



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

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE PERIOD ENDED 31 MARCH 2023**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR	PRECEDING YEAR	CURRENT YEAR TO DATE	PRECEDING YEAR
		QUARTER	CORRESPONDING QUARTER	PERIOD	CORRESPONDING PERIOD
		31.03.2023	31.03.2022	31.03.2023	31.03.2022
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	103,965	92,552	103,965	92,552
Cost of sales		(68,860)	(60,149)	(68,860)	(60,149)
<b>Gross profit</b>		<b>35,105</b>	<b>32,403</b>	<b>35,105</b>	<b>32,403</b>
Other operating income		689	729	689	729
Administration expenses		(23,789)	(21,779)	(23,789)	(21,779)
Distribution costs		(2,813)	(2,575)	(2,813)	(2,575)
Other operating expenses		(160)	(236)	(160)	(236)
Net gain/(loss) on impairment of financial assets		679	(177)	679	(177)
Finance cost		(249)	(468)	(249)	(468)
Share of results of associated companies		-	(47)	-	(47)
<b>Profit before taxation</b>		<b>9,462</b>	<b>7,850</b>	<b>9,462</b>	<b>7,850</b>
Income tax expense		(2,799)	(2,664)	(2,799)	(2,664)
<b>Profit for the period</b>		<b>6,663</b>	<b>5,186</b>	<b>6,663</b>	<b>5,186</b>
<b>Attributable to:</b>					
Owners of the Company		6,670	5,184	6,670	5,184
Non-controlling interest		(7)	2	(7)	2
		<b>6,663</b>	<b>5,186</b>	<b>6,663</b>	<b>5,186</b>
Earnings Per Ordinary Share					
- Basic (sen)	B9	0.58	0.45	0.58	0.45
- Diluted (sen)	B9	0.58	0.45	0.58	0.45
<b>Profit for the period</b>		<b>6,663</b>	<b>5,186</b>	<b>6,663</b>	<b>5,186</b>
Other comprehensive income, net of tax					
Foreign currency translation differences		1,804	(1,077)	1,804	(1,077)
<b>Total comprehensive income for the period</b>		<b>8,467</b>	<b>4,109</b>	<b>8,467</b>	<b>4,109</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		8,474	4,107	8,474	4,107
Non-controlling interest		(7)	2	(7)	2
		<b>8,467</b>	<b>4,109</b>	<b>8,467</b>	<b>4,109</b>

*(The condensed consolidated statement of comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 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 31 March 2023**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

	<b>AS AT</b>	<b>AS AT</b>
	<b>31.03.2023</b>	<b>31.12.2022</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Note</b>	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	88,402	90,838
Goodwill on consolidation	168,639	168,639
Intangible assets	572	638
Trade and other receivables	10,227	10,346
Other investments	27	27
Deferred tax assets	2,298	2,100
	270,165	272,588
<b>Current assets</b>		
Inventories	87,657	89,990
Trade and other receivables	201,564	255,652
Current tax assets	3,073	2,686
Other investments	9,184	14,901
Cash and bank balances	141,222	143,266
	442,700	506,495
<b>TOTAL ASSETS</b>	<b>712,865</b>	<b>779,083</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	351,485	351,485
Reserves	1,247	(557)
Retained earnings	167,380	160,710
<b>Equity attributable to owners of the parent</b>	<b>520,112</b>	<b>511,638</b>
Non controlling interest	181	188
<b>Total equity</b>	<b>520,293</b>	<b>511,826</b>
<b>Non-current liabilities</b>		
Borrowings	8,669	9,416
Contract liabilities	356	14
Lease liabilities	2,266	2,654
Employee benefits obligation	1,524	1,412
Deferred tax liabilities	7,745	7,886
Other payables	-	-
	20,560	21,382
<b>Current liabilities</b>		
Trade and other payables	146,347	228,893
Contract liabilities	5,783	5,136
Lease liabilities	1,338	1,222
Borrowings	14,241	7,365
Current tax liabilities	4,303	3,259
	172,012	245,875
<b>Total liabilities</b>	<b>192,572</b>	<b>267,257</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>712,865</b>	<b>779,083</b>
Net assets per share (sen)	45.56	44.82

*(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 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 2023**  
*(THE FIGURES HAVE NOT BEEN AUDITED)*

	Share Capital RM'000	Retirement Benefit Reserve RM'000	Exchange Translation 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 2022	351,485	(305)	(3,250)	160,942	508,872	184	509,056
Total comprehensive income for the period	-	-	(1,077)	5,184	4,107	2	4,109
At 31 March 2022	351,485	(305)	(4,327)	166,126	512,979	186	513,165
At 1 January 2023	351,485	775	(1,332)	160,710	511,638	188	511,826
Total comprehensive income for the period	-	-	1,804	6,670	8,474	(7)	8,467
At 31 March 2023	351,485	775	472	167,380	520,112	181	520,293

*(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 2022 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 2023**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

	<b>CURRENT YEAR TO DATE 31.03.2023 RM'000</b>	<b>PRECEDING YEAR TO DATE 31.03.2022 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	9,462	7,850
<b>Adjustment for:-</b>		
Amortisation of development cost	66	66
Amortisation of contract liabilities	(2,363)	(3,567)
Bad debts written off	-	(117)
Depreciation of property, plant and equipment	5,735	6,697
Fair value loss on other investment	-	(60)
Impairment loss on property, plant and equipment	-	(20)
Impairment loss on trade and other receivables	1,027	823
Interest expense	249	468
Interest income	(371)	(648)
Loss on disposal of property, plant and equipment	35	338
Property, plant and equipment written off	3	7
Reversal of impairment on trade and other receivables	(1,706)	(648)
Share of (gain)/loss from an associate	-	47
Unrealised (gain)/loss on foreign exchange	40	(159)
<b>Operating profit before working capital changes</b>	<b>12,177</b>	<b>11,077</b>
<b>Increase/(Decrease) in working capital</b>		
Inventories	6,605	6,388
Trade and other receivables	55,011	(15,351)
Trade and other payables	(82,866)	(29,015)
Advance receipt from contract liabilities	3,281	3,562
Employee benefits obligations	69	-
	<b>(17,900)</b>	<b>(34,416)</b>
<b>Cash generated from operations</b>	<b>(5,723)</b>	<b>(23,339)</b>
Interest received	371	646
Interest paid	(197)	(593)
Tax paid	(2,220)	(3,908)
	<b>(2,046)</b>	<b>(3,855)</b>
<b>Net cash used in operating activities</b>	<b>(7,769)</b>	<b>(27,194)</b>



**GHL SYSTEMS BERHAD**

**Company No: 199401007361 (293040-D)**

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**FOR THE PERIOD ENDED 31 MARCH 2023**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

	<b>CURRENT YEAR TO DATE 31.03.2023 RM'000</b>	<b>PRECEDING YEAR TO DATE 31.03.2022 RM'000</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(7,287)	(6,650)
Placement in deposits pledged or maturity more than 3 months	180	427
Proceeds from disposal of property , plant and equipment	233	66
<b>Net cash used in investing activities</b>	<b>(6,874)</b>	<b>(6,157)</b>
<b>Cash Flows From Financing Activities</b>		
Repayment of lease liabilities	(377)	(655)
Drawdown of bank borrowings	7,550	(19,603)
Repayment of bank borrowings	(1,436)	(1,530)
<b>Net cash generated from/(used in) financing activities</b>	<b>5,737</b>	<b>(21,788)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(8,906)</b>	<b>(55,139)</b>
<b>Effect of exchange rate fluctuation</b>	<b>1,325</b>	<b>(78)</b>
<b>Effect of fair value changes in cash and cash equivalents</b>	<b>-</b>	<b>447</b>
<b>Cash and cash equivalents at beginning of the finance period</b>	<b>142,836</b>	<b>265,188</b>
<b>Cash and cash equivalents at end of the finance period</b>	<b>135,255</b>	<b>210,418</b>
<b>Cash and cash equivalents at end of the finance year:-</b>		
Cash and bank balances	141,222	149,922
Other investments	9,184	75,716
	150,406	225,638
Less: Fixed deposits pledged to licensed banks or maturity more than 3 months	(15,151)	(15,220)
	135,255	210,418

*(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements)*

**Part A: Explanatory notes on consolidated results for the quarter ended 31 March 2023**

**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 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 2022.

**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 2023 under the MFRS framework. These policies do not differ significantly from those used in the audited consolidated financial statements for 31 December 2022.

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 2023**

<b>Title</b>	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contract ( <i>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>Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

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 2024**

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:

<b>Title</b>	<b>Effective Date</b>
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 16 <i>Lease Liability in Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate 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.



**GHL SYSTEMS BERHAD**

**Company No: 199401007361 (293040-D)**

**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 2022 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 2023.

**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 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.



**GHL SYSTEMS BERHAD**

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**A9. Segmental Reporting (continued)**

***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.

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.





GHL SYSTEMS BERHAD

Company No: 199401007361 (293040-D)

A9. Segmental Reporting (continued)

Quarter and cumulative - 31 March	Malaysia		Philippines		Thailand		Others		Adjustment and Elimination		Consolidated	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>REVENUE</b>												
<b>External Sales</b>												
Transaction Payment Acquisition	60,431	54,629	11,853	7,450	2,627	1,038	-	-	(1,599)	(1,501)	73,312	61,616
Shared Services	20,787	21,373	3,524	4,375	3,516	3,200	-	-	(318)	(225)	27,509	28,723
Solution Services	1,628	1,392	778	335	283	215	455	333	-	(62)	3,144	2,213
Inter-segment sales	6,111	6,449	-	-	-	-	-	-	(6,111)	(6,449)	-	-
	<b>88,957</b>	<b>83,843</b>	<b>16,155</b>	<b>12,160</b>	<b>6,426</b>	<b>4,453</b>	<b>455</b>	<b>333</b>	<b>(8,028)</b>	<b>(8,237)</b>	<b>103,965</b>	<b>92,552</b>
<b>RESULTS</b>												
<b>EBITDA</b>	<b>7,380</b>	<b>11,679</b>	<b>5,602</b>	<b>3,315</b>	<b>1,442</b>	<b>1,062</b>	<b>223</b>	<b>316</b>	<b>494</b>	<b>(1,939)</b>	<b>15,141</b>	<b>14,433</b>
Interest income	888	644	9	4	-	-	-	-	(526)	-	371	648
Interest expense	(768)	(434)	(1)	(27)	(6)	(7)	-	-	526	-	(249)	(468)
Depreciation	(3,866)	(4,015)	(1,001)	(1,928)	(850)	(746)	(5)	5	(13)	(13)	(5,735)	(6,697)
Amortisation of intangible assets	(66)	(66)	-	-	-	-	-	-	-	-	(66)	(66)
<b>Profit/ (Loss) before taxation</b>	<b>3,568</b>	<b>7,808</b>	<b>4,609</b>	<b>1,364</b>	<b>586</b>	<b>309</b>	<b>218</b>	<b>321</b>	<b>481</b>	<b>(1,952)</b>	<b>9,462</b>	<b>7,850</b>
Taxation	(2,383)	(2,570)	(1,134)	(527)	(114)	(16)	(48)	(51)	880	500	(2,799)	(2,664)
Minority interest	-	-	-	-	-	-	-	-	7	(2)	7	(2)
<b>Segment profit/ (loss) for the financial period after</b>	<b>1,185</b>	<b>5,238</b>	<b>3,475</b>	<b>837</b>	<b>472</b>	<b>293</b>	<b>170</b>	<b>270</b>	<b>1,368</b>	<b>(1,454)</b>	<b>6,670</b>	<b>5,184</b>
<b>Segmental assets</b>	<b>881,184</b>	<b>941,261</b>	<b>80,127</b>	<b>72,019</b>	<b>35,825</b>	<b>34,042</b>	<b>2,940</b>	<b>2,688</b>	<b>(287,211)</b>	<b>(270,927)</b>	<b>712,865</b>	<b>779,083</b>
<b>Segmental liabilities</b>	<b>424,318</b>	<b>485,319</b>	<b>19,032</b>	<b>17,773</b>	<b>15,252</b>	<b>14,256</b>	<b>708</b>	<b>694</b>	<b>(266,738)</b>	<b>(250,785)</b>	<b>192,572</b>	<b>267,257</b>



**GHL SYSTEMS BERHAD**

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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 2022.

**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:

	<b>RM'000</b>
Banker's guarantee in favour of third parties	
- Secured	<u>17,426</u>

**A14. Capital Commitments**

Capital commitments for purchase of property, plant and equipment not provided for as at 31 March 2023 are as follows:

	<b>RM'000</b>
Approved but not contracted for	<u>3,341</u>



**GHL SYSTEMS BERHAD**

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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 2023) vs corresponding quarter (1Q 2022) by segment**

GHL's 1Q23 Group revenue grew 12.3% YoY to RM104.0 million as compared to RM92.6 million in the corresponding quarter in 1Q22. In line with the higher revenue, 1Q23 registered higher pre-tax profit of RM9.5 million compared to 1Q22's pre-tax profit of RM7.9 million. 1Q23 profit after tax and minority interest was also higher by 28.7% YoY at RM6.7 million (1Q22 PATMI RM5.2 million).

The reopening of retail outlets, increased interstate travels, increased inbound tourism, and less stringent measures allowed consumer spending to continue in 2022 and this trend continued into 1Q23 with higher transaction payment value recorded. The Group's revenue growth in this quarter was led by its Transaction Payment Acquisition (TPA) business, which registered a 19.0% YoY improvement. The Shared Services and Solutions divisions in 1Q23 was down marginally 0.9% YoY. The Group's balance sheet remains healthy with a net cash position of RM114.7 million (31.12.2022 – Net cash RM159.5 million) excluding amounts placed in short term money market investments.

The performances of the individual segments are as follows: -

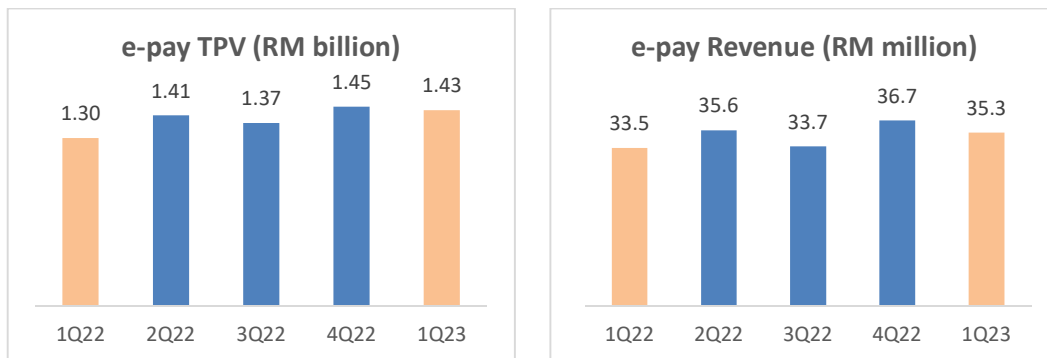
**Transaction Payment Acquisition (TPA)**

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 56,360 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 Table 1 below.

As shown in Table 1, 1Q23 transaction value processed (TPV) by e-pay grew by 10.3% YoY with a gross profit margin spread of 75 basis points (1Q22 - 85 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 1Q23 revenue of RM35.3 million grew by 5.5% YoY (1Q22 RM33.5 million).





**GHL SYSTEMS BERHAD**

**Company No: 199401007361 (293040-D)**

**B1. (i) Performance of current quarter (1Q 2023) vs corresponding quarter (1Q 2022) by segment (continued)**

**Table 1**

<b>e-pay</b> <i>(All stated in RM'millions unless stated otherwise)</i>	<b>1Q 2022</b>	<b>1Q 2023</b>	<b>% change</b>
Transaction Payment Value	<b>1,297.8</b>	<b>1,431.7</b>	<b>10.3%</b>
Gross Revenue	<b>33.5</b>	<b>35.3</b>	<b>5.5%</b>
Gross Revenue / Transaction Payment Value (Note 1)	<b>2.58%</b>	<b>2.47%</b>	<b>-4.4%</b>
Gross Profit	<b>11.1</b>	<b>10.7</b>	<b>-3.7%</b>
Gross Profit / Transaction Payment Value (Note 1)	<b>0.85%</b>	<b>0.75%</b>	<b>-12.7%</b>
Merchant Footprint - e-pay Only (Thousands)	<b>50.8</b>	<b>56.4</b>	<b>11.0%</b>

*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

1Q23 transaction value processed grew 14.4% YoY to RM5.6 billion (1Q22 – RM4.9 billion) as the Group’s TPA payment touchpoints continue to capture the shift to cashless payments. 1Q23 TPV generated revenue of RM37.4 million, a growth of 33.1% YoY (1Q22 – RM28.1 million). The blended MDR (gross revenue/TPV) achieved in the quarter was higher at 67 basis points (1Q22 - 57 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. Retail merchants reopen as consumers returned to “High Street” spending.

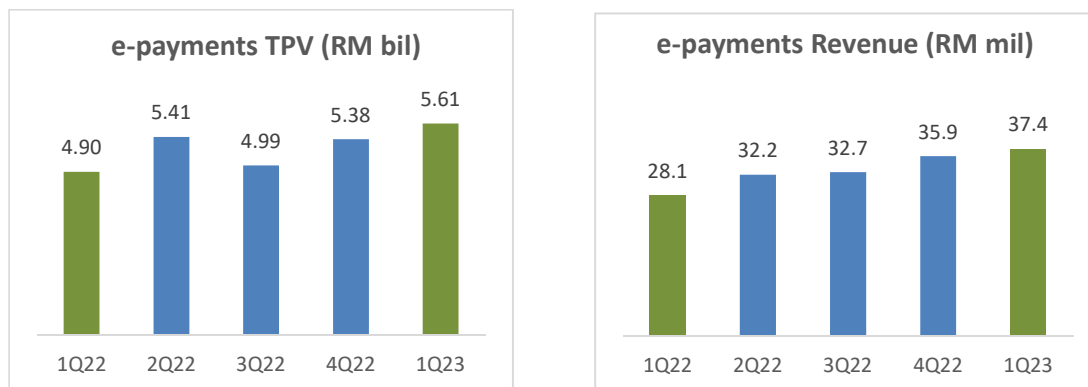
Gross profit was up 34.7% YoY to RM11.8 million (1Q22 RM8.8 million). The 1Q23 gross profit/TPV margin spreads was higher at 21 basis points (1Q22 – 18 basis points) TPV performance over the coming quarters is expected to improve as borders continue to reopen and economic conditions approach normality. With most SOPs relaxed and businesses 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.



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**B1. (i) Performance of current quarter (1Q 2023) vs corresponding quarter (1Q 2022) by segment (continued)**



**Table 2**

<b>GHL Electronic payments TPA</b> <i>(All stated in RM'millions unless stated otherwise)</i>	<b>1Q 2022</b>	<b>1Q 2023</b>	<b>% change</b>
Transaction Payment Value	<b>4,899.2</b>	<b>5,605.3</b>	<b>14.4%</b>
Gross Revenue	<b>28.1</b>	<b>37.4</b>	<b>33.1%</b>
Gross Revenue / Transaction Payment Value (Note 1)	<b>0.57%</b>	<b>0.67%</b>	<b>16.3%</b>
Gross Profit	<b>8.8</b>	<b>11.8</b>	<b>34.7%</b>
Gross Profit / Transaction Payment Value (Note 1)	<b>0.18%</b>	<b>0.21%</b>	<b>17.7%</b>
Merchant Footprint - TPA Only (Thousands)	<b>126.5</b>	<b>119.9</b>	<b>-5.2%</b>

*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 19.0% YoY in 1Q23 at RM73.3 million (1Q22 – RM61.6 million) driven by payments revenues (+33.1% YoY) and e-pay revenues marginally higher (5.5% YoY). e-pay used to be larger contributor in the TPA segment but the GHL electronic payments TPA (encompassing card, online, mobile and next gen payments) has surpassed e-pay to be a larger contributor in 1Q23.

**Shared Services**

Shared services revenue in 1Q23 declined -4.2% YoY to RM27.5 million (1Q22 – RM28.7 million) due to lower rental revenue collected. However, hardware EDC sales revenue still improved YoY during the quarter under review as capex spending at banks was still taking place.

**Solutions Services**

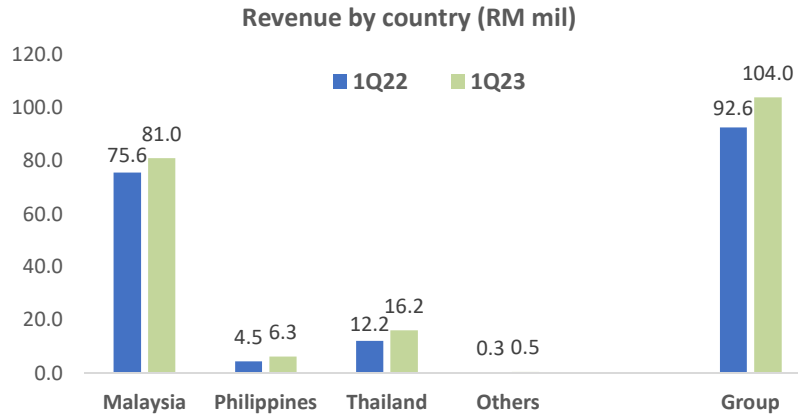
Solutions services gross revenue improved 42.1% in 1Q23 to RM3.1 million (1Q22 – RM2.2 million) mainly due to higher software sales and maintenance revenue collected compared to the same period one year ago.



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**B1. (ii) Performance of current quarter (1Q 2023) vs corresponding quarter (1Q 2022) by geographical segment**



GHL’s 1Q23 Group revenue grew 12.3% YoY to RM104.0 million as compared to RM92.6 million in the corresponding quarter in 1Q22. In line with the higher revenue, 1Q23 registered higher pre-tax profit of RM9.5 million compared to 1Q22’s pre-tax profit of RM7.9 million. The Group’s revenue growth in this quarter was led by its Transaction Payment Acquisition (TPA) business, which registered a 19.0% YoY improvement. The Shared Services and Solutions divisions in 1Q23 was down marginally 0.9% YoY to register RM30.6 million revenue. Gross profit margin dipped to 33.8% (1Q22 – 35.0%) mainly due to the change in revenue mix and segment mix and all the main geographical markets generated positive EBITDA. The improved profitability in 1Q23 was in line with the Group’s higher revenue generated.

Malaysia’s operations accounted for 77.9% of the Group’s revenue in 1Q23 with a 7.1% YoY growth to RM81.0million. TPA led the growth during the quarter with higher transaction volume. Solutions Services registered a small YoY growth which was however insufficient to cover the decline in the Shared services revenue due to lower rental revenue compared to 1Q22.

The Philippines’ operations were the second largest contributor, accounted for 15.6% of 1Q23 Group revenue. The first quarter of 2023 saw Philippine revenue grew by 32.8% YoY to RM16.2 million (1Q22 – RM12.2 million) due to growth in the TPA pillar driven by higher transaction volume and value. Similar to Malaysia, its Solutions Services division growth was insufficient to cover the decline in Shared services revenue due to the latter’s lower rental revenue.

Thailand’s operations 1Q23 revenue contributed 6.1% to the Group total and grew 40.0% YoY to RM6.3 million (1Q22 – RM4.5 million) due to improvements to all its 3 business pillars. EDC sales and rental/maintenance revenue was higher in its Shared and higher software sales in its Solutions Services pillars and growth in volumes in its TPA division. The Thai tourism sector benefitted when China reopened its borders in 1Q23 and the impact of higher tourism is beginning to be noticed.

The Group’s other geographical operations recorded 1Q23 revenue of RM0.5 million (1Q22 – RM0.3 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 March 2023, the Group’s payment touchpoints stood at 434,400, a 5.1% YoY growth overall where TPA touchpoints declined -0.5% to 176,300 touchpoints due to the clean-up of some inactive merchants.

During the 1Q23, whilst the Group maintained its regional footprint growth strategy, the Group’s TPA footprint investment was RM3.5 million which has slowly grown since COVID SOPs were gradually relaxed in 2022. This investment figure is higher compared to 1Q22. These investment spending could grow or reduce in the coming quarters depending on conditions and consumer spending sentiment.



**GHL SYSTEMS BERHAD**  
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**B1. (ii) Performance of current quarter (1Q 2023) vs corresponding quarter (1Q 2022) by geographical segment (continued)**

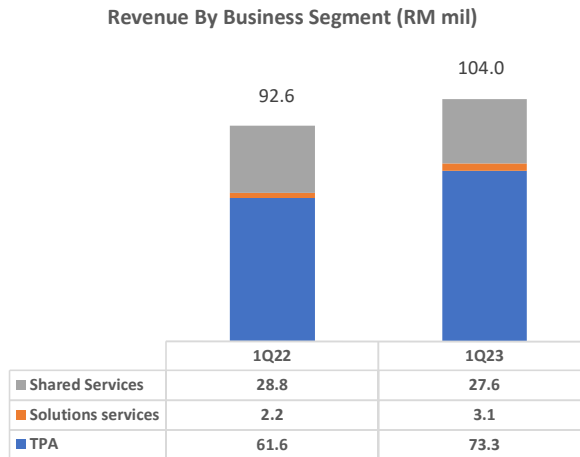
The Group strives to maintain its strategy of a sustainable growth in its financial performance whilst maintaining the same growth trajectory in strengthening its ASEAN presence.

**B1. (iii) Performance of 1Q 2023 vs 1Q 2022 by business segment**

Group revenue for 1Q23 was up 12.3% YoY to RM104.0 million (1Q22 – RM92.6 million) with growth driven by the TPA segment across all three key markets of Malaysia, Philippine and Thailand. The Shared Services segment was down -4.2% due mainly to lower rental revenue collected from Malaysia and Philippines. Solution Services segment was up 42.1% due to software sales in Philippines and maintenance revenue from Malaysia.

Despite the improvement in top-line revenue, the Group’s 1Q23 gross profit margin declined to 33.8% (1Q22 – 35.0%) due to business pillar, payment type and merchant type mix. Despite the lower GP margin, pre-tax profit grew in 1Q23 driven by top-line revenue growth and registered a higher pre-tax profit of RM9.5 million compared to RM7.9 million in the same period in 2022.

Net profit after tax and minority interest in 1Q23 was up 28.7% YoY to RM6.7 million compared to the same period last year for 1Q22 of RM5.2 million due the growth in its top-line revenue.



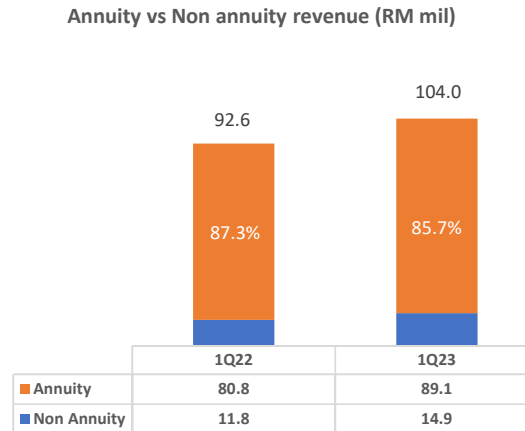
The annuity-based revenue component within the Group’s total revenue in 1Q23 remains high at 85.7% and this compared to 87.3% achieved in 1Q22 due to lower rental revenue in 1Q23. Despite this -1.6% decline in percentage terms, the absolute annuity revenue in 1Q23 grew by RM8.3 million YoY. The Group’s 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.



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**B1. (iii) Performance of 1Q 2023 vs 1Q 2022 by business segment (continued)**



**B1. (v) Performance of current quarter (1Q23) vs preceding quarter (4Q22) by business segment**

**Table 3**

Revenue (RM million)	4Q22	1Q23
TPA	73.1	73.3
Shared Services	37.3	27.5
Solutions Services	3.0	3.1
<b>Group revenue</b>	<b>113.4</b>	<b>104.0</b>
<b>Profit Before Tax</b>	<b>14.3</b>	<b>9.5</b>

For the quarter ended 31 March 2023, the Group recorded revenue of RM104.0 million, down -8.3% quarter- on-quarter (QoQ) from RM113.4 million recorded in 4Q22. The TPA and Solutions services were flat QoQ but overall group revenue was down due to lower Shared Services contribution from lower hardware EDC sales QoQ and lower rental revenue.

**B2. Current Year’s Prospects (FY 2023)**

The first quarter of 2023 saw an improvement in consumer spending, resulting in higher revenue in our TPA business, while we experienced lower revenue in our Shared and Solution Services. Our Shared and Solution Services businesses continue to enjoy a healthy pipeline of deals which we believe will result in additional revenues in the coming quarters. Additionally, the Group’s focus on high growth, high margin lines of business, such as offline and online direct merchant acquiring and our newly launched SME lending, is expected to contribute to the growth in revenue in 2023. This new line of business promises to be a high growth, high margin business relying on our existing merchant acquiring infrastructure and ecosystem.

Although the recovery in consumption and activities in 2022 continued into 2023, there remains concerns in the form of inflation and higher interest rates in the global economies. Geo-political tensions and ongoing conflict in Europe and the effects of supply chain disruptions in sectors such as electronics, automotive, energy and commodities may impact growth of global economies. Despite the global headwinds, our Group’s diverse range of business pillars, merchant base and geographical mix, should still lead to revenue improvements as more ASEAN consumers increasingly adopt cashless as a mean of conducting their online and in-store transactions.

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	
	31.03.2023 RM'000	31.03.2022 RM'000
Amortisation of intangible asset	66	66
Bad debts written off	-	(117)
Depreciation of property, plant and equipment	5,735	6,697
Fair value (gain)/loss in other investments	-	(60)
(Gain)/Loss on foreign exchange:		
Realised	43	11
Unrealised	40	(159)
(Gain)/Loss on disposal of property, plant and equipment	35	338
Impairment (gain)/loss on property, plant and equipment	-	(20)
Impairment loss on trade and other receivables	1,027	823
Interest expenses	249	468
Interest income	(371)	(648)
Property, plant and equipment written off	3	68
Rental expenses	61	314
Reversal of impairment on trade and other receivables	(1,706)	(646)

**B4. Tax expense**

	Current Quarter 31.03.2023 RM'000	Year To Date 31.03.2023 RM'000
Current tax expenses based on profit for the financial quarter:		
Malaysian income tax	(1,930)	(1,930)
Foreign income tax	(1,148)	(1,148)
(Over)/Under-provision in prior years	-	-
Relating to origination and reversal of temporary differences	279	279
<b>Total</b>	<b>(2,799)</b>	<b>(2,799)</b>

The Group's effective tax rate for the current quarter and for the year to date ended 31 March 2023 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 and 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 2023 are as follows:

	Long-term Borrowings		Short-term Borrowings		Total Borrowings	
	Foreign '000	RM'000	Foreign '000	RM'000	Foreign '000	RM'000
<b>Secured</b>						
<i>Bank borrowings</i>						
- Ringgit Malaysia	-	8,669	-	14,197	-	22,866
- Philippine Peso	-	-	538	44	538	44
<b>Unsecured</b>						
<i>Bank borrowings</i>						
- Ringgit Malaysia	-	-	-	-	-	-
		<b>8,669</b>		<b>14,241</b>		<b>22,910</b>

**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 Company's 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 Judgment").

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 Judgment ("Appeal") and the Appeal is set to be heard on 4 September 2023.

Bestinet has also filed an application for the stay of execution of the High Court Judgment on 26 August 2022 and the said application was dismissed on 16 December 2022. At the same time, eGHL has also issued a Statutory Notice of Demand against Bestinet on 17 December 2022 to enforce the High Court Judgment. Bestinet made payment of the sum of RM374,823.83 on 3 April 2023.

**B8. Dividend**

No dividend has been declared for the financial quarter ended 31 March 2023.



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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.

	<b>Current Quarter 31.03.2023</b>	<b>Preceding Year Corresponding Quarter 31.03.2022</b>	<b>Current Year To Date 31.03.2023</b>	<b>Preceding Year To Date 31.03.2022</b>
<b><u>Basic</u></b>				
Profit attributable to owners of the Company (RM'000)	6,670	5,184	6,670	5,184
Weighted average number of ordinary shares in issue and issuable (Unit'000)	1,141,500	1,141,500	1,141,500	1,141,403
Basic earnings per ordinary share (Sen)	0.58	0.45	0.58	0.45
<b><u>Diluted</u></b>				
Profit attributable to owners of the Company (RM'000)	6,670	5,184	6,670	5,184
Weighted average number of ordinary shares in issue and issuable (Unit'000)	1,141,500	1,141,500	1,141,500	1,141,403
Diluted earnings per ordinary share (Sen)	0.58	0.45	0.58	0.45