



GHL SYSTEMS BERHAD
Company No: 199401007361 (293040-D)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2022
(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31.03.2022	31.03.2021	31.03.2022	31.03.2021
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	92,552	86,619	92,552	86,619
Cost of sales		(60,149)	(51,476)	(60,149)	(51,475)
Gross profit		32,403	35,144	32,403	35,144
Other operating income		1,377	1,692	1,377	1,692
Administration expenses		(21,779)	(23,011)	(21,779)	(23,011)
Distribution costs		(2,575)	(2,926)	(2,575)	(2,926)
Other operating expenses		(1,061)	(1,294)	(1,061)	(1,294)
Finance cost		(468)	(467)	(468)	(467)
Share of results of associated companies		(47)	(149)	(47)	(149)
Profit before taxation		7,850	8,989	7,850	8,989
Income tax expense		(2,664)	(3,099)	(2,664)	(3,099)
Profit for the period		5,186	5,890	5,186	5,890
Attributable to:					
Owners of the Company		5,184	5,910	5,184	5,910
Non-controlling interest		2	(20)	2	(20)
		5,186	5,890	5,186	5,890
Earnings Per Ordinary Share					
- Basic (sen)	B9	0.45	0.52	0.45	0.52
- Diluted (sen)	B9	0.45	0.52	0.45	0.52
Profit for the period		5,186	5,890	5,186	5,890
Other comprehensive income, net of tax					
Remeasurement of defined benefit liability, net of tax		-	-	-	-
Foreign currency translation differences		(1,077)	399	(1,077)	399
Reclassification adjustment relating to a subsidiary disposed during the year		-	-	-	-
Total comprehensive income for the period		4,109	6,289	4,109	6,289
Total comprehensive income attributable to:					
Owners of the Company		4,107	6,309	4,107	6,309
Non-controlling interest		2	(20)	2	(20)
		4,109	6,289	4,109	6,289

(The condensed consolidated statement of comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements)



GHL SYSTEMS BERHAD
Company No: 199401007361 (293040-D)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021
(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	AS AT 31.03.2022 (Unaudited) RM'000	AS AT 31.12.2021 (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		96,465	98,115
Goodwill on consolidation		168,639	168,639
Intangible assets		838	904
Investment in joint ventures and an associate		8	56
Net investment in lease		6,690	3,360
Deferred tax assets		-	2,220
		272,640	273,294
Current assets			
Inventories		58,493	64,048
Trade receivables		63,057	60,322
Other receivables		92,852	83,574
Current tax assets		4,801	7,391
Other investment		75,716	101,579
Cash and bank balances		149,922	180,112
		444,841	497,026
TOTAL ASSETS		717,481	770,320
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		351,485	351,485
Reserves		(4,246)	(3,556)
Retained earnings		166,127	160,943
Equity attributable to owners of the parent		513,366	508,872
Non controlling interest		171	168
Total equity		513,537	509,040
Non-current liabilities			
Bank borrowing	B6	15,393	15,393
Contract liabilities		579	-
Lease liabilities		3,192	3,300
Employee benefits obligation		2,234	2,233
Deferred tax liabilities		7,161	6,901
		28,559	27,827
Current liabilities			
Trade payables		49,785	60,481
Other payables		100,014	123,031
Amount due to associate companies		44	9
Contract liabilities		5,197	5,001
Lease liabilities		2,045	2,622
Bank borrowings	B6	15,713	36,997
Current tax liabilities		1,334	5,312
		175,385	233,453
Total liabilities		203,944	261,280
TOTAL EQUITY AND LIABILITIES		717,481	770,320
Net assets per share (sen)		44.97	44.58

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements)



GHL SYSTEMS BERHAD
Company No: 199401007361 (293040-D)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2022
(THE FIGURES HAVE NOT BEEN AUDITED)

	Share Capital RM'000	Retirement benefit Reserve RM'000	ESS Shares RM'000	Exchange Reserve RM'000	Share Options Reserve RM'000	Retained Profits RM'000	Equity Attributable Owners Of The Parent RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 January 2021	351,485	(305)	(2,253)	(1,209)	253	133,788	481,758	184	481,942
Issuance of ordinary shares to acquire a subsidiary	-	-	-	-	-	-	-	-	-
Issuance of ordinary shares pursuant to ESS	-	-	-	-	-	-	-	-	-
Purchase of ESS shares	-	-	(111)	-	-	-	(111)	-	(111)
Transfer of ESS Shares to employees	-	-	2,364	-	(253)	(1,004)	1,108	-	1,108
Share options granted under ESS	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	(2,041)	-	28,158	26,117	-	-
Disposal of a subsidiary	-	-	-	-	-	-	-	(16)	26,101
At 31 December 2021	<u>351,485</u>	<u>(305)</u>	<u>-</u>	<u>(3,250)</u>	<u>-</u>	<u>160,942</u>	<u>508,872</u>	<u>168</u>	<u>509,040</u>
At 1 January 2022	351,485	(305)	-	(3,250)	-	160,942	508,872	168	509,040
Purchase of ESS shares	-	-	-	-	-	-	-	-	-
Transfer of ESS Shares to employees	-	-	-	-	-	-	-	-	-
Share option granted under ESS	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	385	-	(1,076)	-	5,185	4,494	3	4,497
At 31 March 2022	<u>351,485</u>	<u>80</u>	<u>-</u>	<u>(4,326)</u>	<u>-</u>	<u>166,127</u>	<u>513,366</u>	<u>171</u>	<u>513,537</u>

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements)



GHL SYSTEMS BERHAD

Company No: 199401007361 (293040-D)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2022
(THE FIGURES HAVE NOT BEEN AUDITED)**

	CURRENT YEAR TO DATE 31.03.2022 RM'000	PRECEDING YEAR TO DATE 31.03.2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,850	8,989
Adjustment for:-		
Amortisation of development cost	66	66
Amortisation of contract liabilities	(3,567)	(2,089)
Bad debts written-off	(117)	-
Depreciation of property, plant and equipment	6,697	7,392
Fair value (gain)/loss on other investment	(60)	184
Impairment (gain)/loss on property, plant and equipment	(20)	112
Impairment loss on receivables	829	1,085
Impairment loss on inventories	-	169
Interest expense	468	467
Interest income	(648)	(709)
Loss/(gain) on disposal of property, plant and equipment	338	(338)
Property, plant and equipment written-off	7	9
Reversal of impairment on trade receivables	(646)	(375)
Share of loss from an associate	47	149
Unrealised (gain)/loss on foreign exchange	(159)	61
Operating profit before working capital changes	11,080	15,172
Increase/(Decrease) in working capital		
Inventories	6,388	22,982
Trade and other receivables	(15,351)	(18,612)
Trade and other payables	(29,018)	(8,034)
Advance receipt from contract liabilities	3,562	6,685
	(34,419)	3,021
Cash (used in)/generated from operations	(23,339)	18,193
Interest received	646	709
Interest paid	(593)	(327)
Tax paid	(3,908)	(4,094)
Tax refund	-	191
	(3,855)	(3,521)
Net cash(used in)/generated from operating activities	(27,194)	14,672
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(6,650)	(9,930)
Purchase of other investment	-	(159)
(Increase)/ Decrease in fixed deposits pledged	427	(1,182)
Proceeds from disposal of property , plant and equipment	66	411
Net cash used in investing activities	(6,157)	(10,860)
Cash Flows From Financing Activities		
Purchase of ESS shares	-	(111)
Proceeds from issuance of shares-ESOS	-	964
Repayment of lease liabilities	(655)	(1,866)
Drawdown of bank borrowings	(19,603)	38,700
Repayment of bank borrowings	(1,530)	(2,125)
Net cash (used in)/generated from financing activities	(21,788)	35,562
Net (decrease)/increase in cash and cash equivalents	(55,139)	39,374
Effect of exchange rate fluctuation	(78)	105
Effect of fair value changes in cash and cash equivalents	447	(184)
Cash and cash equivalents at beginning of the finance period	265,188	200,314
Cash and cash equivalents at end of the finance period	210,418	239,609
Cash and cash equivalents at end of the finance year:-		
Cash and bank balances	149,922	147,029
Other investments	75,716	107,151
	225,638	254,180
Less: Fixed deposits pledged to licensed banks	(15,220)	(14,571)
	210,418	239,609

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements)

Part A: Explanatory notes on consolidated results for the quarter ended 31 March 2022

A1. Basis of Preparation

These condensed consolidated interim financial statements (Condensed Report) have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The results for this interim period are unaudited and should be read in conjunction with the Group’s audited consolidated financial statements and the accompanying notes for the year ended 31 December 2021.

A2. Significant Accounting Policies

The financial information presented herein has been prepared in accordance with the accounting policies to be used in preparing the annual consolidated financial statements for 31 December 2022 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2021.

During the financial period, the Group and the Company have adopted the following revised MFRSs and Amendments to MFRSs that have been issued by the MASB:

Effective for annual periods beginning on or after 1 January 2022

Title	Effective Date
• Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022
• Amendments to MFRS 3 Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
• Amendments to MFRS 137 Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022

The adoption of these MFRSs did not have any material impact on the Group’s results and financial position.

New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2023

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
• Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
• MFRS 17 <i>Insurance Contracts</i>	1 January 2023
• Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
• Amendments to MFRS 17 <i>Insurance Contracts Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
• Amendments to MFRS 101 <i>Presentation of Financial Statements - Disclosure of Accounting Policies</i>	1 January 2023
• Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates</i>	1 January 2023
• Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
• Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.



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A3. Audit Report of Preceding Annual Financial Statements

The audit report for the annual financial statements of the Group for the financial year ended 31 December 2021 was not subject to any audit qualification.

A4. Seasonal or Cyclical Factors

The business of the Group is not affected by any significant seasonal or cyclical factors, other than the general economic environment in which the Group operates.

A5. Unusual Items

There were no items or events affecting assets, liabilities, equity, net income or cash flow of the Group that are unusual of their nature, size or incidence during the current quarter.

A6. Changes in Estimates

There were no changes in estimates that have had any material effect during the current quarter.

A7. Changes in Debts and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs and share cancellations during the current quarter.

A8. Dividend Paid

There were no dividends paid during the quarter ended 31 March 2022.

A9. Segmental Reporting

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different geographical locations and are managed separately. The following summary describes the geographical locations units in each of the Group's reportable segments:

- (a) Malaysia
- (b) Philippines
- (c) Thailand
- (d) Others (Australia, Indonesia, Myanmar and Singapore)

The core revenue of the Group comprises three business segments; Shared Services, Solution Services and Transaction Payment Acquisition. The activities within each of these core businesses are explained below:

Transaction Payment Acquisition ("TPA") includes revenue derived from two (2) distinct components: -

- i) e-pay services which provides Telco prepaid and other top-up facilities and, bill collection services for consumers ("reload and collection services") and
- ii) GHL's merchant acquiring and electronic payment services ("electronic payment services")

Shared Services includes mainly revenue derived from the sales, rental and maintenance of Electronic Data Capture ("EDC") terminals and other card acceptance devices and the supply of cards to banks and other payment operators.

Solution Services includes mainly revenue derived from the sales and services of payment solutions which include network devices and related software, outsourced payment networks, management/processing of payment and loyalty cards and the development of card management systems.



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A9. Segmental Reporting (continued)

Performance is measured based on the core businesses revenue and geographical profit before tax and interest, as included in the internal management reports that are reviewed by the Executive Director/Group Chief Executive Officer. These revenues and geographical profit are used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.



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A9. Segmental Reporting (continued)

Quarter and cummulative - 31 March	Malaysia		Philippines		Thailand		Others		Adjustment and Elimination		Consolidated	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
REVENUE												
External Sales												
Transaction Payment Acquisition	54,629	49,098	7,450	5,609	1,038	824	-	14	(1,501)	(700)	61,616	54,845
Shared Services	21,373	21,277	4,375	5,717	3,200	2,183	-	-	(225)	-	28,723	29,177
Solution Services	1,392	1,135	335	669	215	444	333	352	(62)	(3)	2,213	2,597
Inter-segment sales	6,449	5,815	-	-	-	-	-	-	(6,449)	(5,815)	-	-
	83,843	77,325	12,160	11,995	4,453	3,451	333	366	(8,237)	(6,518)	92,552	86,619
RESULTS												
EBITDA	11,679	16,184	3,315	4,037	1,062	(455)	316	(875)	(1,939)	(2,686)	14,433	16,205
Interest income	644	703	4	6	-	-	-	-	-	-	648	709
Interest expense	(434)	(389)	(27)	(73)	(7)	(5)	-	-	-	-	(468)	(467)
Depreciation	(4,015)	(4,584)	(1,928)	(2,031)	(746)	(757)	5	(7)	(13)	(13)	(6,697)	(7,392)
Amortisation of intangible assets	(66)	(66)	-	-	-	-	-	-	-	-	(66)	(66)
Profit/ (Loss) before taxation	7,808	11,848	1,364	1,939	309	(1,217)	321	(882)	(1,952)	(2,699)	7,850	8,989
Taxation	(2,570)	(2,519)	(527)	(734)	(16)	154	(51)	-	500	-	(2,664)	(3,099)
Loss from discontinued operation	-	-	-	-	-	-	-	-	-	-	-	-
Minority interest	-	-	-	-	-	-	-	-	(2)	20	(2)	20
Segment profit/ (loss) for the financial period after non-controlling interest	5,238	9,329	837	1,205	293	(1,063)	270	(882)	(1,454)	(2,679)	5,184	5,910
Segmental assets	820,902	792,735	72,352	66,820	27,664	29,302	2,580	1,928	(206,018)	(163,650)	717,481	727,136
Segmental liabilities	356,536	397,821	22,782	20,061	9,807	10,759	817	666	(185,997)	(191,257)	203,944	238,052



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A10. Valuation of Property, Plant and Equipment

The property, plant and equipment are stated at cost/valuation less accumulated depreciation and impairment losses. There was no revaluation of property, plant and equipment for the current quarter and financial year to date. The valuation of property, plant and equipment of the Group have been brought forward without amendment from the financial statements for the year ended 31 December 2021.

A11. Material Subsequent Events to the end of Current Quarter

There was no material event subsequent to the end of the reporting period and up to the date of issuance of this report.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial quarter under review.

A13. Contingent Liabilities and Contingent Assets

The Group does not have any contingent liabilities or contingent assets as at the date of this report other than the following:

	RM'000
Banker's guarantee in favour of third parties	
- Secured	<u>19,882</u>

A14. Capital Commitments

Capital commitments for purchase of property, plant and equipment not provided for as at 31 March 2022 are as follows:

	RM'000
Approved but not contracted for	<u>4,619</u>



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PART B: ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1 (i) Performance of current quarter (1Q 2022) vs corresponding quarter (1Q 2021) by segment

GHL's 1Q22 Group revenues was up 6.9% YoY to RM92.6 million as compared to RM86.6 million in the corresponding period in 1Q21. Despite the higher revenues, 1Q22 registered lower pre-tax profit of RM7.9 million compared to 1Q21's pre-tax profit of RM9.0 million mainly due to lower gross profit margins in the first quarter of 2022. Consequently, 1Q22 profit after tax and minority interest was similarly lower YoY at RM5.2 million (1Q21 PATMI RM5.9 million).

COVID-19 positive cases peaked in 1Q22 due to the Omicron variant but as a result of the higher vaccination rates, lockdown measures were progressively relaxed. This led to reopening of more retail outlets, increased in interstate travels, and less stringent SOPs allowed consumer spending to improve in 1Q22. The group's revenue in this quarter was led by the TPA division which registered a 12.3% YoY improvement. The Shared Services and Solutions divisions registered a marginal decline of -1.6% YoY performance. The Group's balance sheet remains healthy with a net cash position of RM113.6 million (31.12.2021 – Net cash RM121.8 million) excluding amounts placed in short term money market investments.

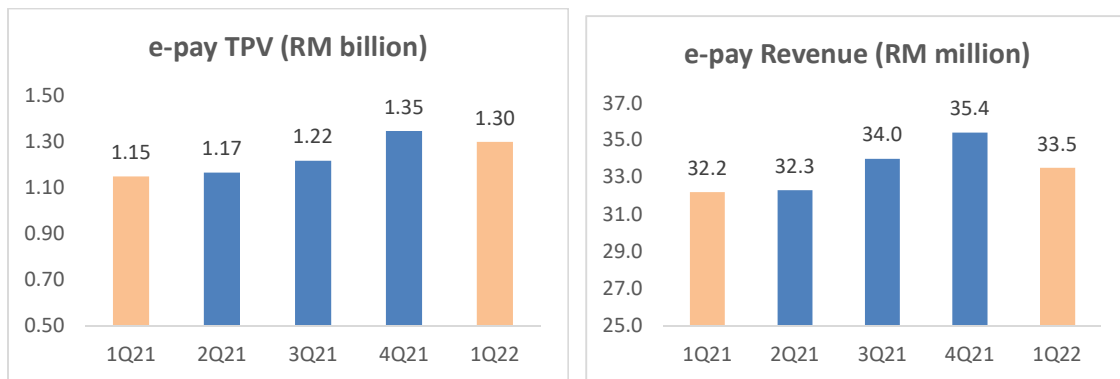
The performances of the individual segments are as follows:

Transaction Payment Acquisition (TPA)

The TPA business has two distinct components, each at a different stage of their development. These are; i) e-pay's direct contractual relationships with merchants to provide Telco prepaid and other top-up facilities and, bill collection services for consumers ("reload and collection services") and ii) GHL's direct contractual relationships with merchants to provide international and domestic card payment services ("card payment services") and e-wallet payment services. Each of these is described in more detail as follows:

(i) e-pay (reload and collection services)

e-pay is the largest provider of reload and collection services in Malaysia. It has approximately 50,800 acceptance points nationwide, encompassing all petrol station chains, large convenience store chains and general retailers. The e-pay brand is well known to consumers across Malaysia. With over 20 years' experience, e-pay is clearly the market leader in Malaysia within this industry segment. A summary of key data relating to the e-pay business is found in the Table 1 below. As demonstrated, the transaction payment value processed (TPV) by e-pay grew by 12.9% YoY with a gross profit margin spread of 85 basis points (1Q21 95 basis) due to changes in merchant mix as well as product mix during the quarter. This division's TPV and revenues continued its steady uptrend although margins are dependent on the merchant touchpoints in which the TPV has been generated.





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B1. (i) Performance of current quarter (1Q 2022) vs corresponding quarter (1Q 2021) by segment (continued)

Table 1

e-pay <i>(All stated in RM'millions unless stated otherwise)</i>	1Q 2021	1Q 2022	% change
Transaction Payment Value	1,149.1	1,297.8	12.9%
Gross Revenue	32.2	33.5	4.1%
Gross Revenue / Transaction Payment Value (Note 1)	2.80%	2.58%	-7.8%
Gross Profit	10.9	11.1	1.9%
Gross Profit / Transaction Payment Value (Note 1)	0.95%	0.85%	-9.8%
Merchant Footprint - e-pay Only (Thousands)	43.9	50.8	15.8%

Note 1 - Gross Revenue or Gross Profit respectively divided by the Transaction Payment Value expressed as a %

(ii) GHL (e-payment services)

This TPA electronic payment services business is driven by our direct arrangement with international schemes, TPA arrangements with leading domestic banks in our respective markets, direct relationship with merchants, as well as a leading China e-wallet provider which is expanding into ASEAN and local e-wallet providers in the respective countries. The existing GHL TPA data as shown in Table 2 comprises the following activities:

- a) Various Merchant Discount Rate ("MDR") revenue-sharing arrangements under direct contracts with merchants and banks in Malaysia, Thailand and Philippines
- b) Domestic debit card merchant acquisition in Malaysia, Thailand and Philippines.
- c) e-Commerce TPA ("eGHL") in Malaysia, Indonesia, Thailand and Philippines.
- d) e-wallet merchant acquisition in Malaysia, Thailand and Philippines

A summary of key data relating to the e-payment business is found in the Table 2 below.

The 1Q22 transaction value processed recovered in line with the relaxation of the lockdown restrictions at the physical payment touchpoints. Although overall TPV was down marginally by -1.3% YoY to RM4.9 billion but these generated revenues of RM28.1 million, a growth of 24.1% YoY (1Q21 – RM22.7 million). The gross revenues/transaction margin achieved in the quarter was higher at 57 basis points (1Q21 - 46 basis points) due to: 1) product mix change of payment types and, 2) merchant mix change as transactions were captured more at physical merchants in favour of online merchants as lockdown eased. Retail merchants began to reopen progressively as consumers returned to "High Street" as SOPs were relaxed in stages during this quarter.

The division's gross profit was up 3.6% YoY to RM8.8 million (1Q21 RM8.4 million). The 1Q22 gross profit/transaction value margin spreads improved marginally to 18 basis points from 17 basis (1Q21) points in the prior year. Assuming that the pandemic conditions will continue to improve and the governments do not re-impose stricter measures to contain the pandemic, performance over the coming quarters are expected to improve as most governments are relaxing SOPs and businesses are re-opening and consumers are gradually returning to retail spending which would generate higher TPV.



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B1. (i) Performance of current quarter (1Q 2022) vs corresponding quarter (1Q 2021) by segment (continued)

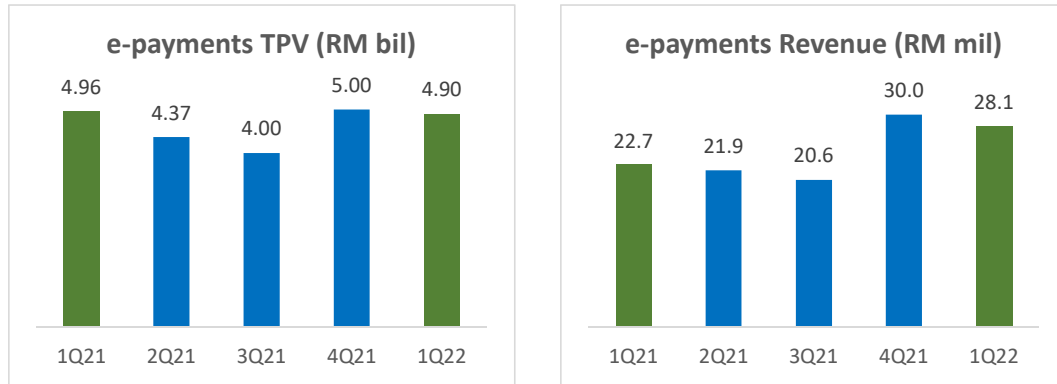


Table 2

GHL Electronic payments TPA <i>(All stated in RM'millions unless stated otherwise)</i>	1Q 2021	1Q 2022	% change
Transaction Payment Value	4,964.3	4,899.2	-1.3%
Gross Revenue	22.7	28.1	24.1%
Gross Revenue / Transaction Payment Value (Note 1)	0.46%	0.57%	25.7%
Gross Profit	8.4	8.8	3.6%
Gross Profit / Transaction Payment Value (Note 1)	0.17%	0.18%	5.0%
Merchant Footprint - TPA Only (Thousands)	110.5	126.5	14.5%

Note 1 - Gross Revenue or Gross Profit respectively divided by the Transaction Payment Value expressed as a %.

TPA division's revenue was up 12.3% YoY in 1Q22 at RM61.6 million (1Q21 – RM54.8 million) driven by both e-pay revenues (+4.1% YoY) and Payments TPA (+24.1% YoY). e-pay remains the larger contributor in the TPA segment but the GHL electronic payments TPA (encompassing card, online, mobile and next gen payments) is growing at a faster rate.

Some key observations during the COVID-19 pandemic were:

- 1) Movement restrictions imposed by the respective Governments in response to the Pandemic and high positive COVID-19 cases during 1Q22 were slowly relaxed but continued to impact TPV and margins during 1Q22. On a positive note, vaccination rates also improved significantly during the quarter under review which enabled the respective Governments to ease lockdown SOPs which led to most ASEAN countries to reopen borders in stages in 2Q22.
- 2) Health concerns amongst consumers has given cashless payments a significant boost where both consumers and merchants preference has shifted from cash towards the use of digital payments including cards and e-wallets to conduct transactions. This behavioural change bodes well for the Group's outlook moving forward.



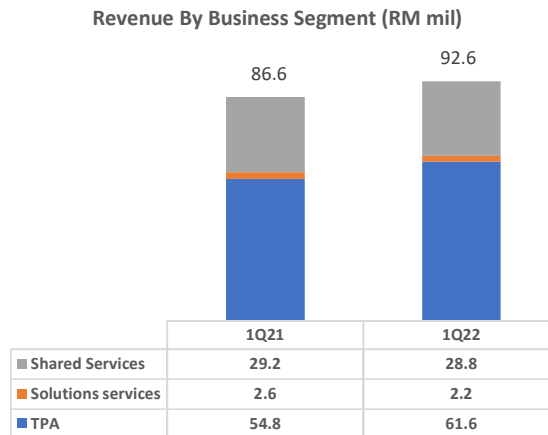
GHL SYSTEMS BERHAD
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Shared Services

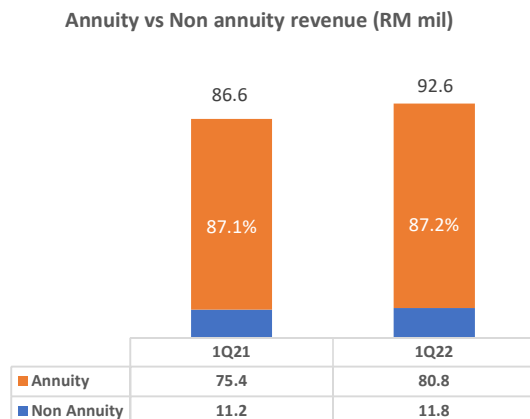
Shared services revenue in 1Q22 declined -1.6% YoY to RM 28.7 million (1Q21 – RM29.2 million) mainly due to lower rental revenues collected. EDC hardware sales revenues improved during the quarter as capex spending at banks began to improve although many banks continue to remain cautious with spending due to the COVID-19 conditions as well as growing concerns over inflation and a higher interest rates.

Solutions Services

Solutions services gross revenues were down -14.8% in 1Q22 to RM2.2 million (1Q21 – RM2.6 million) mainly due to lower network hardware and software sales during the quarter. The decline was, however, marginally offset by higher maintenance revenue generated in Malaysia.



The annuity-based revenue component within the Group’s total revenues remains high at 87.2% and this compared to 87.1% achieved in 1Q21, this primarily due to growing TPA revenues generated. Although in percentage terms, its relatively unchanged at 87%, the absolute annuity revenues in 1Q22 grew 7.1% YoY. The Group’s strategy is to grow the TPA and other businesses, that have a strong recurring annuity-based revenues, and at the same time to continue to support our bank customers with their hardware and software requirements. As TPA recovery gathers momentum in all three geographical markets, we expect the annuity revenue to remain strong and recover in the coming quarters.





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B1. (ii) Performance of current quarter (1Q 2022) vs corresponding quarter (1Q 2021) by geographical segment

GHL Group's 1Q22 revenues were up 6.9% YoY to RM92.6 million as compared to RM86.6 million in the corresponding period in 1Q21. The Group's revenues in this quarter were led by the TPA division which registered a 12.3% YoY growth. This was offset by the Shared and Solutions services -1.6% YoY declines. Gross margins dipped to 35.0% (1Q21 – 40.6%) due to the change in revenue mix, business mix and lower Shared services rental revenues. All the main geographical markets contributed positively to the Group's EBITDA. In 1Q22, the Group achieved profit before tax of RM7.9 million, down -12.7% compared to 1Q21's profit before tax of RM9.0 million. The lower profitability in 1Q22 was mainly due to lower gross margins overall.

The Group's Malaysian operations accounted for 81.9% of the Group's revenues in 1Q22 with a 7.1% YoY growth to RM75.8 million. All three business pillars registered improvements but the growth was mainly driven by its higher transaction volume and values recorded by its TPA division.

The Group's Philippines operations was the second largest contributor, accounting for 13.1% of the Group's 1Q22 revenues. This first quarter of 2022 saw revenues grow by 1.4% YoY to RM12.2 million (1Q21 – RM12.0 million) mainly due to increase in the TPA and solutions divisions' revenues. Its Shared Services division, however, registered lower rental revenues. The improvements in the TPA and solutions divisions were tempered by a decline in shared services. Overall, the Philippines business in 1Q22 was flat as it was impacted by the COVID-related lockdown in January 2022 due to a spike in Omicron cases.

GHL Thailand's operations' 1Q22 revenues contributed 4.8% to the Group's total and grew 29.0% YoY to RM4.5 million (1Q21 – RM3.5 million) derived from rental/maintenance revenue recorded in its Shared Services division and a small growth in its TPA. Solutions Services was down marginally YoY. The Thai tourism sector remained subdued but was slowly relaxing its entry procedures in 1Q22 and is now almost completely open in 2Q22. However, its main tourism driver, Chinese tourists, remain uncertain due to China's strict travel restrictions for its citizens.

The Group's other geographical operations recorded 1Q22 revenues of RM0.1 million (1Q21 – RM0.4 million) derived from an ongoing maintenance project in Australia in its Solutions Service division. There were no Shared Services and TPA revenues recorded by our Australian operations for the quarter under review.

As at end of March 2022, the Group's payment touchpoints stood at 413,400, a 6.6% YoY growth overall whereas TPA touchpoints grew 14.8%. This growth was negatively impacted by the rental terminal reduction at certain banks.

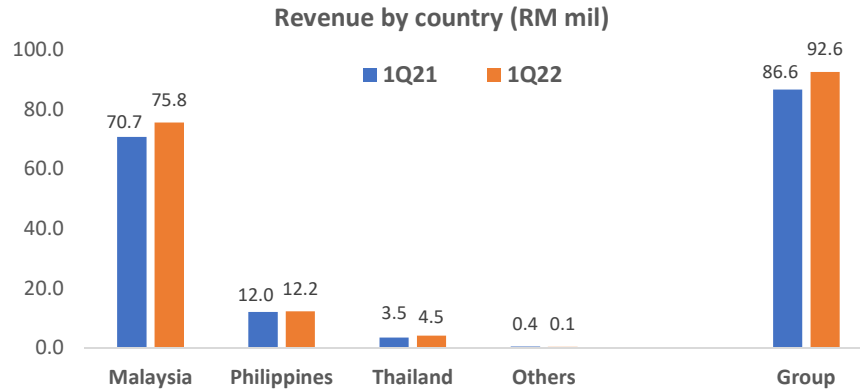
During 1Q22, whilst the Group maintained its regional footprint growth strategy, the Group's footprint investment was capped at RM2.1 million due to the cautiousness in view of the COVID-19 situation. This investment figure is lower than previous quarters due to the movement restrictions imposed in our key markets., this investment spending could grow as lockdown measures gradually ease in the coming quarters and consumer spending sentiment continue to improve further.

The Group strives to maintain its strategy of a sustainable growth in its financial performance whilst maintaining the same growth trajectory in strengthening its ASEAN presence.



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B1. (iii) Performance of current quarter (1Q22) vs preceding quarter (4Q21) by business segment

Table 3

Revenue (RM million)	4Q21	1Q22
TPA	65.4	61.6
Shared Services	26.5	28.8
Solutions Services	3.4	2.2
Group revenue	95.3	92.6
Profit Before Tax	11.8	7.9

For the quarter ended 31 March 2022 the Group recorded revenues of RM92.6 million, down -2.8% QoQ from RM95.3 million recorded in 4Q21. The main contributing factors for the QoQ decline were lower TPA revenues due to the seasonally higher year-end spending and holiday season in 4Q21. This was however mitigated by an improved performance of Shared services which recorded better hardware sales QoQ. The drop in profitability was due to lower GP margins achieved from the changes in revenue and business mix.

B2. Current Year’s Prospects (FY 2022)

2022 started relatively unchanged compared to the last quarter of 2021 as the COVID-19 pandemic remained a concern. Different countries are implementing commensurate measures to contain the spread while juggling and keeping their economies as open as possible. Cross-border travel has begun to open up due to relaxation of entry requirements by various countries. During 1Q22, several easing of lockdown measures was seen in GHL’s three (3) main markets with further easing seen in 2Q22.

Given our Group’s diverse range of business pillars, merchant base and geographical mix, the ongoing relaxation of lockdown measures has resulted in the Group recording revenue improvement but margins were impacted due to merchant and revenue type mix.

As the COVID-19 impact improves for the better, there is now a cautious optimism on the gradual recovery in consumer spending. The global economies are now, however, challenged with high inflation and higher interest rates which have now cast a shadow over the recovery prospects. The ongoing conflict in Europe and the effects of supply chain disruptions in sectors such as electronics, energy and commodities has begun to drag on the GDP growth of global economies.

The Group remains positive in the long-term potential of the ASEAN e-payments industry and believes the trends of switching to e-payments and cashless channels will continue going forward.



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B3. Profit before Taxation

Profit before tax is arrived at after charging/(crediting) the following items:

	Quarter and Year-to –Date ended	
	31.03.2022 RM'000	31.03.2021 RM'000
Amortisation of intangible asset	66	66
Bad debts written off	(117)	-
Depreciation of property, plant and equipment	6,697	7,392
Fixed assets written off/ (back)	7	9
(Gain)/Loss on foreign exchange:		
Realised	11	(51)
Unrealised	(159)	61
Loss/(gain) on disposal of fixed assets	338	(338)
Fair value (gain)/loss on other investments	(60)	184
Impairment loss on inventories	-	169
Impairment (gain)/loss on property, plant and equipment	(20)	112
Impairment loss on receivables	829	1,085
Interest income	(648)	(709)
Interest expenses	468	467
Rental expenses	68	107
Reversal of allowance for doubtful debts	(646)	(375)

B4. Tax expense

	Current Quarter	Year To Date
	31.03.2022 RM'000	31.03.2022 RM'000
Current tax expenses based on profit for the financial quarter:		
Malaysian income tax	(2,069)	(2,069)
Foreign income tax	(595)	(595)
Total	(2,664)	(2,664)

The Group's effective tax rate for the current quarter and for the year to date ended 31 March 2022 was higher than the statutory tax rate mainly due to certain disallowable expenses for tax purposes.

B5. Status of Corporate Proposals

There were no corporate proposals announced but not completed during the quarter under review as at the date of this report.



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B6. Group Borrowings and Debt Securities

The Group's borrowings and debt securities as at 31 March 2022 are as follows:

	Long-term Borrowings		Short-term Borrowings		Total Borrowings	
	Foreign '000	RM'000	Foreign '000	RM'000	Foreign '000	RM'000
Secured						
<i>Bank borrowings</i>						
- Ringgit Malaysia	-	7,393	-	10,054	-	17,447
- Philippine Peso	603	49	692	56	1,295	105
Unsecured						
<i>Bank borrowings</i>						
- Ringgit Malaysia	-	7,951	-	5,603	-	13,554
		15,393		15,713		31,106

B7. Material Litigation

**KUALA LUMPUR HIGH COURT NO. WA-22NCvC-692-09/2019
BESTINET SDN BHD v GHL EPAYMENTS SDN BHD**

On 5 September 2019, GHL Epayments Sdn. Bhd. ("Defendant"), a wholly-owned subsidiary of GHL Systems Berhad was served with a Writ and Statement of Claim from Bestinet Sdn. Bhd. ("Plaintiff") for claims arising from alleged misrepresentation and breach of the contract in respect to the development, management and maintenance of digital wallet.

On 30 October 2019, the Defendant has filed Statement of Defense and Counterclaim against the Plaintiff by averring, amongst others, that:

- (a) there was no misrepresentation made by the Defendant to the Plaintiff that it is an e-wallet issuer;
- (b) there was no delay on the part of the Defendant in completing the project under the contract;
- (c) the Plaintiff breached the contract by way of non-payment or failure of payment to the Defendant.

The Defendant has counterclaimed against the Plaintiff for the following:

- (a) A declaration that the termination of the contract between the Plaintiff and the Defendant (through the fee quotation dated 5.4.2017 which was accepted by the Plaintiff dated 18.4.2017) by the Plaintiff was unlawful;
- (b) The outstanding invoice no. 10000867 dated 31.12.2018 and invoice no. 2019000225 dated 31.5.2019 be paid by the Plaintiff to the Defendant;
- (c) Interest on the sum of RM92,750.00 at the rate of 2% per month from 30.1.2019 to the date of judgment;
- (d) Interest on the sum of RM92,750.00 at the rate of 2% per month from 30.6.2019 to the date of judgment;
- (e) Loss of profits in the sum of RM1,855,000.00 or alternatively loss of profits and/or loss of future profits and/or loss of opportunity to be assessed by this Honourable Court;
- (f) Post judgment interest;
- (g) Costs;
- (h) Such further and/or other reliefs deemed just and proper by this Honourable Court.



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B7. Material Litigation (continued)

On 20 November 2019, the Plaintiff has served on eGHL with its Reply and Defense to Counterclaim.

The trial has finally ended on the 28th January 2022 and the Court has now fixed 30th May 2022 for the parties to file their respective written submissions and also for oral submission and/or clarification.

As at the date of this report, there is no material financial and operational impact arising from the Suit on the Defendant and the Company.

Save as disclosed above, there are no other material litigations against the Company and its subsidiaries as at the date of this report.

B8. Dividend

No dividend has been declared for the financial quarter ended 31 March 2022.

B9. Earnings Per Share

a) Basic earnings per share

Basic earnings per ordinary share for the financial period is calculated by dividing the profit/(loss) for the financial period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial period.

b) Diluted earnings per share

Diluted earnings per ordinary share for the financial period is calculated by dividing the profit/(loss) for the financial period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial period adjusted for the effects of dilutive potential ordinary shares.

	Current Quarter 31.03.2022	Preceding Year Corresponding Quarter 31.03.2021	Current Year To Date 31.03.2022	Preceding Year To Date 31.03.2021
<u>Basic</u>				
Profit attributable to owners of the Company (RM'000)	5,184	5,910	5,184	5,910
Weighted average number of ordinary shares in issue and issuable (Unit'000)	1,141,500	1,140,575	1,141,500	1,140,575
Basic earnings per ordinary share (Sen)	0.45	0.52	0.45	0.52
<u>Diluted</u>				
Profit attributable to owners of the Company (RM'000)	5,184	5,910	5,184	5,910
Weighted average number of ordinary shares in issue and issuable (Unit'000)	1,141,500	1,140,575	1,141,500	1,140,575
Diluted earnings per ordinary share (Sen)	0.45	0.52	0.45	0.52