



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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 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
		30.09.2022	30.09.2021	30.09.2022	30.09.2021
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	103,449	85,570	297,221	264,902
Cost of sales		(67,428)	(53,723)	(194,151)	(161,602)
Gross profit		36,021	31,847	103,070	103,300
Other operating income		1,153	841	3,380	4,210
Administration expenses		(22,408)	(21,206)	(66,968)	(66,592)
Distribution costs		(3,161)	(2,511)	(8,647)	(8,176)
Other operating expenses		(700)	(455)	(1,397)	(821)
Net gain/(loss) on impairment of financial assets		16	278	(1,109)	(1,170)
Finance cost		(314)	(608)	(1,163)	(1,682)
Share of results of associated companies		-	-	2	(183)
Profit before taxation		10,607	8,186	27,168	28,886
Income tax expense		(3,496)	(2,646)	(8,715)	(9,418)
Profit for the period		7,111	5,540	18,453	19,468
Attributable to:					
Owners of the Company		7,109	5,539	18,446	19,488
Non-controlling interest		2	1	7	(20)
		7,111	5,540	18,453	19,468
Earnings Per Ordinary Share					
- Basic (sen)	B9	0.62	0.49	1.62	1.71
- Diluted (sen)	B9	0.62	0.49	1.62	1.71
Profit for the period		7,111	5,540	18,453	19,468
Other comprehensive income, net of tax					
Remeasurement of defined benefit liability, net of tax		-	-	386	-
Foreign currency translation differences		1,959	(2,233)	128	(1,851)
Total comprehensive income for the period		9,070	3,307	18,967	17,617
Total comprehensive income attributable to:					
Owners of the Company		9,068	3,306	18,960	17,637
Non-controlling interest		2	1	7	(20)
		9,070	3,307	18,967	17,617

(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
FOR THE PERIOD ENDED 30 SEPTEMBER 2022
(THE FIGURES HAVE NOT BEEN AUDITED)

	AS AT	AS AT
	30.09.2022	31.12.2021
	(Unaudited)	(Audited)
Note	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	94,332	98,115
Goodwill on consolidation	168,639	168,639
Intangible assets	705	904
Investment in joint ventures and an associate	-	29
Trade and other receivables	7,056	3,360
Other investments	27	27
Deferred tax assets	2,103	2,220
	<u>272,862</u>	<u>273,294</u>
Current assets		
Inventories	75,453	64,048
Trade and other receivables	144,317	143,896
Current tax assets	3,008	7,391
Other investments	44,565	101,579
Cash and bank balances	188,220	180,112
	<u>455,563</u>	<u>497,026</u>
TOTAL ASSETS	<u>728,425</u>	<u>770,320</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	351,485	351,485
Reserves	(3,041)	(3,555)
Retained earnings	179,388	160,942
Equity attributable to owners of the parent	<u>527,832</u>	<u>508,872</u>
Non controlling interest	175	168
Total equity	<u>528,007</u>	<u>509,040</u>
Non-current liabilities		
Borrowings	5,822	15,393
Contract liabilities	1,249	-
Lease liabilities	2,840	3,300
Employee benefits obligation	2,262	2,233
Deferred tax liabilities	7,234	6,901
	<u>19,407</u>	<u>27,827</u>
Current liabilities		
Trade and other payables	156,080	183,521
Contract liabilities	7,793	5,001
Lease liabilities	1,321	2,622
Borrowings	12,445	36,997
Current tax liabilities	3,372	5,312
	<u>181,011</u>	<u>233,453</u>
Total liabilities	<u>200,418</u>	<u>261,280</u>
TOTAL EQUITY AND LIABILITIES	<u>728,425</u>	<u>770,320</u>
Net assets per share (sen)	46	45

(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 30 SEPTEMBER 2022
(THE FIGURES HAVE NOT BEEN AUDITED)

	Share Capital RM'000	Retirement benefit Reserve RM'000	ESS Shares RM'000	Exchange Translation Reserve RM'000	Share Options Reserve RM'000	Retained Profits RM'000	Equity Attributable To Owners Of The Parent RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 January 2021	351,485	(305)	(2,254)	(1,209)	252	133,788	481,757	184	481,941
Purchase of ESS shares	-	-	(110)	-	-	-	(110)	-	(110)
Transfer of ESS Shares to employees	-	-	2,364	-	-	(1,004)	1,360	-	1,360
Share option granted under ESS	-	-	-	-	(252)	-	(252)	-	(252)
Total comprehensive income for the period	-	-	-	(1,851)	-	19,488	17,637	(20)	17,617
At 30 September 2021	<u>351,485</u>	<u>(305)</u>	<u>-</u>	<u>(3,060)</u>	<u>-</u>	<u>152,272</u>	<u>500,392</u>	<u>164</u>	<u>500,556</u>
At 1 January 2022	351,485	(305)	-	(3,250)	-	160,942	508,872	168	509,040
Total comprehensive income for the period	-	386	-	128	-	18,446	18,960	7	18,967
At 30 September 2022	<u>351,485</u>	<u>81</u>	<u>-</u>	<u>(3,122)</u>	<u>-</u>	<u>179,388</u>	<u>527,832</u>	<u>175</u>	<u>528,007</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 30 SEPTEMBER 2022
(THE FIGURES HAVE NOT BEEN AUDITED)**

	CURRENT YEAR TO DATE 30.09.2022 RM'000	PRECEDING YEAR TO DATE 30.09.2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	27,168	28,886
Adjustment for:-		
Amortisation of development cost	199	199
Amortisation of contract liabilities	(9,877)	(10,394)
Bad debts written off	65	31
Depreciation of property, plant and equipment	19,778	21,787
Fair value loss on other investment	276	375
Gain on disposal of an associate	(1,182)	-
Impairment loss on property, plant and equipment	-	477
Impairment loss on trade and other receivables	2,711	2,451
Interest expense	1,163	1,682
Interest income	(1,590)	(2,205)
Inventories written down	-	169
Inventories written off/(back)	11	(1,266)
Loss on disposal of property, plant and equipment	989	168
Property, plant and equipment written off	159	-
Property, plant and equipment written back	(3)	-
Reversal of impairment on trade and other receivables	(1,602)	(1,281)
Reversal of inventories written down	(15)	-
Reversal of impairment loss on investment in associate	(287)	-
Share of (gain)/loss from an associate	(2)	183
Unrealised (gain)/loss on foreign exchange	(178)	513
Operating profit before working capital changes	<u>37,783</u>	<u>41,775</u>
Increase/(Decrease) in working capital		
Inventories	3,040	19,667
Trade and other receivables	(4,312)	(11,522)
Trade and other payables	(27,452)	(3,650)
Advance receipt from contract liabilities	13,435	10,632
Employee benefits obligations	290	-
	<u>(14,999)</u>	<u>15,127</u>
Cash generated from operations	22,784	56,902
Interest received	1,590	2,208
Interest paid	(586)	(1,491)
Tax paid	(7,857)	(10,039)
Tax refund	1,400	701
	<u>(5,453)</u>	<u>(8,621)</u>
Net cash generated from operating activities	<u>17,331</u>	<u>48,281</u>
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(31,974)	(32,741)
Purchase of other investment	-	(318)
Placement in deposits pledged or maturity more than 3 months	1,545	(2,372)
Proceeds from disposal of property, plant and equipment	501	670
Proceeds from disposal of an associate	1,500	-
Net cash used in investing activities	<u>(28,428)</u>	<u>(34,761)</u>
Cash Flows From Financing Activities		
Purchase of ESS shares	-	(111)
Proceeds from issuance of shares-ESS	-	1,108
Repayment of lease liabilities	(2,567)	(4,963)
Drawdown of bank borrowings	19,056	50,700
Repayment of bank borrowings	(53,626)	(19,066)
Net cash generated from financing activities	<u>(37,137)</u>	<u>27,668</u>
Net increase in cash and cash equivalents	(48,234)	41,188
Effect of exchange rate fluctuation	1,149	(771)
Effect of fair value changes in cash and cash equivalents	(276)	(375)
Cash and cash equivalents at beginning of the finance period	<u>265,188</u>	<u>200,314</u>
Cash and cash equivalents at end of the finance period	<u>217,827</u>	<u>240,356</u>

Cash and cash equivalents at end of the finance year:-

Cash and bank balances	188,220	188,658
Other investments	44,565	67,460
	<u>232,785</u>	<u>256,118</u>
Less: Fixed deposits pledged to licensed banks or maturity more than 3 months	(14,958)	(15,762)
	<u>217,827</u>	<u>240,356</u>

(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)



GHL SYSTEMS BERHAD

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Part A: Explanatory notes on consolidated results for the quarter ended 30 September 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 period ended 30 September 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 - 30 September	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	56,652	49,876	10,118	5,140	1,339	411	-	23	(1,756)	(824)	66,353	54,626
Shared Services	20,945	17,340	3,889	5,198	9,548	5,286	-	-	(95)	-	34,287	27,824
Solution Services	1,573	1,866	467	531	432	346	337	380	-	(3)	2,809	3,120
Inter-segment sales	6,925	6,540	-	-	-	-	-	-	(6,925)	(6,540)	-	-
	86,095	75,622	14,474	10,869	11,319	6,043	337	403	(8,776)	(7,367)	103,449	85,570
RESULTS												
EBITDA	9,640	14,408	4,123	2,865	1,530	523	40	210	1,571	(2,891)	16,904	15,115
Interest income	889	684	8	8	-	(1)	-	-	(356)	-	541	691
Interest expense	(661)	(569)	(3)	(36)	(6)	(3)	-	-	356	-	(314)	(608)
Depreciation	(4,068)	(4,311)	(1,547)	(1,901)	(822)	(718)	(7)	(1)	(13)	(14)	(6,457)	(6,945)
Amortisation of intangible assets	(67)	(67)	-	-	-	-	-	-	-	-	(67)	(67)
Profit/ (Loss) before taxation	5,733	10,145	2,581	936	702	(199)	33	209	1,558	(2,905)	10,607	8,186
Taxation	(3,094)	(2,373)	(805)	(227)	(29)	(10)	(44)	(32)	476	(4)	(3,496)	(2,646)
Minority interest	-	-	-	-	-	-	-	-	(2)	(1)	(2)	(1)
Segment profit/ (loss) for the financial period after non-controlling interest	2,639	7,772	1,776	709	673	(209)	(11)	177	2,032	(2,910)	7,109	5,539
Segmental assets	858,195	813,153	69,354	71,571	36,803	28,603	2,620	2,168	(238,547)	(183,604)	728,425	731,891
Segmental liabilities	386,460	405,383	18,877	24,805	18,377	11,755	694	717	(223,990)	(211,326)	200,418	231,334



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Cumulative - 30 September	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	170,769	147,736	26,581	16,319	3,553	1,866	-	74	(5,119)	(2,326)	195,784	163,669
Shared Services	65,743	64,115	12,241	16,393	15,796	9,622	-	-	(316)	-	93,464	90,130
Solution Services	4,469	6,924	1,288	1,802	1,207	1,413	1,009	1,079	-	(115)	7,973	11,103
Inter-segment sales	22,254	17,887	-	-	-	-	-	-	(22,254)	(17,887)	-	-
	263,235	236,662	40,110	34,514	20,556	12,901	1,009	1,153	(27,689)	(20,328)	297,221	264,902
RESULTS												
EBITDA	33,395	44,132	10,275	10,828	3,764	515	171	89	(887)	(5,215)	46,718	50,349
Interest income	2,000	2,182	21	21	2	2	-	-	(433)	-	1,590	2,205
Interest expense	(1,541)	(1,505)	(35)	(164)	(20)	(13)	-	-	433	-	(1,163)	(1,682)
Depreciation	(12,163)	(13,522)	(5,200)	(6,024)	(2,357)	(2,187)	(19)	(14)	(39)	(40)	(19,778)	(21,787)
Amortisation of intangible assets	(199)	(199)	-	-	-	-	-	-	-	-	(199)	(199)
Profit/ (Loss) before taxation	21,492	31,088	5,061	4,661	1,389	(1,683)	152	75	(926)	(5,255)	27,168	28,886
Taxation	(8,366)	(7,612)	(1,793)	(1,481)	8	170	(147)	(133)	1,583	(362)	(8,715)	(9,418)
Minority interest	-	-	-	-	-	-	-	-	(7)	20	(7)	20
Segment profit/ (loss) for the financial period after non-controlling interest	13,126	23,476	3,268	3,180	1,397	(1,513)	5	(58)	650	(5,597)	18,446	19,488
Segmental assets	858,195	813,153	69,354	71,571	36,803	28,603	2,620	2,168	(238,547)	(183,604)	728,425	731,891
Segmental liabilities	386,460	405,383	18,877	24,805	18,377	11,755	694	717	(223,990)	(211,326)	200,418	231,334



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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>16,444</u>

A14. Capital Commitments

Capital commitments for purchase of property, plant and equipment not provided for as at 30 September 2022 are as follows:

	RM'000
Approved but not contracted for	<u>9,564</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 (3Q 2022) vs corresponding quarter (3Q 2021) by segment

GHL's 3Q22 group revenue was up 20.9% YoY to RM103.4 million as compared to RM85.6 million in the corresponding quarter in 3Q21. In line with the higher revenue, 3Q22 registered higher pre-tax profit of RM10.6 million compared to 3Q21's pre-tax profit of RM8.2 million. 3Q 2022 profit after tax and minority interest was also higher by 28.3% YoY at RM7.1 million (3Q21 PATMI RM5.5 million).

COVID-19 positive cases peaked in 1Q22 but as a result of the higher vaccination rates, these lockdown measures were progressively relaxed and this continued in 3Q22. The reopening of more retail outlets, increased interstate travels, increased inbound tourism, and less stringent SOPs allowed consumer spending to continue to improve during this third quarter compared to the same quarter in 2021. The group's revenue growth in this quarter was led by its Transaction Payment Acquisition (TPA) business, which registered a 21.5% YoY improvement. The Shared Services and Solutions divisions in the 3Q22 registered a growth of 19.9% YoY or in absolute terms, RM6.2million improvement in revenue YoY. The group's balance sheet remains healthy with a net cash position of RM165.8 million (31.12.2021 – Net cash RM121.8 million) excluding amounts placed in short term money market investments.

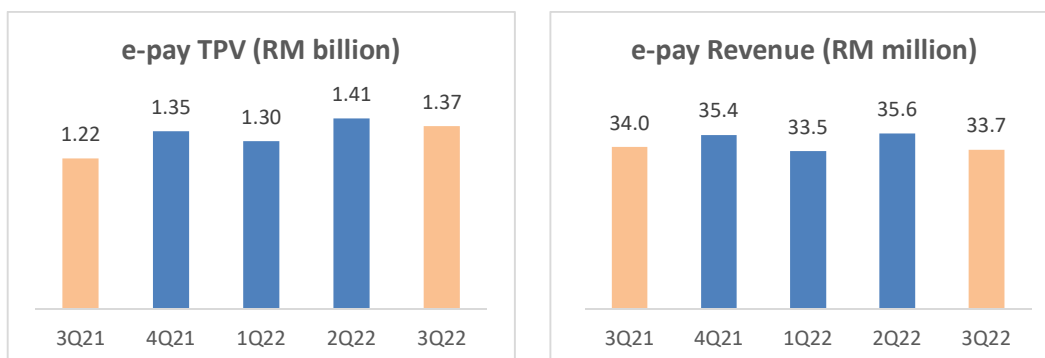
The performances of the individual segments are as follows: -

Transaction Payment Acquisition (TPA)

The TPA business has two distinct components, each at different stages 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 are 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 53,000 acceptance points nationwide, encompassing all petrol chains, large convenience store chains and general retailers. The e-pay brand is well known to consumers across Malaysia. With over 20 years of 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 value processed (TPV) by e-pay grew by 12.8% YoY with a gross profit margin spread of 78 basis points (3Q21 93 basis) due to changes in merchant as well as product mix during the quarter. e-pay's TPV continued its steady uptrend, although margins are dependent on the merchant touchpoints in which the TPV has been generated. e-pay's revenue trend however has been impacted by a lower blended MDR given product and merchant mix changes.





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B1. (i) Performance of current quarter (3Q 2022) vs corresponding quarter (3Q 2021) by segment (continued)

Table 1

e-pay <i>(All stated in RM'millions unless stated otherwise)</i>	3Q 2021	3Q 2022	% change
Transaction Payment Value	1,216.9	1,372.1	12.8%
Gross Revenue	34.0	33.7	-1.1%
Gross Revenue / Transaction Payment Value (Note 1)	2.80%	2.45%	-12.3%
Gross Profit	11.3	10.7	-5.4%
Gross Profit / Transaction Payment Value (Note 1)	0.93%	0.78%	-16.1%
Merchant Footprint - e-pay Only (Thousands)	46.7	53.0	13.5%

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

(ii) GHL (e-payment services)

The TPA electronic payment services business is driven by our direct arrangement with international schemes, TPA arrangements with leading domestic banks in our respective markets, as well as agreements with a leading China e-wallet provider, which is expanding into ASEAN, and other local e-wallet providers in each of our respective markets. A summary of key data relating to the e-payment business is found in the Table 2 below. The existing GHL TPA revenue data, as shown in this table, comprises revenues generated from the following activities:

- a) Merchant Discount Rate (“MDR”) revenue derived from direct contracts with merchants and revenue sharing arrangements with 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, Philippines and Singapore.
- d) e-wallet merchant acquisition in Malaysia, Thailand and Philippines

3Q22 transaction value processed grew 24.6% YoY to RM5.0 billion (3Q21 – RM4.0 billion) as a result of continued relaxation of the lockdown restrictions at physical payment touchpoints and easing of cross border travel. 3Q22 TPV generated revenue of RM32.7 million, a growth of 58.7% YoY (3Q21 – RM20.6 million). The blended MDR (gross revenue/TPV) achieved in the quarter was higher at 67 basis points (3Q21 - 51 basis points) due to 1) product mix change of payment types and, 2) merchant mix change as transactions are captured more at physical merchants in favour of online merchants as lockdown eased. Retail merchants began to reopen progressively as consumers returned to the “High Street” as SOPs were relaxed in stages during the quarter.

Gross profit was up 72.2% YoY to RM10.1 million (3Q21 RM5.9 million). The 3Q22 gross profit/TPV margin spreads was stable at 20 basis points (3Q21 – 15 basis points) a year ago. If the pandemic conditions continue to improve and the governments do not reimpose stricter measures to contain new variants of COVID, performance over the coming quarters is expected to improve. With most SOPs having been relaxed and businesses now open, and consumers returning to retail spending will continue to generate higher TPV. However global concerns around inflation and rising interest rates could impact consumer spending and confidence in the coming quarters.



GHL SYSTEMS BERHAD

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B1. (i) Performance of current quarter (3Q 2022) vs corresponding quarter (3Q 2021) by segment (continued)

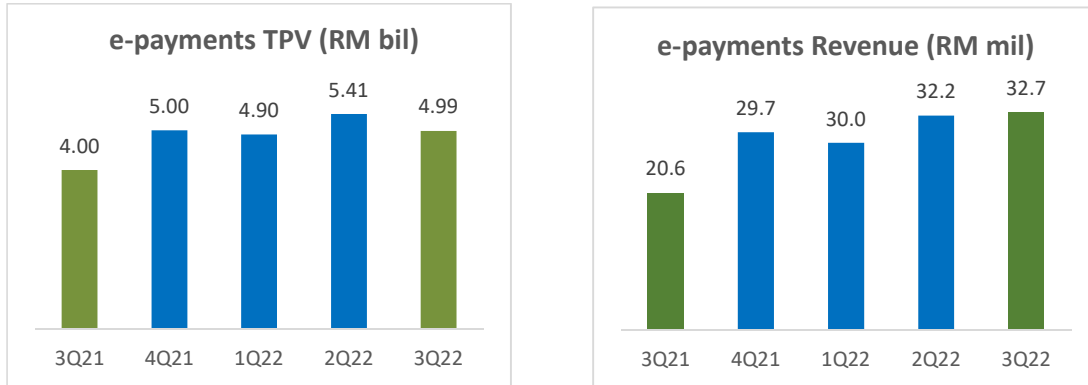


Table 2

GHL Electronic payments TPA <i>(All stated in RM'millions unless stated otherwise)</i>	3Q 2021	3Q 2022	% change
Transaction Payment Value	4,003.2	4,988.2	24.6%
Gross Revenue	20.6	32.7	58.7%
Gross Revenue / Transaction Payment Value (Note 1)	0.51%	0.67%	29.5%
Gross Profit	5.9	10.1	72.2%
Gross Profit / Transaction Payment Value (Note 1)	0.15%	0.20%	38.2%
Merchant Footprint - TPA Only (Thousands)	117.1	128.7	9.9%

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

Transaction Payment Acquisition (TPA) segment revenue was up 21.5% YoY in 3Q22 at RM66.4 million (3Q21 – RM54.6 million) driven by both payments revenues (+58.7% YoY) but e-pay revenues were down marginally (-1.1% 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) are growing at a faster rate.

Shared Services

Shared services revenue in 3Q22 grew 23.2% YoY to RM34.3 million (3Q21 – RM27.8 million) driven by higher EDC hardware sales which offset lower rental revenue collected. Hardware EDC sales revenue improved during the quarter as capex spending at banks have begun to improve although several banks remain cautious with spending due to the COVID-19 conditions as well as growing concerns on inflation and a higher interest rate environment.

Solutions Services

Solutions services gross revenue was down -10.0% in 3Q22 to RM2.8 million (3Q21 – RM3.1 million) mainly due lower hardware sales and maintenance revenue collected compared to the same period one year ago.



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B1. (ii) Performance of current quarter (3Q 2022) vs corresponding quarter (3Q 2021) by geographical segment

GHL's 3Q22 group revenue was up 20.9% YoY to RM103.4 million as compared to RM85.6 million in the corresponding quarter in 3Q21. The group's revenue growth in this quarter was led by its Transaction Payment Acquisition (TPA) business, which registered a 21.5% YoY improvement. The Shared Services and Solutions divisions in the 3Q22 registered a growth of 19.9% YoY or in absolute terms, RM6.2million improvement in revenue YoY. Gross margins dipped to 34.8% (3Q21 – 37.2%) mainly due to the change in revenue mix and segment mix. All the main geographical markets contributed positively to the group's EBITDA. In 3Q22, the Group achieved higher pre-tax profit of RM10.6 million compared to 3Q21's pre-tax profit of RM8.2 million. The improved profitability in 3Q22 was in line with the group's higher revenue generated.

Malaysia operations accounted for 74.7% of the group's revenue in 3Q22 with a 13.0% YoY growth to RM77.2 million. TPA and Shared services division led the growth during the quarter with higher transaction volume and higher terminal sales but solutions services registered a small YoY decline due to lower hardware sales compared to 3Q21.

The Philippines operations was the second largest contributor, accounted for 14.3% of 3Q22 group revenue. The third quarter of 2022 saw revenue grew by 35.8% YoY to RM14.8 million (3Q21 – RM10.9 million) due to growth in the TPA pillar driven by higher transaction volume and value. Its Shared and solutions services division however registered lower rental and maintenance revenue.

Thailand operations' 3Q22 revenue contributed 10.7% to the group total and grew 85.0% YoY to RM11.1 million (3Q21 – RM6.0 million) due to improvements in its rental/maintenance revenue in its Shared and solutions services pillars and growth in volumes in its TPA division. The Thai tourism sector remained subdued but was slowly relaxing its entry procedures from 1Q22 and is almost completely open by 3Q22 but its main tourism driver, Chinese tourists remain absent, due to China's strict travel restrictions for its citizen. Despite the lack of Chinese tourism activity, the group posted a strong performance in all the 3 business pillars for Thailand.

The group's other geographical operations recorded 3Q22 revenue of RM0.3 million (3Q21 – RM0.4 million) on an ongoing maintenance project in Australia in its Solutions Service segment. There were no Shared Services and TPA revenue recorded by our Australian operations for the quarter under review.

As at end September 2022, the group's payment touchpoints stood at 416,300, a 5.0% YoY growth overall where TPA touchpoints grew 10.9%.

During 3Q22, whilst the group maintained its regional footprint growth strategy, the group's footprint investment was RM3.1 million which has slowly grown since COVID SOPs were gradually relaxed in 2022. This investment figure is higher compared to 3Q21. These investment spending could grow or reduce in the coming quarters depending on conditions and consumer spending sentiment.

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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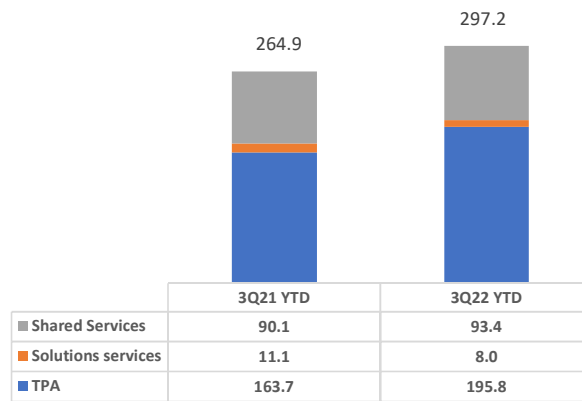
B1. (iii) Performance of year to date (3Q22) vs corresponding period (3Q21) by segment

Group revenue for the first nine months of 2022 was up 12.2% YoY to RM297.2 million (3Q21 – RM264.9 million) with growth driven by the TPA segment across all three key markets of Malaysia, Philippine and Thailand. The Shared Services segment was up 3.7% and Solution Services segment was down -28.2% respectively due to lower rental revenue in Malaysia and Philippines and a one-off project revenue recognised in the same nine-month period to 3Q21.

Despite the improvement in top-line revenue, the group’s gross profit margins declined to 34.7% (3Q21 – 39.0%) due to business pillar, payment type and merchant type mix. Accordingly, 3Q22 registered a lower pre-tax profit of RM27.2 million compared to RM28.9 million in the same period a year ago.

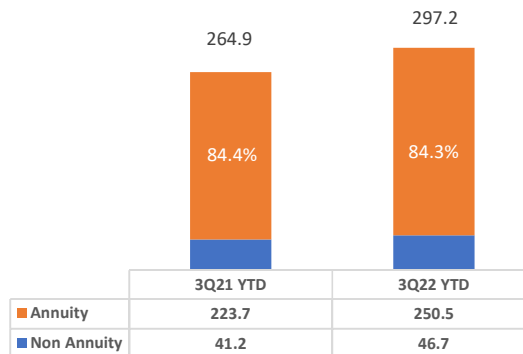
Net profit after tax and minority interest in 3Q22 YTD was RM18.4 million compared to the same period last year for 3Q21 YTD of RM19.5 million.

Revenue By Business Segment (RM mil)



The annuity-based revenue component within the group’s total revenue in the first nine months of 2022 remains high at 84.3% and this compared to 84.4% achieved in 3Q21 due to growing TPA revenue generated. Although in percentage terms, it declined 0.1%, the absolute annuity revenue terms, 3Q22 YTD grew an incremental RM26.8 million YoY. The group’s strategy is to grow the TPA and other businesses that have a strong recurring annuity-based revenue and at the same time to continue to support our main 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.

Annuity vs Non annuity revenue (RM mil)

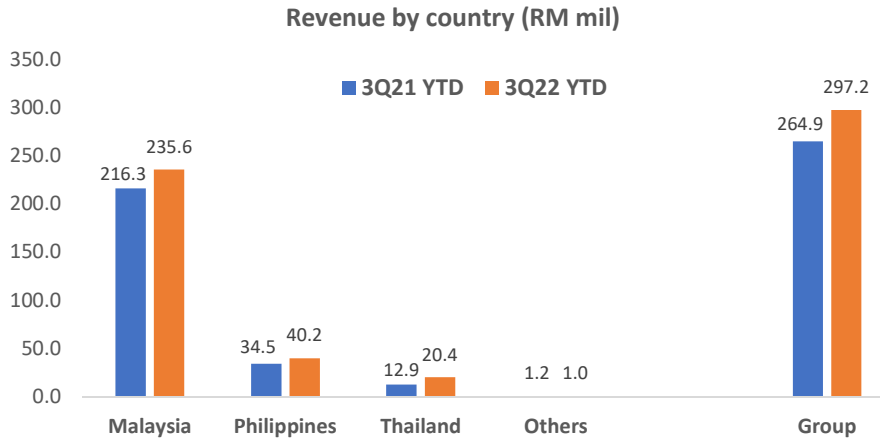




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B1. (Iv) Performance of year to date (3Q 2022) vs corresponding period (3Q 2021) by geographical segment



Group revenue for the first nine months of 2022 was up 12.2% YoY to RM297.2 million (3Q21 – RM264.9 million) with growth driven by the TPA segment across all three key markets of Malaysia, Philippine and Thailand. The Shared Services (up 3.7% YoY) and Solution Services (down 28.2% YoY) segments were impacted by lower rental revenue in Malaysia and Philippines and an one-off project revenue recognised in the corresponding quarter of 3Q21 respectively.

Malaysian operations contributed RM235.6 million or 79.3% (3Q21 – 81.7%) of group revenue and registered an 8.9% YoY growth whereby the TPA segment led the growth during the quarter due to higher transaction volume and value. Shared services in the first 9 months were YoY up marginally due to higher EDC terminal sales but was impacted by lower rental revenue. Solutions Services segments registered YoY decline due to lower rental revenue and a one-off project revenue recorded in the previous 3Q21 YTD period.

Philippines’ revenue was 16.5% YoY higher at RM40.2 million (3Q21 – RM34.5 million) driven by better TPA performance but dragged by lower Shared Services due to terminal retrievals by certain banks. Solutions Services registered a small decline due to lower software sales and lower maintenance revenue generated.

Thailand recorded an improvement in revenue of 58.1% YoY to RM20.4 million from RM12.9 million in 3Q21 with improvements from its TPA division and Shared Services due to higher rental revenue as well as hardware terminal sales to the banks. Solutions Services segment was also up marginally due to higher software sales. Thailand’s TPA segment, although improved, continue to be impacted by border closures which affected tourist arrivals and hence the group’s cross border e-wallet business.

Other countries remain the smallest contributor to group operations at RM1.0 million of group turnover compared to 3Q21 turnover of RM1.2 million. The EBITDA contribution of RM0.17 million compared to RM0.09 million in 3Q21 was due to operational and investment costs incurred in our new markets in the previous corresponding period.



GHL SYSTEMS BERHAD

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B1. (v) Performance of current quarter (3Q22) vs preceding quarter (2Q22) by segment

Table 3

Revenue (RM million)	2Q22	3Q22
TPA	67.8	66.3
Shared Services	30.5	34.3
Solutions Services	3.0	2.8
Group revenue	101.2	103.4
Profit Before Tax	8.7	10.6

For the quarter ended 30 September 2022, the group recorded revenue of RM103.4 million, up 2.2% quarter- on-quarter (QoQ) from RM101.2 million recorded in 2Q22. The main factor for this improvement was higher Shared services revenue from hardware EDC sales in Thailand. 3Q22 TPA were slightly lower mainly due to higher consumer spending resulting from the Ramadan and Eid holiday period in the preceding quarter of 2Q22. Solutions services was down -4.8% QoQ due to lower software sales captured in Thailand. The drop in overall profit margin was due to lower gross profit margins achieved from the changes in revenue mix and segmental 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 the main concern in our markets. Different countries are implementing commensurate measures to contain the spread whilst juggling and keeping their economies as open as possible. Cross border travel remains nascent but vaccination efforts are being intensified by most countries and hopefully the various economies will experience a more meaningful recovery and reopening in the second half of 2022. During 1Q22, several easing of lockdown measures were seen in GHL's 3 main markets with further easing continued in 3Q22.

As COVID-19 impact improves for the better, there is now a cautious optimism on the gradual recovery in consumer spending but a new concern in the form of inflation and higher interest rates in the global economies has now become the new caution. The ongoing conflict in Europe and the effects of supply chain disruptions in sectors such as electronics, energy, automotive and commodities has begun to drag on the GDP growth of global economies. Given our Group's diverse range of business pillars, merchant base and geographical mix, the ongoing relaxation of lockdown measures, the group believes this will result in recording further revenue improvements with the GP margins stabilising across the business pillars.

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:

	Current Quarter 30.09.2022 RM'000	Preceding Year Corresponding Quarter 30.09.2021 RM'000	Current Year To Date 30.09.2022 RM'000	Preceding Year To Date 30.09.2021 RM'000
Amortisation of intangible asset	67	67	199	199
Bad debts written off	11	14	65	31
Depreciation of property, plant and equipment	6,457	6,945	19,778	21,787
Property, plant and equipment written off/ (back)	63	-	156	-
(Gain)/Loss on foreign exchange:				
Realised	419	(62)	332	(143)
Unrealised	672	321	(178)	513
Loss/(gain) on disposal of fixed assets	222	(11)	989	168
Gain on disposal of investment in associate	-	-	(1,182)	-
Fair value (gain)/loss on other investments	(1)	173	276	375
Inventories written down	-	(1)	-	169
Reversal of inventories written down	(15)	-	(15)	-
Impairment loss on property, plant and equipment	-	282	-	477
Impairment loss on receivables	499	407	2,711	2,451
Interest income	(541)	(691)	(1,590)	(2,205)
Interest expenses	314	608	1,163	1,682
Inventories written (back)/off	-	-	11	(1,266)
Rental expenses	62	75	193	252
Reversal of impairment loss on investment in associate	(287)	-	(287)	-
Reversal of allowance for doubtful debts	(515)	(685)	(1,602)	(1,281)

B4. Tax expense

	Current Quarter 30.09.2022 RM'000	Year To Date 30.09.2022 RM'000
Current tax expenses based on profit for the financial quarter:		
Malaysian income tax	(2,791)	(7,160)
Foreign income tax	(567)	(1,336)
(Over)/Under-provision in prior years	14	14
Relating to origination and reversal of temporary differences	(152)	(233)
Total	(3,496)	(8,715)

The Group's effective tax rate for the current quarter and for the year to date ended 30 September 2022 was higher than the statutory tax rate mainly due to certain disallowable expenses for tax purposes.



GHL SYSTEMS BERHAD

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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.

B6. Group Borrowings and Debt Securities

The Group's borrowings and debt securities as at 30 September 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	-	5,806	-	12,389	-	18,195
- Philippine Peso	205	16	719	56	924	72
Unsecured						
<i>Bank borrowings</i>						
- Ringgit Malaysia	-	-	-	-	-	-
		5,822		12,445		18,267

B7. Material Litigation

Bestinet v GHL ePayments Sdn Bhd (Kuala Lumpur High Court)

The Kuala Lumpur High Court has on 30 May 2022 decided in our favour in which Bestinet Sdn Bhd's ("Bestinet") claim against GHL ePayments Sdn Bhd (a wholly owned subsidiary of the Company) ("eGHL") was dismissed with cost and eGHL's counter-claim against Bestinet has been allowed with cost ("High Court Decision").

Thereafter, Bestinet has filed and served a Notice of Appeal to the Court of Appeal on 24 June 2022 to appeal against the High Court Decision ("Appeal"). The Appeal is fixed for the case management on 21 February 2023 and the hearing is fixed on 7 March 2023.

Bestinet has also filed an application for the stay of execution of the High Court Decision on 26 August 2022 and the hearing is fixed on 16 December 2022. At the same time, eGHL has also filed an application for the winding up proceedings against Bestinet to enforce and execute the High Court Decision on 17 November 2022.

B8. Dividend

The Board of Directors has declared a single-tier interim dividend of 2.5 sen per ordinary share, amounting to RM28,537,496 in respect of the financial year ending 31 December 2022, to be paid on 28 December 2022, based on the latest number of ordinary shares.

The entitlement date for the interim dividend is 14 December 2022.

A depositor shall qualify for entitlement to the interim dividend only in respect of:

- (a) shares transferred into the depositor's securities account before 4.30pm on 14 December 2022 in respect of ordinary transfers; and
- (b) shares bought from Bursa a cum entitlement basis

There was no dividend declared for the previous corresponding quarter ended 30 September 2021



GHL SYSTEMS BERHAD

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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 30.09.2022	Preceding Year Corresponding Quarter 30.09.2021	Current Year To Date 30.09.2022	Preceding Year To Date 30.09.2021
<u>Basic</u>				
Profit attributable to owners of the Company (RM'000)	7,109	5,539	18,446	19,488
Weighted average number of ordinary shares in issue and issuable (Unit'000)	1,141,500	1,140,500	1,141,500	1,141,371
Basic earnings per ordinary share (Sen)	0.62	0.49	1.62	1.71
<u>Diluted</u>				
Profit attributable to owners of the Company (RM'000)	7,109	5,539	18,446	19,488
Weighted average number of ordinary shares in issue and issuable (Unit'000)	1,141,500	1,140,500	1,141,500	1,141,371
Diluted earnings per ordinary share (Sen)	0.62	0.49	1.62	1.71