



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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 30 JUNE 2023
(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
		30.06.2023	30.06.2022	30.06.2023	30.06.2022
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	110,000	101,220	213,965	193,772
Cost of sales		(71,711)	(66,574)	(140,571)	(126,723)
Gross profit		38,289	34,646	73,394	67,049
Other operating income		1,328	1,497	2,017	2,227
Administration expenses		(25,425)	(22,782)	(49,214)	(44,560)
Distribution costs		(3,483)	(2,911)	(6,296)	(5,486)
Other operating expenses		(600)	(460)	(760)	(697)
Net gain/(loss) on impairment of financial assets		945	(948)	1,624	(1,125)
Finance cost		(322)	(381)	(571)	(849)
Share of results of associated companies		-	50	-	2
Profit before taxation		10,732	8,711	20,194	16,561
Income tax expense		(4,437)	(2,555)	(7,236)	(5,219)
Profit for the period		6,295	6,156	12,958	11,342
Attributable to:					
Owners of the parent		6,305	6,153	12,975	11,337
Non-controlling interest		(10)	3	(17)	5
		6,295	6,156	12,958	11,342
Earnings Per Ordinary Share					
- Basic (sen)	B9	0.55	0.54	1.14	0.99
- Diluted (sen)	B9	0.55	0.54	1.14	0.99
Profit for the period		6,295	6,156	12,958	11,342
Other comprehensive income, net of tax					
Remeasurement of defined benefit liability, net of tax		-	386	-	386
Foreign currency translation differences		3,396	(755)	5,200	(1,831)
Total comprehensive income for the period		9,691	5,787	18,158	9,897
Total comprehensive income attributable to:					
Owners of the parent		9,701	5,784	18,175	9,892
Non-controlling interest		(10)	3	(17)	5
		9,691	5,787	18,158	9,897

(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 30 JUNE 2023
 (THE FIGURES HAVE NOT BEEN AUDITED)**

	AS AT 30.06.2023 (Unaudited) RM'000	AS AT 31.12.2022 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	91,192	90,838
Goodwill on consolidation	168,639	168,639
Intangible assets	506	638
Trade and other receivables	10,210	10,346
Other investments	27	27
Deferred tax assets	2,387	2,100
	<u>272,961</u>	<u>272,588</u>
Current assets		
Inventories	93,207	89,990
Trade and other receivables	253,460	255,652
Current tax assets	2,994	2,686
Other investments	2,492	14,901
Cash and bank balances	149,746	143,266
	<u>501,899</u>	<u>506,495</u>
TOTAL ASSETS	<u>774,860</u>	<u>779,083</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	351,485	351,485
Reserves	4,643	(557)
Retained earnings	173,685	160,710
Equity attributable to owners of the parent	<u>529,813</u>	<u>511,638</u>
Non controlling interest	171	188
Total equity	<u>529,984</u>	<u>511,826</u>
Non-current liabilities		
Borrowings	B6 7,632	9,416
Contract liabilities	150	14
Lease liabilities	2,069	2,654
Employee benefits obligation	1,659	1,412
Deferred tax liabilities	7,628	7,886
	<u>19,138</u>	<u>21,382</u>
Current liabilities		
Trade and other payables	173,789	228,893
Contract liabilities	7,462	5,136
Lease liabilities	1,466	1,222
Borrowings	B6 38,151	7,365
Current tax liabilities	4,870	3,259
	<u>225,738</u>	<u>245,875</u>
Total liabilities	<u>244,876</u>	<u>267,257</u>
TOTAL EQUITY AND LIABILITIES	<u>774,860</u>	<u>779,083</u>
Net assets per share (sen)	46.41	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 30 JUNE 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	168	509,040
Total comprehensive income for the period	-	386	(1,831)	11,337	9,892	5	9,897
At 30 June 2022	<u>351,485</u>	<u>81</u>	<u>(5,081)</u>	<u>172,279</u>	<u>518,764</u>	<u>173</u>	<u>518,937</u>
At 1 January 2023	351,485	775	(1,332)	160,710	511,638	188	511,826
Total comprehensive income for the period	-	-	5,200	12,975	18,175	(17)	18,158
At 30 June 2023	<u>351,485</u>	<u>775</u>	<u>3,868</u>	<u>173,685</u>	<u>529,813</u>	<u>171</u>	<u>529,984</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 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 30 JUNE 2023
(THE FIGURES HAVE NOT BEEN AUDITED)**

	CURRENT YEAR TO DATE 30.06.2023 RM'000	PRECEDING YEAR TO DATE 30.06.2022 RM'000
Profit before taxation	20,194	16,561
Adjustment for:-		
Amortisation of development cost	132	132
Amortisation of contract liabilities	(5,611)	(6,801)
Bad debts written off	171	54
Depreciation of property, plant and equipment	11,541	13,321
Fair value loss on other investment	-	277
Gain on disposal of an associate	-	(1,182)
Impairment loss on trade and other receivables	1,734	2,212
Interest expense	775	849
Interest income	(702)	(1,049)
Inventories written off	-	11
(Gain)/Loss on disposal of property, plant and equipment	(121)	767
Property, plant and equipment written off	70	93
Reversal of impairment on trade and other receivables	(3,358)	(1,087)
Reversal of inventories written down	-	(5)
Reversal of impairment on associate	-	(287)
Share of gain from an associate	-	(2)
Unrealised gain on foreign exchange	(6)	(850)
Operating profit before working capital changes	24,819	23,014
Increase/(Decrease) in working capital		
Inventories	6,288	(60,909)
Trade and other receivables	4,687	366
Trade and other payables	(56,111)	(19,971)
Advance receipt from contract liabilities	7,913	8,041
Employee benefits obligations	141	195
	(37,082)	(72,278)
Cash used in operations	(12,263)	(49,264)
Interest received	702	1,049
Interest paid	(472)	(356)
Tax paid	(6,865)	(4,601)
Tax refund	691	-
	(5,944)	(3,908)
Net cash used in operating activities	(18,207)	(53,172)



GHL SYSTEMS BERHAD

Company No: 199401007361 (293040-D)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2023 (CONT'D)
(THE FIGURES HAVE NOT BEEN AUDITED)**

	CURRENT YEAR TO DATE 30.06.2023 RM'000	PRECEDING YEAR TO DATE 30.06.2022 RM'000
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(20,287)	(22,870)
Placement in deposits pledged or maturity more than 3 months	1,211	588
Proceeds from disposal of property, plant and equipment	453	211
Proceeds from disposal of an associate	-	1,500
Net cash used in investing activities	(18,623)	(20,571)
Cash Flows From Financing Activities		
Repayment of lease liabilities	(769)	(2,227)
Drawdown of bank borrowings	72,870	19,056
Repayment of bank borrowings	(44,105)	(42,062)
Net cash generated from/(used in) financing activities	27,996	(25,233)
Net decrease in cash and cash equivalents	(8,834)	(98,976)
Effect of exchange rate fluctuation	4,116	(473)
Effect of fair value changes in cash and cash equivalents	-	(277)
Cash and cash equivalents at beginning of the finance period	142,836	265,188
Cash and cash equivalents at end of the finance period	138,118	165,462

Cash and cash equivalents at end of the finance year:-		
Cash and bank balances	149,746	140,255
Other investments	2,492	41,122
	<u>152,238</u>	<u>181,377</u>
Less: Fixed deposits pledged to licensed banks or maturity more than 3 months	(14,120)	(15,915)
	<u>138,118</u>	<u>165,462</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 2022 and the accompanying explanatory notes attached to the interim financial statements)

Part A: Explanatory notes on consolidated results for the quarter ended 30 June 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 has 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

Title	Effective Date
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:

Title	Effective Date
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 is 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 30 June 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

Company No: 199401007361 (293040-D)

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 - 30 June 2023	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
REVENUE												
External Sales												
Transaction Payment Acquisition	62,597	59,488	12,752	9,013	3,806	1,176	216	-	(1,720)	(1,862)	77,651	67,815
Shared Services	21,527	23,425	3,392	3,977	3,964	3,048	-	-	(492)	4	28,391	30,454
Solution Services	2,033	1,504	1,160	486	367	560	398	339	-	62	3,958	2,951
Inter-segment sales	6,466	8,880	-	-	-	-	-	-	(6,466)	(8,880)	-	-
	92,623	93,297	17,304	13,476	8,137	4,784	614	339	(8,678)	(10,676)	110,000	101,220
RESULTS												
EBITDA	9,654	12,076	4,629	2,837	1,639	1,172	93	(185)	784	(519)	16,799	15,381
Interest income	1,090	467	10	9	6	2	1	-	(776)	(77)	331	401
Interest expense	(1,268)	(446)	(1)	(5)	(33)	(7)	-	-	776	77	(526)	(381)
Depreciation	(3,795)	(4,080)	(1,049)	(1,725)	(943)	(789)	(6)	(17)	(13)	(13)	(5,806)	(6,624)
Amortisation of intangible assets	(66)	(66)	-	-	-	-	-	-	-	-	(66)	(66)
Profit/ (Loss) before taxation	5,615	7,951	3,589	1,116	669	378	88	(202)	771	(532)	10,732	8,711
Taxation	(2,324)	(2,702)	(1,955)	(461)	(134)	53	(49)	(52)	25	607	(4,437)	(2,555)
Minority interest	-	-	-	-	-	-	-	-	10	(3)	10	(3)
Segment profit/ (loss) for the financial period after non-controlling interest	3,291	5,249	1,634	655	535	431	39	(254)	806	72	6,305	6,153
Segmental assets	976,348	941,261	91,045	72,019	34,766	34,042	3,254	2,688	(330,553)	(270,927)	774,860	779,083
Segmental liabilities	516,290	485,319	25,792	17,773	13,308	14,256	777	694	(311,291)	(250,785)	244,876	267,257



GHL SYSTEMS BERHAD

Company No: 199401007361 (293040-D)

Cumulative - 30 June 2023	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
REVENUE												
External Sales												
Transaction Payment Acquisition	123,028	114,117	24,605	16,463	6,433	2,214	216	-	(3,319)	(3,363)	150,963	129,431
Shared Services	42,314	44,798	6,916	8,352	7,480	6,248	-	-	(810)	(221)	55,900	59,177
Solution Services	3,661	2,896	1,938	821	650	775	853	672	-	-	7,102	5,164
Inter-segment sales	12,577	15,329	-	-	-	-	-	-	(12,577)	(15,329)	-	-
	181,580	177,140	33,459	25,636	14,563	9,237	1,069	672	(16,706)	(18,913)	213,965	193,772
RESULTS												
EBITDA	17,034	23,755	10,231	6,152	3,081	2,234	316	131	1,278	(2,458)	31,940	29,814
Interest income	1,978	1,111	19	13	6	2	1	-	(1,302)	(77)	702	1,049
Interest expense	(2,036)	(880)	(2)	(32)	(39)	(14)	-	-	1,302	77	(775)	(849)
Depreciation	(7,661)	(8,095)	(2,050)	(3,653)	(1,793)	(1,535)	(11)	(12)	(26)	(26)	(11,541)	(13,321)
Amortisation of intangible assets	(132)	(132)	-	-	-	-	-	-	-	-	(132)	(132)
Profit/ (Loss) before taxation	9,183	15,759	8,198	2,480	1,255	687	306	119	1,252	(2,484)	20,194	16,561
Taxation	(4,707)	(5,272)	(3,089)	(988)	(248)	37	(97)	(103)	905	1,107	(7,236)	(5,219)
Minority interest	-	-	-	-	-	-	-	-	17	(5)	17	(5)
Segment profit/ (loss) for the financial period after non-controlling interest	4,477	10,487	5,109	1,492	1,007	724	209	16	2,174	(1,382)	12,975	11,337
Segmental assets	976,348	941,261	91,045	72,019	34,766	34,042	3,254	2,688	(330,553)	(270,927)	774,860	779,083
Segmental liabilities	516,290	485,319	25,792	17,773	13,308	14,256	777	694	(311,291)	(250,785)	244,876	267,257



GHL SYSTEMS BERHAD

Company No: 199401007361 (293040-D)

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:

	RM'000
Banker's guarantee in favour of third parties	
- Secured	<u>17,859</u>

A14. Capital Commitments

Capital commitments for purchase of property, plant and equipment not provided for as at 30 June 2023 are as follows:

	RM'000
Approved but not contracted for	<u>2,303</u>



GHL SYSTEMS BERHAD

Company No: 199401007361 (293040-D)

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

B1 (i) Performance of current quarter (2Q 2023) vs corresponding quarter (2Q 2022) by segment

The Group's 2Q23 revenue was up 8.7% YoY to RM110.0 million as compared to RM101.2 million in the corresponding quarter in 2Q22. In line with the higher revenue, 2Q23 registered higher pre-tax profit of RM10.7million compared to 2Q22's pre-tax profit of RM8.7 million, a YoY growth of 23.2%. 2Q23 profit after tax and minority interest however was flat at 2.4% YoY at RM6.3 million (2Q22 : RM6.2 million) due to a higher effective tax rate in 2Q23.

The Group's revenue growth in this quarter was led by its Transaction Payment Acquisition (TPA) business, which registered a 14.5% YoY improvement. The revenue from Shared Services and Solutions divisions in the 2Q23 registered a small decline in absolute terms of RM1.1 million (-3.2% YoY). The Group's balance sheet remains healthy with a net cash position of RM100.4 million (31.12.2022: Net cash RM122.6 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) GHL's direct contractual relationships with merchants to provide international and domestic card payment services ("card payment services") and e-wallet payment services; and (ii) 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"). Each of these are described in more detail as follows:

(i) 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 1 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; and
- d) e-wallet merchant acquisition in Malaysia, Thailand and Philippines

2Q23 transaction value processed grew 7.0% YoY to RM5.8 billion (2Q22: RM5.4 billion) as retail spending both online and in store continue to be stable and growing. 2Q23 TPV generated revenue of RM40.7 million, a growth of 26.5% YoY (2Q22: RM32.2 million). The blended MDR (gross revenue/TPV) achieved in the quarter was higher at 70 basis points (2Q22: 59 basis points) due to (1) product mix change of payment types; and (2) merchant mix change as transactions are captured at both physical and online merchants as domestic consumption remains resilient and aided by a small growth in tourism spending.

Gross profit was up 24.9% YoY to RM12.9 million (2Q22: RM10.3 million). The 2Q23 gross profit/TPV margin spreads was stabled and improved marginally at 22 basis points (2Q22: 19 basis points) compared to the same period a year ago. TPV performance over the coming quarters is expected to improve as tourism across the region continue to return to pre-pandemic levels and economic conditions approach normality. With 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.



GHL SYSTEMS BERHAD

Company No: 199401007361 (293040-D)

B1. (i) Performance of current quarter (2Q 2023) vs corresponding quarter (2Q 2022) by segment (continued)

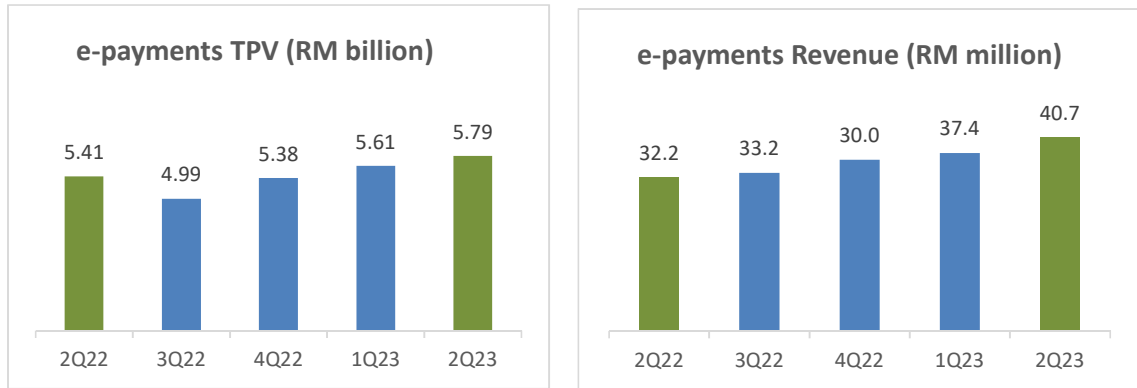


Table 1

GHL Electronic payments TPA <i>(All stated in RM'millions unless stated otherwise)</i>	2Q 2022	2Q 2023	% change
Transaction Payment Value	5,414.0	5,791.6	7.0%
Gross Revenue	32.2	40.7	26.5%
Gross Revenue / Transaction Payment Value (Note 1)	0.59%	0.70%	18.2%
Gross Profit	10.3	12.9	24.9%
Gross Profit / Transaction Payment Value (Note 1)	0.19%	0.22%	16.8%
Merchant Footprint - TPA Only (Thousands)	127.1	122.8	-3.3%

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

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

e-pay is the largest provider of reload and collection services in Malaysia. It has approximately 58,000 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 2 below. As shown in Table 2, 2Q23 transaction value processed (TPV) by e-pay grew by 4.3% YoY with a gross profit margin spread of 77 basis points (2Q22: 79 basis points) 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.



GHL SYSTEMS BERHAD

Company No: 199401007361 (293040-D)

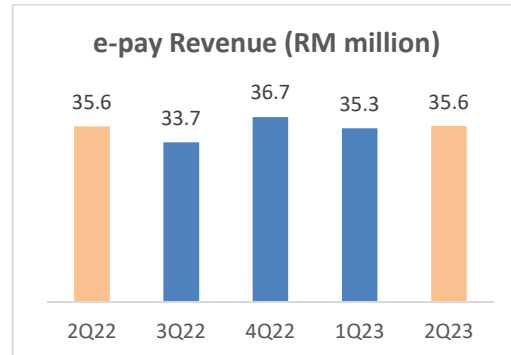
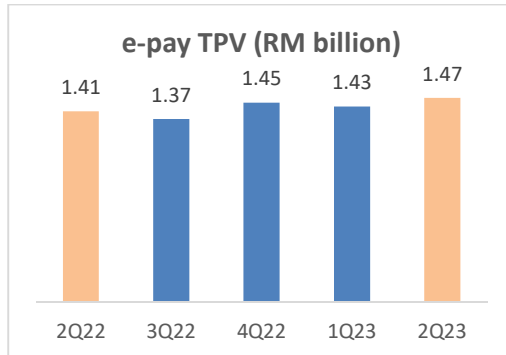


Table 2

e-pay <i>(All stated in RM'millions unless stated otherwise)</i>	2Q 2022	2Q 2023	% change
Transaction Payment Value	1,406.7	1,466.8	4.3%
Gross Revenue	35.6	35.6	-0.1%
Gross Revenue / Transaction Payment Value (Note 1)	2.53%	2.43%	-4.2%
Gross Profit	11.1	11.3	1.7%
Gross Profit / Transaction Payment Value (Note 1)	0.79%	0.77%	-2.5%
Merchant Footprint - e-pay Only (Thousands)	51.4	58.2	13.3%

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 14.5% YoY in 2Q23 at RM77.6 million (2Q22: RM67.8 million) driven by payments revenues (+26.5% YoY), while e-pay revenues down marginally (-0.1% YoY). e-pay used to be the larger contributor in the TPA segment but the GHL electronic payments TPA (encompassing card, online, mobile and next gen payments) growing at a faster rate became the larger component in 2023 onwards.

Shared Services

Shared services revenue in 2Q23 declined-6.8% YoY to RM28.4 million (2Q22: RM30.5 million) due to lower EDC hardware sales and lower rental revenue collected. Maintenance revenue was higher YoY but this was not sufficient to offset the decline in EDC sales and rental. The -6.8% decline amounted to RM2.1m for the quarter under review.

Solutions Services

Solutions services gross revenue was up 34.1% in 2Q23 to RM4.0 million (2Q22: RM3.0 million) mainly due higher software sales and maintenance revenue collected compared to the same period one year ago.



GHL SYSTEMS BERHAD

Company No: 199401007361 (293040-D)

B1. (ii) Performance of current quarter (2Q 2023) vs corresponding quarter (2Q 2022) by geographical segment

The Group's 2Q23 revenue was up 8.7% YoY to RM110.0 million as compared to RM101.2 million in the corresponding quarter in 2Q22. The Group's revenue growth in this quarter was led by its Transaction Payment Acquisition (TPA) business, which registered a 14.5% YoY improvement. The Shared Services and Solutions divisions in the 2Q23 registered a decline of -3.2% YoY or in absolute terms, RM1.1million in revenue YoY. Gross margins stabilised at 34.8% (2Q22: 34.2%) mainly due to the change in revenue mix and segment mix. All the main geographical markets contributed positively to the Group's EBITDA. In 2Q23, the Group achieved higher pre-tax profit of RM10.7 million compared to 2Q22's pre-tax profit of RM8.7 million. The improved profitability in 2Q23 was in line with the Group's higher revenue generated.

Malaysia operations accounted for 76.4% of the Group's revenue in 2Q23 with a 1.3% YoY growth to RM84.0 million. TPA and Solutions services division led the growth during the quarter with higher transaction volume and higher maintenance revenue but Shared services registered a YoY decline due to lower rental revenue and hardware sales compared to 2Q22.

The Philippines operations was the second largest contributor, accounted for 15.7% of 2Q23 Group revenue. The second quarter of 2023 saw revenue grew by 28.1% YoY to RM17.3 million (2Q22 – RM13.5 million) due to growth in the TPA pillar driven by higher transaction volume and value and software sales in its Solutions services pillar. Its Shared services division however registered lower rental and maintenance revenue.

Thailand operations' 2Q23 revenue contributed 7.4% to the Group total and grew 80.0% YoY to RM8.1 million (2Q22: RM4.5 million) due to improvements in its EDC sales and rental/maintenance revenue in its Shared and solutions services pillars and growth in volumes in its TPA division. The Thai tourism sector has shown improvement but one of its main tourism driver, Chinese tourists, has not improved as strongly as many anticipated. 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 2Q23 revenue of RM0.6 million (2Q22: 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 June 2023, the Group's payment touchpoints stood at 452,800, a 12.5% YoY growth overall where TPA touchpoints grew 1.5% YoY.

During 2Q23, in order to continue its regional footprint growth, the Group invested RM3.5 million in its acquisition strategy. This investment figure is higher compared to 2Q22. 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.

B1. (iii) Performance of year to date (2Q23 YTD) vs corresponding period (2Q22 YTD) by business segment

The Group revenue for 2Q23 YTD was up 10.4% YoY to RM214.0 million (2Q22 YTD: RM193.8 million) with growth driven by the TPA segment across all three key markets of Malaysia, Philippine and Thailand. The Shared Services segment was down -5.5% due to lower rental revenue and EDC sales in Malaysia and Philippines. Solution Services segment was higher by 37.5% due to higher maintenance revenue in Malaysia and higher software sales from the Philippine market.

During the first 6 months of 2023, the Group's gross profit margins were stable at 34.3% (2Q22: 34.6%) due to business pillar, payment type and merchant type mix. In line with the improvement in top-line revenue, pretax profit grew in 2Q23 YTD to RM20.2 million compared to RM16.6 million in the same period a year ago.



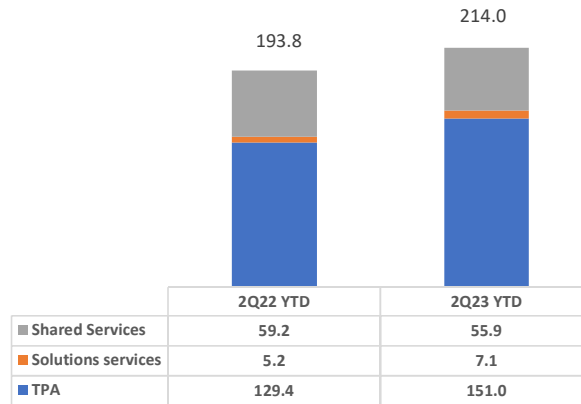
GHL SYSTEMS BERHAD

Company No: 199401007361 (293040-D)

B1. (iii) Performance of year to date (2Q23 YTD) vs corresponding period (2Q22 YTD) by business segment (continued)

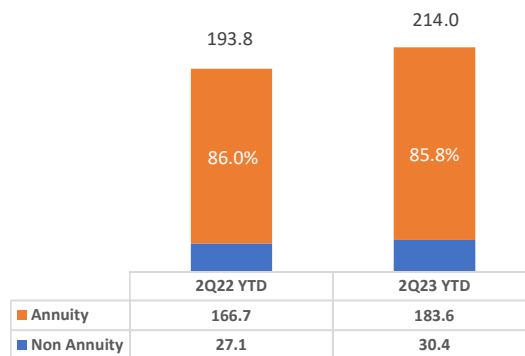
Net profit after tax and minority interest in 2Q23 YTD was also higher at RM13.0 million compared to the same period last year for 2Q22 YTD of RM11.4 million despite to a marginally higher effective tax rate of 35.8% in 2023 (2Q22: 31.5%).

Revenue By Business Segment (RM million)



The annuity-based revenue component within the Group’s total revenue in 2Q23 YTD remains high at 85.8% and this compared to 86.0% achieved in 2Q22 YTD due to lower recurring rental revenue in first 6 months of 2023. 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 continue to grow in the coming quarters.

Annuity vs Non annuity revenue (RM million)

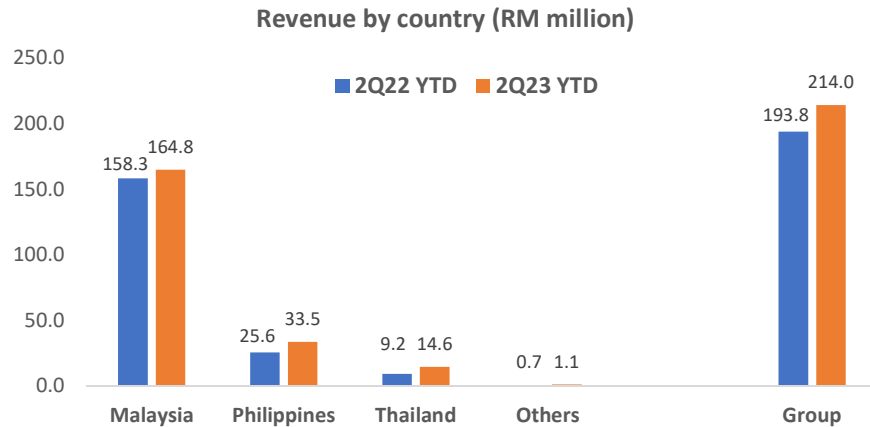




GHL SYSTEMS BERHAD

Company No: 199401007361 (293040-D)

B1. (iv) Performance of year to date (2Q23 YTD) vs corresponding period (2Q22 YTD) by geographical segment



Group revenue for 2Q23 YTD was up 10.4% YoY to RM214.0 million (2Q22 YTD: RM193.8 million) with growth driven by the TPA segment across all three key markets of Malaysia, Philippine and Thailand. The Shared Services segment was down -5.5% due to lower rental revenue and EDC sales in Malaysia and Philippines. Solution Services segment was higher by 37.5% due to higher maintenance revenue in Malaysia and higher software sales from the Philippine market.

Malaysian operations contributed RM164.8 million or 77.0% (2Q22 YTD: 81.7%) of the Group revenue and registered an 4.1% YoY growth where the TPA segment led the growth during the quarter due to higher transaction volume and value. Shared services in 2Q23 YTD were down marginally at -5.5% YoY due to lower rental revenue. Higher EDC and software sales were insufficient to offset the loss of rental revenue. Solutions Services segments registered YoY improvement due to higher maintenance revenue.

Philippines' revenue was 30.9% YoY higher at RM33.5 million (2Q22 YTD: RM25.6 million) driven by better TPA performance but dragged by lower Shared Services due to terminal retrievals by certain banks. Solutions Services registered a growth due to software sales revenue generated.

Thailand recorded an improvement in revenue of 58.7% YoY to RM14.6 million from RM9.2 million in 2Q22 YTD with improvements from its TPA division and Shared Services due to higher rental with the banks. Solutions Services segment was down marginally due to higher software sales in the corresponding 2Q22 YTD which was not repeated in 2023. Thailand's TPA segment improved YoY, on the back of higher local consumption as well as the return of tourism

Other countries remain the smallest contributor to group operations at RM1.1 million of the Group turnover compared to 2Q22 YTD turnover of RM0.7 million. The improvement in EBITDA contribution of RM0.32 million compared to 2Q22 YTD of RM0.13 million was due to some small TPA revenue recognised from the Group's Indonesian operations.



GHL SYSTEMS BERHAD

Company No: 199401007361 (293040-D)

B1. (v) Performance of current quarter (2Q23) vs preceding quarter (1Q23) by business segment

Table 3

Revenue (RM million)	1Q23	2Q23
TPA	73.3	77.6
Shared Services	27.6	28.4
Solutions Services	3.1	4.0
Group revenue	104.0	110.0
Profit Before Tax	9.5	10.7

For the quarter ended 30 June 2023, the Group recorded revenue of RM110.0 million, up 5.8% quarter- on-quarter (QoQ) from RM104.0 million recorded in 1Q23. All three business pillars recorded QoQ improvements. 2Q23 TPA were higher driven by higher consumer spending resulting from the Hari Raya, Easter and Songkran festive period. Overall profit margin and profit before tax was higher QoQ due to changes in segmental mix as well as higher revenue.

B2. Current Year's Prospects (FY 2023)

The first six months of 2023 saw an increase in consumer cashless spending, resulting in higher revenue in the TPA business across three key markets. Shared and Solution Services businesses continue to enjoy a healthy pipeline of deals which will likely result in additional revenues in the coming quarters. In addition to this organic growth trajectory, our extensive merchant network across multiple ASEAN markets, provides the Group with a competitive advantage to focus on high growth, high margin lines of business, such as offline and online direct merchant acquiring and the newly launched SME lending, to contribute to the growth in revenue in 2023. This SME lending business promises to be a high growth business relying on the existing merchant acquiring infrastructure and ecosystem.

Although the recovery in consumption and activities in 2022 continued into 2023, concerns remain around inflation and higher interest rates globally. Geo-political tensions and ongoing conflict in Europe and the impact on supply chain in sectors such as electronics, automotive, energy and commodities may impact growth of economies. Despite the global headwinds, the Group's diverse range of business pillars, merchant mix and geographical coverage, continue to contribute to revenue improvements as more ASEAN consumers increasingly adopt cashless payments 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 in the second half of 2023, likely resulting in further improved performance.



GHL SYSTEMS BERHAD

Company No: 199401007361 (293040-D)

B3. Profit before Taxation

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

	Current Quarter 30.06.2023 RM'000	Preceding Year Corresponding Quarter 30.06.2022 RM'000	Current Year To Date 30.06.2023 RM'000	Preceding Year To Date 30.06.2022 RM'000
Amortisation of intangible asset	66	66	132	132
Bad debts written off	171	171	171	54
Depreciation of property, plant and equipment	5,806	6,624	11,541	13,321
Fair value loss in other investments	-	337	-	277
(Gain)/Loss on foreign exchange:				
- Realised	(109)	(98)	(66)	(87)
- Unrealised	(46)	(691)	(6)	(850)
(Gain)/Loss on disposal of property, plant and equipment	(156)	429	(121)	767
Gain on disposal of investment in associate	-	(1,182)	-	(1,182)
Reversal of Impairment on property, plant and equipment	-	(20)	-	-
Impairment loss on trade and other receivables	707	1,389	1,734	2,212
Interest expenses	526	381	775	849
Interest income	(331)	(401)	(702)	(1,049)
Inventories written off	-	11	-	11
Property, plant and equipment written off	67	86	70	93
Rental expenses	61	63	122	131
Reversal of impairment on trade and other receivables	(1,652)	(441)	(3,358)	(1,087)
Reversal of impairment on investment in associate	-	(287)	-	(287)
Reversal of inventories written down	-	(5)	-	(5)

B4. Tax expense

	Current Quarter 30.06.2023 RM'000	Year To Date 30.06.2023 RM'000
Current tax expenses based on profit for the financial quarter:		
Malaysian income tax	(2,451)	(4,381)
Foreign income tax	(1,236)	(2,384)
Under-provision in prior years	(894)	(894)
Deferred taxation:		
Relating to origination and reversal of temporary differences	(56)	223
Overprovision in prior years	200	200
Total	(4,437)	(7,236)

The Group's effective tax rate for the current quarter and for the year to date ended 30 June 2023 was higher than the statutory tax rate mainly due to certain disallowable expenses for tax purposes, under accrual of prior year tax and non-recognition of deferred tax asset arising from tax losses.



GHL SYSTEMS BERHAD

Company No: 199401007361 (293040-D)

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.

B6. Group Borrowings and Debt Securities

The Group's borrowings and debt securities as at 30 June 2023 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	-	3,686	-	33,548	-	37,234
- Philippine Peso	-	-	339	29	339	29
Unsecured						
<i>Bank borrowings</i>						
- Ringgit Malaysia	-	3,946	-	4,574	-	8,520
		7,632		38,151		45,783

B7. Material Litigation

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

The Kuala Lumpur High Court had 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 ("Stay of Execution") and the Stay of Execution was dismissed on 16 December 2022. At the same time, eGHL had issued a statutory notice of demand against Bestinet on 17 December 2022 to enforce the High Court Judgment. Bestinet had thereafter settled the judgment sum of RM374,823.83 to eGHL on 3 April 2023.

B8. Dividend

No dividend has been declared for the financial quarter ended 30 June 2023.



GHL SYSTEMS BERHAD

Company No: 199401007361 (293040-D)

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 owners 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 owners 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 30.06.2023	Preceding Year Corresponding Quarter 30.06.2022	Current Year To Date 30.06.2023	Preceding Year To Date 30.06.2022
<u>Basic</u>				
Profit attributable to owners of the parent (RM'000)	6,305	6,153	12,975	11,337
Weighted average number of ordinary shares in issue and issuable (Unit'000)	1,141,500	1,141,500	1,141,500	1,141,500
Basic earnings per ordinary share (Sen)	0.55	0.54	1.14	0.99
<u>Diluted</u>				
Profit attributable to owners of the parent (RM'000)	6,305	6,153	12,975	11,337
Weighted average number of ordinary shares in issue and issuable (Unit'000)	1,141,500	1,141,500	1,141,500	1,141,500
Diluted earnings per ordinary share (Sen)	0.55	0.54	1.14	0.99