



Nomad Technologies Holdings Limited

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 8645

Third Quarterly Report 2021/2022



2021/2022
Third Quarterly Report

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*This report, for which the directors (the “**Directors**”) of Nomad Technologies Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries (collectively referred to as the “**Group**”). The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dato' Eric Tan Chwee Kuang
Mr. Yu Decai (*Appointed on 21 July 2021*)
Mr. Saw Zhe Wei (*Resigned on 21 July 2021*)

Independent Non-executive Directors

Mr. Chen Youchun (*Appointed on 5 July 2021*)
Mr. Lim Peng Chuan Terence
Mr. Phua Cheng Sye Charles
Mr. Yau Yeung On (*Resigned on 5 July 2021*)

AUDIT COMMITTEE

Mr. Lim Peng Chuan Terence (*Chairman*)
Mr. Chen Youchun (*Appointed on 5 July 2021*)
Mr. Phua Cheng Sye Charles
Mr. Yau Yeung On (*Resigned on 5 July 2021*)

NOMINATION COMMITTEE

Mr. Phua Cheng Sye Charles (*Chairman*)
Mr. Lim Peng Chuan Terence
Dato' Eric Tan Chwee Kuang

REMUNERATION COMMITTEE

Mr. Chen Youchun (*Chairman*)
(*Appointed on 5 July 2021*)
Mr. Lim Peng Chuan Terence
Dato' Eric Tan Chwee Kuang
Mr. Yau Yeung On (*Chairman*)
(*Resigned on 5 July 2021*)

COMPANY SECRETARY

Ms. Wong Po Lam (CPA)

AUTHORISED REPRESENTATIVES

Ms. Wong Po Lam (CPA)
Dato' Eric Tan Chwee Kuang

COMPLIANCE OFFICER

Dato' Eric Tan Chwee Kuang

COMPLIANCE ADVISER

Pulsar Capital Limited
Unit 1504, 15/F
Shui On Centre
6-8 Harbour Road
Wanchai, Hong Kong

HONG KONG LEGAL ADVISER

TC & Co.
Units 2201-2203
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Wanchai, Hong Kong

AUDITOR

Mazars CPA Limited
Certified Public Accountants
42/F, Central Plaza
18 Harbour Road, Wanchai
Hong Kong

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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PO Box 1350, Grand Cayman KY1-1108
Cayman Islands

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit B, 13/F, Winsan Tower
98 Thomson Road, Wanchai
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN MALAYSIA

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Taman Muzaffar Heights
75450 Ayer Keroh
Melaka, Malaysia

PRINCIPAL BANKERS

Malayan Bank Berhad
14th Floor, Menara Maybank
100 Jalan Tun Perak, 50050
Kuala Lumpur, Malaysia

China Zheshang Bank Co., Ltd
Wuhan Branch
No. 296 Xinhua Road
Jiangnan District
Wuhan, the People's Republic of China

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350, Grand Cayman KY1-1108
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor
Services Limited
Shops 1712-1716
17/F, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong
(*Appointed on 28 July 2021*)

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong
(*Resigned on 28 July 2021*)

STOCK CODE

8645

WEBSITE OF THE COMPANY

www.nomad-holdings.com

FINANCIAL HIGHLIGHTS

- The Group's revenue for the nine months ended 31 March 2022 amounted to approximately RM40.5 million, representing an increase of approximately 36.5% as compared with that for the corresponding period in the previous year.
- Gross profit for the nine months ended 31 March 2022 increased by approximately 1.9% to approximately RM10.1 million.
- Loss per share of the Company for the nine months ended 31 March 2022 was approximately RM2.21 cents (Nine months ended 31 March 2021: earnings per share of approximately RM0.13 cents).
- The Directors do not recommend the payment of any dividend for the nine months ended 31 March 2022 (Nine months ended 31 March 2021: Nil).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Three months ended 31 March		Nine months ended 31 March	
		2022	2021	2022	2021
		RM'000 (Unaudited)	RM'000 (Unaudited)	RM'000 (Unaudited)	RM'000 (Unaudited)
Revenue	4	12,783	11,323	40,481	29,646
Cost of sales and services		(10,381)	(7,322)	(30,380)	(19,730)
Gross profit		2,402	4,001	10,101	9,916
Other income	5	48	90	94	509
Other gain and losses	6	122	291	353	(330)
Selling expenses		(10,348)	(240)	(10,855)	(692)
Administrative and other operating expenses		(6,106)	(2,408)	(13,175)	(7,334)
Finance costs		(56)	(28)	(109)	(99)
(Loss) profit before tax	7	(13,938)	1,706	(13,591)	1,970
Income tax credit (expenses)	8	681	(371)	39	(1,125)
(Loss) profit for the period		(13,257)	1,335	(13,552)	845
Other comprehensive income					
<i>Item that may be reclassified subsequently to profit or loss</i>					
Exchange difference arising on translation of foreign operations		9	-	9	-
Total comprehensive (expenses) income for the period		(13,248)	1,335	(13,543)	845
(Loss) profit for the period attributable to:					
Equity holders of the Company		(12,665)	1,322	(13,270)	761
Non-controlling interests		(592)	13	(282)	84
		(13,257)	1,335	(13,552)	845
Total comprehensive (expenses) income for the period attributable to:					
Equity holders of the Company		(12,656)	1,322	(13,261)	761
Non-controlling interests		(592)	13	(282)	84
		(13,248)	1,335	(13,543)	845
(Loss) earnings per share attributable to equity holders of the Company					
- Basic and diluted					
(RM cents)	10	(2.11)	0.22	(2.21)	0.13

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 March 2022

	Attributable to equity holders of the Company							
	Share capital RM'000	Reserves				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
		Share premium RM'000 <i>(Note a)</i>	Merger reserve RM'000 <i>(Note b)</i>	Exchange reserve RM'000	Accumulated profits RM'000			
At 1 July 2020 (audited)	3,191	46,570	(16,314)	-	21,062	54,509	(58)	54,451
Profit and total comprehensive income for the period	-	-	-	-	761	761	84	845
At 31 March 2021 (unaudited)	3,191	46,570	(16,314)	-	21,823	55,270	26	55,296
At 1 July 2021 (audited)	3,191	46,570	(16,314)	-	18,460	51,907	220	52,127
Loss for the period	-	-	-	-	(13,270)	(13,270)	(282)	(13,552)
Other comprehensive income: <i>Item that may be reclassified subsequently to profit or loss</i>								
Exchange difference arising on translation of foreign operations	-	-	-	9	-	9	-	9
Total comprehensive income (expenses) for the period	-	-	-	9	(13,270)	(13,261)	(282)	(13,543)
At 31 March 2022 (unaudited)	3,191	46,570	(16,314)	9	5,190	38,646	(62)	38,584

* Represent amount less than RM1,000

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 31 March 2022

Notes:

- a. Share premium represents the excess of the net proceeds from issuance of the Company's shares over its par value. Under the law of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business.
- b. For the consolidated statement of financial position of the Group and the statement of financial position of the Company, merger reserve represents the aggregate amount of the issued and paid-up share capital of the entities now comprising the Group before completion of the corporate reorganisation of our Group conducted in preparation for the Listing details of which are set out in the section headed "History, Reorganisation and corporate structure" to the Prospectus of the Company dated 25 November 2019 (the "**Reorganisation**") and the Company, respectively, less consideration paid to acquire the relevant interests (if any) upon completion of the Reorganisation.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2022

1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 5 June 2018, and its shares were listed on GEM on 9 December 2019.

The Company is an investment holding company and the Group is principally engaged in rendering of: (i) network support services mainly encompassing network infrastructure design and hardware installation, network management and security services; (ii) network connectivity services that focus on providing intranet and internet connectivity solutions and value-added services; and (iii) electronic commerce (“**E-Commerce**”).

The addresses of the registered office and the principal place of business of the Company are disclosed in the section “Corporate Information” section of this report.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial statements of the Group for the nine months ended 31 March 2022 (the “**Consolidated Financial Statements**”) are prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”), which collective term includes all applicable individual IFRSs, International Accounting Standards (“**IASs**”) and Interpretations issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. The Consolidated Financial Statements also comply with the applicable disclosure requirement of the GEM Listing Rules.

The Consolidated Financial Statements are presented in Malaysian Ringgit (“**RM**”) because the Group’s transactions are mainly conducted in RM, which is the functional currency of the major subsidiaries of the Group. All amounts have been rounded to the nearest thousand (“**RM’000**”), unless otherwise indicated.

The preparation of the Consolidated Financial Statements requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, incomes and expenses on a year to date basis. Actual results may differ from these estimates.

The Consolidated Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial performance of the Group since 1 July 2021 and, therefore, do not include all of the information required for full set of financial statements prepared in accordance with the IFRSs. They shall be read in conjunction with the audited consolidated financial statements of the Group for the year ended 30 June 2021 included in the annual report of the Company dated 24 September 2021 (the “**Annual Report 2020/2021**”).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2022

2. BASIS OF PREPARATION (CONTINUED)

The Consolidated Financial Statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as appropriate. Except for changes in accounting policies resulting from adoption of new or revised IFRSs, the accounting policies and methods of computation applied in the preparation of the Consolidated Financial Statements are consistent with the Annual Report 2020/2021.

Adoption of new/revised IFRSs

In the current period, the Group has applied, for the first time, the following new/revised IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2020 for the preparation of the Consolidated Financial Statements.

Amendments to IASs 1 and 8	Definition of Material
Amendments to IAS 39, IFRSs 7 and 9	Interest Rate Benchmark Reform – Phase 1
Amendments to IFRS 3	Definition of Business
Amendments to IFRS 16	Covid-19-Related Rent Concessions Beyond 30 June 2021

The new/revised IFRSs does not have any material effect on the amounts reported and/or disclosures set out in the Consolidated Financial Statements.

The Group has not early adopted any new or revised IFRSs that has been issued but not yet effective in the current accounting period.

The Consolidated Financial Statements have not been audited by the Company's independent auditor but have been reviewed by the audit committee of the Company (the "**Audit Committee**") and were approved for issue by the Board.

3. SEGMENT INFORMATION

The Group determines its operating segments based on the internal management reports prepared in accordance with accounting policies conform to IFRSs that are regularly reviewed by the Executive Directors of the Company, being identified as the chief operating decision maker (“**CODM**”), for the purpose of resources allocation and assessment of segment performance based on products and services offered by the Group to the customers. The CODM considers that the operating segments of the Group comprise:

- (i) network support services and network connectivity services in Malaysia and the People’s Republic of China (the “**PRC**”); and
- (ii) E-Commerce in the PRC

No analysis of the Group’s assets and liabilities by operating segments is presented as it is not regularly provided to the CODM for review.

The following is an analysis of the Group’s revenue and results from operations by reportable and operating segments

	Nine months ended 31 March 2022		
	Network support services and network connectivity services RM’000 (Unaudited)	E-Commerce RM’000 (Unaudited)	Total RM’000 (Unaudited)
Primary geographical markets			
Malaysia	37,623	–	37,623
The PRC	880	1,978	2,858
Reportable segment revenue	38,503	1,978	40,481
Reportable segment loss	(2,305)	(9,657)	(11,962)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2022

3. SEGMENT INFORMATION (CONTINUED)

Nine months ended 31 March 2021

	Network support services and network connectivity services RM'000 (Unaudited)	E-Commerce RM'000 (Unaudited)	Total RM'000 (Unaudited)
Primary geographical markets			
Malaysia	29,646	-	29,646
The PRC	-	-	-
Reportable segment revenue	29,646	-	29,646
Reportable segment profit	3,930	-	3,930

The totals presented for the Group's operating segments reconciled to the Group's key financial figures as presented in the Consolidated Financial Statements is as follows:

	Nine months ended 31 March	
	2022 RM'000 (Unaudited)	2021 RM'000 (Unaudited)
Total results of reportable segment (loss)/profit	(11,962)	3,930
Unallocated income	177	-
Unallocated expenses	(1,806)	(1,960)
(Loss) profit before tax	(13,591)	1,970

Certain corporate expenses and income are not allocated to the reportable segments as they are not included in the measure of the results of reportable segments that is used by CODM for assessment of segment performance.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2022

4. REVENUE

	Three months ended 31 March		Nine months ended 31 March	
	2022 RM'000 (Unaudited)	2021 RM'000 (Unaudited)	2022 RM'000 (Unaudited)	2021 RM'000 (Unaudited)
Revenue from contracts with customers within IFRS 15				
Sales in E-Commerce	112	–	112	–
Sales of hardware	2,177	2,732	12,512	4,310
Subscription fee	1,866	–	1,866	–
Rendering of services				
– On-site installation of hardware	225	524	1,038	1,007
– Network management and security services	142	689	1,809	2,000
– Network connectivity services	7,149	5,898	19,799	17,818
	11,671	9,843	37,136	25,135
Revenue from other sources				
Revenue from lease of hardware under operating lease with fixed lease payments	1,112	1,480	3,345	4,511
	12,783	11,323	40,481	29,646
Timing of revenue recognition under IFRS 15				
At a point in time	2,289	2,732	12,624	4,310
Over time	9,382	7,111	24,512	20,825
	11,671	9,843	37,136	25,135

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2022

5. OTHER INCOME

	Three months ended 31 March		Nine months ended 31 March	
	2022 RM'000 (Unaudited)	2021 RM'000 (Unaudited)	2022 RM'000 (Unaudited)	2021 RM'000 (Unaudited)
Interest income from bank deposits	25	89	53	276
Government subsidies (Note)	13	3	27	82
Others	10	(2)	14	151
	48	90	94	509

Note: In the opinion of the management of the Group, there was no unfulfilled condition or contingency relating to the government subsidies.

6. OTHER GAIN AND LOSSES

	Three months ended 31 March		Nine months ended 31 March	
	2022 RM'000 (Unaudited)	2021 RM'000 (Unaudited)	2022 RM'000 (Unaudited)	2021 RM'000 (Unaudited)
Compensation from a supplier	75	-	75	-
Gain on disposal of property, plant and equipment	-	-	232	2
Reversal of impairment loss on trade receivables, net	52	-	173	136
Foreign exchange (loss)/gain, net	(5)	291	(127)	(468)
	122	291	353	(330)

7. (LOSS) PROFIT BEFORE TAX

This is stated after changing:

	Three months ended 31 March		Nine months ended 31 March	
	2022 RM'000 (Unaudited)	2021 RM'000 (Unaudited)	2022 RM'000 (Unaudited)	2021 RM'000 (Unaudited)
Finance costs				
Interest expenses on interest-bearing borrowings and bank overdrafts	37	16	70	55
Interest expenses on lease liabilities	19	12	39	44
	56	28	109	99
Staff costs (including directors' emoluments)				
Salaries, discretionary bonus, allowances and other benefits in kind	2,563	1,111	5,511	3,249
Contributions to defined contribution plans	280	127	679	370
	2,843	1,236	6,190	3,617
Other items				
Amortisation of contract costs	182	240	689	692
Cost of inventories	3,676	2,165	12,081	3,669
Depreciation of property, plant and equipment	2,932	1,889	7,167	5,697
Research and development costs (Note)	738	-	738	-

Note: Research and development costs recognised as expenses included amounts relating to staff costs and depreciation of property, plant and equipment, which are also included in the respective expenses disclosed separately above.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2022

8. INCOME TAX (CREDIT) EXPENSES

	Three months ended 31 March		Nine months ended 31 March	
	2022 RM'000 (Unaudited)	2021 RM'000 (Unaudited)	2022 RM'000 (Unaudited)	2021 RM'000 (Unaudited)
Current tax				
<i>Malaysia corporate income tax ("CIT"):</i>				
Current period	(743)	417	657	691
<i>PRC enterprise income tax ("EIT"):</i>				
Current period	4	–	4	–
	(739)	417	661	691
Deferred tax				
Changes in temporary differences	58	(46)	(700)	434
Total income tax (credit) expenses for the period	(681)	371	(39)	1,125

Income tax expenses represent CIT and EIT paid or payable at the applicable tax rates in accordance with the relevant laws and regulations in Malaysia and the PRC, respectively, set off by or included the deferred taxation due to the temporary differences arising from the accelerated accounting depreciation, provision for contract costs and contract liabilities.

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdiction in which members of the Group domicile or operate.

The Group entities established in the Cayman Islands and the BVI are exempted from income tax.



8. INCOME TAX (CREDIT) EXPENSES (CONTINUED)

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in or derived from Hong Kong.

Malaysia CIT is calculated at the rate of 24% (Nine months ended 31 March 2021: 24%) of the Group's estimated assessable profits arising from Malaysia during the nine months ended 31 March 2022.

The Group's subsidiaries established in the PRC are subject to EIT at a tax rate of 25% of the estimated assessable profits for the nine months ended 31 March 2022 based on the existing legislation, interpretation and practices in respect thereof.

9. DIVIDENDS

The Director did not recommend a payment of dividend for the nine months ended 31 March 2022 (Nine months ended 31 March 2021: Nil).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2022

10. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss) earnings per share attributable to equity holders of the Company is based on the following information:

	Three months ended 31 March		Nine months ended 31 March	
	2022 RM'000 (Unaudited)	2021 RM'000 (Unaudited)	2022 RM'000 (Unaudited)	2021 RM'000 (Unaudited)
(Loss) profit for the period attributable to equity holders of the Company, used in basic and diluted (loss) earnings per share calculation	(12,665)	1,322	(13,270)	761
	Number of shares		Number of shares	
	2022	2021	2022	2021
Weighted average number of ordinary shares for basic and diluted (loss) earnings per share calculation	600,000,000	600,000,000	600,000,000	600,000,000

Diluted (loss) earnings per share is the same as basic (loss) earnings per share as there are no dilutive potential ordinary shares in existence during the nine months ended 31 March 2022 and 2021.

11. SIGNIFICANT TRANSACTION

Acquisition of a subsidiary

On 26 July 2021, Goodway Max Limited, a wholly-owned subsidiary of the Company, acquired from an independent third party the entire equity interests in China Mebugs Technology Holding Limited (“**China Mebugs**”) at a consideration of HK\$8,000 (the “**Acquisition**”) which was funded by internal resources of the Group. China Mebugs became a wholly-owned subsidiary of the Group and its financial results had been consolidated into the Consolidated Financial Statements. For further details of the Acquisition, please refer to the announcement of the Company dated 26 July 2021.

BUSINESS REVIEW

The Company is an investment holding company and the Group is principally engaged in rendering of (i) network support services which, mainly encompass network infrastructure design and hardware installation, network management and security services; (ii) network connectivity services that focus on providing intranet and internet connectivity solutions and value-added services; and (iii) E-Commerce.

The shares of the Company (the “**Shares**”) were successfully listed on the GEM of the Hong Kong Stock Exchange on 9 December 2019 (the “**Listing**”). The Listing is an important milestone for the Group as it has enhanced our capital strength and resources for future development and helps us to achieve the Group’s long term objective of strengthening our position as one of the major players in the information and communication technology industry in Malaysia.

COVID-19 THE REALITY OF “THE NEW NORM”

On 11 March 2020, the World Health Organization declared the COVID-19 outbreak as a pandemic. The emergence of the COVID-19 pandemic has become one of the biggest disruptors in the global economy, creating uncertainty and placing global economic and social resilience to the test. The COVID-19 pandemic has resulted in, among other things, ongoing travel and transportation restrictions, prolonged closures of workplaces, businesses and schools, lockdowns in certain countries and increased volatility in international capital markets

A prolonged COVID-19 pandemic is likely to affect our results of operations in the mid to long-term. To control the spread of the COVID-19, the Malaysia Government has implemented and continues to implement countermeasures such as lockdowns, quarantines, travel restrictions and business shutdowns, resulting in occasional significant slow-downs of business activities and operations. The negative impact of the deteriorating COVID-19 pandemic on local economies and financial markets, coupled with political uncertainty in Malaysia, has led to a material adverse impact on economic activity in general and on consumer confidence and levels of household income in Malaysia.

The challenges are expected to persist in the near term due to the cascading effect of the COVID-19 pandemic on the wider economy. Nevertheless, it is hopeful that recovery will be forthcoming due to the uptick in vaccination rates and reopening of affected economic sectors, particularly for small and medium enterprises (“**SME**”). Notwithstanding, the Group will continue to monitor conditions to ensure the sustainability of its operational and business performance. The Group’s top priority is to maintain network availability and stability alongside continued vigilance on the health and safety of employees and stakeholders. In addition, the Group will also continue to provide high quality, meaningful solutions across all segments in tandem with strengthening the Group’s strategic position.

In addition, the Group is conscious of the importance of its network connectivity when movements are restricted and people are separated. COVID-19 presented a multitude of opportunities as it expedited the digitalisation agenda. The imposition of lockdowns, accompanied by the increased necessity for social distancing, work from home and online learning, resulted in a widespread adoption of digital communication platforms across all customer groups nationwide. This led to increased demand for Internet connectivity and higher bandwidth as businesses and customers transitioned to online and virtual channels to adapt to the new normal. Consumers and businesses, most notably SME, swiftly transitioned to online activities to supplement their conventional business models. This shift is expected to have a measure of permanence moving forward.

Nevertheless, the standard operating procedure (“SOP”) requirements such as social distancing, reduced manpower, regular disinfection and staggered working hours initially caused disruption to operational productivity. Notably, works related to installations, upgrading and assurance have been adversely impacted.

However, the Group has adapted to the new requirements quickly to ensure that disruptions and negative impact to overall productivity were kept to a minimum. As the Group works towards safeguarding the health and well-being of its people and customers, it will continue to strengthen and improve its network infrastructure to ensure its customers are kept connected at all times.

EXPLORATION OF MARKETS AND EXPANSION OF CURRENT BUSINESS

During the nine months ended 31 March 2022, the Group has been actively considering and exploring various opportunities to facilitate its business growth according to the market conditions with an aim to enhance the shareholders of the Company’s value. The Group intends to explore markets outside Malaysia has started and the exploration in Hong Kong and the PRC.

In July 2021, the Group acquired the entire equity interests in China Mebugs which together with its wholly-owned subsidiary, 米虫科技信息(深圳)有限公司 (Mebugs Technology Information (Shenzhen) Co., Limited*) (“**Mebugs (Shenzhen)**”), were incorporated in June 2021 with authorities to carry on the businesses of providing IT services, cloud security, cloud as a service, network security and internet security management. The Group believes that such acquisition will be able to broaden its source of income, facilitate its business growth according to the market conditions with an aim to enhance its financial performance and returns to the Shareholders in the long run. Further information about the Acquisition can be referred to the voluntary announcement of the Company dated 26 July 2021.

In September 2021, Mebugs (Shenzhen) and 杭州超級科技有限公司 (Hangzhou Super Technologies Co., Limited*) entered into a strategic cooperation agreement, for a term from 1 October 2021 to 31 December 2024, to establish a comprehensive and in-depth strategic partnership in the field of providing internet solutions and products based on cloud computing and blockchain technology for companies which have higher demand for servers and information security. It is expected that the cooperation will bring significant business opportunities to the Group's business expansion in the field on other information technology related businesses, including but not limited to internet security protection business and high defense server leasing business. Further information about the strategic cooperation agreement can be referred to the voluntary announcement of the Company dated 15 September 2021.

During the nine months ended 31 March 2022, revenue from network connectivity services of approximately RM0.9 million has been generated from the exploration of new market in the PRC.

E-COMMERCE BUSINESS – MICHONG MALL

In 2021, the Ministry of Commerce, the PRC launched a Business Development Plan for the 14th Five-Year Plan Period, which provides stronger policy support and encouragement for the future development of E-Commerce in the PRC, including but not limited to, (i) further clarify the new mission of E-Commerce in the development of national economy and society in the new era; (ii) establish a brand-new E-Commerce development principle and policy orientation; and (iii) plan a strategic framework for E-Commerce services.

To keep pace with the PRC's policy of development of E-Commerce and grasp the business opportunity arisen from the universal of E-Commerce, starting from 2022, the Group has kicked-off the development of the E-Commerce business in the PRC. The E-Commerce segment is mainly operated by China Mebugs and its subsidiaries in the PRC.

The MICHONG Mall which has been established by the Group through the Wechat platform in 2022, engages in online product sales, covering fresh vegetables and fruits, food and beverages, home appliances, beauty accessories and other products. The Group mainly cooperates with domestic E-Commerce product suppliers with long-term industry experience in E-Commerce in the PRC and acts as an agent in the sales.

The MICHONG Mall adopts a paid membership policy to expand the number of registered users of the Group's E-commerce business. Its members enjoy special discounts and promotion rebates upon their consumption in the MICHONG MALL. To expand the population of membership and to promote the MICHONG MALL, the Group offers referral fees for introduction of new members by the current members. Such referral fees have been recognized as marketing cost under selling expenses during the nine months ended 31 March 2022.

PROSPECT

The Group foresees that there will be challenges in the years ahead due to economic uncertainties that affect many markets at the moment. However, the Group believes that the global economy is recovering gradually as more and more countries gradually adopt to life with the COVID-19.

In April 2022, the Ministry of Health in Malaysia announced the easing of SOP in Malaysia starting 1 May 2022, which is an important road marker to resume economic activities in Malaysia. We will keep a close watch on the development of the situation, continue to refine our management system and make timely adjustments to our operations and sales strategies. In the coming years, the Group will align the go-to-market strategy in Malaysia. With the formation of the Right Team, the Team will close more deals which make it easier to find and attract target customers, better manage customer relationships, and improve sales team performance.

Moreover, the Group will allocate more resources in the markets in the PRC, explore various opportunities and expand its existing business in the PRC, including but not limited to the network connectivity services and E-Commerce.

FINANCIAL REVIEW

Revenue

The Group derives its revenue primarily from the provision of comprehensive and customised (i) network support services which generates revenue from sales of hardware, on-site installation of hardware, network management and security services, and lease of hardware (ii) network connectivity services and (iii) E-Commerce.

Our revenue increased by approximately RM10.8 million or 36.5% from approximately RM29.6 million for the nine months ended 31 March 2021 to approximately RM40.5 million for the nine months ended 31 March 2022. Such increase was mainly attributable to (i) increase in revenue from network support services of approximately 58.1%; (ii) increase in revenue from connectivity services of approximately 11.1%; and (iii) the newly introduction of E-Commerce during the period, which contributed approximately RM2.0 million or 4.9% of the total revenue for the nine months ended 31 March 2022.

The increase in revenue generated from the network support services was mainly attributable to the increase in revenue generated from the sales of hardware approximately RM8.2 million or 190.3% from approximately RM4.3 million for the nine months ended 31 March 2021 to approximately RM12.5 million for the nine months ended 31 March 2022.

The increase in revenue generated from the network connectivity services was mainly attributable to the subscription fees revenue received from (i) new contracts from our current customers and (ii) new contracts from new customers.

Cost of sales and services

Our cost of sales and services increased by approximately RM10.7 million or 54.0% from approximately RM19.7 million for the nine months ended 31 March 2021 to approximately RM30.4 million for the nine months ended 31 March 2022, which was mainly attributable to (i) the increase in the cost of telecommunication and network subscription by approximately RM2.3 million and (ii) increase in the cost of network equipment and hardware by approximately RM10.2 million, which are in line with the increase in revenue from the network connectivity services and sales of hardware.

Gross profit margin

Our gross profit margin decreased from approximately 33.4% for the nine months ended 31 March 2021 to approximately 25.0% for the nine months ended 31 March 2022, which was mainly due to the increase in the cost of network equipment and hardware.

Other income

Our other income mainly represented interest income from bank deposits, wage subsidy from the Federal Government of Malaysia under an economic stimulus package announced on 27 March 2020, refund receipts from the Human Resources Development Fund (“**HRDF**”) and vendor, and others.

Other income decreased by approximately RM0.4 million or 81.5% from approximately RM0.5 million for the nine months ended 31 March 2021 to approximately RM0.1 million for the nine months ended 31 March 2022. Such decrease was mainly attributable to (i) decrease in receipt of interest income from bank deposits of approximately RM0.2 million, (ii) decrease in receipt of wage subsidy from the Federal Government of Malaysia under an economic stimulus package announced on 27 March 2020 of approximately RM0.1 million and (iii) decrease in refund receipts from the HRDF and vendor of approximately RM0.1 million.

Other gain and losses

Our other gain, net was approximately RM0.4 million for the nine months ended 31 March 2022, as compared to other losses, net of approximately RM0.3 million for the nine months ended 31 March 2021. The increase of other net gain was mainly attributable to the combined effect of (i) receipt of compensation from a supplier of E-Commerce of approximately RM0.08 million; (ii) gain on disposal of property, plant and equipment of approximately RM0.2 million; and (iii) decrease in recognition of net foreign exchange loss of approximately RM0.3 million.

Selling expenses

Our selling expenses mainly represented (i) marketing fee incurred on E-Commerce; (ii) commission to our sales representatives for securing contracts with new and current customers; and (iii) other staff costs for the sales team of the Group.

Selling expenses increased by approximately RM10.2 million or 1469% from approximately RM0.7 million for the nine months ended 31 March 2021 to approximately RM10.9 million for the nine months ended 31 March 2022. Such increase was mainly attributable to the marketing fee incurred on E-Commerce, which was newly introduced to the Group in 2022.

Administrative and other operating expenses

Our administrative and other operating expenses increased by approximately RM5.9 million or 79.6% from approximately RM7.3 million for the nine months ended 31 March 2021 to approximately RM13.2 million for the nine months ended 31 March 2022. The increase was mainly due to (i) increase in staff cost for administrative and management personnel (including Directors) by approximately RM1.9 million from approximately RM2.2 million for the nine months ended 31 March 2021 to approximately RM4.1 million for the nine months ended 31 March 2022; (ii) increase in depreciation of property, plant and equipment by approximately RM1.8 million from approximately RM3.5 million for the nine months ended 31 March 2021 to approximately RM5.3 million for the nine months ended 31 March 2022; and (iii) increase in repairs and maintenance of property, plant and equipment by approximately RM1.2 million from approximately RM0.1 million for the nine months ended 31 March 2021 to approximately RM1.3 million for the nine months ended 31 March 2022.

Finance costs

Our finance costs mainly derived from the interest expenses on interest-bearing borrowings and bank overdrafts and interest expenses on lease liabilities. Such costs remain comparable at approximately RM109,000 for the nine months ended 31 March 2022 as compared to approximately RM99,000 for the nine months ended 31 March 2021.

Income tax (credit) expenses

Our income tax credit was approximately RM0.04 million for the nine months ended 31 March 2022, as compared to income tax expenses, net of approximately RM1.1 million for the nine months ended 31 March 2021. The decrease in income tax expenses was mainly attributable to the changes from deferred tax expenses of approximately RM0.4 million for the nine months ended 31 March 2021 to deferred tax credit of approximately RM0.7 million for the nine months ended 31 March 2022 in relation to the temporary differences arising from the accelerated accounting depreciation, provision for contract costs and contract liabilities.

(Loss) profit for the period

Our loss for the period was approximately RM13.6 million for the nine months ended 31 March 2022, as compared to profit of approximately RM0.8 million for the nine months ended 31 March 2021. The change from profit to loss for the period was mainly due to (i) decrease in gross profit; (ii) increase in selling expenses; and (iii) increase in administrative and other operating expenses as analysed above.

CAPITAL STRUCTURE

The Shares were listed on the GEM of the Hong Kong Stock Exchange on 9 December 2019. There has been no change in the capital structure of the Company since then. As at 31 March 2022, the capital structure of the Company comprised mainly of issued share capital and reserves.

OTHER INFORMATION

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 March 2022, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Hong Kong Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provision of the SFO), or as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

(i) *Long position in the ordinary shares of the Company*

Name of Director	Nature of interest and capacity	Number of shares held/ interested (Note 1)	Approximate percentage of shareholding
Mr. Yu (Note 2)	Interests in controlled corporations	416,250,000 (L)	69.38%

Notes:

1. The letter "L" demonstrates long position.
2. Mr. Yu beneficially owns the entire issued shares of Thrive Harvest and Worldtone Riches Investment Limited ("**Worldtone Riches**"). Thrive Harvest Limited ("**Thrive Harvest**") is a company incorporated in the British Virgin Islands (the "**BVI**"), which in turn holds 303,750,000 Shares or approximately 50.63% of the issued share capital of the Company; and Worldtone Riches is a company incorporated in the BVI, which in turn holds 112,500,000 Shares or approximately 18.75% of the issued share capital of the Company. Therefore, Mr. Yu is deemed, or taken to be, interested in all the Shares held by Thrive Harvest and Worldtone Riches for the purpose of the SFO.

(ii) Long position in the ordinary shares of associated corporations

Name of Director	Name of associated corporations	Capacity/Nature	Number of shares held	Approximate percentage of interest
Mr. Yu	Thrive Harvest	Beneficial owner	1 ordinary share	100%
	Worldtone Riches	Beneficial owner	100 ordinary shares	100%

Save as disclosed above, as at 31 March 2022, none of the Directors nor chief executive of the Company had registered an interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provision of the SFO), or as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the paragraph headed "Directors' and Chief Executive's Interests and/or Short Positions in Shares, Underlying Shares and Debentures" above and in the paragraph headed "Share Option Scheme" below, at no time during the nine months ended 31 March 2022 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Directors and the chief executive of the Company, as at 31 March 2022, the following persons (other than a Director or chief executive of the Company) had, or were deemed to have, interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required pursuant to section 336 of the SFO to be entered in the register were as follows:

Long Position in the ordinary shares of the Company

Name	Nature of interest and capacity	Number of Shares held/ interested (Note 1)	Approximate percentage of shareholding
Mr. Yu (Note 2)	Interest in a controlled corporation	416,250,000(L)	69.38%
Thrive Harvest (Note 2)	Beneficial owner	303,750,000(L)	50.63%
Worldtone Riches (Note 2)	Beneficial owner	112,500,000(L)	18.75%
Wuhan Jiayou (Note 3)	Interest in a controlled corporation	33,750,000(L)	5.625%
Shenzhen Huitong (Note 3)	Interest in a controlled corporation	33,750,000(L)	5.625%
Garden Wealth (Note 3)	Beneficial owner	33,750,000(L)	5.625%

Notes:

1. The letter "L" demonstrates long position.
2. Mr. Yu beneficially owns the entire issued shares of Thrive Harvest and Worldtone Riches. Therefore, Mr. Yu is deemed, or taken to be, interested in all the Shares held by Thrive Harvest and Worldtone Riches for the purpose of the SFO.
3. 100% equity interest of Garden Wealth Limited ("**Garden Wealth**") is owned by Shenzhen Huitong Yingfu No. 1 Equity Investment Fund Partnership (Limited Partnership)* ("**Shenzhen Huitong**") and 97% equity interest of Shenzhen Huitong is owned by Wuhan Jiayou Information Technology Co., Ltd.* ("**Wuhan Jiayou**"). Therefore, Wuhan Jiayou and Shenzhen Huitong are deemed, or taken to be, interested in the Shares held by Garden Wealth for the purpose of the SFO.

* for identification purpose only

Interest in other member of the Group

Name of member of the Group	Name of shareholder	Approximate percentage of shareholding
IP Core Network Sdn. Bhd. (108744-U)	Ms. Fathim Nur Zaida Binti Zainal Ariffin (Ms. Zainal Ariffin)	30%

Note:

Ms. Zainal Ariffin is one of the members of the Group's senior management.

Save as disclosed above, as at 31 March 2022, the Company had not been notified by any persons (other than Directors or chief executives of the Company) who had interests and/or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has a share option scheme (the "**Share Option Scheme**") which was conditionally approved and adopted by the shareholders of the Company on 11 November 2019. Details of the Share Option Scheme are set out in the paragraph headed "Share Option Scheme" in the "Report of the Directors" section of the Company's annual report 2019/2020 and Appendix IV to the prospectus of the Company dated 25 November 2019.

During the nine months ended 31 March 2022, no share option had been granted, exercised, lapsed or cancelled pursuant to the Share Option Scheme. There was no share option outstanding as at 31 March 2022.

OTHER INFORMATION

AUDIT COMMITTEE

As at 31 March 2022, the audit committee of the Company (the “**Audit Committee**”) has three members comprising three Independent Non-executive Directors, namely Mr. Lim Peng Chuan Terence (Chairman), Mr. Chen Youchun and Mr. Phua Cheng Sye Charles. None of them are members of the former or existing auditors of the Company. The Board considers that the members of the Audit Committee have extensive commercial experience in business, financial and legal matters. The primary duties of the Audit Committee include, among other matters, to review and monitor financial reporting and the judgment contained therein; to review financial, internal controls and risk management systems, accounting policies and practices with management and external Auditors; to make recommendation to the Board on the appointment, re-appointment and removal of the external Auditors and to approve the remuneration and terms of engagement of the external Auditors; and to review the Company’s compliance with the Corporate Governance Code (“**CG Code**”) contained in Appendix 15 to the GEM Listing Rules.

The Audit Committee has reviewed and discussed with the management the accounting principles and practices adopted by the Group and auditing, internal controls, risk management systems and financial reporting matters, and the Company’s policies and practices on corporate governance. The Audit Committee has also reviewed and discussed with the management the unaudited condensed consolidated financial results of the Group for the nine months ended 31 March 2022 and this report and is of the opinion that the preparation of such statements compiled with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES

Mr. Yau Yeung On resigned as an Independent Non-executive Director, a member of the Audit-Committee and the chairman of the remuneration committee of the Company (the “**Remuneration Committee**”) with effect from 5 July 2021. On 5 July 2021, Mr. Chen Youchun was appointed as an Independent Non-executive Director, a member of the Audit Committee and the chairman of the Remuneration Committee.

Mr. Saw Zhe Wei resigned as an Executive Director with effect from 21 July 2021. On 21 July 2021, Mr. Yu Decai was appointed as an Executive Director.

CORPORATE GOVERNANCE CODE

The Company’s corporate governance practices follow the principles and code provisions as set out in the Corporate Governance Code (the “**CG Code**”) in Appendix 15 of the GEM Listing Rules. The Company has adopted and complied with, where applicable, the CG Code during the nine months ended 31 March 2022 to ensure that the Group’s business activities and decision making processes are regulated in a proper and prudent manner, save for the deviation stipulated below.

According to the code provision C.2.1 of the CG Code, the role of chairman and chief executive officer should be separated and should not be performed by the same individual. Under the current management structure of the Company, Dato' Tan is the chairman of the Board (the “**Chairman**”) and chief executive officer of the Company (the “**Chief Executive Officer**”). As Dato' Tan has been leading the Group as the Chief Executive Officer and actively involved in the core business of the Group since 2007, and due to his familiarity with the operations of the Group, the Board believes that it is in the best interest of the Group to continue to have Dato' Tan acting as both the Chief Executive Officer and the Chairman for effective management and business planning of the Group. Further, the Company has put in place an appropriate check-and-balance mechanism through the Board and three Independent Non-executive Directors. The Company will consult the Board for any major decisions. Therefore, the Board considers that the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstances.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the required standards of dealings (the “**Required Standard of Dealings**”) set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the Required Standard of Dealings during the nine months ended 31 March 2022.

COMPETING INTERESTS

During the nine months ended 31 March 2022, so far as the Directors are aware, none of the Directors, controlling shareholders or substantial shareholders of the Company, neither themselves nor their respective close associates (as defined under the GEM Listing Rules) had held any position or had interest in any businesses or companies that were materially competing or might materially compete with the business of the Group, or gave rise to any concern regarding conflict of interest.

INTERESTS OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Group has appointed Pulsar Capital Limited (the “**Compliance Adviser**”) as our compliance advisor. As at 31 March 2022, except for the compliance adviser agreement entered into between the Company and the Compliance Adviser dated 22 November 2019, neither the Compliance Adviser nor any of its directors, employees or close associates (as defined under the GEM Listing Rules) had any interest in the securities of the Group (including options or rights to subscribe for such securities) which is required to be notified to the Company pursuant to Rules 6A.32 of the GEM Listing Rules.

OTHER INFORMATION

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the nine months ended 31 March 2022.

FORWARD LOOKING STATEMENTS

This report contains forward looking statements with respect to the financial conditions, results of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

APPRECIATION

The Group's continued success depends on all its staff's commitment, dedication and professionalism. The Board would like to thank every member of staff for their diligence and dedication and to express its sincere appreciation to our shareholders, clients and suppliers for their continuous and valuable support.

By Order of the Board
Nomad Technologies Holdings Limited
Dato' Eric Tan Chwee Kuang
Executive Director, Chairman and Chief Executive Officer

Malaysia, 13 May 2022

As at the date of this report, the Board comprises Dato' Eric Tan Chwee Kuang and Mr. Yu Decai as Executive Directors; and Mr. Chen Youchun, Mr. Lim Peng Chuan Terence and Mr. Phua Cheng Sye Charles as Independent Non-executive Directors.

Website: <http://www.nomad-holdings.com>