



QUARTERLY REPORT ON CONSOLIDATED RESULTS
For the Third (3rd) Quarter Ended 31 October 2021

A NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

A1. Basis of preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

The interim financial statements should be read in conjunction with the audited financial statements for the period ended 31 January 2021. These explanatory notes attached to the interim financial statements provide explanation of events and transactions that are significant for the understanding of the changes in the financial position and performance of the Group since the period ended 31 January 2021.

The Group has adopted merger method for the preparation of this interim financial statement.

A2. Changes of Financial Year End

As announced on 29 May 2020, the Company has changed its financial year end from 31 December to 31 January. Hence, there is no preceding year corresponding quarter or period figure due to the change of its financial year end. The comparative figures for the preceding year corresponding quarter for period from 1 July 2020 to 30 September 2020 is for illustration purpose only.

The next audited financial statements shall be for a period of twelve (12) months, made up from 1 February 2021 to 31 January 2022.

A3. Changes in accounting policies

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the most recent audited financial statements for the financial period ended 31 January 2021 except for the newly-issued Malaysian Financial Reporting Standards ("MFRS") and amendments to standards to be applied by all Entities Other Than Private Entities for the financial periods beginning on or after 1 February 2021:-

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 16, Leases: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
• Amendments to MFRS 3, Business Combinations: Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 116, Property, Plant and Equipment: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
• Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
• Annual improvements to MFRSs 2018 - 2020 cycle	
- Amendments to MFRS 9, Financial Instruments	1 January 2022
- Amendments to MFRS 16, Leases	1 January 2022
• Amendments to MFRS 101, Presentation of Financial Statements: Classifications of Liabilities as Current or Non-current	1 January 2023
• Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023
• Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128 Investment in Associate and Joint Ventures: Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above will have no significant effects on the interim financial report upon their initial application.



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A4. Seasonal or cyclical factors

The Group's operations are not materially affected by seasonal or cyclical factors.

A5. 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.

A6. Material changes in estimates

There were no changes in estimates that have had a material effect in the current financial quarter under review.

A7. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter under review.

A8. Dividends paid

No dividends were paid by the Company in the current financial quarter and period under review.

A9. Segmental information

(a) Analysis of revenue by geographical area

	Individual Quarter		Cumulative Quarter	
	Current Quarter Ended 31/10/2021 RM'000	Preceding Corresponding Quarter Ended 30/09/2020 RM'000	Current Year To Date Ended 31/10/2021 RM'000	Preceding Corresponding Year To Date Ended 30/09/2020 RM'000
Singapore	16,501	36,990	69,918	86,968
Philippines	15,317	15,427	67,079	42,974
China	29,307	-	38,497	-
Hong Kong & Taiwan	4,653	1,859	15,521	8,255
India	8,315	3,806	11,701	10,937
SEA (1)	949	1,011	5,255	2,948
Others	108	150	509	386
Total revenue	75,150	59,243	208,480	152,468
Add: Inter-company transactions	23,419	5,102	35,997	13,561
Total revenue before eliminating inter company transaction	98,569	64,345	244,477	166,029

Note : (1) SEA represents South East Asia countries excluding Singapore and Philippines



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A9. Segmental information (cont'd)

(b) Analysis of revenue by product categories

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Quarter	Corresponding	Year	Corresponding
	Ended	Quarter	To Date Ended	To Date Ended
	31/10/2021	30/09/2020	31/10/2021	30/09/2020
	RM'000	RM'000	RM'000	RM'000
EDM Infrastructure Technology	58,689	51,419	169,519	129,689
EDM As-A-Service *	16,461	7,824	38,961	22,779
Total revenue	75,150	59,243	208,480	152,468
Add: Inter-company Transactions	23,419	5,102	35,997	13,561
Total revenue before eliminating inter-company transaction	98,569	64,345	244,477	166,029

Note : * Formerly referred to as "EDM Managed Services"

(c) Analysis of segment results, assets and liabilities

	EDM Infrastructure Technology	EDM As-A Service	Investment Holdings	Others	Elimination/ Adjustment	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31.10.2021						
Results						
Segment results	17,898	3,957	(1,316)	1,707	(121)	22,125
Share of results of associate	-	-	(77)	-	-	(77)
Interest expenses	(829)	(287)	(7)	-	96	(1,027)
Profit before tax expense	17,069	3,670	(1,400)	1,707	(25)	21,021
Tax expense	(2,736)	(1,119)	-	-	-	(3,855)
Profit after tax expense	14,333	2,551	(1,400)	1,707	(25)	17,166
Segment assets	283,985	58,972	414,800	3,496	(209,079)	552,174
Segment liabilities	178,208	42,205	130,372	-	(146,653)	204,132
As at 30.09.2020						
Results						
Segment results	4,816	3,196	(496)	1,648	(1,398)	7,766
Share of results of associate	-	-	925	-	-	925
Interest expenses	(1,112)	(476)	(8)	-	464	(1,132)
Profit before tax expense and impairment on property, plant and equipment ("PPE")	3,704	2,720	421	1,648	(934)	7,559
Impairment on PPE	(876)	(10,760)	-	-	-	(11,636)
(Loss)/Profit before tax expense	2,828	(8,040)	421	1,648	(934)	(4,077)
Tax expense	(639)	(385)	-	-	-	(1,024)
(Loss)/Profit after tax expense	2,189	(8,425)	421	1,648	(934)	(5,101)
Segment assets	208,184	37,201	202,228	3,900	(106,227)	345,286
Segment liabilities	122,619	44,920	1,643	-	(62,444)	106,738



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A10. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current financial quarter under review.

A11. Material events subsequent to the end of the quarter

There were no other material events subsequent to the end of the current financial quarter and period to date that have not been reflected in this interim financial report.

A12. Changes in composition of the Group

There were no other changes in the composition of the Group for the current quarter and financial period to-date.

A13. Contingent assets or liabilities

The Directors are not aware of any contingent liabilities which, upon crystallisation would have a material impact on the financial position and business of the Group as at reporting date.

A14. Capital commitments

There were no capital commitments in the current financial quarter under review.

A15. Significant related party transactions

During the current financial quarter, the Directors are not aware of any related party transactions which would have a significant impact on the financial position and business of the Group.



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ADDITIONAL NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET

B1. Review of performance of the Group

	31/10/2021 RM'000	3 months ended		Cumulative Quarters (YTD)		
		30/09/2020 RM'000	30/09/2019 RM'000	31/10/2021 RM'000	30/09/2020 RM'000	30/09/2019 RM'000
Revenue	75,150	59,243	81,662	208,480	152,468	166,233
Profit/(Loss) from operations	10,103	5,528	8,927	22,048	(2,945)	20,244
EBITDA	14,913	8,701	11,014	34,805	7,071	25,733
Profit/(Loss) after tax	8,043	4,896	6,775	17,166	(5,101)	15,525

For the current financial quarter under review, the Group's revenue grew by 26.85% to RM75.150 million, representing an increase of RM15.907 million from RM59.243 million that was recognized in Q3'FPE2021. The increase was mainly attributed to revenue growth from the Group's China segment. Profit from operations and EBITDA for the current financial quarter increased correspondingly by RM4.575 million and RM6.212 million respectively.

For the financial period ended 31 October 2021, the Group's revenue increased year-on-year by 36.74% or RM56.012 million from RM152.468 million to RM208.480 million. For the 9 months of the fiscal period, the Group reported profit after tax of RM17.166 million as compared to a loss of RM5.101 million (due to a one-time impairment) during the previous financial period ended 30 September 2020, and an increase of 10.57% as compared to RM15.525 million for FYE2019.

For Q3'FPE2021, the majority of the Group's revenue was derived from Singapore, amounting to RM69.918 million (33.54% of total revenue), followed by the Philippines which recorded RM67.079 million (32.18% of total revenue) and China which recorded RM38.497 million (18.47% of total revenue) following consolidation of the Group's China operations in during the quarter in review.

By product category, the Enterprise Data Management ("EDM") Infrastructure Technology segment continued to dominate the Group's revenue, amounting to RM169.519 million or 81.31% of total revenue, with EDM As-A-Service making up the balance.

B2. Comparison with preceding quarter's results

	3 months ended	
	31/10/2021 RM'000	30/07/2021 RM'000
Revenue	75,150	74,508
Profit from operations	10,103	6,502
Profit before tax expense	9,696	6,230
Profit for the period	8,043	5,105

Although revenue in the current quarter ended 31 October 2021 of RM75.150 million is marginally higher by 0.86% or RM0.642 million than the previous quarter, the Group recorded a 57.55% higher profit after tax of RM8.043 million from the consolidated results contribution from China and increased EDM services rendered. The improvement in margin was mainly due to a different product mix with higher revenue of services rendered, and a more competitive cost of sales.



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B3. Prospects

The Company's performance reflects a maturing and new digital transformation age where "Data is the New Gold" with a comprehensive suite of Products and Services, especially As-A-Service. As a recognized leader in the space of Hybrid Cloud and Enterprise Class Data Management, Kronologi is poised to further accelerate its growth and extend Cloud and Data management enrichment into all industries that continue to embrace digital transformation in their operations. We are building an organization - a business that will support significantly higher levels of absolute revenue with a higher mix of recurring revenue over the long-term.

B4. Tax expense

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Quarter	Corresponding	Year	Corresponding
	Ended	Quarter	To Date Ended	To Date Ended
	31/10/2021	30/09/2020	31/10/2021	30/09/2020
	RM'000	RM'000	RM'000	RM'000
Current tax				
- current year	(1,319)	443	(2,970)	(763)
- in prior years	-	2	-	(69)
Deferred taxation				
- current provision	(334)	(789)	(885)	(192)
	<u>(1,653)</u>	<u>(344)</u>	<u>(3,855)</u>	<u>(1,024)</u>

B5. Profit forecast and profit guarantee

The Group has not issued any profit forecast or profit guarantee during the current financial quarter under review.

B6. Status of corporate proposals

Private Placement

On behalf of the Company's Board of Directors, TA Securities Holdings Berhad had on 22 March 2021 announced that the Company proposed private placement of new ordinary shares, representing up to 20% of the total number of issued shares in the Company.

Bursa Malaysia Securities Berhad had vide its letter dated 31 March 2021 approved the listing of and quotation for up to 104,675,000 new ordinary shares in the Company to be issued pursuant to the said private placement.

The Company had placed out 102,445,000 and 2,230,000 new ordinary shares and completed the private placement exercise on 5 May 2021 and 7 May 2021 respectively.



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B6. Status of corporate proposals (cont'd)

The gross proceeds from the private placement amounted to RM69.326 million and the details of utilisation of proceeds raised were as follows:-

	Detail of utilisation	Proposed utilisation RM'000	Actual proceeds raised RM'000	Actual utilisation RM'000	Deviations/ Variation RM'000	Balance RM'000	Time frame for utilisation
1	Expansion of enterprise data management ("EDM") managed services (As-A-Service)	10,000	9,163	-	-	9,163	Within 24 months
2	Future business expansion	50,000	50,000	50,000	-	-	Within 24 months
3	Construction of EDM proof-of-concept and solution centre(s)	10,000	9,162	6,163	-	2,999	Within 24 months
4	Estimated expenses for the private placement exercise	1,001	1,001	1,001	-	-	Immediately
	Total	71,001	69,326	57,164	-	12,162	

B7. Borrowings and debt securities

The total borrowings of the Group as at 31 October 2021 and 30 September 2020 are as follows:

	Short Term RM'000	Long Term RM'000	Total RM'000
31 October 2021			
Secured			
Lease liabilities	2,450	822	3,272
Bill payable	27,262	-	27,262
	<u>29,712</u>	<u>822</u>	<u>30,534</u>
Unsecured			
Lease liabilities	3,894	8,618	12,512
	<u>3,894</u>	<u>8,618</u>	<u>12,512</u>
	<u>33,606</u>	<u>9,440</u>	<u>43,046</u>
30 September 2020			
Secured			
Lease liabilities	4,667	6,168	10,835
Bill payable	22,410	-	22,410
	<u>27,077</u>	<u>6,168</u>	<u>33,245</u>

The lease liabilities are secured by lessor's title to the leased assets and the bill payable is secured by Corporate Guarantee by Kronologi Asia Berhad.

The lease liabilities and bill payable are denominated in Singapore Dollars and United States Dollars respectively.



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B8. Material litigation

The Group has not been involved in any material litigation for the financial period under review.

B9. Dividends

The Board of Directors has not recommended any dividends for the current financial quarter under review and the financial period-to-date.

B10. Earnings per share

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Quarter	Corresponding	Year	Corresponding
	Ended	Quarter	To Date Ended	To Date Ended
	31/10/2021	30/09/2020	31/10/2021	30/09/2020
Net profit/(Loss) attributable to ordinary equity holders of the Company (RM'000)	8,043	4,896	17,166	(5,101)
Weighted average number of ordinary shares in issue ('000)	619,655	515,325	619,655	515,325
Basic earnings/(loss) per share ("EPS/LPS") (sen)	1.30	0.95	2.77	(0.99)

The diluted EPS/(LPS) has been calculated by dividing the Group's profit for the current quarter and financial period ended 31 October 2021 and 30 September 2020 attributable to equity holders of the Company by the weighted average number of shares. The calculation is as follows:-

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Quarter	Corresponding	Year	Corresponding
	Ended	Quarter	To Date Ended	To Date Ended
	31/10/2021	30/09/2020	31/10/2021	30/09/2020
Net profit/(loss) attributable to ordinary equity holders of the Company (RM'000)	8,043	4,896	17,166	(5,101)
Weighted average number of ordinary shares in issue as per Basic EPS ('000)	619,655	515,325	619,655	515,325
Effect on issuance of share capital for Quantum China Ltd acquisition ('000)	75,000	-	75,000	-
Weighted average number of ordinary shares in issue ('000)	694,655	515,325	694,655	515,325
Diluted EPS/(LPS) (sen)	1.16	0.95	2.47	(0.99)



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B11. Disclosure on selected expenses/income items as required by the Listing Requirements

Profit/(Loss) after tax expense is stated after charging/(crediting):-

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Quarter	Corresponding	Year	Corresponding
	Ended	Quarter	To Date Ended	To Date Ended
	31/10/2021	30/09/2020	31/10/2021	30/09/2020
	RM'000	RM'000	RM'000	RM'000
Amortisation of development cost	98	115	294	317
Depreciation on property, plant and equipment	4,712	3,058	12,463	9,699
Impairment on PPE	-	-	-	11,636
Realised foreign currency exchange (gain)/loss	155	67	(558)	40
Unrealised foreign currency exchange (gain)/loss	902	579	(42)	(900)
Interest income	(174)	-	(194)	(87)
Finance costs	407	288	1,027	1,132

B12. Authorisation for issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 7 December 2021.

Kronologi Asia Berhad
7 December 2021