

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOVA MSC BERHAD

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Nova MSC Berhad, which comprise the statements of financial position as at 30 June 2025 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the period then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 52 to 129.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2025, and of their financial performance and their cash flows for the period then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Qualified Opinion

The consolidated financial statements include intangible assets (development expenditure) of RM9,547,941 allocated to a specific cash-generating unit (CGU) included in the total development expenditure capitalised of RM28,999,516 as stated in note 8 to the financial statements. Management assessed the carrying amount of this CGU for impairment using value-in-use (VIU) models based on forecast cash flows derived from projected contract revenues. We were unable to obtain sufficient appropriate audit evidence to support the reasonableness of the revenue growth assumptions used in these models. This limitation arose due to the absence of corroborative documentation, such as signed client contracts, binding sales orders, credible market studies, or other reliable evidence to substantiate the forecast revenues. Our audit procedures, including sensitivity analyses and reviews of historical performance, indicate that the revenue forecasts may overstate the recoverable amount of this CGU potentially requiring an impairment of the related development expenditure.

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Independent Auditors' Report To The Members Of Nova Msc Berhad (Continued)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above, we were unable to conclude whether or not the other information is materially misstated with respect to that matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for Qualified Opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Independent Auditors' Report

To The Members Of Nova Msc Berhad (Continued)

Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matters
Going Concern The group incurred a loss of RM12,072,832 for the period and has reported losses since 2020, indicating persistent financial difficulties. As at the reporting date, the group's equity is RM49,055,855 and operations were funded via new share issue. Management's assessment of going concern is based on cash flow forecasts for the next 12 months, assuming continued access to funding and achievement of revenue targets.	Our audit procedures included the following: • We reviewed management's going concern assessment, including cash flow forecasts and financing plans for the next 12 months, to evaluate the group's ability to meet its obligations as they fall due. • We performed sensitivity analyses on the cash flow forecasts, assessing key assumptions such as revenue growth, cost projections, and funding requirements, particularly in the context of the scaling phase where significant spending in research and product development are ongoing. • We examined the terms and conditions of the new share issue and inquired about additional funding plans to assess their sufficiency and likelihood of success. • We reviewed post-year-end revenue and funding events to corroborate management's plans. We challenged management on the achievability of forecasts and obtained written representations on their mitigation plans.

Independent Auditors' Report To The Members Of Nova Msc Berhad (Continued)

Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matters
Contract Revenue Recognition The group's primary sources of income are from services, amounting to RM45,734,751 in the current period. Revenue of RM37,803,309 from these contracts is recognised over time, based on the input method. This area involves significant management judgment and estimation uncertainty, particularly in determining the total estimated costs, assessing the stage of completion, and identifying any variations, claims, or potential impairments arising from disputes with customers.	Our audit procedures included the following: • We conducted walkthroughs of the revenue recognition process and tested the design, implementation, and operating effectiveness of key internal controls over contract revenue, including those related to contract approval, progress tracking, and cost estimation. • For a sample of contracts, we evaluated management's application of the five-step model under MFRS 15 (Revenue from Contracts with Customers), including identification of performance obligations, determination of transaction prices, allocation to obligations, and recognition over time. • We held discussions with management and project teams to understand the status of ongoing contracts, including any disputes, variations, or indicators of impairment. We corroborated these representations by inspecting correspondence with customers and legal advice where applicable. • For selected contracts, we compared budgeted income against contract awards and variation orders, and scrutinised cost estimates by challenging key assumptions like labour rates, material costs, and contingency provisions. We assessed the historical accuracy of management's estimates by comparing prior period budgets to actual outcomes and considered the impact of any changes in estimates during the period.

Independent Auditors' Report

To The Members Of Nova Msc Berhad (Continued)

Key Audit Matters (Cont'd)

Key audit matters	How our audit addressed the key audit matters
	Our audit procedures included the following: We recalculated the percentage of completion for sampled projects using source data on costs incurred and total estimates, and verified the resulting revenue recognised. We also evaluated the appropriateness of any adjustments for errors or changes in estimates.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditors' Report **To The Members Of Nova Msc Berhad (Continued)**

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Independent Auditors' Report To The Members Of Nova Msc Berhad (Continued)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that in our opinion:

- (a) the subsidiaries of which we have not acted as auditors, are disclosed in note 9 to the financial statements.
- (b) in our opinion, we have not obtained all the information and explanations that we required.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report. The financial statements of the Group and of the Company for the financial year ended 31 March 2024 are audited by another firm of chartered accountants whose report dated 22 July 2024 express an unqualified opinion on these statements.

LTTH PLT
201906001236 (LLP0020047-LCA) & AF 0071
Chartered Accountants

Petaling Jaya

Date: 30 October 2025

LIM LIP CHIN
01931/02/2027 J
Chartered Accountant