

REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2020⁽¹⁾

	Note	3-MONTH ENDED		PERIOD-TO-DATE	
		30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Revenue	A9	19,559	16,656	19,559	16,656
Cost of sales		(9,790)	(7,233)	(9,790)	(7,233)
Gross profit ("GP")		9,769	9,423	9,769	9,423
Other income		323	122	323	122
Administrative expenses		(6,603)	(5,625)	(6,603)	(5,625)
Finance costs		(91)	(31)	(91)	(31)
Profit before tax ("PBT")	B12	3,398	3,889	3,398	3,889
Taxation	B6	(861)	(732)	(861)	(732)
Profit after tax ("PAT")		2,537	3,157	2,537	3,157
Other comprehensive income for the financial period, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		20	10	20	10
Total comprehensive income for the financial period		2,557	3,167	2,557	3,167
Profit for the financial period attributable to:					
• Owners of the Company		2,109	2,965	2,109	2,965
• Non-controlling interests		428	192	428	192
		2,537	3,157	2,537	3,157
Total comprehensive income for the financial period attributable to:					
• Owners of the Company		2,129	2,975	2,129	2,975
• Non-controlling interests		428	192	428	192
		2,557	3,167	2,557	3,167
Earnings per share attributable to owners of the Company					
• Basic (sen) ⁽²⁾	B11	0.54	1.28	0.54	1.28
• Diluted (sen) ⁽³⁾	B11	0.53	1.26	0.53	1.26

REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2020⁽¹⁾ (CONT'D)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic earnings per share for the individual quarter and period-to-date ended 30 September 2020 is calculated based on the weighted average number of ordinary shares in issue of 392,921,029 as at 30 September 2020. The basic earnings per share for the individual quarter and period-to-date ended 30 September 2019 is calculated based on the weighted average number of ordinary shares in issue of 232,212,182 shares as at 30 September 2019.
- (3) Diluted earnings per share of the Company for the individual quarter and period-to-date ended 30 September 2020 is calculated based on the weighted average number of ordinary shares in issue 394,562,715 as at 30 September 2020, adjusted for contingently issuable ordinary shares. Diluted earnings per share of the Company for the individual quarter and period-to-date ended 30 September 2019 is calculated based on the weighted average number of ordinary shares in issue 234,516,338 as at 30 September 2019 respectively, adjusted for contingently issuable ordinary shares. The number of shares under warrants was not taken into account in the computation of diluted EPS as the warrants do not have a dilutive effect on the weighted average number of ordinary shares.

REVENUE GROUP BERHAD (1248321-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020⁽¹⁾**

	UNAUDITED	AUDITED
	As at	As at
	30.09.2020	30.06.2020
	RM'000	RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	25,198	23,823
Intangible assets	10,649	8,973
Rights of use assets	3,189	3,358
Investment in an associate	1,576	1,576
Goodwill on consolidation	10,829	9,896
Total non-current assets	51,441	47,626
Current Assets		
Inventories	4,805	9,933
Trade receivables	17,064	24,661
Other receivables	3,657	3,117
Other investment	524	-
Tax recoverable	1,932	1,664
Fixed deposits with licensed banks	741	251
Cash and bank balances	36,526	35,249
Total current assets	65,249	74,875
TOTAL ASSETS	116,690	122,501
EQUITY AND LIABILITIES		
Equity		
Share capital	55,729	49,269
Merger reserve	(15,694)	(15,694)
Warrant reserve	61,277	61,277
Other reserves	(67,563)	(67,563)
Foreign currency translation reserve	(7)	(27)
Retained earnings	40,727	38,618
Equity attributable to owners of the Company	74,469	65,880
Non-controlling interests	1,876	1,424
Total Equity	76,345	67,304
LIABILITIES		
Non-current liabilities		
Bank borrowings	5,098	5,169
Lease liabilities	781	938
Deferred tax liabilities	677	677
Total non-current liabilities	6,556	6,784

REVENUE GROUP BERHAD (1248321-D)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020⁽¹⁾ (CONT'D)**

	UNAUDITED	AUDITED
	As at	As at
	30.09.2020	30.06.2020
	RM'000	RM'000
LIABILITIES (CONT'D)		
Current liabilities		
Trade payables	22,471	35,276
Other payables	7,182	8,886
Contract liabilities	366	490
Amount due to associates	414	414
Amount due to Directors	72	265
Bank borrowings	1,392	1,452
Lease liabilities	693	705
Tax payable	1,199	925
Total current liabilities	33,789	48,413
TOTAL LIABILITIES	40,345	55,197
TOTAL EQUITY AND LIABILITIES	116,690	122,501
Weighted average number of ordinary shares ('000)	392,921	314,597
NET ASSETS PER SHARE (RM)⁽²⁾	0.19	0.21

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.
- (2) The net assets per share is calculated based on the weighted average number of shares in issue of 392,921,029 as at 30 September 2020 and 314,597,563 as at 30 June 2020.

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REVENUE GROUP BERHAD (1248321-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2020⁽¹⁾**

	Attributable to owners of the parent					Retained Earnings	Total	Non- controlling Interests	Total Equity
	Non-Distributable				Distributable				
	Share Capital	Merger Reserve	Warrant Reserve	Other Reserve	Foreign Currency Translation Reserve				
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Period ended 30 September 2019									
As at 1 July 2019	46,688	(15,694)	61,283	(67,569)	(17)	30,912	55,603	516	56,119
Profit for the financial period	-	-	-	-	-	2,965	2,965	192	3,157
Total comprehensive income/(loss) for the financial period	-	-	-	-	10	-	10	-	10
Transactions with owners									
Issuance of ordinary shares pursuant to acquisition of subsidiary company	979	-	-	-	-	-	979	-	979
Issuance of ordinary shares pursuant to the exercise of warrants	1	-	-	-	-	-	1	-	1
As at 30 September 2019	47,668	(15,694)	61,283	(67,569)	(7)	33,877	59,558	708	60,266

REVENUE GROUP BERHAD (1248321-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2020⁽¹⁾ (CONT'D)**

	Attributable to owners of the parent							Non-controlling Interests RM'000	Total Equity RM'000
	Non-Distributable			Distributable		Retained Earnings RM'000	Total RM'000		
	Share Capital RM'000	Merger Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Foreign Currency Translation Reserve RM'000				
Period ended 30 September 2020									
As at 1 July 2020	49,269	(15,694)	61,277	(67,563)	(27)	38,618	65,880	1,424	67,304
Profit for the financial period	-	-	-	-	-	2,109	2,109	428	2,537
Total comprehensive income/(loss) for the financial year	-	-	-	-	20	-	20	-	20
Transactions with owners									
Issuance of ordinary shares pursuant to special issue	6,460	-	-	-	-	-	6,460	-	6,460
Net changes of non-controlling interests	-	-	-	-	-	-	-	24	24
As at 30 September 2020	55,729	(15,694)	61,277	(67,563)	(7)	40,727	74,469	1,876	76,345

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.

REVENUE GROUP BERHAD (1248321-D)**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2020⁽¹⁾**

	PERIOD-TO-DATE	
	30.09.2020	30.09.2019
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax	3,398	3,889
Adjustments for:		
Depreciation/Amortisation of property, plant and equipment and rights of use assets	1,927	1,498
Finance costs	91	31
Gain on disposal of property, plant and equipment	-	(9)
Impairment losses on trade receivables	75	-
Reversal of impairment losses on trade receivables	(342)	(23)
Interest income	(27)	(36)
Unrealised loss/(gain) on foreign exchange	124	(24)
Share of loss in associate company	1	-
Operating profit before working capital changes	<u>5,247</u>	<u>5,326</u>
Change in working capital		
Inventories	5,128	(4,419)
Receivables	7,329	2,631
Payables	(14,066)	(5,377)
Amount due to Directors	(217)	(124)
Contract liabilities	(490)	-
Amount owing to associate	(414)	-
	<u>(2,730)</u>	<u>(7,289)</u>
Cash generated from operations	2,517	(1,963)
Interest paid	(91)	(31)
Interest received	27	36
Tax paid	(856)	(247)
Exchange fluctuation adjustment	20	-
Net cash from operating activities	<u>1,617</u>	<u>(2,205)</u>
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	-	9
Purchase of property, plant and equipment	(4,604)	(1,807)
Net cash outflows arising from acquisition of subsidiary company	(880)	-
Acquisition of other investment	(524)	-
Net cash used in investing activities	<u>(6,008)</u>	<u>(1,798)</u>

REVENUE GROUP BERHAD (1248321-D)**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2020⁽¹⁾ (CONT'D)**

	PERIOD-TO-DATE	
	30.09.2020	30.09.2019
	RM'000	RM'000
Cash Flows From Financing Activities		
(Increase)/Decrease in fixed deposit pledged	(229)	140
Proceeds from issuance of shares/warrants	6,460	980
Repayment of finance lease liabilities	-	(37)
Net changes of lease liabilities	(170)	-
Drawdown/(Repayment) of term loans/banker acceptance	(1,324)	4,293
Net cash from financing activities	4,737	5,376
Net increase in cash and cash equivalents	346	1,373
Cash and cash equivalents at the beginning of the financial year	35,249	23,185
Effect of exchange translation differences on cash and cash equivalents	-	35
Cash and cash equivalents at the end of the financial year	35,595	24,593
Cash and cash equivalents at the end of the financial year comprises:		
Cash and bank balances	36,526	24,593
Fixed deposits with licensed banks	741	340
Bank overdrafts	(1,192)	-
	36,075	24,933
Less: Fixed deposits pledged with licensed banks	(480)	(340)
	35,595	24,593

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.

REVENUE GROUP BERHAD (1248321-D)

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial report of Revenue Group Berhad (“**REVENUE**” or “**the Company**”) and its subsidiary companies (“**the Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRS**”) No. 134: Interim Financial Reporting and Rule 9.22 of Listing Requirements of Bursa Securities.

This interim financial statements on the Company’s unaudited condensed consolidated financial results for the first (1st) quarter ended 30 September 2020 is announced by the Company in compliance with the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

This interim financial report should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying notes attached to this interim financial report.

A2. Summary of significant accounting policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted as disclosed in the audited financial statements for the financial year ended 30 June 2020, except for the adoption of the following MFRSs, Amendments to MFRSs and new Interpretations.

	Effective dates for financial periods beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7	1 January 2020
Amendments to MFRS 101 and MFRS 108	1 January 2020
Amendments to MFRS 16	1 June 2020
Definition of Business	1 January 2020
Interest Rate Benchmark Reform	1 January 2020
Definition of Materials	1 January 2020
Covid-19 Related Rent Concessions	1 June 2020

REVENUE GROUP BERHAD (1248321-D)

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A2. Summary of significant accounting policies (Cont'd)

Standards issued but not yet effective

The Group has not adopted the following new MFRSs and amendments to MFRSs that have been issued by the Malaysian Accounting Standard Board which are not yet effective for the Group. The Group intends to adopt the below mentioned MFRSs and Amendments to MFRSs when they become effective.

		Effective dates for financial periods beginning on or after
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
MFRS 4	Extension of the Temporary Exemptions from Applying MFRS 9 (Amendments to MFRS 4 Insurance Contracts)	17 August 2020
MFRS 101	Classification of Liabilities as Current and Non-current – Deferral of Effective Date	17 August 2020
MFRSS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139	Interest Rate Benchmark Reform – Phase 2	1 January 2021
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvement to MFRS Standards 2018 - 2020		1 January 2022
• Amendments to MFRS 1		
• Amendments to MFRS 9		
• Amendments to MFRS 16		
• Amendments to MFRS 141		
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

REVENUE GROUP BERHAD (1248321-D)

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements of the Group for the financial year ended 30 June 2020 was not subject to any qualification.

A4. Seasonal or cyclical factors

During the festive seasons such as Chinese New Year, Hari Raya Puasa and Christmas, as well as specific dates such as double 11 (i.e. 11 November) and double 12 (i.e. 12 December), the Group typically records higher transaction volume.

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 and financial period.

A6. Material changes in estimates

There were no material changes in the estimates in the current financial quarter under review.

A7. Debt and equity securities

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayment of debts and equity during the financial quarter under review.

On 25 February 2020, the Company proposed to undertake a proposed special issue of up to 45,019,500 new ordinary shares in REVENUE ("Special Issue Shares") to independent third party investors to be identified ("Proposed Special Issue").

On 10 March 2020, Bursa Securities had, vide its letter dated 10 March 2020, resolved to approve the Proposed Special Issue.

On 22 May 2020, the shareholders of REVENUE approved the Proposed Special Issue at the extraordinary general meeting.

On 28 May 2020, the Board of Directors of REVENUE ("Board") fixed the issue price of the first tranche Special Issue Shares at RM1.21 each.

On 16 June 2020, the Board announced that the first tranche of Special Issue Shares (423,400 REVENUE's shares) had been listed on Bursa Securities.

On 22 July 2020, the Board fixed the issue price of the second tranche Special Issue Shares at RM1.30 each.

On 6 August 2020, the Board announced that the second tranche of Special Issue Shares (4,969,400 REVENUE's shares) had been listed on Bursa Securities.

On 26 August 2020, the Board announced that the Company has submitted an application to Bursa Securities for an extension of time up to 10 March 2021 to complete the Special Issue, which was approved by Bursa Securities on 1 September 2020.

REVENUE GROUP BERHAD (1248321-D)

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A8. Dividends paid

There was no dividend paid during the current financial quarter under review.

A9. Segmental information

The Group's segmental information for the current financial period ended 30 September 2020 is as follows:

(a) Analysis of revenue by business segments

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Electronic Data Capture ("EDC") terminals	12,714	7,530	12,714	7,530
Electronic transaction processing Solutions and services	3,234	5,695	3,234	5,695
	3,611	3,431	3,611	3,431
Total	19,559	16,656	19,559	16,656

(b) Analysis of revenue by geographical location

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Malaysia	19,559	16,656	19,559	16,656
Total	19,559	16,656	19,559	16,656

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 current financial quarter

Saved as disclosed below, there were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

Proposed Acquisition of Wannatalk Malaysia Sdn Bhd ("Wannatalk")

On 10 August 2020, the Board announced that, Revenue Harvest Sdn Bhd ("Revenue Harvest"), a wholly owned subsidiary company of REVENUE, had entered into a Share Sale Agreement with Tan Sze Hoo ("Wannatalk's Vendor") for the purchase of 40.0% equity interest of Wannatalk, for a purchase consideration of RM5,000,000. Wannatalk is principally engaged in the provision and development of Artificial-Intelligence ("AI")-powered chatbot and messaging platform ("Wannatalk Chatbot"), AI-powered smart content repository ("Firebox"), facial recognition-centered products and services ("Facecard") and AI-powered big data mining and fraud detection software ("Grayfox"). The acquisition was completed on 1 October 2020.

REVENUE GROUP BERHAD (1248321-D)

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A12. Changes in the composition of the Group

Save as disclosed below, there were no material changes in the composition of the Group for the current financial quarter under review.

Acquisition of Scanpay Sdn Bhd (“Scanpay”)

On 29 April 2020, Revenue Harvest, a owned subsidiary company of REVENUE, had entered into a Share Sale Agreement with Hong You Loong, Chiah Mon Why and Tang Wee Huang for the purchase of 80% equity interest of Scanpay for a purchase consideration of RM1,000,000. Scanpay is principally engaged in the electronic ecommerce services which shall include online and electronic payment services (electronic money issuance) and Scanpay is a licences E-money issuer under BNM. The acquisition was completed on 18 September 2020.

The following summarises the major classes of consideration transferred, and the recognised amount of asset and liabilities assumed for the acquisition of Scanpay.

	RM'000
Property, plant and equipment	165
Trade and other receivables	3
Cash and cash equivalents	87
Trade and other payables	(189)
Total identifiable assets and liabilities	66

Net cash outflow arising from the acquisition of subsidiary company

	RM'000
Purchase consideration settled in cash	1,000
Cash and bank balances acquired	(87)
	913

Goodwill arising from business combination

	RM'000
Goodwill was recognised as a result of the acquisition as follows:	
Fair value of consideration transferred	1,000
	1,000
Fair value of identifiable assets acquired and liabilities assumed	(66)
Goodwill	934

REVENUE GROUP BERHAD (1248321-D)

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A13. Contingent assets and contingent liabilities

Save as disclosed below, there were no other contingent assets and contingent liabilities as at the date of this interim report.

	<u>UNAUDITED</u> As at 30.09.2020 RM'000	<u>UNAUDITED</u> As at 30.09.2019 RM'000
Corporate guarantee given by REVENUE to licensed bank for banking facilities granted to a subsidiary of REVENUE	10,000	-
Bank guarantee given to Payments Network Malaysia Sdn. Bhd. in favour of Revenue Solution Sdn. Bhd.	490	470

A14. Capital commitments

Save as disclosed below, there were no capital commitments during the current financial quarter under review.

	<u>UNAUDITED</u> As at 30.09.2020 RM'000	<u>UNAUDITED</u> As at 30.09.2019 RM'000
Material commitment		
Purchase of software system	877	1,484
	<u>877</u>	<u>1,484</u>

A15. Operating lease commitments

There were no operating lease commitments during the current financial quarter under review.

A16. Related party transactions

There were no material related party transactions during the current financial quarter under review.

REVENUE GROUP BERHAD (1248321-D)

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

B1. Review of performance

(a) Results for current quarter and preceding year corresponding quarter

The Group recorded revenue of RM19.56 million for the current financial quarter ended 30 September 2020 (30 September 2019: RM16.66 million).

The Group's revenue was principally derived from the EDC terminals segments, followed by the Solutions & Services segments and electronic transaction processing segment accounting for approximately 65.01%, 18.46% and 16.53% respectively of the total revenue for the current financial quarter ended 30 September 2020. The Malaysian market is the single largest market accounting for the entire total revenue for the current financial quarter ended 30 September 2020.

The Group's revenue increased by RM2.90 million from RM16.66 million for financial quarter ended 30 September 2019 to RM19.56 million for the financial quarter ended 30 September 2020. The higher revenue recorded was mainly attributed to higher sales of EDC terminals by approximately RM3.35 million and the increase in the revenue from the rental and maintenance of EDC terminals by approximately RM1.83 million. The revenue from the Solutions & Services segments had also increased marginally approximately RM0.18 million contributed by the growth in our digital payment services and procurement & logistic services by approximately RM1.09 million, partially offset by a lower IT solution & services' revenue by approximately RM0.91 million due to lower project income. However, the increase was offset by a drop in the electronic transaction processing income by approximately RM2.46 million due to the on-going Covid-19 pandemic outbreak and the multiple Movement Control Order ("MCO") which took effect from 18 March 2020 had affected both the global supply chain and travelling (locally and internationally).

The Group registered a PBT of RM3.40 million in the current financial quarter under review (30 September 2019: RM3.89 million). The lower PBT recorded for the current financial quarter ended 30 September 2020 was due to higher administrative expenses by approximately RM0.98 million due to the increase staff cost by approximately RM0.36 million arising from the increase in headcount, higher depreciation charges by approximately RM0.43 million as well as the increase in the connectivity expenses (e.g. SIM cards, lease lines, etc.) by approximately RM0.59 million. However, the higher administrative expenses was mitigated by the wage subsidy programme initiated by the Government as a Covid-19 relief by approximately RM0.33 million.

REVENUE GROUP BERHAD (1248321-D)

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B1. Review of performance (Cont'd)

(b) Results for financial period-to-date and preceding year corresponding period

For the financial period-to-date, the Group recorded revenue of RM19.56 million (30 September 2019: RM16.66 million).

The Group's revenue was principally derived from the EDC terminals segments, followed by the Solutions & Services segments and electronic transaction processing segment accounting for approximately 65.01%, 18.46% and 16.53% respectively of the total revenue for the current financial period ended 30 September 2020. The Malaysian market is the single largest market accounting for the entire total revenue for the current financial quarter ended 30 September 2020.

The Group's revenue increased by RM2.90 million from RM16.66 million for financial quarter ended 30 September 2019 to RM19.56 million for the financial quarter ended 30 September 2020. The higher revenue recorded was mainly attributed to higher sales of EDC terminals and the increase in the revenue from the rental and maintenance of EDC terminals, as well as the marginal increase in the revenue from the Solutions & Services segments. However, the increase was offset by a drop in the electronic transaction processing income due to the ongoing Covid-19 pandemic outbreak and the multiple MCO which took effect from 18 March 2020 had affected the both the global supply chain and travelling (locally and internationally).

The Group registered a PBT of RM3.40 million in the current financial quarter under review (30 September 2019: RM3.89 million). The lower PBT recorded for the current financial quarter ended 30 September 2020 due to higher administrative expenses.

REVENUE GROUP BERHAD (1248321-D)**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)****B2. Comparison with immediate preceding quarter's results**

	3-MONTH ENDED		CHANGES	
	30.09.2020	30.06.2020	RM'000	%
	RM'000	RM'000		
Revenue	19,559	23,475	(3,916)	(16.7)%
PBT	3,398	1,956	1,442	73.7%

For the current financial quarter ended 30 September 2020, the Group recorded a lower revenue by RM3.92 million, mainly attributed to lower sales of EDC terminals by approximately RM3.72 million and lower income from the Solution & Services segment by approximately RM1.85 million due to lower project completed in the current financial quarter. However, the drop in the revenue was mitigated by the increase in the rental and maintenance of EDC terminals by approximately RM0.33 million and an increase in the electronic transaction income by approximately RM1.33 million.

For the current financial quarter ended 30 September 2020, the Group recorded a higher PBT by approximately RM1.44 million as compared to RM1.96 million in the immediate preceding financial quarter ended 30 June 2020 mainly attributed to lower administrative expenses.

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B3. Prospects and outlook

The Group has put in place a series of future plans as follows:

(a) Expansion of our electronic payment network

Our Group intend to continue to expand our electronic payment network in Malaysia and will continue to purchase and deploy additional new digital payment terminals with the capability to accept payment cards and Quick Response (“QR”) Payment. The Group is currently working with our partner banks on the development, testing and certification on the new digital payment terminals, which will be rolled out and deployed to the market in various stages. Besides that, the Group is also working closely with different e-wallet issuers to bring the payment acceptance into digital payment terminals.

(b) Regional expansion

Our businesses are predominantly concentrated in Malaysia. As part of our future business expansion, the Group intend to expand to ASEAN market and we have identified two (2) potential countries for our regional expansion, namely Myanmar and Cambodia. In this respect, we will partner with local financial institutions or local industry player in those countries and/or Malaysian financial institutions that already have presence in these countries to provide electronic payment processing services for various Card Schemes.

However, due to the outbreak of the Covid-19 pandemic which has caused various international travel restriction in 2020, the Group will require more time to implement its business expansion strategies. After a careful deliberation, the Board has decided to extend the timeframe for the utilisation of proceeds for business expansion to 36 months from the date of listing of REVENUE.

(c) Enhancement of revPAY and expansion of IT team

As IT forms the backbone and is an integral part of our business operations, it is crucial for our Group to continuously enhance, upgrade and maintain the scalability of our revPAY platform and its related software and systems to support our business expansion and technology advancement. The Group is continuously on the lookout for IT talent to expand our IT personnel.

(d) Value-added solutions and services

The acquisition of Scanpay and Wannatalk will enable the Group to provide additional value-added solutions and services to our customers which will complement the Group’s existing business and provide a more robust Business-to-Business-Consumer (“B2B2C”) solution.

REVENUE GROUP BERHAD (1248321-D)

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B3. Prospects and outlook (Cont'd)

(e) Research & Development (“R&D”)

Our Group is researching and developing more electronic solutions to be integrated with our revPAY. Our solutions will enable our customers to digitalise loyalty programme, rewards redemption, discount coupons and gift cards, bill payment, goods pick up via our new digital payment terminals. Our Group is also researching and developing issuing technology encompassing issuing payment security by leveraging on artificial intelligence to enhance the payment security features. With the acquisition of Wannatalk, the Group will be able to leverage on Wannatalk’s facial recognition centered products and services to enhance the payment security features, as well as embark on new biometrics payment technology.

The outbreak of the Covid-19 virus in early January 2020 had disrupted the global operating environments and restricting global travelling and the outbreak had soften economic growth both in Malaysia and regionally.

The Malaysian Government had imposed the Movement Control Order (“MCO”) commencing on 18 March 2020 and has since further extended to 31 December 2020 under the Recovery MCO (“RMCO”). The measures undertaken by the Government, such as international and domestic travel restrictions, closure of non-essential services, reduction of operating hours and work force, are necessary to curb the spread of the Covid-19, however, such measures have affected both the external and domestic demand, which has curtailed economic activities and resulted in marginal economic growth.

Whilst the Government has gradually easing the restriction and businesses are allowed to operate under strict Standard Operating Procedures (“SOP”) during the RMCO, the recovery of our economy, as well as the return to our normal social behaviour will require more time and efforts from all stakeholders.

This had prompted the Bank Negara Malaysia (“BNM”) to revise the growth rate of Gross Domestic Product to be between negative 3.5% to negative 5.5% in 2020 due to unprecedented length of the MCO and changes in world growth forecasts arising from weak global demand, disruption in the supply chains and global Covid-19 containment measures.

Arising from the on-going Covid-19 situation, the Government had announced the Short-Term Economic Recovery Plan on 5 June 2020 and had allocated RM70.0 million under Micros and SMEs E-commerce Campaign and another RM70.0 million under the “Shop Malaysia Online” for Online Consumption. These two initiatives are meant to encourage adoption of e-commerce by micro enterprises and SMEs to widen market reach and to encourage online consumer through e-commerce vouchers. The Government had also allocated RM750 million under the e-PENJANA Credits in e-wallet whereby Malaysians aged 18 and above and earning less than RM100,000 annually will be given RM50 worth of e-wallet credits and these plans will benefits the Group in the long run as Malaysians are embracing and adopting of digital payment.

REVENUE GROUP BERHAD (1248321-D)

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B3. Prospects and outlook (Cont'd)

The Covid-19 outbreak and the subsequent MCO periods have affected the financial performance of the Group over the last few months of the current financial quarter ended 30 September 2020 and the recent spike in the Covid-19 cases had prompted the Government to re-impose Conditional MCO (“CMCO”) in numerous states in order to curb the spreading of the new wave of Covid-19 virus.

Whilst our Group has laid down and embarked on a series of future plans, with the current uncertainty in the global and local economy due to the Covid-19 virus outbreak, the performance of the Group for the new financial year ending 2021 will remain challenging. However, the Board is cautious on the potential impact of the Covid-19 virus outbreak and will continue to manage the business of our Group with vigilance during this period of uncertainty.

B4. Profit forecast or profit guarantee

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

B5. Status of corporate proposals

Saved as disclosed in A7, there were no corporate proposals undertaken but not completed as at the date of this interim report.

REVENUE GROUP BERHAD (1248321-D)

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B6. Income tax expenses

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2020 ⁽¹⁾	30.09.2019	30.09.2020 ⁽¹⁾	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Current tax expense	861	732	861	732
Deferred tax expense	-	-	-	-
Total tax expense	861	732	861	732
Effective tax rate (%)	25.35% ⁽²⁾	18.82% ⁽³⁾	25.35% ⁽²⁾	18.82% ⁽³⁾

Notes:

- (1) Income tax expense is recognised based on management's best estimate.
- (2) The Group's effective tax rate for the financial quarter is higher than the statutory tax rate due to non-deductible expenses.
- (3) The Group's effective tax rate for the current period-to-date is lower than the statutory tax rate due to one of the subsidiary, Revenue Techpark Sdn Bhd ("**Revenue Techpark**"), which was granted pioneer status by the Malaysian Investment Development Authority under the provisions of the Promotion of Investment Act 1986 on 13 July 2011, for a period of five (5) years up to 12 July 2016, which was subsequently extended for another period of five (5) years up to 12 July 2021. As such, Revenue Techpark's statutory income during this period is exempted from income tax.

B7. Utilisation of proceeds from the IPO

Based on the IPO Price, the gross proceeds arising from the public issue amounting to RM20.61 million is intended to be utilised in the following manner:-

<u>Details of utilisation</u>	<u>Proposed Utilisation</u>	<u>Actual Utilisation</u>	<u>Balance Utilisation</u>	<u>Estimated timeframe for utilisation upon listing</u>	<u>Revised timeframe for utilisation upon listing</u>
	RM'000	RM'000	RM'000		
Capital expenditure	8,100	8,100	-	24 months	-
Enhancement of revPAY and expansion of IT team	4,040	4,040	-	24 months	-
Repayment of bank borrowings	2,500	2,500	-	3 months	-
Business expansion	1,500	471	1,029	24 months	36 months
Working capital	1,773	1,773	-	24 months	-
Listing expenses	2,700	2,700	-	Immediately	-
	<u>20,613</u>	<u>19,584</u>	<u>1,029</u>		

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 11 June 2018.

REVENUE GROUP BERHAD (1248321-D)**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)****B8. Bank borrowings**

The Group's bank borrowings were as follows:

	<u>UNAUDITED</u> As at 30.09.2020 RM'000	<u>UNAUDITED</u> As at 30.09.2019 RM'000
Current:		
Finance lease liabilities	-	160
Lease liabilities	693	-
Term loans	200	250
Bank overdraft	1,192	-
Banker acceptance	-	4,226
	<u>2,085</u>	<u>4,636</u>
Non-current:		
Finance lease liabilities	-	685
Lease liabilities	781	-
Term loans	5,098	5,177
	<u>5,879</u>	<u>5,862</u>
Total bank borrowings	<u>7,964</u>	<u>10,498</u>

All the Group's borrowings are denominated in Ringgit Malaysia.

B9. Material litigation

There were no material litigation involving the Group as at 30 September 2020.

B10. Dividend

The Board of Directors does not recommend any dividend for the current financial quarter under review.

REVENUE GROUP BERHAD (1248321-D)**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)****B11. Earnings per share**

The basic earnings per share (“**EPS**”) are calculated by dividing the profit for the period attributable to owners of the Company by weighted average number of ordinary shares of the Company during the financial period as follows:

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
Profit attributable to ordinary owners of the Company (RM'000)	2,109	2,965	2,109	2,965

Basic EPS

Weighted average number of ordinary shares ('000)	392,921	232,212	392,921	232,212
Basic EPS (sen)	0.54	1.28	0.54	1.28

The diluted EPS are calculated by dividing the profit for the period attributable to owners of the Company by weighted average number of shares that would have been in issued upon full exercise of the remaining warrants:

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
Profit attributable to ordinary owners of the Company (RM'000)	2,109	2,965	2,109	2,965

Diluted EPS

Weighted average number of ordinary shares ('000)	394,563	234,516	394,563	234,516
Diluted EPS (sen) ⁽¹⁾	0.53	1.26	0.53	1.26

Note:

- (1) Diluted earnings per share of the Company for the individual quarter and period-to-date ended 30 September 2020 is calculated based on weighted average number of ordinary share in issue of 394,562,715, adjusted for contingently issuable ordinary shares. The number of shares under warrants was not taken into account in the computation of diluted EPS as the warrants do not have any dilutive effect on the weighted average number of ordinary shares.

REVENUE GROUP BERHAD (1248321-D)**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)****B12. Disclosure on selected expense/income items as required by the Listing Requirements**

Profit before tax is arrived after charging/(crediting):

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Depreciation/Amortisation of property, plant and equipment and rights of use assets	1,927	1,498	1,927	1,498
Impairment losses on trade receivables	75	-	75	-
Reversal of impairment losses on trade receivables	(342)	(23)	(342)	(23)
Loss/(Gain) on foreign exchange				
• Realised	-	-	-	-
• Unrealised	124	(24)	124	(24)
Rental expenses				
• Office/space	-	53	-	53
• Leased equipment	-	57	-	57
Bad debts recovered	-	(1)	-	(1)
Gain on disposal of property, plant and equipment	-	(9)	-	(9)
Interest income	(27)	(36)	(27)	(36)

Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements of Bursa Securities are not applicable.