental revenue and profits for the current financial quarter ended 30 September 2024 are as follows:

	Pawnbroking RM'000	Sales of jewellery and gold RM'000	Adjustments and eliminations RM'000	Total RM'000
30 September 2024				
Revenue:				
Revenue from external customers	23,208	24,490	-	47,698
Inter-segment revenue	18,683	-	(18,683)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Segment profit	19,565	5,666	-	25,231
Other income				866
Administrative expenses				(11,961)
Finance costs				(102)
Taxation				(5,265)
Profit for the financial period-to-date				<hr/> 8,769 <hr/>
Results				
Included in the measure of segment profits:				
Employee benefit expenses				4,001
Depreciation				
- Property, plant and equipment				539
- Right-of-use assets				<hr/> 579 <hr/>

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024 (Cont'd)

A9. Segmental Reporting (cont'd)

The segmental revenue and profits for period-to-date period ended 30 September 2024 are as follows:

	Pawnbroking RM'000	Sales of jewellery and gold RM'000	Adjustments and eliminations RM'000	Total RM'000
30 September 2024				
Revenue:				
Revenue from external customers	66,651	99,791	-	166,442
Inter-segment revenue	69,560	-	(69,560)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Segment profit	55,185	21,691	-	76,876
Other income				1,047
Administrative expenses				(26,779)
Finance costs				(307)
Taxation				(15,892)
Profit for the financial period				<hr/> 34,945 <hr/>
Results				
Included in the measure of segment profits:				
Employee benefit expenses				11,904
Depreciation				
- Property, plant and equipment				1,582
- Right-of-use assets				<hr/> 1,736 <hr/>

A10. Material Events Subsequent to the End of the Current Quarter

There were no material events subsequent to the end of the current quarter that have not been reflected in this interim financial report.

A11. Changes in the Group composition

There were no changes in the composition of the Group during the current quarter under review.

A12. Contingent Assets and Contingent Liabilities

There were no contingent assets and liabilities for the Group as at the end of the current financial quarter.

A13. Material Capital Commitments

The Group does not have material capital commitments as at 30 September 2024.

PART A: EXPLANATORY NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024 (Cont'd)

A14. Significant Related Party Transactions

The significant related party transactions of the Group during the current quarter are shown below:

	Individual quarter		Cumulative quarter	
	Current year quarter Unaudited 30.09.2024 RM'000	Preceding year corresponding quarter Unaudited 30.09.2023 ⁽¹⁾ RM'000	Current period-to-date Unaudited 30.09.2024 RM'000	Preceding year corresponding period-to-date Unaudited 30.09.2023 ⁽¹⁾ RM'000
Related parties				
- Loan interest charged	488	N/A	1,867	N/A
- Rental income	(5)	N/A	(16)	N/A
- Rental expense	71	N/A	215	N/A
Shareholders				
- Loan interest charged	267	N/A	860	N/A
- Rental expense	43	N/A	130	N/A
- Retail sales of jewellery and gold	(10)	N/A	(107)	N/A
Directors				
- Loan interest charged	233	N/A	696	N/A
- Rental expense	53	N/A	158	N/A
- Retail sales of jewellery and gold	(3)	N/A	(8)	N/A

Note:

N/A means "Not applicable".

(1) This is the third interim financial report for the third quarter ended 30 September 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative period concerned.

A15. Derivatives

There were no derivatives transacted in the current financial quarter.

A16. Fair Value of Financial Liabilities

There were no gains or losses arising from fair value changes of the Group's financial liabilities for the current quarter.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

Current and Cumulative Quarter ended 30 September 2024 (“Q3, 2024”)

	Individual Quarter		Cumulative Quarter	
	Current year quarter Unaudited 30.09.2024 RM'000	Preceding year corresponding quarter Unaudited 30.09.2023 ⁽¹⁾ RM'000	Current period-to-date Unaudited 30.09.2024 RM'000	Preceding year corresponding period-to-date Unaudited 30.09.2023 ⁽¹⁾ RM'000
Revenue	47,698	N/A	166,442	N/A
Gross profit	25,231	N/A	76,876	N/A
Profit before taxation	14,034	N/A	50,837	N/A

Note:

N/A means “Not applicable”.

(1) This is the third interim financial report for the third quarter ended 30 September 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative period concerned.

The Group recorded a revenue of RM47.70 million in current financial quarter ended 30 September 2024, of which RM23.21 million or approximately 48.7% was derived from its pawnbroking services segment and RM24.49 million or approximately 51.3% was derived from its retail and trading of jewellery and gold segment.

The Group recorded gross profit of RM25.23 million with gross profit margin of approximately 52.9%, as well as profit before taxation of RM14.03 million with profit before taxation margin of approximately 29.4% after recognition of the one-off listing expenses of RM3.52 million being charged to the statement of profit and loss and other comprehensive income during the quarter.

B2. Comparison with the Immediate Preceding Quarter Result

The Group’s performance for current quarter ended 30 September 2024 compared to the immediate preceding quarter ended 30 June 2024 are tabled below:-

	Current quarter ended 30 September 2024 (“Q3 2024”) RM'000	Immediate preceding quarter ended 30 June 2024 (“Q2 2024”) RM'000	Changes %
Revenue	47,698	63,920	(25.4)
Gross profit	25,231	28,338	(11.0)
Profit before taxation	14,034	20,235	(30.6)

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B2. Comparison with the Immediate Preceding Quarter Result (cont'd)

The Group's revenue for the current quarter decreased by RM16.22 million or 25.4% to RM47.70 million as compared to RM63.92 million recorded in immediate preceding quarter, mainly due to lower sales volume of scrap gold from retail and trading of jewellery and gold segment.

Consequently, the Group's gross profit and profit before taxation in Q3 2024 decreased by RM3.11 million or 11.0% and RM6.20 million or 30.6% respectively were in tandem with decrease of revenue after recognition of the one-off listing expenses of RM3.52 million being charged to the statement of profit and loss and other comprehensive income during the quarter.

B3. Prospects

The Group plans to continue expanding its network of pawnshops in Johor and at the same time penetrate new geographical markets within Peninsular Malaysia. By expanding its network, the Group would be able to increase its market presence and serve a wider customer base, allowing the Group to further improve its financial performance in the future.

The Group targets to open 5 new pawnshops in Johor and 2 new pawnshops in Melaka within 24 months from its Listing date of 23 July 2024, subject to the issuance of pawnbroking licences for the new pawnshops.

The Group expects to commence operations of its 7 new pawnshops within 24 months upon receipt of the proceeds raised from the IPO. The expected timeline from the receipt of approval-in-principle for the pawnbroking licence to completion of renovation, issuance of pawnbroking licence by the Ministry of Housing and Local Government and commencement of business for the new pawnshops ranges approximately from 6 to 9 months.

B4. Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast or profit guarantee in any public document during the current financial quarter.

B5. Profit Before Taxation

Profit before tax is arrived at after charging:

	Individual quarter		Cumulative quarter	
	Current year quarter Unaudited 30.09.2024 RM'000	Preceding year corresponding quarter Unaudited 30.09.2023 ⁽¹⁾ RM'000	Current period-to-date Unaudited 30.09.2024 RM'000	Preceding year corresponding period-to-date Unaudited 30.09.2023 ⁽¹⁾ RM'000
Depreciation of:				
- Property, plant and equipment	539	N/A	1,582	N/A
- Right-of-use assets	579	N/A	1,736	N/A

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B5. Profit Before Taxation (cont'd)

Profit before taxation is arrived at after charging:

	Individual quarter		Cumulative quarter	
	Current year quarter Unaudited 30.09.2024 RM'000	Preceding year corresponding quarter Unaudited 30.09.2023 ⁽¹⁾ RM'000	Current period-to-date Unaudited 30.09.2024 RM'000	Preceding year corresponding period-to-date Unaudited 30.09.2023 ⁽¹⁾ RM'000
Interest expense on:				
- Term loans	49	N/A	134	N/A
- Bank overdrafts	297	N/A	1,069	N/A
- Revolving credits	2,358	N/A	6,974	N/A
- Hire purchase	*	N/A	*	N/A
- Loan from shareholders, directors and related parties	988	N/A	3,423	N/A
- Lease liabilities	52	N/A	172	N/A
Interest income from fixed deposit				
- Fixed deposit	718	N/A	718	N/A
- Overnight deposit	60	N/A	60	N/A
Provision for pledged receivables written off	33	N/A	34	N/A
Provision for inventories written off	4	N/A	4	N/A
Gain on disposal of property, plant and equipment	*	N/A	*	N/A
(Gain)/Loss on foreign exchange				
- Realised	(4)	N/A	15	N/A
- Unrealised	14	N/A	-	N/A
Listing expenses	3,516	N/A	3,516	N/A

Notes:

* means amount is less than RM1,000.

N/A means "Not applicable".

(1) This is the third interim financial report for the third quarter ended 30 September 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative period concerned.

Save as disclosed above, the other disclosure items pursuant to Paragraph 16 of Appendix 9B of the Listing Requirements are not applicable.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B5. Taxation

	Individual quarter		Cumulative quarter	
	Current year quarter Unaudited 30.09.2024 RM'000	Preceding year corresponding quarter Unaudited 30.09.2023 ⁽¹⁾ RM'000	Current period-to-date Unaudited 30.09.2024 RM'000	Preceding year corresponding period-to-date Unaudited 30.09.2023 ⁽¹⁾ RM'000
Current tax expense	5,265	N/A	15,892	N/A
Effective tax rate (%)	37.5	N/A	31.3	N/A
Statutory tax rate (%)	24.0	N/A	24.0	N/A

Note:

N/A means "Not applicable".

(1) This is the third interim financial report for the third quarter ended 30 September 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter as no interim financial report was prepared for the comparative period concerned.

The effective tax rate of the Group was 37.5% for the current financial quarter. It was higher than the statutory tax rate of 24.0% mainly due to certain non-allowable expenses.

B7. Status of Corporate Proposal

There was no other corporate proposals announced by Well Chip Group Berhad but not completed as at the date of this interim financial report.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B8. Utilisation of Proceeds from the Public Issue

The utilisation of proceeds from the Public Issue amounting to RM172.5 million as of 18 November 2024 is as follows:

Details of use of proceeds	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance to be utilised RM'000	Estimated timeframe for use from the date of Listing
Cash Capital for our existing 23 pawnshops	124,300	98,680	25,620	Within 24 months
Expansion of pawnshops	40,000	-	40,000	Within 24 months
Estimated listing expenses	8,200	8,200	-	Immediate
Total	172,500	106,880	65,620	

The use of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 26 June 2024.

The Company was listed on the Main Market of Bursa Securities on 23 July 2024.

B9. Loans and borrowings

The Group's borrowings as at 30 September 2024 are as follows:

	Unaudited as at 30.09.2024 RM'000	Audited as at 31.12.2023 RM'000
Non-current		
Secured		
Hire purchase liabilities	114	-
Term loans	4,579	3,831
	<u>4,693</u>	<u>3,831</u>
Current		
Secured		
Bank overdrafts	4,874	21,944
Hire purchase liabilities	29	-
Term loans	296	121
Revolving credit	154,900	166,600
	<u>160,099</u>	<u>188,665</u>
Total Group's borrowings	<u>164,792</u>	<u>192,496</u>

All the borrowings are denominated in Ringgit Malaysia.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (Cont'd)

B10. Material Litigation

As of the date of this interim financial report, the Group is not engaged in any governmental, legal or arbitration proceedings which may have or have had, material or significant effects on the Group's financial position or profitability.

B11. Proposed dividend

No dividend has been proposed or declared by the Board of Directors of Well Chip Group Berhad during the current financial quarter.

B12. Basic and Diluted Earnings per Share ("EPS")

The basic and diluted EPS for the current quarter is computed as below:

	Individual quarter		Cumulative quarter	
	Current year quarter Unaudited 30.09.2024	Preceding year corresponding quarter Unaudited 30.09.2023 ⁽¹⁾	Current period-to-date Unaudited 30.09.2024	Preceding year corresponding period-to-date Unaudited 30.09.2023 ⁽¹⁾
Profit attributable to owners of the Group (RM'000)	8,769	N/A	34,945	N/A
Weighted average number of ordinary shares in issue ('000)	564,130	N/A	488,462	N/A
Weighted average number of diluted shares in issue ('000)	564,130	N/A	488,462	N/A
Basic / Diluted EPS (sen) ⁽²⁾	1.6	N/A	7.2	N/A

Notes:

N/A means "Not applicable".

(1) This is the third interim financial report for the third quarter ended 30 September 2024 being announced in compliance with the Listing Requirements. There are no comparative figures for the preceding corresponding quarter and period as no interim financial report are prepared for the comparative period concerned.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (*Cont'd*)

B12. Basic and Diluted Earnings per Share (“EPS”) (*cont'd*)

- (2) Basic and Diluted EPS for current quarter and period-to-date ended 30 September 2024 are computed based on profit attributable to owners of Well Chip Group Berhad divided by the weighted average number of ordinary shares in issue of 564,130,435 and 488,461,538 respectively, after the completion of the Initial Public Offering (“IPO”) of the Company on 23 July 2024.

Diluted EPS for the current and cumulative quarters are equivalent to the basic EPS of our Company as our Company does not have any dilutive instruments during financial period ended 30 September 2024 and 30 September 2023 respectively.

B13. Authorisation for issue

This interim financial report was authorised for issue by the Board of Directors (“Board”) on 25 November 2024.