



**N2N CONNECT BERHAD 20001020530 (523137-K)**  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2021**

**N2N CONNECT BERHAD 200001020530 (523137-K)**

(Incorporated in Malaysia)

**SUMMARY OF KEY FINANCIAL INFORMATION****FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2021**

Remark:

The results for the quarter and year to date ended 30 September 2021 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 2020 and the accompanying explanatory notes attached to the interim financial statements.

	Quarter Ended		Year-To-Date Ended	
	30 Sept 2021	30 Sept 2020	30 Sept 2021	30 Sept 2020
	RM'000	RM'000	RM'000	RM'000
1 Revenue	26,991	31,553	87,234	86,362
2 Profit before taxation	1,072	10,233	13,784	23,059
3 Profit for the period	753	9,585	13,288	20,101
4 Profit attributable to owners of the Company	1,404	9,694	14,289	20,424
5 Basic earnings per share (sen)	0.25	1.74	2.56	3.66
6 Diluted earnings per share (sen)	0.25	1.74	2.54	3.66
7 Proposed/Declared dividend per share (sen)	-	-	3.00	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 30 SEPTEMBER 2021**

	Note	Quarter Ended			Year-To-Date Ended		
		30 Sept 2021	30 Sept 2020	Changes	30 Sept 2021	30 Sept 2020	Changes
		RM'000 (UNAUDITED)	RM'000 (UNAUDITED)	%	RM'000 (UNAUDITED)	RM'000 (UNAUDITED)	%
Revenue		26,991	31,553	-14%	87,234	86,362	1%
Cost of sales		(11,231)	(11,615)	-3%	(33,604)	(33,683)	0%
Gross profit		15,760	19,938	-21%	53,630	52,679	2%
Other operating income		482	1,874	-74%	1,475	3,440	-57%
Administrative expenses		(13,956)	(11,312)	23%	(37,853)	(31,779)	19%
Finance costs		(74)	(140)	-47%	(266)	(589)	-55%
Share of results of an associate		(1,140)	(127)	798%	(3,202)	(692)	363%
Profit before taxation		1,072	10,233	-90%	13,784	23,059	-40%
Taxation	B6	(319)	(648)	-51%	(496)	(2,958)	-83%
Profit for the period		753	9,585	-92%	13,288	20,101	-34%
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
- Exchange differences arising from translation of foreign operations		574	(2,624)		3,111	906	
Total comprehensive income for the period		1,327	6,961		16,399	21,007	
Profit for the period attributable to:							
- Owners of the Company		1,404	9,694		14,289	20,424	
- Non-controlling interests		(613)	(109)		(1,001)	(323)	
		791	9,585		13,288	20,101	
Total comprehensive income for the period:							
- Owners of the Company		1,978	7,070		17,400	21,330	
- Non-controlling interests		(613)	(109)		(1,001)	(323)	
		1,365	6,961		16,399	21,007	
Earnings per share ("EPS") attributable to owners of the Company:							
- Basic EPS (sen)	B12	0.25	1.74		2.56	3.66	
- Diluted EPS (sen)	B12	0.25	1.74		2.54	3.66	

*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 2020 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 30 SEPTEMBER 2021**

	As at 30 Sept 2021 RM'000 (UNAUDITED)	As at 31 Dec 2020 RM'000 (AUDITED)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	31,310	29,735
Investment properties	9,553	9,729
Right-of-use assets	2,077	2,902
Intangible assets	79,794	77,628
Investment in associates	6,227	9,429
	<u>128,961</u>	<u>129,423</u>
<b>Current assets</b>		
Trade receivables	19,559	22,305
Other receivables	5,324	4,171
Amount owing by related companies	364	343
Tax recoverable	11,584	7,399
Marketable securities	60,325	58,426
Financial assets at fair value through profit or loss	155	127
Deposits with licensed bank	361	358
Cash and bank balances	67,798	74,861
	<u>165,470</u>	<u>167,990</u>
<b>TOTAL ASSETS</b>	<u>294,431</u>	<u>297,413</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Total equity</b>		
Share capital	260,987	260,987
Treasury shares	(37,237)	(37,237)
Exchange reserve	(5,939)	(9,050)
LTIP reserve	1,900	-
Retained profits	46,167	48,624
<b>Equity attributable to owners of the Company</b>	<u>265,878</u>	<u>263,324</u>
Non-controlling interests	(1,640)	(639)
	<u>264,238</u>	<u>262,685</u>

**N2N CONNECT BERHAD 200001020530 (523137-K)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION****AS AT 30 SEPTEMBER 2021**

		As at 30 Sept 2021 RM'000 (UNAUDITED)	As at 31 Dec 2020 RM'000 (AUDITED)
	Note		
<b>Non-current liabilities</b>			
Bank borrowings	B8	-	2,232
Lease liabilities		1,017	1,892
Provision for retirement benefits	A14	2,907	2,312
Deferred tax liabilities		698	673
		<u>4,622</u>	<u>7,109</u>
<b>Current liabilities</b>			
Trade payables		4,544	4,275
Other payables	A12	12,668	12,294
Amount owing to related companies		445	131
Bank borrowings	B8	4,652	8,927
Lease liabilities		1,266	1,249
Provision for taxation		1,996	743
		<u>25,571</u>	<u>27,619</u>
<b>Total liabilities</b>		<u>30,193</u>	<u>34,728</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>294,431</u>	<u>297,413</u>
<b>Net assets per share attributable to owners of the Company (sen) *</b>		<u>48</u>	<u>47</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 2020 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 CHANGES IN EQUITY  
FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2021**

Note	Attributable to owners of the Company						Non-Controlling Interests RM'000	Total Equity RM'000	
	Share Capital RM'000	Non-distributable			Distributable				Total RM'000
		Treasury Shares RM'000	Exchange Reserve RM'000	LTIP Reserve RM'000	Retained Profits RM'000				
<b>At 1 January 2021</b>	260,987	(37,237)	(9,050)	-	48,624	263,324	(639)	262,685	
Profit for the period	-	-	-	-	14,289	14,289	(1,001)	13,288	
Other comprehensive income	-	-	3,111	-	-	3,111	-	3,111	
Total comprehensive income for the period	-	-	3,111	-	14,289	17,400	(1,001)	16,399	
Dividends paid (i)	-	-	-	-	(16,746)	(16,746)	-	(16,746)	
Long term incentive plan ("LTIP")	-	-	-	1,900	-	1,900	-	1,900	
<b>At 30 September 2021</b>	<b>260,987</b>	<b>(37,237)</b>	<b>(5,939)</b>	<b>1,900</b>	<b>46,167</b>	<b>265,878</b>	<b>(1,640)</b>	<b>264,238</b>	
<b>At 1 January 2020</b>	260,987	(37,198)	(8,025)	-	40,645	256,409	(508)	255,901	
Profit for the period	-	-	-	-	20,424	20,424	(323)	20,101	
Other comprehensive income	-	-	906	-	-	906	-	906	
Total comprehensive income for the period	-	-	906	-	20,424	21,330	(323)	21,007	
Dividends paid (ii)	-	-	-	-	(11,164)	(11,164)	-	(11,164)	
Partial disposal of equity interest in a subsidiary	-	-	-	-	-	-	885	885	
Shares repurchased during the year held as treasury shares	-	(39)	-	-	-	(39)	-	(39)	
<b>At 30 September 2020</b>	<b>260,987</b>	<b>(37,237)</b>	<b>(7,119)</b>	<b>-</b>	<b>49,905</b>	<b>266,536</b>	<b>54</b>	<b>266,590</b>	

**Notes:**

- (i) The Company paid First Interim Dividend of 1 sen per share (Single Tier Dividend) in respect of the financial year ending 31 December 2021 and Special Dividend of 2 sen per share (Single Tier Dividend) in respect of the financial year ended 31 December 2020, on 30 Jun 2021.
- (ii) The Company paid First Interim Dividend of 1 sen per share (Single Tier Dividend) in respect of the financial year ending 31 December 2020 and Special Dividend of 1 sen per share (Single Tier Dividend) in respect of the financial year ended 31 December 2019, on 14 May 2020.

*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 2020 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 CASH FLOWS  
FOR YEAR TO DATE ENDED 30 SEPTEMBER 2021**

	Year-To-Date Ended	
	30 Sept 2021	30 Sept 2020
	RM'000	RM'000
	(UNAUDITED)	(UNAUDITED)
<b>Cash flows from operating activities</b>		
Profit before taxation	13,784	23,059
Adjustments for:		
Amortisation of intangible assets	5,001	4,493
Bad debts written off	63	9
Depreciation of property, plant and equipment	3,387	3,410
Depreciation of investment properties	176	176
Depreciation of right-of-use assets	722	903
Fair value change on financial assets at fair value through profit or loss	(28)	11
Loss on disposal of property, plant and equipment	-	1
Provision for doubtful debts	(115)	419
Provision for long service payments	285	273
Share of results of an associate	3,202	692
Long term incentive plan expenses	1,900	-
Unrealised foreign exchange (gain)/loss	(75)	297
Finance cost	266	589
Finance income	(158)	(212)
Dividend income	(890)	(1,587)
Operating profit before working capital changes	27,520	32,533
Changes in working capital		
Trade receivables	2,833	(6,378)
Other receivables	(1,153)	(863)
Trade payables	391	174
Other payables	610	719
Amount owing by/to related companies	293	(32)
Amount owing by/to an associate	-	(1,111)
Cash generated from operations	30,494	25,042
Dividend received	890	1,587
Interest paid	(266)	(589)
Interest received	158	212
Net tax paid	(2,636)	(4,609)
<b>Net cash generated from operating activities</b>	<b>28,640</b>	<b>21,643</b>

**N2N CONNECT BERHAD 200001020530 (523137-K)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR YEAR TO DATE ENDED 30 SEPTEMBER 2021**

	Year-To-Date Ended	
	30 Sept 2021	30 Sept 2020
	RM'000	RM'000
	(UNAUDITED)	(UNAUDITED)
<b>Cash flows from investing activities</b>		
Computer software development cost	(5,091)	(4,341)
Purchase of property, plant and equipment	(4,795)	(1,871)
Proceed from partial disposal of equity interest in a subsidiary	-	885
Net changes in marketable securities	(1,899)	11,442
<b>Net cash (used in)/generated from investing activities</b>	<b>(11,785)</b>	<b>6,115</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(16,746)	(11,164)
Increase in fixed deposit pledged	(3)	(6)
Repayment of bank borrowings	(6,507)	(6,679)
Repayment of lease liabilities	(1,011)	(1,003)
Repurchase of treasury shares	-	(39)
<b>Net cash used in financing activities</b>	<b>(24,267)</b>	<b>(18,891)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(7,412)</b>	<b>8,867</b>
Effect of exchange rate changes	352	(89)
Cash and cash equivalents at beginning of the period	75,219	55,104
<b>Cash and cash equivalents at end of the period</b>	<b>68,159</b>	<b>63,882</b>
<b>Cash and cash equivalents at end of the period comprises:</b>		
Cash and bank balances	67,798	63,525
Deposit with a licensed bank	361	357
	68,159	63,882
Less: Fixed deposit pledged to a licensed bank	(361)	(357)
	67,798	63,525

*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 2020 and the accompanying explanatory notes attached to the interim financial statements.*



**N2N CONNECT BERHAD 200001020530 (523137-K)**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2021**

**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 2020.

**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 2020. 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") but are not yet effective and have not been adopted by the Group:

**Standards issued but not yet effective**

**Effective for annual periods beginning on or after 1 January 2022**

Amendments to MFRS 3, "Business Combinations" (Reference to the Conceptual Framework)

Amendments to MFRS 116, "Property, Plant and Equipment" (Proceeds before Intended Use)

Amendments to MFRS 137, "Provision, Contingent Liabilities and Contingent Assets" (Onerous Contracts - Cost of Fulfilling a Contract)

Amendments to MFRS 101, "First-time Adoption of Malaysian Financial Reporting Standards"

Amendments to MFRS 9, "Financial Instruments"

Amendments to Illustrative Examples accompanying MFRS 16, "Leases"

**Effective for annual periods beginning on or after 1 January 2023**

MFRS 17, "Insurance Contracts"

Amendments to MFRS 101, "Presentation of Financial Statements" (Classification of Liabilities as Current or Non-current)

**Effective date of these amendments to Standards has been deferred**

Amendments to MFRS 10 and 128: 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 2020.

**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.

**N2N CONNECT BERHAD 200001020530 (523137-K)**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2021**

**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**

There is no dividend paid during the current period under review.

**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.

	Malaysia RM'000	Hong Kong RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b>Financial period ended 30 September 2021</b>					
<u>Revenue</u>					
Sales to external customers	41,776	36,560	8,898	-	87,234
Inter-segment sales	-	-	553	(553)	-
<b>Total</b>	<b>41,776</b>	<b>36,560</b>	<b>9,451</b>	<b>(553)</b>	<b>87,234</b>
<u>Results</u>					
EBITDA *	20,639	4,359	5,723	(5,101)	25,620
Dividend income	16,939	-	-	(16,049)	890
Finance income	119	-	39	-	158
Finance costs	(212)	(54)	-	-	(266)
Depreciation of property, plant and equipment	(1,824)	(1,182)	(381)	-	(3,387)
Depreciation of investment properties	(176)	-	-	-	(176)
Depreciation of right-of-use assets	-	(677)	(45)	-	(722)
Amortisation of intangible assets	(4,880)	(79)	(42)	-	(5,001)
Unrealised foreign exchange gain/(loss)	53	-	84	(62)	75
Share of results of associate	-	-	(3,202)	-	(3,202)
Provision for doubtful debts	(10)	125	-	-	115
Bad debt written off	(21)	(42)	-	-	(63)
Other non-cash items	28	(285)	-	-	(257)
Taxation	(245)	(503)	252	-	(496)
<b>Segment profit for the period</b>	<b>30,410</b>	<b>1,662</b>	<b>2,428</b>	<b>(21,212)</b>	<b>13,288</b>

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

**N2N CONNECT BERHAD 200001020530 (523137-K)**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2021**

**A9 SEGMENT INFORMATION (CON'T)**

	Malaysia RM'000	Hong Kong RM'000	Others RM'000	Eliminations RM'000	Total RM'000
<b>Financial period ended</b>					
<b>30 September 2020</b>					
<b>Revenue</b>					
Sales to external customers	36,252	41,848	8,262	-	86,362
Inter-segment sales	-	-	559	(559)	-
Total	<u>36,252</u>	<u>41,848</u>	<u>8,821</u>	<u>(559)</u>	<u>86,362</u>
<b>Results</b>					
EBITDA *	19,195	8,963	5,067	(692)	32,533
Dividend income	1,587	-	-	-	1,587
Finance income	200	-	12	-	212
Finance costs	(506)	(74)	(9)	-	(589)
Depreciation of property, plant and equipment	(1,811)	(1,473)	(126)	-	(3,410)
Depreciation of investment properties	(176)	-	-	-	(176)
Depreciation of right of use	-	(783)	(120)	-	(903)
Amortisation of intangible assets	(4,412)	(81)	-	-	(4,493)
Unrealised foreign exchange gain/(loss)	(324)	-	40	(13)	(297)
Share of results of associate	(692)	-	-	-	(692)
Provision for doubtful debts	(421)	2	-	-	(419)
Bad debt written off	-	(9)	-	-	(9)
Other non-cash items	(12)	(273)	-	-	(285)
Taxation	(1,513)	(1,178)	(267)	-	(2,958)
Segment profit for the period	<u>11,115</u>	<u>5,094</u>	<u>4,597</u>	<u>(705)</u>	<u>20,101</u>

\* 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.

**N2N CONNECT BERHAD 200001020530 (523137-K)**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2021**

**A11 OTHER RECEIVABLES**

	<b>As At 30 Sept 2021 RM'000</b>	<b>As At 31 Dec 2020 RM'000</b>
Prepayments	3,614	2,255
Deposits paid	1,646	1,722
Other receivables	64	194
	<b>5,324</b>	<b>4,171</b>

**A12 OTHER PAYABLES**

	<b>As At 30 Sept 2021 RM'000</b>	<b>As At 31 Dec 2020 RM'000</b>
Accruals	4,235	3,896
Deposit received	3,296	3,378
Other payables	5,137	5,020
	<b>12,668</b>	<b>12,294</b>

**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:

	<b>As At 30 Sept 2021 Level 1 Fair Value RM'000</b>	<b>As At 31 Dec 2020 Level 1 Fair Value RM'000</b>
Financial assets at fair value through profit or loss	155	127

**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 and Labour Protection Act of Thailand. 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.

**N2N CONNECT BERHAD 200001020530 (523137-K)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2021**

**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**

There were no other changes in the composition of the Group for the current period under review.

**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 25 November 2021 (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.

**N2N CONNECT BERHAD 200001020530 (523137-K)**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2021**

**B ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1 REVIEW OF PERFORMANCE**

(a) Performance of current quarter against the preceding year's corresponding quarter

	Quarter Ended	
	30 Sept 2021 RM'000	30 Sept 2020 RM'000
Revenue	26,991	31,553
Profit after taxation	753	9,585
Core profit *	2,955	8,412

\* Core profit represents the profits of N2N excluding unrealised gains/losses on foreign exchange and one-off taxes & penalties and non-recurring gains or losses (which are not expected to recur).

The Group recorded a revenue of RM26.99 million for the quarter ended 30 September 2021 in comparison to RM31.55 million in the preceding year's corresponding quarter. The lower revenue by 14.45% was mainly due to decrease in transaction based revenue and subscription revenue softened by increase in monthly fixed fees & one time implementation revenue.

The profit after taxation for the current quarter totalling to RM0.75 million was 92.18% lower than the profit after taxation of RM9.59 million recorded in the preceding year's corresponding quarter. This was mainly due to the combination of lower gross profit margins, higher operating expenses partly of which are one off expenses, lower operating income and higher share of associate's losses softened by lower taxation.

Core profits of the Group recorded RM2.96 million in the current quarter compared to RM8.41 million in preceding year's corresponding quarter. The decrease by 64.80% was due to the combination of lower gross profit margins and higher share of associate's losses softened by lower taxation.

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

	Year-To-Date Ended	
	30 Sept 2021 RM'000	30 Sept 2020 RM'000
Revenue	87,234	86,362
Profit for the period	13,288	20,101
Core profit *	15,322	18,001

\* Core profit represents the profits of N2N excluding unrealised gains/losses on foreign exchange and one-off taxes & penalties and non-recurring gains or losses (which are not expected to recur).

The Group recorded a revenue of RM87.23 million for the period ended 30 September 2021 in comparison to revenue of RM86.36 million in the preceding year's corresponding period. The higher revenue of 1.01% was due mainly to the increase of transaction based revenue offset by the decrease in subscription revenue.

The profit after taxation for the current period totalling to RM13.29 million was 33.88% lower than the profit after taxation of RM20.10 million recorded in the corresponding period. The lower profit after taxation was due to the combination of higher operating expenses partly of which are one off expenses, lower operating income, higher share of associate's losses softened by higher revenue and lower taxation.

Core profits of the Group recorded RM15.32 million in the current period compared to RM18.00 million in corresponding period. The decrease of 14.89% was due to the combination of higher operating expenses and higher share of associate's losses softened by higher revenue and lower taxation.

**N2N CONNECT BERHAD 200001020530 (523137-K)**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2021**

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

	Quarter Ended	
	30 Sept 2021 RM'000	30 Jun 2021 RM'000
Revenue	26,991	29,809
Profit after taxation	753	4,985
Core profit *	2,955	5,196

\* Core profit represents the profits of N2N excluding unrealised gains/losses on foreign exchange and one-off taxes & penalties and non-recurring gains or losses (which are not expected to recur).

The Group recorded a lower revenue of RM26.99 million compared to RM29.81 million in the immediate preceding quarter. The lower revenue of 9.46% was due to decrease in transaction based revenue and one time implementation revenue.

The Group recorded a lower profit after taxation for the current quarter in comparison to the immediate preceding quarter by RM4.23 million. This was due mainly to the combination of lower gross profit margins, higher one off operating expenses and higher taxation.

The Group recorded a lower core profit for the current quarter in comparison to the immediate preceding quarter by RM2.24 million. This decrease was due mainly to lower gross profit margins.

**B3 PROSPECTS**

The World Bank had again in October 2021 revised Malaysia's Gross Domestic Product ("GDP") growth projection to 3.3% from their earlier projection of 4.5% in June 2021. Bank Negara Malaysia, on the other hand, revised Malaysia's GDP projection to between 3.0% and 4.0% in 2021 from its earlier projection of between 6.0% and 7.5%, due to impact of the containment measures imposed by the Malaysian government.

The ongoing developments surrounding the COVID-19 pandemic, the low interest rate environment and the developments in the global economy and markets will continue to influence the volatility in the trading volume on Bursa Malaysia, which in turn will influence the transaction based revenue of the Group.

Taking into consideration that the Malaysian economy is on a recovery path supported by the gradual reopening of more economic sectors in the fourth quarter of 2021, and barring any unforeseen circumstances, the Group expects its business to remain resilient.

**B4 VARIATION OF ACTUAL PROFIT FROM FORECAST PROFIT**

Not applicable as no profit forecast was published.

**N2N CONNECT BERHAD 200001020530 (523137-K)**

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2021****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	
	30 Sept 2021 RM'000	30 Sept 2020 RM'000	30 Sept 2021 RM'000	30 Sept 2020 RM'000
(a) Interest income	(42)	(61)	(158)	(212)
(b) Dividend Income	(274)	(372)	(890)	(1,587)
(c) Interest expense	74	140	266	589
(d) Depreciation and amortisation	3,160	2,988	9,286	8,982
(e) Net foreign exchange loss	22	(111)	207	486
(f) Fair value change on financial assets at fair value through profit or loss	(18)	4	(28)	11

**B6 TAXATION**

	Quarter Ended		Year-To-Date Ended	
	30 Sept 2021 RM'000	30 Sept 2020 RM'000	30 Sept 2021 RM'000	30 Sept 2020 RM'000
Current tax:				
- Current year provision	(322)	(671)	(845)	(2,981)
- Over provision in prior year	3	23	349	23
	<u>(319)</u>	<u>(648)</u>	<u>(496)</u>	<u>(2,958)</u>

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 subsidiary companies have been granted tax exemption for Multimedia Super Corridor ("MSC") qualifying activities under pioneer status pursuant to the Promotion of Investments Act, 1986 in Malaysia.

**B7 MARKETABLE SECURITIES**

	As At 30 Sept 2021 RM'000	As At 31 Dec 2020 RM'000
Quoted unit trusts in Malaysia*	60,325	58,426

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



**N2N CONNECT BERHAD 200001020530 (523137-K)**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2021**

**B8 GROUP'S BORROWINGS AND DEBT SECURITIES**

	<b>As At 30 Sept 2021 RM'000</b>	<b>As At 31 Dec 2020 RM'000</b>
<b>Secured</b>		
<b>Short-term borrowings</b>		
<i>United States Dollar</i>		
Term loan	4,652	8,927
<b>Long-term borrowings</b>		
<i>United States Dollar</i>		
Term loan	-	2,232
	<u>4,652</u>	<u>11,159</u>

**B9 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.

**B10 MATERIAL LITIGATION**

On 31st March 2021, N2N Connect Berhad and a few of its subsidiaries (collectively referred to as "Plaintiffs") filed a civil suit at the Kuala Lumpur High Court ("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") 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.

The aforementioned civil suit is referred to as "Litigation".

On 2nd April 2021, the Plaintiffs also obtained an Anton Piller Order ("Order") 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.

Subsequently on 24th September 2021, the High Court dismissed the Defendants' applications dated 20th April 2021 to set aside the Order.

Please refer to the announcement dated 4th October 2021.

The Board believes that the Litigation is not expected to have any financial and operational impact on the Group.

Save and except for the Litigation set out above, the Board of Directors does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiaries.

**B11 PROPOSED DIVIDENDS**

During the current period under review, the Company proposed and declared a Second Interim Dividend of 1 sen per share (Single Tier Dividend) for the financial year ending 31 December 2021. The dividend will be paid on 28 December 2021.

**N2N CONNECT BERHAD 200001020530 (523137-K)**  
(Incorporated in Malaysia)  
**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE QUARTER AND YEAR TO DATE ENDED 30 SEPTEMBER 2021**

**B12 EARNINGS PER SHARE ("EPS")**

	Quarter Ended		Year-To-Date Ended	
	30 Sept 2021	30 Sept 2020	30 Sept 2021	30 Sept 2020
<b>(a) Basic earnings per share</b>				
Profit attributable to owners of the Company (RM'000)	1,404	9,694	14,289	20,424
Weighted average number of ordinary shares in issue ('000)	558,204	558,204	558,204	558,230
Basic EPS (sen)	0.25	1.74	2.56	3.66
<b>(b) Diluted earnings per share</b>				
Profit attributable to owners of the Company (RM'000)	1,404	9,694	14,289	20,424
Weighted average number of ordinary shares in issue ('000)	558,204	558,204	558,204	558,230
Assumed exercise of Warrants at no consideration ('000)	-*	-*	-*	-*
Assumed exercise of LTIP at no consideration ('000)	4,999	-	4,999	-
Adjusted weighted average number of ordinary shares in issue and issueable ('000)	563,203	558,204	563,203	558,230
Diluted EPS (sen)	0.25	1.74	2.54	3.66

\* No warrants 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.

**B13 STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED AT THE LATEST PRACTICABLE DATE WHICH**

The Group had on 26 June 2020 announced the proposal in relation to the undertaking of the transfer of listing of and quotation for the entire issued share capital and the outstanding warrants 2019/2024 from ACE Market to the Main Market of Bursa Securities.

Please refer to our announcement dated 26 June 2020 for details.

**B14 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 25 November 2021.

By Order of the Board

Tiang Boon Hwa  
Managing Director

Date : 25 November 2021