



CARZO HOLDINGS BERHAD

Registration No: 202001026908 (1383228-K)
(Incorporated in Malaysia under the Companies Act 2016)

**ADDITIONAL INFORMATION ACCOMPANYING THE AUDITED FINANCIAL
STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024**

**(APPENDIX 6A, PART B OF THE LEAP MARKET LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD)**

**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 CARZO HOLDINGS BERHAD (“CARZO” 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.

This Additional Information is dated 28 October 2024



PART A: ADDITIONAL INFORMATION REQUIRED UNDER PART B OF APPENDIX 6A OF THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

1. ANALYSIS OF FINANCIAL INFORMATION

(i) Revenue

The summary of the revenue of Carzo and its subsidiaries (collectively, the “**Group**”) based on its activities for the financial year ended (“**FYE**”) 30 June 2024 and financial period ended (“**FPE**”) 30 June 2023 is presented as follows:

(1) By business segment

	Audited			
	FYE 30.06.2024		FPE 30.06.2023	
	RM	%	RM	%
Distribution and retail	5,913,767	21.15	38,856,242	55.24
Retail chain stores	21,593,963	77.21	28,522,260	40.54
Convenience stores	-	0.00	49,730	0.07
E-commerce	-	0.00	204,778	0.29
Others ⁽¹⁾	26,422	0.09	421,262	0.60
Groceries ⁽²⁾	432,833	1.55	2,296,484	3.26
Total	27,966,985	100.00	70,350,756	100.00

Notes:

(1) *Comprising hotels and airline food providers.*

(2) *This being sales from grocery outlets (Jii-Mart).*



PART A: ADDITIONAL INFORMATION REQUIRED UNDER PART B OF APPENDIX 6A OF THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

1. ANALYSIS OF FINANCIAL INFORMATION (CONT'D)

(i) Revenue (Cont'd)

(2) By product group

	Audited			
	FYE 30.06.2024		FPE 30.06.2023	
	RM	%	RM	%
Fresh fruits	27,534,152	98.45	67,845,864	96.45
Fruit products ⁽¹⁾	-	0.00	197,882	0.28
Other food products ⁽²⁾	-	0.00	10,526	0.01
Groceries ⁽³⁾	432,833	1.55	2,296,484	3.26
Total	27,966,985	100.00	70,350,756	100.00

Notes:

- (1) *Comprising fruit juices, plant based drinks, pickled fruits, dried fruits, cut fruits, frozen fruits and ready-to-eat fruit products.*
- (2) *Comprising frozen meat and seafood, nuts, vegetables, ready-to-eat food (e.g. soup, canned food, pre-mix sauces and pastes) and convenience food (e.g. instant noodles and snacks).*
- (3) *Comprising groceries sold at the grocery outlets (Jii-Mart).*

The Group's revenue was mainly derived from the retail chain stores as well as distribution and retail segment during the FYE 30 June 2024.

The Group's revenue decreased by approximately RM42.38 million or 60.25% to RM27.97 million during the FYE 30 June 2024 (FPE 30 June 2023: RM70.35 million) mainly due to decreased in sales of fresh fruits to the Group's customers in distribution and retail segment as the retail chain store segment have better collections record compared to those from the distribution and retail segment. The sales decrease also due to the closure of all Jii-mart outlets in December 2023.

In line with decrease in revenue, the Group recorded a lower gross profit ("GP") of RM1.58 million for the FYE 30 June 2024, representing a decrease of RM4.65 million or 74.67% (FPE 30 June 2023: RM6.22 million). The decrease in GP was due to the lower margin in sales of fresh fruits to the Group's customers and clearance of old stocks at lower prices after the closure of all Jii-mart outlets.



PART A: ADDITIONAL INFORMATION REQUIRED UNDER PART B OF APPENDIX 6A OF THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

1. ANALYSIS OF FINANCIAL INFORMATION (CONT'D)

(ii) Loss before taxation (“LBT”)

The Group recorded a LBT of RM6.28 million for the FYE 30 June 2024 as compared to RM18.56 million in the FPE 30 June 2023, representing a decrease of RM12.27 million or 66.14%. The decrease in LBT was mainly due to:

- (a) absence of allowance for impairment losses of RM9.51 million and the reversal of impairment losses of RM0.09 million during the FYE 30 June 2024 which arising from better collections from customers;
- (b) lower administrative expenses incurred such as decrease in staff costs, depreciation of fixed assets and rights-of-use assets due to closure of all groceries outlets (Jii-Mart) during the financial year under review; and
- (c) decrease in realised loss on foreign exchange due to weakening in United States Dollars (“USD”).

2. PROSPECTS

Continuing geopolitical tensions amongst the global powers have significant adverse effects on global economic growth, trade flows, supply chain disruptions, inflation, interest rates and currency volatility. The geopolitical tensions have resulted significant increases in commodity prices such as crude oil, metals, food which is inclusive of fruits. The inflationary effects have adversely affected disposable incomes and consumer sentiment and spending, especially on discretionary goods and services of Malaysian. Hence, the weaker demand of the fruits which are not considered as staple food has adversely impacted the existing business sustainability of the Group.

Notwithstanding that the Government is anticipated to continue to implement the necessary measures to support the domestic economy, given the adverse global environment, high interest rates, inflation and rising prices, which affects consumers' purchasing power and lifestyle, the Group expects the prospects of its business for year 2025 to be challenging. In view of the losses incurred in the FYE 30 June 2024, the Group is undergoing the restructuring of its existing fresh fruits business to reduce the operational costs and expenses whereby the management of the Group is scaling down the distribution and retailing of a variety of fresh fruits.

Nonetheless, the Group is in the midst of weighing all possible options and will decide on the best course of action moving forward to address its capital deficiency position.



PART A: ADDITIONAL INFORMATION REQUIRED UNDER PART B OF APPENDIX 6A OF THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

3. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced / implemented by the Company during the current financial year under review.

4. DIVIDENDS

There was no dividend proposed, declared or paid by the Company since the end of the previous financial period. The Board of Directors does not recommend any dividend for the FYE 30 June 2024.

5. MATERIAL LITIGATION

Save as disclosed below, there are no other material litigation involving the Group as at the date of this report:

- (i) On 24 October 2023, a wholly-owned subsidiary of the Group, Carzo Sdn Bhd had filed a court case at the High Court of Malaya in Kuala Lumpur against 2 of its major customers namely, RTZ Fruits Distribution Sdn Bhd and EL Fruits Export Sdn Bhd. Both RTZ Fruits Distribution Sdn Bhd and EL Fruits Export Sdn Bhd have a long outstanding debts of RM5.48 million and RM2.22 million respectively. The total outstanding debts of RM7.70 million has been impaired during the FPE 30 June 2023. However, if the Group successfully recovered these outstanding debts, the impairment loss will be reversed once the amount is recovered.

There is a court judgement by the High Court of Malaya in Kuala Lumpur on 29 November 2023 in default against these customers. As at the date of this report, the Group has yet to execute the judgement to wind-up these customers as the Group is still trying to collect some payments from these customers.

- (ii) On 6 September 2024, a wholly-owned subsidiary of the Group, Carzo Import (M) Sdn Bhd had been served the Writ of Summons and Statement of Claim (“**WS&SC**”) filed by Dimuto Pte. Ltd. amounting to RM125,798.60. The Group is of the view that there is no material operational impact arising from the WS&SC to Carzo Holdings Berhad and its subsidiaries and the financial impact resulting from the WS&SC will be the expected losses arising from this litigation.

Further, on 2 October 2024 during the case management by e-review by the Session Court, the Session Court had issued directions to both Plaintiff and Defendant as follows:



PART A: ADDITIONAL INFORMATION REQUIRED UNDER PART B OF APPENDIX 6A OF THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

5. MATERIAL LITIGATION (CONT'D)

- (a) that the Defendant to file its Statement of Defence on and/or before 4 October 2024;
- (b) that the Plaintiff to file its Reply to the Statement of Defence on and/or 18 October 2024; and
- (c) that the next case management is fixed on 30 October 2024 for the parties to update the status on the filling of all the pleadings.

6. LOSS PER SHARE

	Audited	
	FYE	FPE
	30.06.2024	30.06.2023
	RM	RM
Loss attributable to the owners of the Company	<u>(6,547,185)</u>	<u>(18,890,894)</u>
Weighted average number of ordinary shares in issue	<u>95,412,700</u>	<u>91,618,958</u>
Basic loss per share (sen)	<u>(6.86)</u>	<u>(20.62)</u>