



DGB ASIA BERHAD
(Registration No.: 200601001857 (721605-K))
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE FINANCIAL QUARTER ENDED
30 JUNE 2023
(UNAUDITED)

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

| | Quarter Ended | | Year-To-Date Ended | |
|--------------------------------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | Unaudited 30-Jun-2023 RM'000 | Unaudited 30-Jun-2022 RM'000 | Unaudited 30-Jun-2023 RM'000 | Unaudited 30-Jun-2022 RM'000 |
| Revenue | 15,158 | 7,198 | 30,007 | 12,700 |
| Cost of sales | (4,411) | (3,245) | (8,907) | (4,727) |
| Gross profit | 10,747 | 3,953 | 21,100 | 7,973 |
| Other operating income | 1,938 | 1,369 | 2,534 | 2,006 |
| Administrative expenses | (7,656) | (5,798) | (14,037) | (11,130) |
| Selling and distribution expenses | (1,374) | (852) | (2,859) | (992) |
| Other operating expenses | (6,693) | (6,986) | (12,073) | (13,804) |
| Loss from operations | (3,038) | (8,314) | (5,335) | (15,947) |
| Finance costs | (177) | (5) | (400) | (120) |
| Loss before tax | (3,215) | (8,319) | (5,735) | (16,067) |
| Tax expenses | - | - | - | - |
| Loss after tax | (3,215) | (8,319) | (5,735) | (16,067) |
| Other comprehensive loss, net of tax | | | | |
| - Currency translation difference | 1,056 | (50) | 1,474 | (914) |
| Total comprehensive loss for the financial period | (2,159) | (8,369) | (4,261) | (16,981) |
| Loss net of tax attributable to : | | | | |
| Owners of the Company | (3,535) | (6,548) | (6,402) | (12,541) |
| Non-controlling interests | 320 | (1,771) | 668 | (3,526) |
| | (3,215) | (8,319) | (5,734) | (16,067) |
| Total comprehensive loss attributable to : | | | | |
| Owners of the Company | (2,214) | (5,583) | (4,761) | (12,004) |
| Non-controlling interests | 56 | (2,786) | 501 | (4,977) |
| | (2,158) | (8,369) | (4,260) | (16,981) |
| Loss per share attributable to owners of the Company: | | | | |
| Basic loss per share (cent per share) | (0.19) | (0.40) | (0.35) | (0.76) |
| Diluted loss per share (cent per share) | (0.19) | (0.37) | (0.35) | (0.70) |

The Unaudited 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 to the interim financial report.

DGB ASIA BERHAD
(Registration No.: 200601001857 (721605-K))
(Incorporated in Malaysia)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

| | Unaudited As At 30-Jun-2023 RM'000 | Audited As At 31-Dec-2022 RM'000 |
|-------------------------------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------|
| <u>Assets</u> | | |
| Non-current assets | | |
| Property, plant and equipment | 44,948 | 45,061 |
| Right-of-use assets | 124,277 | 126,007 |
| Investment property | 9,548 | 9,573 |
| Intangible assets | 12,227 | 12,908 |
| Total non-current assets | 191,000 | 193,549 |
| Current assets | | |
| Inventories | 1,712 | 903 |
| Trade receivables | 3,242 | 2,382 |
| Other receivables, deposits and prepayments | 42,368 | 40,420 |
| Other investments | 11,316 | 6,292 |
| Current tax assets | 129 | 81 |
| Deposits with financial institution | 28,324 | 38,399 |
| Cash and bank balances | 18,945 | 21,846 |
| Total current assets | 106,036 | 110,323 |
| Total assets | 297,036 | 303,872 |
| <u>Equity and Liabilities</u> | | |
| Equity | | |
| Share capital | 221,844 | 220,519 |
| Reserves | (68,429) | (63,667) |
| | 153,415 | 156,852 |
| Non-controlling interests | (11,830) | (12,331) |
| Total equity | 141,585 | 144,521 |
| Liabilities | | |
| Non-current liabilities | | |
| Finance lease liability | 71 | 71 |
| Lease liabilities | 120,594 | 115,767 |
| Total non-current liabilities | 120,665 | 115,838 |
| Current liabilities | | |
| Trade payables | 3,675 | 3,244 |
| Other payables and accruals | 13,291 | 16,651 |
| Amount due to directors | 7,847 | 7,464 |
| Amount due to related party | 3,210 | 3,210 |
| Current tax liabilities | - | 10 |
| Finance lease liability | 34 | 75 |
| Lease liabilities | 6,729 | 12,859 |
| Total current liabilities | 34,786 | 43,513 |
| Total liabilities | 155,451 | 159,351 |
| Total equity and liabilities | 297,036 | 303,872 |
| Net assets per shares attributable to Owners of the Company (cent per share) | 0.08 | 0.08 |

The Unaudited 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 to the interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

| | <----- Attributable to owners of the Company -----> | | | | | | |
|-------------------------------------------------|-----------------------------------------------------|---------------------|------------------|--------------------|-----------|---------------------------|--------------|
| | <----- Non-distributable -----> | | | Distributable | | | |
| | Share capital | Translation reserve | Warrants reserve | Accumulated losses | Sub-total | Non controlling interests | Total equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>Audited</u> | | | | | | | |
| Balance at 1 January 2022 | 216,334 | (1,095) | 12,259 | (49,257) | 178,241 | (6,617) | 171,624 |
| Transaction with owners: | | | | | | | |
| Issuance of ordinary shares pursuant to: | | | | | | | |
| - right issues with warrants | - | - | - | - | - | - | - |
| - exercise of shares issuance scheme | 4,185 | - | - | - | 4,185 | - | 4,185 |
| - private placement | - | - | - | - | - | - | - |
| Total transaction with owners | 4,185 | - | - | - | 4,185 | - | 4,185 |
| Loss for the financial year | - | - | - | (24,963) | (24,963) | (3,732) | (28,695) |
| Other comprehensive loss: | | | | | | | |
| Currency translation differences | - | (611) | - | - | (611) | (1,982) | (2,593) |
| Total comprehensive loss for the financial year | - | (611) | - | (24,963) | (25,574) | (5,714) | (31,288) |
| Balance at 31 December 2022 | 220,519 | (1,706) | 12,259 | (74,220) | 156,852 | (12,331) | 144,521 |
| <u>Unaudited</u> | | | | | | | |
| Balance at 1 January 2023 | 220,519 | (1,706) | 12,259 | (74,220) | 156,852 | (12,331) | 144,521 |
| Transaction with owners: | | | | | | | |
| Issuance of ordinary shares pursuant to: | | | | | | | |
| - exercise of shares issuance scheme | 1,325 | - | - | - | 1,325 | - | 1,325 |
| Total transaction with owners | 1,325 | - | - | - | 1,325 | - | 1,325 |
| Loss for the financial year | - | - | - | (6,403) | (6,403) | 668 | (5,735) |
| Other comprehensive loss: | | | | | | | |
| Currency translation differences | - | 1,641 | - | - | 1,641 | (167) | 1,474 |
| Total comprehensive loss for the financial year | - | 1,641 | - | (6,403) | (4,762) | 501 | (4,261) |
| Balance at 30 June 2023 | 221,844 | (65) | 12,259 | (80,623) | 153,415 | (11,830) | 141,585 |

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes to the interim report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

| | Year-To-Date Ended | |
|----------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| | Unaudited 30-Jun-23 RM'000 | Unaudited 30-Jun-22 RM'000 |
| Cash flows from operating activities | | |
| Loss before tax | (5,735) | (16,065) |
| Adjustments for: | | |
| Amortisation of intangible assets | 681 | 628 |
| Amortisation of investment property | 25 | 8 |
| Depreciation of property, plant and equipment | 2,950 | 2,621 |
| Depreciation of right of use assets | 6,786 | 6,685 |
| Employee benefit expenses | 358 | 588 |
| Fair value adjustment of other investments | 1,210 | 3,268 |
| Fair value adjustment of investment in money market fund | (612) | (1,069) |
| Interest expense | 430 | 120 |
| Interest income | (458) | (76) |
| PPE written off | 25 | - |
| Reversal of impairment losses on receivables | (2) | - |
| Rental concessions | (1) | (483) |
| Operating loss before working capital changes | 5,657 | (3,775) |
| Changes in working capital: | | |
| Inventories | (809) | (82) |
| Receivables | (1,730) | (1,375) |
| Payables | (3,560) | (2,826) |
| Cash used in operations | (442) | (8,058) |
| Tax paid | (48) | (12) |
| Tax refunded | - | 11 |
| Net cash used in operating activities | (490) | (8,059) |
| Cash flow from investing activities | | |
| Acquisition of intangible asset | - | (109) |
| Acquisition of investment property | - | (5,600) |
| Acquisition of other investments | (3,867) | - |
| Acquisition of property, plant and equipment | (1,514) | (2,305) |
| Acquisition of right of use assets | - | (15) |
| Withdrawal of money market fund | 8,400 | 11,000 |
| Net cash from/(used in) investing activities | 3,019 | 2,971 |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023 (CONT'D)

| | Year-To-Date Ended | |
|------------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| | Unaudited 30-Jun-23 RM'000 | Unaudited 30-Jun-22 RM'000 |
| Cash flows from financing activities | | |
| Interest paid | (430) | (120) |
| Financing from related party | - | 1,079 |
| Proceeds from issuance of shares | 967 | 1,400 |
| Repayment of finance lease liability | (41) | (46) |
| Repayment of lease liabilities | (6,475) | (5,994) |
| Net cash (used in)/from financing activities | (5,979) | (3,681) |
| Net increase in cash and bank balances | (3,450) | (8,769) |
| Effects of exchange rate changes | 549 | 239 |
| Cash and bank balances at the beginning of financial year | 21,846 | 19,844 |
| Cash and bank balances at the end of financial year | 18,945 | 11,314 |

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes to the interim financial report.

A NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial report has been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), International Accounting Standard (“IAS”) 34: Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”) and paragraph 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

The interim financial report should be read in conjunction with the latest audited financial statements of the Company and its subsidiaries (“Group”) for the financial year ended 31 December 2021 (“Audited Financial Statements”). The selected explanatory notes attached to these interim financial reports provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the previous financial year.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the latest Audited Financial Statements except for the adoption of the following new MFRS, amendments/improvements to MFRSs and new IC Interpretation (“IC Int”) which are effective for the financial year beginning 1 January 2023:

| | |
|------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| MFRS 17 | Insurance Contracts |
| Amendments to MFRS 17 | Insurance Contracts |
| Amendments to MFRS 17, Initial Application of MFRS 17 and MFRS 9 | Comparative Information (Amendment to MFRS 17) |
| Amendments to MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates |
| Amendments to MFRS 101 | Presentation of Financial Statements - Disclosure of Accounting Estimates |
| Amendments to MFRS 112 | Income Tax – Deferred Tax related to Assets and Liabilities arising from a Single Transaction |

The adoption of the above MFRS, amendments/improvements to MFRSs and IC Int did not have any material financial impact to the Group.

The standards and interpretations that are issued but not yet effective up to the date of issuance of these condensed consolidated interim financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2024

| | |
|------------------------|--------------------------------------------------|
| Amendments to MFRS 16 | Leases – Lease Liability in a sale and leaseback |
| Amendments to MFRS 101 | Non-Current Liabilities with Covenants |

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

| | |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Amendments to MFRS 10 and MFRS 128 | Consolidated Financial Statements and Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

A2. Seasonal or cyclical factors

There were no significant seasonal or cyclical factors affecting the operations of the Group in the current financial quarter under review and the financial year-to-date.

A3. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows of the Group during the current financial quarter under review and the financial year-to-date.

A4. Material changes in estimates

There were no changes in estimates that have had a material effect in the current financial quarter under review and the financial year-to-date.

A5. Debts and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities, share buy backs, share cancellation, shares held as treasury share and resale of treasury shares for the current financial quarter under review and the financial year-to-date except for :

| | 3 Months Ended | | 12 Months Ended | |
|-----------------------------|-----------------------|----------------|------------------------|----------------|
| | 30-Jun-23 | | 30-Jun-23 | |
| | No. of shares | RM'000 | No. of shares | RM'000 |
| Share Issuance Scheme (SIS) | <u>96,700,000</u> | <u>967,000</u> | <u>96,700,000</u> | <u>967,000</u> |

A6. Dividend

There were no dividends declared or paid during the current financial quarter under review and the financial year-to-date.

A7. Segmental information

(a) Analysis of revenue by geographical area were as follows:

| | Quarter Ended | | Year-To-Date Ended | |
|----------------------------------|----------------------|------------------|---------------------------|------------------|
| | Unaudited | Unaudited | Unaudited | Unaudited |
| | 30-Jun-23 | 30-Jun-22 | 30-Jun-23 | 30-Jun-22 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Malaysia | 4,491 | 2,824 | 9,231 | 3,037 |
| Taiwan | 10,669 | 4,424 | 20,778 | 9,753 |
| | <u>15,160</u> | <u>7,248</u> | <u>30,009</u> | <u>12,790</u> |
| Less: Inter-company transactions | <u>(2)</u> | <u>(50)</u> | <u>(2)</u> | <u>(90)</u> |
| Total revenue | <u>15,158</u> | <u>7,198</u> | <u>30,007</u> | <u>12,700</u> |

A7. Segmental information (cont'd)

(b) Analysis of revenue, results, assets, and liabilities by operating segments were as follows:

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

| | Quarter Ended | | Year-To-Date Ended | |
|-----------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|
| | Unaudited 30-Jun-23 RM'000 | Unaudited 30-Jun-22 RM'000 | Unaudited 30-Jun-23 RM'000 | Unaudited 30-Jun-22 RM'000 |
| Segment revenue | | | | |
| Leisure and hospitality | 10,669 | 4,424 | 20,778 | 9,753 |
| Logistics services | 171 | 107 | 494 | 223 |
| Value added products and services | 4,320 | 2,717 | 8,737 | 2,814 |
| Total | 15,160 | 7,248 | 30,009 | 12,790 |
| Less: Inter-company transactions | (2) | (50) | (2) | (90) |
| Total revenue | 15,158 | 7,198 | 30,007 | 12,700 |
| Segment result | | | | |
| Leisure and hospitality | (1,943) | (3,487) | (3,545) | (7,204) |
| Logistics services | (2,226) | (664) | (3,995) | (1,449) |
| Value added products and services | 1,281 | (1,520) | 2,510 | (2,606) |
| Others | (327) | (2,648) | (705) | (4,808) |
| Total | (3,215) | (8,319) | (5,735) | (16,067) |
| Segment assets | | | | |
| Leisure and hospitality | | | 183,275 | 191,663 |
| Logistics services | | | 8,127 | 4,743 |
| Value added products and services | | | 18,074 | 19,813 |
| Others | | | 87,560 | 109,284 |
| Total | | | 297,036 | 325,503 |
| Segment liabilities | | | | |
| Leisure and hospitality | | | 148,777 | 163,295 |
| Logistics services | | | 1,146 | 908 |
| Value added products and services | | | 3,370 | 3,465 |
| Others | | | 2,158 | 1,203 |
| Total | | | 155,451 | 168,871 |

A8. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment during the current financial quarter under review and the financial year-to-date.

A9. Events after the reporting period

There was no material event after the current financial quarter under review.

A10. Changes in composition of the Group

On 7 February 2023, CLI Investment Limited, an 87.20% subsidiary of the Company, incorporated a wholly owned subsidiary in British Virgin Islands named Finch Global (BVI) Limited.

A11. Contingent assets or liabilities

There were no contingent assets and contingent liabilities during the current financial quarter under review and the financial year-to-date.

A12. Capital commitments

Capital expenditure contracted for but not recognised in the financial statements were as follow:

| | Unaudited 30-Jun-23 RM'000 | Audited 31-Dec-22 RM'000 |
|---------------------------------|-------------------------------------------|-----------------------------------------|
| Contracted but not provided for | | |
| Intangible assets | 143 | 80 |
| Property, plant and equipment | 5,019 | 178 |
| | <u>5,162</u> | <u>257</u> |

A13. Related party transactions

The related party transactions between the Group and the related party were as follows:

| | Quarter Ended | | Year-To-Date Ended | |
|-----------------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|
| | Unaudited 30-Jun-23 RM'000 | Unaudited 30-Jun-22 RM'000 | Unaudited 30-Jun-23 RM'000 | Unaudited 30-Jun-22 RM'000 |
| Related Party | | | | |
| Sales of vending machine | - | 2,159 | - | 2,159 |
| Sales of vending machine subscription package | 1 | - | 2 | - |
| Sales of vending machine maintenance and support | 3 | - | 3 | - |
| Sales of logistics services | 34 | - | 123 | - |
| Sales of advertising services | - | - | - | - |
| Purchases of networks subscription | 4 | 6 | 19 | 11 |

A14. Cash and cash equivalents

Total cash and cash equivalents were as follows:

| | Unaudited | Audited |
|-------------------------------------|------------------|------------------|
| | 30-Jun-23 | 31-Dec-22 |
| | RM'000 | RM'000 |
| Deposits with financial institution | 28,324 | 38,399 |
| Cash and bank balances | 18,945 | 21,846 |
| | <u>47,269</u> | <u>60,245</u> |

A15. Fair value measurements

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Total financial instruments measured at Level 1 were as follows:

| | Unaudited | Audited |
|-------------------------------------|------------------|------------------|
| | 30-Jun-23 | 31-Dec-22 |
| | RM'000 | RM'000 |
| <u>Financial Assets</u> | | |
| Level 1 | | |
| Other investments | 11,316 | 6,292 |
| Deposits with financial institution | 28,324 | 38,399 |
| | <u>39,640</u> | <u>44,691</u> |

The Group does not have any financial instruments measured at Level 2 and Level 3 as at 30 June 2023 and 31 December 2022.

B ADDITIONAL NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

| | Quarter Ended | | | Year-To-Date Ended | | |
|--------------------------------------------|---------------|-----------|---------|--------------------|-----------|---------|
| | Unaudited | Unaudited | Changes | Unaudited | Unaudited | Changes |
| | 30-Jun-23 | 30-Jun-22 | | 30-Jun-23 | 30-Jun-22 | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 15,158 | 7,198 | 7,960 | 30,007 | 12,700 | 17,307 |
| Gross profit | 10,747 | 3,953 | 6,794 | 21,100 | 7,973 | 13,127 |
| Loss from operations | (3,038) | (8,314) | 5,276 | (5,335) | (15,947) | 10,612 |
| Loss before tax | (3,215) | (8,319) | 5,104 | (5,735) | (16,067) | 10,332 |
| Loss after tax | (3,215) | (8,319) | 5,104 | (5,735) | (16,067) | 10,332 |
| Loss attributable to owners of the Company | (3,535) | (6,548) | 3,013 | (6,402) | (12,541) | 6,139 |

Quarter Ended 30 June 2023 (Q2 2023) compared to Quarter Ended 30 June 2022 (Q2 2022), and Year-To-Date Ended 30 June 2023 (YTD 2023) compared to Year-To-Date Ended 30 June 2022 (YTD 2022)

For Q2 2023 vs Q2 2022, the Group's revenue increased from RM 7.1 million to RM 15.1 million and loss before tax (LBT) decreased from RM 8.3 million to RM 3.2 million. For YTD 2023 vs YTD 2022, the Group's revenue increased from RM 12.7 million to RM 30.0 million and LBT decreased from RM 16.0 million to RM 5.7 million.

Leisure and Hospitality

The revenue increased in both Q2 2023 and YTD 2023 compared to the corresponding periods in 2022.

In Q2 2023 vs Q2 2022, the revenue increased from RM 4.4 million to RM 10.7 million, which was attributed to the increase in hotel's average occupancy rate from 42% to 71%. As a result, the LBT decreased from RM 3.4 million to RM 1.9 million

Similarly, in YTD 2023 vs YTD 2022, the revenue increased from RM 9.7 million to RM 20.7 million, which was attributed to the increase in hotel's average occupancy rate from 43% to 71%. As a result, the LBT decreased from RM 7.2 million to RM 3.5 million.

Value-Added Products and Services

The revenue increased in both Q2 2023 and YTD 2023 compared to the corresponding periods in 2022.

In Q2 2023 vs Q2 2022, the revenue increased from RM 2.7 million to RM 4.3 million. Similarly, in YTD 2023 vs YTD 2022, the revenue increased from RM 2.8 million to RM 8.7 million.

The increase was driven by higher revenue from products and digital advertisement sold through the vending machines. The higher products sold were attributed to the deployment of additional vending machines and the number of vending machines deployed increased from 195 units to 282 units.

As a result, in Q2 2023 VS Q2 2022 , the LBT decreased from RM 2.6 million to a profit before tax (PBT) of RM 2.5 million. Similarly, in YTD 2023 vs YTD 2022, the LBT decreased from RM 1.5 million to a PBT of RM 1.2 million.

B1. Review of performance (cont'd)

Logistics Services

The revenue of the logistics services segment increased in both Q2 2023 and YTD 2023 compared to the corresponding periods in 2022.

In Q2 2023 vs Q2 2022, the revenue increased from RM 0.10 million to RM 0.17 million, which was attributed to an increase in the average number of items packed per month from 7,600 to 15,500. Similarly, in YTD 2023 vs YTD 2022, the revenue increased from RM 0.2 million to RM 0.4 million, and the average number of items packed per month increased from 7,800 to 39,200.

Despite the increased revenue, the logistics services segment's LBT increased from RM0.6 million to RM 2.2 million in Q2 2023 vs Q2 2022 and increased from RM 1.4 million to RM 3.9 million in YTD 2023 vs YTD 2022. The increase was due to additional operating expenses incurred from opening the new warehouse and higher advertising expenses aimed at promoting the business.

Others

For the others segment, the LBT decreased from RM 2.6 million to RM 0.3 million for Q2 2023 and from RM 4.8 million to RM 0.7 million for YTD 2023. The decrease was due to lower unrealised losses in other investments.

B2. Comparison with preceding quarter's results

| | Quarter Ended | | |
|--------------------------------------------|----------------------|------------------|----------------|
| | Unaudited | Unaudited | Changes |
| | 30-Jun-23 | 31-Mar-23 | |
| | RM'000 | RM'000 | RM'000 |
| Revenue | 15,158 | 14,849 | 309 |
| Gross profit | 10,747 | 10,354 | 393 |
| Loss from operations | (3,038) | (2,296) | (742) |
| Loss before tax | (3,215) | (2,519) | (696) |
| Loss after tax | (3,215) | (2,519) | (696) |
| Loss attributable to owners of the Company | (3,535) | (2,867) | (668) |

Quarter Ended 30 June 2023 (Q2 2023) versus Quarter Ended 31 March 2023 (Q1 2023)

The Group's revenue increased from RM 14.8 million to RM 15.1 million and LBT increased from RM 2.5 million to RM 3.2 million.

Leisure and Hospitality

The revenue of the leisure and hospitality segment increased slightly from RM 10.1 million to RM 10.7 million. The increase was due to an increase in the hotel's average occupancy rate from 70% to 71%. As a result, the LBT increased from RM 1.6 million to RM 1.9 million due to the replacement of hotel operating supplies.

Value-Added Products and Services

The revenue of the value-added products and services segment decreased slightly from RM 4.4 million to RM 4.3 million. The PBT remained consistent at RM1.20 million in both Q1 2023 and Q2 2023.

Logistics Services

The revenue of the logistics services segment decreased slightly from RM 0.3 million to RM 0.1 million. The decrease was due attributed to a lower average number of items packed per month which decreased from 62,957 to 15,460. As a result, the LBT increased from RM 1.7 million to RM 2.20 million.

Others

The LBT of the others segment remained consistent at RM 0.3 million in both Q1 2023 and Q2 2023.

B3. Prospects

The Group is of the view that the business environment remains challenging due to the continued pressure from global supply chain disruptions, ongoing geopolitical conflicts, rising input cost, and the weakening of ringgit that which could impact consumer purchasing power.

The Group will continue to enhance operational efficiencies to moderate the impact of external economic headwinds.

These include: -

- To review fulfillment business strategies; recognizing the fierce competitive landscape within the fulfillment segment, the Group is embarking on a comprehensive evaluation of its existing business strategies.
- To expand vending machine presence and enhance its prominence among advertising platforms; the Group is strategically expanding the placement of vending machine across the Klang Valley and Malaysia.
- To offer competitive hotel room rates; the Group is set to introduce compelling hotel room rates to attract more bookings in response to the Taiwan Government's target of attracting 6 million visitors in Year 2023.

The above initiatives are intended to diversify the Group's business risks by reducing dependence on any single business in the Group. The Group is cautiously optimistic, with a focus on strengthening the Group's core ecosystems by adopting a proactive stance.

The financial performance of the Group for FYE 2023 will depend on the results of our business plans and initiatives stated above. Where necessary adjustments will be made to suit the operating environment when required to improve the Group financial position. The availability of adequate working capital, minimal gearing and the implementation of the business initiatives stated above will help to sustain the Group in the year ahead.

B4. Income tax expenses

There was no provision of tax for the current financial quarter under review and the financial year-to-date.

B5. Profit forecast and profit guarantee

Not applicable as the Group did not publish any profit forecast or profit guarantee.

B6. Status of corporate proposals

There were no corporate proposals announced by the Company that remained uncompleted as at the date of this report, except for the following:

- i. On 26 June 2023, TA Securities Holdings Berhad had, on behalf of the Board of Directors of DGB Asia Berhad announced that the Company proposed to undertake the following proposals:- (i) proposed consolidation of every 10 ordinary shares in DGB ("DGB Shares") into 1 DGB Share ("Proposed Share Consolidation"); and (ii) proposed private placement of up to 66,000,000 new DGB Shares after the Proposed Share Consolidation to independent third-party investor(s) to be identified later and at an issue price to be determined later ("Proposed Private Placement").

On 18 August 2023, Bursa Securities has vided its letter approved the proposals. On 28 August 2023, the Proposals was tabled at the Extraordinary General Meeting and subsequently approved by the shareholders.

B7. Status of utilisation of proceeds raised from previous corporate proposals

i. Renounceable Rights Issue with Warrants C

The utilisation of the proceeds of RM114,765,292 from the renounceable rights issue of 956,377,178 new ordinary shares of RM0.12 each as of the date of this report is as follows: -

| Purpose | Proposed Amount RM'000 | Amount Utilised RM'000 | Amount Unutilised RM'000 | Timeframe for Utilisation |
|----------------------------------------------------------------------------------------|---------------------------------------|---------------------------------------|-----------------------------------------|--------------------------------------|
| Expansion of Ping-U, an e-commerce last mile fulfilment solutions provider in Malaysia | 60,000 | 21,629 | 38,371 | Within 36 months |
| Expansion of the smart vending machines business | 15,000 | 15,000 | - | Within 24 months |
| Marketing expenses | 20,000 | 9,261 | 10,739 | Within 36 months |
| Working capital | 8,865 | 8,865 | - | Within 24 months |
| Acquisition and/or investment in other complementary businesses and/or assets | 10,000 | 10,000 | - | Within 24 months |
| Expenses in relation to the corporate exercises | 900 | 900 | - | Immediate |
| Total | 114,765 | 65,655 | 49,110 | |

ii. Private placement

The utilisation of the proceeds of RM10,299,230 from the private placement of 270,321,000 new ordinary shares of RM0.0381 each as of the date of this report is as follows: -

| Purpose | Proposed Amount RM'000 | Amount Utilised RM'000 | Amount Unutilised RM'000 | Timeframe for Utilisation |
|-------------------------------------------------|---------------------------------------|---------------------------------------|-----------------------------------------|--------------------------------------|
| Upgrading of the Kimpton Da An Hotel | 10,194 | 8,826 | 1,368 | Within 24 months |
| Expenses in relation to the corporate exercises | 105 | 105 | - | Immediate |
| Total | 10,299 | 8,931 | 1,368 | |

B8. Borrowings and debt securities

Total group borrowings and debt securities were as follows:

| | Unaudited 30-Jun-23 RM'000 | Audited 31-Dec-22 RM'000 |
|---------------------------------------|-------------------------------------------|-----------------------------------------|
| <u>Short Term Borrowing (Secured)</u> | | |
| Finance lease liability | 34 | 75 |
| <u>Long Term Borrowings (Secured)</u> | | |
| Finance lease liability | 71 | 71 |
| Total | <u>105</u> | <u>146</u> |

The Group does not have any foreign borrowings and debt securities as at the date of this report.

B9. Trade receivables

| | Unaudited 30-Jun-23 RM'000 | Audited 31-Dec-22 RM'000 |
|-------------------------------------|-------------------------------------------|-----------------------------------------|
| Trade receivables | 7,719 | 6,859 |
| Less: Accumulated impairment losses | <u>(4,477)</u> | <u>(4,477)</u> |
| | <u>3,242</u> | <u>2,382</u> |

The ageing analysis of the Group's trade receivables were as follows:

| | Unaudited 30-Jun-23 RM'000 | Audited 31-Dec-22 RM'000 |
|---------------------------|-------------------------------------------|-----------------------------------------|
| Not past due | 980 | 542 |
| Past due but not impaired | | |
| - 0 to 30 days | 1,630 | 1,387 |
| - 31 to 90 days | 305 | 122 |
| - more than 90 days | 4,804 | 4,808 |
| | 6,739 | 6,317 |
| Allowance for impairment | <u>(4,477)</u> | <u>(4,477)</u> |
| | <u>3,242</u> | <u>2,382</u> |

The Group's normal trade credit terms granted to trade receivables ranged from 1 month to 5 months (2022: 1 month to 5 months). Other credit terms are assessed and approved on a case-by-case basis. There are no trade receivables from related parties.

B10. Material litigation

There was no litigation against the Group as at the date of this report.

B11. Dividends

The Board does not recommend any dividends for the current financial quarter under review and the financial year-to-date.

B12. Loss per share

i. Basic loss per ordinary shares

Basic earnings per share amounts were calculated by dividing loss for the period attributable to Owners of the Company by the weighted average number of ordinary shares in issue during the current financial quarter under review and the financial year-to-date.

| | <u>Quarter Ended</u> | | <u>Year-To-Date Ended</u> | |
|---------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|------------------------------------|
| | <u>Unaudited</u> <u>30-Jun-23</u> | <u>Unaudited</u> <u>30-Jun-22</u> | <u>Unaudited</u> <u>30-Jun-23</u> | <u>Audited</u> <u>30-Jun-22</u> |
| Net loss attributable to Owners of the Company (RM'000) | (3,535) | (6,548) | (6,402) | (12,541) |
| Weighted average number of ordinary shares in issue ('000) | <u>1,820,115</u> | <u>1,652,885</u> | <u>1,820,115</u> | <u>1,652,885</u> |
| Basic loss per share (cent) | <u>(0.19)</u> | <u>(0.40)</u> | <u>(0.35)</u> | <u>(0.76)</u> |

ii. Diluted Earnings per ordinary shares

The diluted earnings per share is calculated by dividing the loss attributable to Owners of the Company by the weighted average number of ordinary shares in issue and issuable after the conversion of all outstanding warrants and options during the current financial quarter under review and the financial year-to-date.

| | <u>Quarter Ended</u> | | <u>Year-To-Date Ended</u> | |
|---------------------------------------------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|------------------------------------|
| | <u>Unaudited</u> <u>30-Jun-23</u> | <u>Unaudited</u> <u>30-Jun-22</u> | <u>Unaudited</u> <u>30-Jun-23</u> | <u>Audited</u> <u>30-Jun-22</u> |
| Net loss attributable to Owners of the Company (RM'000) | (3,535) | (6,548) | (6,402) | (12,541) |
| Weighted average number of ordinary shares in issue ('000) | <u>1,820,115</u> | <u>1,652,885</u> | <u>1,820,115</u> | <u>1,652,885</u> |
| Effect of dilution after conversion of all outstanding Options ('000) | <u>-</u> | <u>133,609</u> | <u>-</u> | <u>133,609</u> |
| Adjusted weighted average number of ordinary shares in issue ('000) for the purpose of diluted loss per share | <u>1,820,115</u> | <u>1,786,494</u> | <u>1,820,115</u> | <u>1,786,494</u> |
| Diluted basic loss per share (cent) | <u>(0.19)</u> | <u>(0.37)</u> | <u>(0.35)</u> | <u>(0.70)</u> |

B13. Comprehensive Income Disclosure

| | Quarter Ended | | Year-To-Date Ended | |
|----------------------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|-------------------------------------------|
| | Unaudited 30-Jun-23 RM'000 | Unaudited 30-Jun-22 RM'000 | Unaudited 30-Jun-23 RM'000 | Unaudited 30-Jun-22 RM'000 |
| <i>Loss before tax is derived after charging:</i> | | | | |
| Amortisation of intangible assets | 340 | 316 | 681 | 628 |
| Depreciation of investment property | 12 | 6 | 25 | 8 |
| Depreciation of property, plant and equipment | 1,471 | 1,322 | 2,950 | 2,621 |
| Depreciation of right of use assets | 3,424 | 3,118 | 6,786 | 6,685 |
| Fair value adjustment of other investments | 1,038 | 1,633 | 1,210 | 3,268 |
| Fair value adjustment of investment in money market fund | (278) | (544) | (612) | (1,070) |
| Interest expense | 207 | 5 | 430 | 120 |
| Interest income | (251) | (37) | (458) | (77) |
| Reversal of impairment losses on receivables | - | - | (2) | - |
| Short-term leases or leases of low value assets | 250 | 188 | 483 | 358 |

B14. Auditors' report on preceding annual financial statements

The preceding year's annual financial statements were not subject to any qualification.

By Order of the Board
Company Secretary