

nova pharma solutions
Designing for Healthier Future

NOVA PHARMA SOLUTIONS BERHAD

Registration No. 197701003731 (34608-K)
(Incorporated in Malaysia)

**ADDITIONAL INFORMATION ACCOMPANYING THE AUDITED FINANCIAL
STATEMENTS FOR THE FINANCIAL YEAR ENDED (“FYE”) 31 DECEMBER 2020**

(APPENDIX 6A, PART B OF THE LEAP MARKET LISTING REQUIREMENTS)

**CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD
 (“BURSA SECURITIES”)**

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY NOVA PHARMA SOLUTIONS BERHAD (“NPS” OR THE “COMPANY”). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

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1. ANALYSIS OF FINANCIAL PERFORMANCE

A. The revenue by its business activities are presented as follows:

	AUDITED FOR THE FYE	
	Group	
	31.12.2020	31.12.2019
	RM'000	RM'000
Design fee	599	2,460
Post design fee	558	739
Other Support ⁽¹⁾	2,104	2,443
EPCC ⁽²⁾	974	653
Total	4,235	6,295

Notes:

- (1) Other support mainly comprise of Good Manufacturing Practice documents review, maintenance and other related services.
- (2) EPCC comprise of works and services pertaining to engineering and/or procurement and/or construction and/or commissioning.

B. The revenue by its industry is presented as follows:

	AUDITED FOR THE FYE	
	Group	
	31.12.2020	31.12.2019
	RM'000	RM'000
Pharmaceutical	1,869	1,729
Biotechnology	2,052	3,913
EPCC ⁽¹⁾	314	653
Total	4,235	6,295

Note:

- (1) Mainly comprise of advanced technology facilities in various industries other than pharmaceutical and biotechnology.

C. The revenue by geographical location is presented as follows:

	AUDITED FOR THE FYE	
	Group	
	31.12.2020	31.12.2019
	RM'000	RM'000
Malaysia	2,587	2,565
Taiwan	1,461	2,918
Thailand	19	494
Vietnam	168	-
France	-	318
Total	4,235	6,295

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1. ANALYSIS OF FINANCIAL PERFORMANCE (Cont'd)

The Group's revenue was generated from design, post design, other support services from pharmaceutical and biotechnology project as well as projects for the advanced technology facilities in various industries.

During the financial year ended 31 December 2020 ("FY20"), the Group revenue has decreased by RM2.06 million or 32.72% compared to the previous financial year ended 31 December 2019 ("FY19"). This was mainly due to the sudden suspension of businesses arising from the unprecedented enforcement of the various movement control order ("MCO") by Malaysian Government to curb further spread of COVID-19 pandemic. However, the Group managed to pick up the paces on the delay scheduled progress works during the second half year ended 31 December 2020 largely due to the recovery MCO enforcement where the Government reopened the state border as well as all the business sectors.

The contribution of revenue from Taiwan in FY20 has decreased by RM1.46 million or 49.93% compared to FY19 mainly due to the closure of international border. This has directly attributed to the lower revenue contribution from biotechnology industry during the FY20 as most of the biotechnology projects are from Taiwan.

The higher revenue contributed by EPCC and other support was mainly due to the maintenance works and other related engineering services carried out by the Company's subsidiary, Nova HiTech Solutions Sdn Bhd ("NHS") for advanced technology facilities.

The Group's loss before tax for FY20 was RM0.72 million as compared to the profit before tax for FY19 of RM1.15 million was mainly due to:

- (1) lower revenue from overseas arising from the suspensions of businesses and imposition of travel restriction as well as border control during the various stages of MCO period imposed by Malaysia Government; and
- (2) higher operating cost incurred for the newly incorporated subsidiary, NHS.

2. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at the date of this financial report.

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3. PROSPECTS

Despite the positive Covid-19 vaccine news, the recovery path to pre-pandemic levels is expected to be bumpier than anticipated and the Board of Directors (“Board”) is of the view that year 2021 will continue to be a challenging year due to the current economic situation in Malaysia and globally.

The second MCO imposed by the Malaysia Government in January 2021, are expected to pose some ramifications to Malaysia's economic recovery trajectory in the year 2021. In an effort to boost the economy, the Malaysia Government has recently announced a RM20 billion Strategic Programme to Empower the People and Economy (Pemerksa).

The Board believes that the ongoing Covid-19 immunisation programme in Malaysia and globally will have positive impact to business sentiments and is expected to positively impact the economy, both Malaysia and Globally. Barring any unforeseen circumstances, the Board is cautiously optimistic that the Group is able to deliver and complete all unfulfilled order book in hand.

4. UTILISATION OF PROCEEDS

The status of utilisation of proceeds raised from the Excluded Issue of RM2.46 million pursuant to the listing in LEAP Market of Bursa Securities as at 31 December 2020 is as follows:

Purpose	Proposed Utilisation RM'000	Reallocation RM'000	Actual Utilisation RM'000	Estimated timeframe for utilisation upon listing
Future business expansion	500	(500) ⁽²⁾	-	Within 24 months
Working Capital	960	642 ^{(1) (2)}	(1,602)	Within 12 months
Estimated listing expenses	1,000	(142) ⁽¹⁾	(858)	Within 2 weeks
Total	2,460	-	(2,460)	

Notes:

- (1) The surplus of estimated listing expenses were adjusted to the amount allocated for working capital.
- (2) On 15 January 2020, the Company announced the decision to re-allocate the proceeds of RM500,000 previously earmarked for future business expansion to the working capital of the Group which was fully utilised in March 2020.

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