



N2N CONNECT BERHAD 200001020530 (523137-K)
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 31 DECEMBER 2024**

N2N CONNECT BERHAD 200001020530 (523137-K)

(Incorporated in Malaysia)

SUMMARY OF KEY FINANCIAL INFORMATION**FOR THE QUARTER AND YEAR TO DATE ENDED 31 DECEMBER 2024**

Remark:

The results for the quarter ended 31 December 2024 should be read in conjunction with the Annual Audited Financial Statements of N2N Connect Berhad and its subsidiaries ("Group") for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

	Quarter Ended		Year-To-Date Ended	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
	RM'000	RM'000	RM'000	RM'000
1 Revenue	26,720	27,708	107,729	105,241
2 Profit / (Loss) before taxation	5,386	5,945	(25,738)	19,326
3 Profit / (Loss) for the period	6,216	1,828	(26,511)	13,732
4 Profit / (Loss) attributable to owners of the Company	6,258	1,921	(26,173)	14,057
5 Basic earnings / (loss) per share (sen)	1.12	0.34	(4.69)	2.52
6 Diluted earnings / (loss) per share (sen)	1.12	0.34	(4.69)	2.52
7 Proposed/Declared dividend per share (sen)	-	-	2.00	2.00

N2N CONNECT BERHAD 200001020530 (523137-K)

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER AND YEAR TO DATE ENDED 31 DECEMBER 2024**

	Quarter Ended			Year-To-Date Ended		
	31 Dec 2024	31 Dec 2023	Changes	31 Dec 2024	31 Dec 2023	Changes
	Note RM'000 (UNAUDITED)	RM'000 (UNAUDITED)	%	RM'000 (UNAUDITED)	RM'000 (AUDITED)	%
Revenue						
	26,720	27,708	-4%	107,729	105,241	2%
Cost of sales	(10,769)	(12,723)	-15%	(45,942)	(47,539)	-3%
Gross profit	15,951	14,985	6%	61,787	57,702	7%
Other operating income	5,890	1,872	215%	5,880	6,729	-13%
Administrative expenses	(15,074)	(12,561)	20%	(93,957)	(46,369)	103%
Finance costs	(20)	(32)	-38%	(100)	(74)	35%
Share of results of an associate	(1,361)	1,681	-181%	652	1,338	-51%
Profit / (Loss) before taxation	5,386	5,945	-9%	(25,738)	19,326	-233%
Taxation	B6 830	(4,117)	200%	(773)	(5,594)	-86%
Profit / (Loss) for the period	6,216	1,828	240%	(26,511)	13,732	-293%
Items that may be reclassified subsequently to profit or loss:						
- Exchange differences arising from translation of foreign operations	2,738	(1,192)		(4,118)	5,082	
- Derivative from associate	2,238	258		(505)	258	
- Remeasurement for long service payments, net of tax	(154)	439		(154)	439	
Total comprehensive income / (loss) for the period	11,038	1,333		(31,288)	19,511	
Profit / (Loss) for the period attributable to:						
- Owners of the Company	6,258	1,921		(26,173)	14,057	
- Non-controlling interests	(42)	(93)		(338)	(325)	
	6,216	1,828		(26,511)	13,732	
Total comprehensive income / (loss) for the period:						
- Owners of the Company	11,080	1,426		(30,950)	19,836	
- Non-controlling interests	(42)	(93)		(338)	(325)	
	11,038	1,333		(31,288)	19,511	
Earnings/(Loss) per share ("EPS"/"LPS") attributable to owners of the Company:						
- Basic EPS / (LPS) (sen)	B11 1.12	0.34		(4.69)	2.52	
- Diluted EPS / (LPS) (sen)	B11 1.12	0.34		(4.69)	2.52	

The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial

Statements of the Group for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

N2N CONNECT BERHAD 200001020530 (523137-K)

(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**AS AT 31 DECEMBER 2024**

	As at 31 Dec 2024	As at 31 Dec 2023
Note	RM'000 (UNAUDITED)	RM'000 (AUDITED)
ASSETS		
Non-current assets		
Property, plant and equipment	34,159	30,004
Investment properties	8,791	9,026
Right-of-use assets	2,011	3,369
Intangible assets	44,709	82,059
Investment in an associate	11,702	13,054
	<u>101,372</u>	<u>137,512</u>
Current assets		
Trade receivables	10,310	13,104
Other receivables	A11 8,069	9,703
Amount owing by related companies	-	239
Tax recoverable	7,973	8,466
Marketable securities	B7 73,810	61,389
Financial assets at fair value through profit or loss	A13 73	109
Cash and bank balances	75,934	93,389
	<u>176,169</u>	<u>186,399</u>
	<u>277,541</u>	<u>323,911</u>
EQUITY AND LIABILITIES		
Total equity		
Share capital	243,669	243,669
Exchange reserve	(1,924)	2,194
Fair value reserve	(247)	258
Long term incentive plan ("LTIP") reserve	2,590	2,395
Retained profits	8,171	45,249
Equity attributable to owners of the Company	<u>252,259</u>	<u>293,765</u>
Non-controlling interests	(1,371)	(1,033)
	<u>250,888</u>	<u>292,732</u>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

		As at 31 Dec 2024	As at 31 Dec 2023
	Note	RM'000 (UNAUDITED)	RM'000 (AUDITED)
Non-current liabilities			
Lease liabilities		193	2,244
Provision for retirement benefits	A14	1,716	1,356
Deferred tax liabilities		4,461	5,483
		<u>6,370</u>	<u>9,083</u>
Current liabilities			
Trade payables		2,642	4,187
Other payables	A12	15,967	15,659
Amount owing to related companies		2	223
Lease liabilities		1,249	1,552
Provision for taxation		423	475
		<u>20,283</u>	<u>22,096</u>
Total liabilities		<u>26,653</u>	<u>31,179</u>
TOTAL EQUITY AND LIABILITIES		<u>277,541</u>	<u>323,911</u>
Net assets per share attributable to owners of the Company (sen) *		<u>45</u>	<u>53</u>

Note:

* Based on number of shares net of treasury shares ('000)

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER AND YEAR TO DATE ENDED 31 DECEMBER 2024**

Note	Attributable to owners of the Company						Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
	Non-distributable			Distributable					
	Share Capital RM'000	Treasury Shares RM'000	Exchange Reserve RM'000	LTIP Reserve RM'000	Fair value Reserve RM'000	Retained Profits RM'000			
At 1 January 2024	243,669	-	2,194	2,395	258	45,249	293,765	(1,033)	292,732
Profit for the period	-	-	-	-	-	(26,173)	(26,173)	(338)	(26,511)
Other comprehensive loss	-	-	(4,118)	-	(505)	(154)	(4,777)	-	(4,777)
Total comprehensive loss for the period	-	-	(4,118)	-	(505)	(26,327)	(30,950)	(338)	(31,288)
Dividend paid	(i)	-	-	-	-	(11,164)	(11,164)	-	(11,164)
LTIP granted	-	-	-	608	-	-	608	-	608
LTIP lapsed	-	-	-	(413)	-	413	-	-	-
At 31 December 2024	243,669	-	(1,924)	2,590	(247)	8,171	252,259	(1,371)	250,888
At 1 January 2023	243,669	-	(2,888)	2,034	-	41,917	284,732	(1,039)	283,693
Profit / (loss) for the period	-	-	-	-	-	14,057	14,057	(325)	13,732
Other comprehensive income	-	-	5,082	-	258	439	5,779	-	5,779
Total comprehensive income for the period	-	-	5,082	-	258	14,496	19,836	(325)	19,511
Dividend paid	(ii)	-	-	-	-	(11,164)	(11,164)	-	(11,164)
Investment in a subsidiary	-	-	-	-	-	-	-	331	331
LTIP granted	-	-	-	361	-	-	361	-	361
At 31 December 2023	243,669	-	2,194	2,395	258	45,249	293,765	(1,033)	292,732

Notes:

- (i) The Company paid a Second Interim Dividend of 1 sen per share (Single Tier Dividend) in respect of the financial year ended 31 December 2023 on 29 March 2024. The Company paid a First Interim Dividend of 1 sen per share (Single Tier Dividend) in respect of the financial year ended 31 December 2024 on 27 September 2024.
- (ii) The Company paid a Second Interim Dividend of 1 sen per share (Single Tier Dividend) in respect of the financial year ended 31 December 2022 on 30 March 2023. The Company paid a First Interim Dividend of 1 sen per share (Single Tier Dividend) in respect of the financial year ended 31 December 2023 on 29 September 2023.

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR TO DATE ENDED 31 DECEMBER 2024**

	Year-To-Date Ended	
	31 Dec 2024	31 Dec 2023
	RM'000	RM'000
	(UNAUDITED)	(AUDITED)
Cash flows from operating activities		
(Loss) / Profit before taxation	(25,738)	19,326
Adjustments for:		
Amortisation of intangible assets	5,895	7,438
Bad debts written off	457	18
Depreciation of property, plant and equipment	4,114	4,086
Depreciation of investment properties	234	234
Depreciation of right-of-use assets	1,296	1,287
Fair value changes on financial assets at fair value through profit or loss	36	36
Gain on disposal of intangible assets	-	(587)
Long term incentive plan expenses	607	361
Gain on disposal of property, plant and equipment	(42)	-
Impairment loss on goodwill	27,000	50
Impairment loss on intangible asset	11,698	404
Provision for long service payments	401	249
Property, plant and equipment written off	-	68
Impairment loss on trade receivables	79	218
Share of results of an associate	(652)	(1,338)
Unrealised foreign exchange loss /(gain)	1,327	(1,188)
Finance costs	100	74
Finance income	(2,183)	(1,272)
Dividend income	(1,901)	(2,004)
Operating profit before working capital changes	22,728	27,460
Changes in working capital		
Trade receivables	2,147	(1,866)
Other receivables	1,634	(4,063)
Trade payables	(2,500)	697
Other payables	308	(500)
Amount owing by/to related companies	18	277
Cash generated from operations	24,335	22,005
Dividend received	1,901	2,004
Interest paid	(100)	(74)
Interest received	2,183	1,272
Net tax paid	(1,153)	(2,839)
Net cash generated from operating activities	27,166	22,368

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR TO DATE ENDED 31 DECEMBER 2024**

	Year-To-Date Ended	
	31 Dec 2024	31 Dec 2023
	RM'000	RM'000
	(UNAUDITED)	(AUDITED)
Cash flows from investing activities		
Computer software development cost	(8,432)	(6,463)
Purchase of property, plant and equipment	(8,356)	(2,079)
Proceeds from disposal of intangible assets	-	1,133
Net cash outflow from acquisition of a subsidiary	-	(9)
Net changes in marketable securities	(12,421)	(2,018)
Net cash used in investing activities	(29,209)	(9,436)
Cash flows from financing activities		
Dividend paid	(11,164)	(11,164)
Repayment of lease liabilities	(1,457)	(1,436)
Net cash used in financing activities	(12,621)	(12,600)
Net (decrease) / increase in cash and cash equivalents	(14,664)	332
Effect of exchange rate changes	(2,791)	2,809
Cash and cash equivalents at beginning of the period	93,389	90,248
Cash and cash equivalents at end of the period	75,934	93,389
Cash and cash equivalents at end of the period comprises:		
Cash and bank balances	75,934	93,389

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 31 DECEMBER 2024**

A NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A1 BASIS OF PREPARATION

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") No. 134: Interim Financial Reporting, and Part K Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad for the ACE Market.

The condensed consolidated interim financial statements should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2023.

A2 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the condensed interim financial statements are consistent with those in the preparation of the Group's audited financial statements for the financial year ended 31 December 2023. As at the date of authorisation of these financial statements, the following Standards and amendments to standards have been issued by the Malaysian Accounting Standards Board ("MASB"):

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16, "Leases" (Lease Liability in a Sale and Leaseback)

Amendments to MFRS 101, "Presentation of Financial Statements" (Non-current Liabilities with Covenants)

Amendments to MFRS 107, "Statement of Cash Flows" and MFRS 7, "Financial Instruments: Disclosures" (Supplier Finance Arrangements)

Effective for annual periods beginning on or after 1 January 2025

Amendments to MFRS 121, "The Effect of Changes in Foreign Exchange Rates" (Lack of Exchangeability)

Effective date of these amendments to Standards has been deferred

Amendments to MFRS 10, "Consolidated Financial Statements" and MFRS 128, "Investments in Associates and Joint Ventures" (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have a material impact to the financial statements of the Group upon their initial recognition.

A3 AUDIT REPORT OF PRECEDING ANNUAL FINANCIAL STATEMENTS

There were no audit qualifications on the audited financial statements for the financial year ended 31 December 2023.

A4 SEASONAL OR CYCLICAL FACTORS

The Group's operations were not materially affected by seasonal or cyclical changes during the current period under review.

A5 UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

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

A6 MATERIAL CHANGES IN ESTIMATES

There were no changes in estimates of amounts reported in prior financial years, which have a material effect in the current period under review.

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FOR THE QUARTER AND YEAR TO DATE ENDED 31 DECEMBER 2024

A7 DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debts and equity securities for the current period under review.

A8 DIVIDEND PAID

The Company made the following dividend payments during the financial year ended 31 December 2024:

(a) A Second Interim Dividend of 1 sen per share (Single Tier Dividend) in respect of the financial year ended 31 December 2023 on 29 March 2024; and

(b) A First Interim Dividend of 1 sen per share (Single Tier Dividend) in respect of the financial year ended 31 December 2024 on 27 September 2024.

A9 SEGMENT INFORMATION

The reportable segments of the Group derive their revenue primarily from the provision of design, programming, consultancy services and related services which are substantially within a single business segment.

Management has determined the operating segments based on the reports reviewed by the Managing Director. The Board of Directors considers the business from a geographical perspective.

The Group's operations by key operating companies are segmented into these main geographic segments: Malaysia and Regional. The Regional areas consist of Hong Kong SAR China, Singapore, Australia and Indonesia.

	Malaysia	Regional	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000
Financial period ended 31 December 2024				
<u>Revenue</u>				
Sales to external customers	49,240	58,529	-	107,769
Inter-segment sales	(40)	-	-	(40)
Total	49,200	58,529	-	107,729
<u>Results</u>				
EBITDA *	16,773	5,955	-	22,728
Amortisation of intangible assets	(5,895)	-	-	(5,895)
Bad debt written off	(759)	302	-	(457)
Depreciation of property, plant and equipment	(2,977)	(1,137)	-	(4,114)
Depreciation of investment properties	(234)	-	-	(234)
Depreciation of right-of-use assets	(67)	(1,229)	-	(1,296)
Dividend income	16,863	15,708	(30,670)	1,901
Finance income	563	1,620	-	2,183
Finance costs	(14)	(86)	-	(100)
Gain on disposal of property, plant and equipment	42	-	-	42
Impairment loss on goodwill	(27,000)	-	-	(27,000)
Long term incentive plan	(401)	(206)	-	(607)
Property, plant and equipment written off	(7,863)	(3,835)	-	(11,698)
Provision for doubtful debts	(101)	(1,185)	-	(1,286)
Reversal of provision for doubtful debts	(4,963)	-	6,170	1,207
Share of results of associate	-	652	-	652
Unrealised foreign exchange gain	(1,839)	512	-	(1,327)
Other non-cash items	(36)	(401)	-	(437)
Taxation	(163)	(610)	-	(773)
Segment (loss) / profit for the period	(18,071)	16,060	(24,500)	(26,511)

* Earnings before interest, taxes, depreciation and amortisation (excluding other significant non-cash items).

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(Incorporated in Malaysia)
UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 31 DECEMBER 2024

A9 SEGMENT INFORMATION (CON'T)

	Malaysia RM'000	Regional RM'000	Eliminations RM'000	Total RM'000
Financial period ended 31 December 2023				
<u>Revenue</u>				
Sales to external customers	45,185	60,067	-	105,252
Inter-segment sales	(11)	-	-	(11)
Total	45,174	60,067	-	105,241
<u>Results</u>				
EBITDA *	16,878	10,582	-	27,460
Amortisation of intangible assets	(7,216)	(222)	-	(7,438)
Bad debt written off	-	(18)	-	(18)
Depreciation of property, plant and equipment	(2,760)	(1,326)	-	(4,086)
Depreciation of investment properties	(234)	-	-	(234)
Depreciation of right-of-use assets	(11)	(1,276)	-	(1,287)
Dividend income	2,004	-	-	2,004
Finance income	529	743	-	1,272
Finance costs	(6)	(68)	-	(74)
Gain on disposal of intangible assets	-	587	-	587
Impairment loss on goodwill	(50)	-	-	(50)
Impairment loss on intangible asset	(404)	-	-	(404)
Impairment loss trade receivables	(41)	(177)	-	(218)
Long term incentive plan	(311)	(50)	-	(361)
Share of results of associate	-	1,338	-	1,338
Unrealised foreign exchange gain/(loss)	493	695	-	1,188
Other non-cash items	(104)	(249)	-	(353)
Taxation	(4,256)	(1,338)	-	(5,594)
Segment profit for the period	4,511	9,221	-	13,732

* Earnings before interest, taxes, depreciation and amortisation (excluding other significant non-cash items).

A10 PROVISION FOR DOUBTFUL DEBTS

The Group applies a simplified approach in calculating ECL (Expected Credit Losses). The Group has established a provision matrix that is based on its client's historical payment trend, adjusted for forward-looking factors specific to the debtors and the economic environment.

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UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 31 DECEMBER 2024

A11 OTHER RECEIVABLES

	As At 31 Dec 2024 RM'000	As At 31 Dec 2023 RM'000
Prepayments	4,689	7,397
Deposits paid	2,950	2,226
Other receivables	430	80
	<u>8,069</u>	<u>9,703</u>

A12 OTHER PAYABLES

	As At 31 Dec 2024 RM'000	As At 31 Dec 2023 RM'000
Accruals	3,669	4,305
Deposit received	3,431	3,473
Other payables	8,867	7,881
	<u>15,967</u>	<u>15,659</u>

A13 FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs for the asset or liability that is not based on observable market data.

The following table analyses the fair value hierarchy for financial instruments carried at fair value in the statement of financial position:

	As At 31 Dec 2024 Level 1 Fair Value RM'000	As At 31 Dec 2023 Level 1 Fair Value RM'000
Financial assets at fair value through profit or loss	<u>73</u>	<u>109</u>

A14 PROVISION FOR RETIREMENT BENEFITS

Provision for retirement benefits of the Group relate to long service payments ("LSP") provisions as prescribed under the Hong Kong Employment Ordinance. LSP is paid to employees of a subsidiary company upon termination of their employment, subject to completion of number of continuous year of service and meeting certain qualifying conditions. The benefit is based on final wages and service at leaving employment.

A15 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no changes in the valuation of the property, plant and equipment reported in the previous audited financial statements that will have an effect in the current period under review.

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**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 31 DECEMBER 2024**

A16 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

There was no material event subsequent to the current financial period ended up to the date of the announcement of this report which is likely to substantially affect the results of the operations of the Group.

A17 CHANGES IN THE COMPOSITION OF THE GROUP

On 23 February 2024 and 26 February 2024, the Group had incorporated N2N-AFE International Limited ("N2N-AFE International") and NGN-AFE International Limited ("NGN-AFE International") respectively in Hong Kong for 2 ordinary shares at HKD 2 each.

On 28 February 2024, N2N-AFE International and NGN-AFE International has respectively increased their share capital to 182,500,000 ordinary shares and 14,000,000 ordinary shares for HKD182,500,000 and HKD14,000,000 respectively which were fully subscribed by N2N Connect Berhad.

On 28 February 2024, N2N-AFE International had entered into two Share Sales Agreement with N2N Connect Berhad, to acquire the entire equity interest in N2N Global Solutions Sdn. Bhd. and N2N-AFE (Hong Kong) Limited.

On 28 February 2024, NGN-AFE International had entered into Share Sales Agreement with N2N Connect Berhad, to acquire the entire equity interest in NGN Connection Sdn. Bhd.

On 25 June 2024, the Group has incorporated Asia Trading Hub Pty Ltd in Australia for 2 ordinary shares at AUD 2.

A18 CONTINGENT LIABILITIES

The Directors are of the opinion that the Group has no contingent liabilities which, upon crystallisation would have a material impact on the financial position and business of the Group as at 20 February 2025 (the latest practicable date which is not earlier than 7 days from the date of issue of this financial results).

A19 CAPITAL COMMITMENTS

There were no material capital commitments in the current period under review.

A20 SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions in the current period under review.

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**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR TO DATE ENDED 31 DECEMBER 2024****B ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES
BERHAD****B1 REVIEW OF PERFORMANCE**Performance of current quarter against the preceding year's corresponding quarter

	Quarter Ended	
	31 Dec 2024	31 Dec 2023
	RM'000	RM'000
Revenue	26,720	27,708
Profit after taxation	6,216	1,828
Core profit *	<u>221</u>	<u>4,336</u>

* Core profit represents the profits of N2N excluding impairment of intangible asset, unrealised gains/losses on foreign exchange and non-recurring gains or losses (which are not expected to recur).

The Group recorded a revenue of RM26.7 million for the quarter ended 31 December 2024 in comparison to the revenue of RM27.71 million in the preceding year's corresponding quarter. The comparatively lower revenue of 3.6% in current quarter is due to lower one-time-implementation charges as well as business and trading solutions but softened by higher transactional based fee & managed service revenue.

The Group posted a profit after taxation of RM6.2 million for the current quarter which was more than doubled compared to a profit after taxation of RM1.83 million in the preceding year's corresponding quarter. The higher profit after taxation was mainly due to higher unrealized foreign exchange gain and lower deferred tax liability accounted in the current quarter.

The Group has registered a core profit of RM0.2mil for the current quarter compared to a core profit of RM4.34 million in the corresponding quarter. The core profits was lower mainly due to the combination of higher operating expenses and lower share of results from associate.

(b) Performance of the current financial period against the preceding year's corresponding period

	Year-To-Date Ended	
	31 Dec 2024	31 Dec 2023
	RM'000	RM'000
Revenue	107,729	105,241
(Loss)/Profit for the period	(26,511)	13,732
Core profit *	<u>7,643</u>	<u>13,099</u>

* Core profit represents the profits of N2N excluding impairment of intangible asset, unrealised gains/losses on foreign exchange and non-recurring gains or losses (which are not expected to recur).

The Group recorded a revenue of RM107.7 million for the period ended 31 December 2024 in comparison to revenue of RM105.24 million in the preceding year's corresponding period. The revenue increased by 2.4% mainly due to higher transaction based and managed services revenue.

The Group registered a loss after tax of RM26.5 million which was equivalent to a decrease of RM40.2 million mainly due to impairment loss on intangible assets, higher foreign exchange losses and higher operational expenses.

The Group recorded a core profit of RM7.6 million for the current period compared to RM13.1 million in the corresponding period. The core profit was 42% lower mainly due to higher operating expenses, lower share of results from associate softened by higher revenue during the quarter.

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B2 MATERIAL CHANGES IN THE CURRENT QUARTER RESULTS COMPARED WITH IMMEDIATE PRECEDING QUARTER

	<u>Quarter Ended</u>	
	<u>31 Dec 2024</u>	<u>30 Sep 2024</u>
	RM'000	RM'000
Revenue	26,720	26,283
Profit / (Loss) after taxation	6,216	(39,910)
Core profit *	<u>221</u>	<u>2,422</u>

* Core profit represents the profits of N2N excluding impairment of intangible asset, unrealised gains/losses on foreign exchange and non-recurring gains or losses (which are not expected to recur).

The Group recorded a higher revenue of RM26.7 million for the quarter ended 31 December 2024 compared to the revenue of RM26.3 million in the immediate preceding quarter. The comparatively higher revenue of 1.7% was mainly due to a higher one-time implementation revenue offset by lower subscription fee for the current quarter.

The Group's profit after taxation of RM6.2 million for the current quarter was 115% higher compared to the loss after taxation of RM39.91 million in the immediate preceding quarter. This was mainly due to absence of impairment loss on intangible assets which was provided in the preceding quarter.

The Group registered a core profit of RM0.2 million for the current quarter lower than the core profit of RM2.4 million in the immediate preceding quarter. The decrease in core profit is mainly due to lower share of result of an associate.

B3 PROSPECTS

As we conclude 2024, the global economy has stabilized, with the World Bank projecting Malaysia's economy to grow by 4.5% mainly spurred by domestic demand. This steady pace, while indicative of resilience, remains modest compared to pre-pandemic levels. Challenges such as persistent inflation, elevated financing costs, and geopolitical tensions continue to pose risks to the global economic landscape.

In Malaysia, the global growth for 2024 turned out higher than expected, reflecting better outturns in the major economies and stronger global trade. Bank Negara Malaysia (BNM) maintained the Overnight Policy Rate at 3.00% during its final meeting of the year, reflecting a positive economic outlook and stable inflation.

For 2025, the global economy is anticipated to be sustained by positive labour market conditions, moderating inflation and less restrictive monetary policy. Global trade is expected to remain broadly sustained, supported by the continued tech upcycle. Ringgit performance continues to be primarily driven by external factors. The narrowing interest rate differentials between Malaysia and the advanced economies is positive for the ringgit. As for the local trading activities, it will be influenced by the ongoing global development especially the U.S trade and monetary policies, Russia-Ukraine war and geopolitical tension in the Gaza.

Looking ahead, Malaysia's economic outlook remains promising, supported by strategic policy measures, continued investment inflows, and the nation's strong position within the evolving global supply chain landscape. However, caution is warranted given potential external challenges, including global economic uncertainties and geopolitical tensions, which may impact the country's growth trajectory.

Barring any unforeseeable circumstances, the Group remain resilient and have positive outlook for 2025.

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B4 VARIATION OF ACTUAL PROFIT FROM FORECAST PROFIT

Not applicable as no profit forecast was published.

B5 ITEMS IN THE STATEMENT OF COMPREHENSIVE INCOME

The following items have been charged/(credited) in arriving at the profit from operations:

	Quarter Ended		Year-To-Date Ended	
	31 Dec 2024 RM'000	31 Dec 2023 RM'000	31 Dec 2024 RM'000	31 Dec 2023 RM'000
(a) Interest income	(540)	(289)	(2,183)	(1,272)
(b) Dividend Income	(380)	(519)	(1,901)	(2,004)
(c) Finance costs	20	32	100	74
(d) Depreciation and amortisation	1,977	3,349	11,539	13,045
(e) Loss/(gain) on foreign exchange	(4,552)	15	(559)	(1,253)
(f) Fair value changes on financial assets at fair value through profit or loss	15	8	36	36

B6 TAXATION

	Quarter Ended		Year-To-Date Ended	
	31 Dec 2024 RM'000	31 Dec 2023 RM'000	31 Dec 2024 RM'000	31 Dec 2023 RM'000
Current tax:				
- Current year provision	(168)	(400)	(1,587)	(2,718)
- (Under)/ over provision in prior years	-	36	(184)	905
	(168)	(365)	(1,771)	(1,814)
Deferred tax:				
- Current year provision	998	(3,752)	998	(3,780)
Total Taxation	830	(4,117)	(773)	(5,594)

The effective tax rate of the Group for the current quarter under review was lower than the statutory tax rate of 24% mainly due to one of the subsidiary company has been granted second five year tax exemption for MSC qualifying activities under pioneer status pursuant to the Promotion of Investments Act, 1986 in Malaysia.

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B7 MARKETABLE SECURITIES

	As At	As At
	31 Dec 2024	31 Dec 2023
	RM'000	RM'000
Quoted unit trusts in Malaysia*	73,810	61,389

Note * : These relate to quoted Islamic unit trusts, which are exempted from corporate tax and have the flexibility of withdrawal.

B8 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

There were no financial instruments with off balance sheet risk as at the date of this announcement applicable to the Group.

B9 MATERIAL LITIGATION

On 31 March 2021, N2N Connect Berhad and a few of its subsidiaries (collectively referred to as "Plaintiffs") filed a civil suit at the High Court of Malaya at Kuala Lumpur ("High Court") against Chua Tiong Hoong, Ahmad Ashraf bin Azman, Shyam Sundar Rayudu, Wong Voon Fui, Finevo Technology Sdn Bhd and AK Partner Hybrid Connect Sdn Bhd (collectively referred to as "Defendants") inter alia for breach of N2N's intellectual property rights, including but not limited to the copyright and trade secrets in the source codes and marketing materials; breach of fiduciary duties and breach of confidence("Main Suit").

On 2 April 2021, the Plaintiffs obtained an Anton Piller Order ("Order" or "APO") from the High Court. The Order allows the Plaintiffs, subject to the terms and conditions of the Order, to enter the Defendants' premises to inspect, take possession of documents, records or other items, which may form evidence in an action against the Defendants.

On 22 October 2021, the Defendants filed their appeals in the Court of Appeal against the High Court's dismissal of their applications to set aside the APO. The Court of Appeal had on 6 July 2023 allowed the Defendants' appeals and set aside the APO.

Following the decision of the Court of Appeal, the Plaintiffs had on 14 July 2023 filed the Notices of Motion for Leave to Appeal to the Federal Court. The Federal Court had on 7 December 2023 granted the Plaintiffs' Motions for Leave to Appeal. On 18 December 2023 the Plaintiffs filed their Notices of Appeal to the Federal Court. The Federal Court heard the Appeals on 29 April 2024 and allowed the Plaintiffs' Appeal against the 1st, 3rd, 4th, 5th and 6th Defendants with costs and set aside the Court of Appeal's Order dated 6 July 2023 and reinstated the Plaintiffs' Anton Piller Order granted by the High Court on 2 April 2021.

On 25 July 2023, the Plaintiffs have filed an application for discovery in the High Court against the Defendants to obtain documents from Defendants to be used as evidence during the Trial. On 8 December 2023, the High Court dismissed the Plaintiffs' Discovery Application ("Encl. 423"). On 4 January 2024, the Plaintiffs filed a Notice of Appeal to the Court of Appeal against the dismissal of Encl. 423. The Court of Appeal has on 5 December 2024 allowed the Plaintiffs' Appeal.

The Plaintiffs have filed an Originating Summons at the Kuala Lumpur High Court to set aside the Consent Judgment dated 1 March 2024 for the withdrawal of the 2nd, 3rd and 4th Defendants from the Main Suit. The hearing of the Originating Summons fixed on 6 November 2024 was adjourned by the Court to a date to be fixed.

The High Court has fixed the dates for trial of the Main Suit from 18 to 21 August 2025 and 25 to 29 August 2025.

In the Directors opinion, based on its examination of the developments to date and discussions with its legal counsel, the ultimate outcome of legal proceedings is not expected to have a material adverse effect on the Group and the Company's financial position.

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B10 PROPOSED DIVIDENDS

No dividend has been declared or recommended during the current period under review.

B11 EARNINGS / (LOSS) PER SHARE ("EPS" / "(LPS)")

	Quarter Ended		Year-To-Date Ended	
	31 Dec 2024	31 Dec 2023	31 Dec 2024	31 Dec 2023
(a) Basic earnings per share				
Profit / (Loss) attributable to owners of the Company (RM'000)	6,258	1,921	(26,173)	14,057
Weighted average number of ordinary shares in issue ('000)	558,204	558,204	558,204	558,204
Basic EPS / (LPS) (sen)	1.12	0.34	(4.69)	2.52
(b) Diluted earnings per share				
Profit / (Loss) attributable to owners of the Company (RM'000)	6,258	1,921	(26,173)	14,057
Weighted average number of ordinary shares in issue ('000)	558,204	558,204	558,204	558,204
Assumed exercise of Warrants at no consideration ('000)	-*	-*	-*	-*
Assumed exercise of LTIP at no consideration ('000)	-*	-*	-*	-*
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	558,204	558,204	558,204	558,204
Diluted EPS / (LPS) (sen)	1.12	0.34	(4.69)	2.52

* No warrants and LTIP are assumed to be exercised at no consideration as the average fair value of the Company's quoted share price during the financial period is below the exercise price of the warrants.

B12 STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED AT THE LATEST PRACTICABLE DATE WHICH MUST NOT BE EARLIER THAN 7 DAYS FROM THE DATE OF ISSUE OF THE QUARTERLY REPORT

There are no corporate proposals announced by the Group as at the date of this announcement.

B13 AUTHORISATION FOR ISSUE

The unaudited condensed consolidated financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 26 February 2025.

By Order of the Board

Tiang Boon Hwa
Managing Director

Date : 26 February 2025