



**CLOUDPOINT TECHNOLOGY BERHAD**

(Registration No. 202101020879)(1421179-X))

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT  
FOR THE FIRST QUARTER ENDED  
31 MARCH 2023**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS  
AND OTHER COMPREHENSIVE INCOME FOR THE  
CURRENT QUARTER AND PERIOD TO DATE ENDED 31 MARCH 2023<sup>(1)</sup>**

	INDIVIDUAL QUARTER 3 MONTHS		CUMULATIVE QUARTER YEAR-TO-DATE	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	RM'000	RM'000	RM'000	RM'000
Revenue	19,400	10,248	19,400	10,248
Cost of sales	(13,519)	(7,086)	(13,519)	(7,086)
<b>Gross profit</b>	<b>5,881</b>	<b>3,162</b>	<b>5,881</b>	<b>3,162</b>
Other income	1	-	1	-
Administrative expenses	(1,148)	(1,056)	(1,148)	(1,056)
Selling and distribution expenses	(766)	(803)	(766)	(803)
Operating profit	3,968	1,303	3,968	1,303
Finance income	27	-	27	-
Finance costs	(4)	(3)	(4)	(3)
<b>Profit before tax</b>	<b>3,991</b>	<b>1,300</b>	<b>3,991</b>	<b>1,300</b>
Tax expense	(980)	(367)	(980)	(367)
<b>Profit after tax/ Total comprehensive income</b>	<b>3,011</b>	<b>933</b>	<b>3,011</b>	<b>933</b>
<b>Basic earnings per share (sen)<sup>(2)</sup></b>	<b>0.71</b>	<b>0.22</b>	<b>0.71</b>	<b>0.22</b>
<b>Diluted earnings per share (sen)<sup>(3)</sup></b>	<b>0.71</b>	<b>0.22</b>	<b>0.71</b>	<b>0.22</b>

**Notes:**

- 1) The basis of preparation of the unaudited condensed consolidated statements of profit or loss and other comprehensive income is disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 9 May 2023 and the accompanying explanatory notes attached to this interim financial report.
- 2) Basic earnings per share is calculated based on the ordinary shares of the Company ("Shares") in issuance of 425,280,000 Shares after the acquisition of Cloudpoint Solutions Sdn. Bhd. ("Cloudpoint Solutions"), which was completed on 3 February 2023 ("Acquisition") (as further explained in Note A1 below).
- 3) Diluted earnings per share is for the individual quarter ended 31 March 2023 and year-to-date ended 31 March 2023 are equivalent to the basic earnings per share as the Company does not have any convertible securities as at the end of the reporting period.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2023**

	<b>UNAUDITED AS AT 31 MARCH 2023 RM'000</b>	<b>AUDITED AS AT 31 DECEMBER 2022 RM'000</b>
<b>Non-current assets</b>		
Property, plant and equipment	4,266	4,026
Deferred tax assets	656	656
	<u>4,922</u>	<u>4,682</u>
<b>Current assets</b>		
Inventories	6,879	2,685
Trade receivables	25,480	33,785
Other receivables	4,383	1,714
Contract assets	6,380	12,035
Cash and short-term deposits	5,703	11,678
	<u>48,825</u>	<u>61,897</u>
<b>Total assets</b>	<b><u>53,747</u></b>	<b><u>66,579</u></b>
<b>Equity</b>		
Share capital/Invested equity	15,650	1,500
Merger reserves	(14,150)	-
Retained earnings	22,308	19,297
<b>Total equity</b>	<b><u>23,808</u></b>	<b><u>20,797</u></b>
<b>Non-current liabilities</b>		
Lease liability	34	85
<b>Current liabilities</b>		
Lease liability	198	196
Current tax liabilities	1,922	1,691
Trade payables	7,354	10,383
Other payables	4,080	17,025
Contract liabilities	16,351	16,402
	<u>29,905</u>	<u>45,697</u>
<b>Total liabilities</b>	<u>29,939</u>	<u>45,782</u>
<b>Total equity and liabilities</b>	<b><u>53,747</u></b>	<b><u>66,579</u></b>
<b>Net assets per share attributable to ordinary equity holders of the Company (sen)</b>	<u>5.60</u>	<u>4.89</u>

**Notes:**

- 1) The basis of preparation of the unaudited condensed consolidated statement of financial position is disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 9 May 2023 and the accompanying explanatory notes attached to this interim financial report.
- 2) Net assets per share is calculated based on the ordinary shares in issuance of 425,280,000 shares after the Acquisition but before the Public Issue (as defined and further explained in Note A1 below).

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023**

	Invested equity/ Share capital	Non-Distributable reserve	Distributable reserve	Total
		Merger reserve	Retained earnings	
Unaudited	RM'000	RM'000	RM'000	RM'000
<b>Balance as at 1 January 2022</b>	1,500	-	14,144	15,644
Profit for the financial period, representing total comprehensive income for the financial period	-	-	933	933
<b>Balance as at 31 March 2022</b>	1,500	-	15,077	16,577
<b>Balance as at 1 January 2023</b>	1,500	-	19,297	20,797
Profit for the financial period, representing total comprehensive income for the financial period	-	-	3,011	3,011
<b>Transaction with owners</b>				
Shares issued for the Acquisition	14,150	(14,150)	-	-
<b>Balance as at 31 March 2023</b>	15,650	(14,150)	22,308	23,808

**Note:**

- (1) The basis of preparation of the unaudited condensed consolidated statement of changes in equity is disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 9 May 2023 and the accompanying explanatory notes attached to this interim financial report.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2023**

	<b>CURRENT PERIOD TO DATE</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD</b>
	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	3,991	1,300
Adjustments for:		
Depreciation of property, plant & equipment	133	109
Finance costs	4	3
Finance income	(27)	-
Operating profit before changes in working capital	<u>4,101</u>	<u>1,412</u>
<u>Changes In Working Capital:</u>		
Inventories	(4,194)	(4,284)
Trade receivables	8,305	10,659
Other receivables	(2,669)	2,403
Contract assets	5,655	(281)
Trade payables	(3,029)	(6,250)
Other payables	(4,826)	(128)
Contract liabilities	(51)	9,407
Net cash generated from operations	<u>3,292</u>	<u>12,938</u>
Income tax paid	(750)	(625)
Income received	27	-
<b>Net cash from operating activities</b>	<b><u>2,569</u></b>	<b><u>12,313</u></b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(373)	(35)
<b>Net cash used in investing activities</b>	<b><u>(373)</u></b>	<b><u>(35)</u></b>

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	<b>CURRENT PERIOD TO DATE</b>	<b>PRECEDING YEAR CORRESPONDING PERIOD</b>
	<b>31 March 2023</b>	<b>31 March 2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Interest paid	(4)	(3)
Repayment of lease liability	(48)	(48)
Dividend paid	(8,000)	(8,000)
Amount owing to director	(119)	-
<b>Net cash used in financing activities</b>	<b>(8,171)</b>	<b>(8,051)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(5,975)</b>	<b>4,227</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD</b>	<b>11,453</b>	<b>14,087</b>
<b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD</b>	<b>5,478</b>	<b>18,314</b>

**Note:**

- (1) The basis of preparation of the above unaudited condensed consolidated statement of cash flows is disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 9 May 2023 and the accompanying explanatory notes attached to this interim financial report.

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**A EXPLANATORY NOTES PURSUANT TO MFRS 134****A1 Basis of preparation**

The interim financial statements are unaudited and had been prepared in accordance with the requirements of the Malaysian Financial Reporting Standards ("MFRSs") 134 "Interim Financial Reporting" and Note 9.22 and Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") for the ACE Market.

This is the first interim financial statements on Cloudpoint Technology Berhad ("Company") and its subsidiary ("Group") unaudited condensed consolidated financial results for the first quarter ended 31 March 2023 announced by the Group in compliance with the Listing Requirements.

The unaudited interim financial statements should be read in conjunction with the Accountants' Report as disclosed in the Prospectus dated 9 May 2023 and the accompanying explanatory notes are attached to this interim financial report.

The Company completed the Acquisition on 3 February 2023 and they are assumed to be under common control with the Group since its incorporation and prior to the Acquisitions.

The accounting policies applied by the Group are consistently applied for the financial periods presented in these unaudited interim financial statements.

**Adoption of new MFRS and amendments/improvements to MFRSs**

The Group has adopted the following new MFRS and amendments/improvements to MFRSs that are mandatory for the current financial period:

New MFRS

MFRS 17 Insurance Contracts

Amendments/Improvements to MFRSs

MFRS 17 Insurance Contracts

MFRS 101 Presentation of Financial Statements

MFRS108 Accounting Policies, Changes in Accounting Estimates and Errors

MFRS 112 Income Taxes

The adoption of these standards and amendments are not expected to have any material impact on the financial statements of the Group in the period of initial application.

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**A2 Auditors' report**

There was no qualified audit report issued by the auditors on the audited financial statements for the financial year ended 31 December 2022.

**A3 Seasonal or cyclical factors**

The Group's interim operations were not subjected to any significant seasonal or cyclical factors.

**A4 Material unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period under review.

**A5 Changes in estimates**

There were no changes in the nature and estimates of amounts reported which have a material effect on the results for the current quarter and financial period under review.

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**A6 Debt and equity securities**

Save as disclosed below, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter and financial period under review.

On 20 June 2022, the Company had entered into a conditional share sale agreement with the vendors of Cloudpoint Solutions for the acquisition of 100% equity interest in Cloudpoint Solutions, for a purchase consideration of RM15,650,304 which was wholly satisfied by the issuance of 425,279,999 new Shares at an issue price of RM0.0368 each.

The Acquisition was completed on 3 February 2023.

On 9 May 2023, the Company issued its prospectus in conjunction with the Company's listing on the ACE Market of Bursa Securities where it has undertaken an initial public offering ("IPO") comprising:-

- (i) Public issue of 106,320,000 new ordinary shares in the Company comprising:-
- 26,580,000 new Shares available for application by the Malaysian public;
  - 13,290,000 new Shares available for application by the eligible directors and employees of the Group;
  - 66,450,000 new shares by way of private placement to identified bumiputera investors approved by the Ministry of International Trade and Industry Malaysia; and
- (ii) Offer for sale of 53,160,000 existing Shares by way of private placement to selected investors,

at an issue/offer price of RM0.38 per share ("IPO Price").

The listing exercise is still pending completion as the Company is expected to be listed on 29 May 2023.

**A7 Dividends paid**

On 2 March 2023, Cloudpoint Solutions paid a dividend of RM8.00 million which is in relation to the dividend declared in FYE 2022.

Save as the above, there were no dividends paid during the current quarter and financial period under review.

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**A8 Segment information**

The unaudited segment information for the individual quarter ended 31 March 2023 is as follows:

	<b>Project-based income model RM'000</b>	<b>Recurring income model RM'000</b>	<b>Cloud services and software applications RM'000</b>	<b>Total RM'000</b>
<b>31 March 2023</b>				
<b>Revenue:</b>				
Revenue from external customers	13,501	5,570	329	19,400
<b>Segment profit</b>	2,836	3,021	24	5,881
Other income				1
Unallocated expenses				(1,914)
Finance income				27
Finance costs				(4)
Income tax expense				(980)
Profit for the financial period				<u>3,011</u>
Results:				
<i>Included in the measure of segment profit are:</i>				
Depreciation of property, plant and equipment				133
Employee benefits expense				2,685

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The unaudited segment information for the individual quarter ended 31 March 2022 is as follows:

	<b>Project-based income model RM'000</b>	<b>Recurring income model RM'000</b>	<b>Cloud services and software applications RM'000</b>	<b>Total RM'000</b>
<b>31 March 2022</b>				
<b>Revenue:</b>				
Revenue from external customers	5,888	4,360	-	10,248
<b>Segment profit</b>	1,046	2,116	-	3,162
Other income				-
Unallocated expenses				(1,859)
Finance income				-
Finance costs				(3)
Income tax expense				(367)
Profit for the financial period				933
<b>Results:</b>				
<i>Included in the measure of segment profit are:</i>				
Depreciation of property, plant and equipment				109
Employee benefits expense				2,894

**A9 Valuation of property, plant and equipment**

The Group did not carry out any valuation on its property, plant and equipment in the current quarter.

**A10 Material events subsequent to the end of the quarter**

Save as disclosed in Note A6, there was no material event subsequent to the end of the current quarter and financial period under review.

**A11 Changes in the composition of the group**

Save as disclosed in Note A6, there were no changes to the composition of the Group for the current quarter and financial period under review.

**A12 Capital commitments**

There were no capital commitments in the Group for the quarter under review.

**A13 Related party transactions**

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

	<b>Individual quarter ended 31 March</b>		<b>Cumulative quarter ended 31 March</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Rental expenses paid to company owned by a Director of the Company	3	5	3	5

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**B ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES FOR THE ACE MARKET**
**B1 Review of performance**

	Individual Quarter		Cumulative Quarter	
	31 March 2023 RM'000	31 March 2022 RM'000	31 March 2023 RM'000	31 March 2022 RM'000
Revenue	19,400	10,248	19,400	10,248
Gross profit	5,881	3,162	5,881	3,162
Profit before tax	3,991	1,300	3,991	1,300
Profit after tax	3,011	933	3,011	933

**Current quarter**

For the financial quarter ended 31 March 2023, the Group recorded a revenue of RM19.40 million.

The Group's revenue for the financial quarter under review was mainly derived from the Group's offering of project-based income which comprises of networking and cybersecurity solutions, which contributed a revenue of RM13.5 million or 69.5% of the Group's total revenue. Meanwhile, the Group's new offering of cloud services and software applications solutions also contributed a revenue of RM0.33 million during the financial quarter under review.

Apart from the revenue contribution from solutions implementation, the Group also recorded a revenue of RM5.57 million from the recurring income model segment from the offering of Professional IT services, which represent 28.7% of the Group's total revenue for the current financial quarter under review.

The Group registered a profit before tax and profit after tax of RM3.99 million and RM3.01 million respectively.

**B2 Comparison with immediate preceding quarter's results**

The increase was mainly due to the following:

- (i) Contribution from a network infrastructure project refresh for a customer located in Bandar Baru Bangi, Selangor. The total contract value was RM5.18 million, which recognized a total revenue of RM2.04 million in Q1 2023.
- (ii) completion of a Data Centre network solution enhancement project, secured from a customer, located at Bukit Damansara, Kuala Lumpur. This project fully completed and contributed RM1.25 million revenue in Q1 2023.
- (iii) commencement and completion of a cybersecurity solution upgrade project for a customer located in Bandar Baru Bangi, Selangor during the period with a project hardware value of RM1.69 million of which the entire amount was fully recognised in Q1 2023.
- (iv) contribution from a new project-based related to cybersecurity solutions for the IT and training centre of a customer located in Bandar Baru Bangi, Selangor which recognized a total project hardware value of RM1.28 million in Q1 2023.

- (v) a new 3 years Cloud service contract secured from existing customer, HQ office located at Kuala Lumpur, with a total contract value of RM1.66 million, which contributed a total revenue of RM0.33 million in Q1 2023.
- (vi) a new professional IT services contract of RM0.39 million secured from a customer which contributed a total of RM0.1 million in Q1 2023
- (vii) a new professional IT services contract of RM0.91 million secured from a customer which contributed a total of RM0.23 million in Q1 2023
- (viii) secured a 3 years renewal of professional IT services contract of total contact value of RM18.30 million, from a customer, which contributed to RM1.44 million revenue in Q1 2023.

### **B3 Prospects**

Driven by the increasing adoption of digital technology and the growing need for secure data and networks, the demand for networking and cybersecurity solutions is set to increase in the coming years. Cloudpoint has been capitalising from this trend, as evidenced by the 129% year-on-year increase in revenue from our project-based income model, which comprises Enterprise and Data Centre Networking Solutions and Cybersecurity Solutions. This growth will also translate into a higher stream of recurring income where we offer professional IT services, as our clients typically enter into service contracts for one to three years following project completion. This is evidenced by the 28% year-on-year increase in recurring income in Q1 2023.

Enterprises, particularly financial institutions, are actively undergoing a significant digital transformation and are prioritising investment in technology to enhance their digital capabilities and maintain a competitive edge. With more than 90% of its revenue derived from financial institutions, Cloudpoint sees significant growth opportunities and a long runway for expansion.

Cloudpoint has also recently made progress in securing contracts within our new segment, Cloud Services & Software Applications. Expanding our solutions and services enables Cloudpoint to better cater to the evolving requirements of our clients throughout their digital transformation journeys. Given the growing adoption of cloud and software solutions by enterprises, we are optimistic about the potential for growth in this segment.

Premised on the above and barring unforeseen circumstances, Cloudpoint is well-positioned to continue its growth trajectory in 2023.

### **B4 Profit forecast / Profit guarantee**

The Group did not issue any profit forecast or profit guarantee in any public documents.

**B5 Taxation**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Income tax expense:</b>				
Current financial period	(980)	(367)	(980)	(367)
Effective tax rate	24.6%	28.2%	24.6%	28.2%

The effective tax rate was higher than the statutory tax rate of 24.0% mainly due to non-deductible expenses which mainly comprises professional fees associated with the Listing.

**B6 Status of corporate proposals and utilisation of proceeds**

On 9 May 2023, the Company issued its prospectus in relation to the Public Issue of 106,320,000 new ordinary shares at the IPO Price in conjunction with the IPO. The listing exercise is still pending completion as the Company is expected to be listed on 29 May 2023.

The gross proceeds of RM40.40 million to be raised from the IPO are intended to be utilized in the following manner:-

	<b>Proposed Utilisation</b>		<b>Estimated timeframe for utilization from IPO</b>
	<b>RM'000</b>	<b>%</b>	
Business expansion	13,300	32.9	Within 36 months
Relocation of corporate office	7,800	19.3	Within 48 months
Working capital requirement	15,802	39.1	Within 24 months
Estimated listing expenses	3,500	8.7	Within 1 months
	<b>40,402</b>	<b>100.0</b>	

The proposed utilisation of the proceeds as disclosed above should be read in conjunction with the prospectus of the Company dated 9 May 2023. As at the date of this unaudited condensed consolidated interim financial report, the IPO is pending completion, and therefore, the proceeds have yet to be raised and utilised.

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**B7 Borrowings**

The Group's borrowings were as follows:

	<b>Unaudited as at</b>	<b>Audited as at</b>
	<b>31 March</b>	<b>31 December</b>
	<b>2022</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-Current Liabilities</b>		
Lease liability	34	85
	<b>34</b>	<b>85</b>
<b>Current Liabilities</b>		
Lease liability	198	196
	<b>198</b>	<b>196</b>
<b>Total</b>	<b>232</b>	<b>281</b>

**B8 Material litigation**

The Group has no outstanding material litigation as at the date of this interim report.

**B9 Dividends**

The Directors have not recommended or declared any dividend for the quarter ended 31 March 2023.

**B10 Earnings per share**

The basic and diluted earnings per share for the current quarter and financial period is calculated as follows:-

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>UNAUDITED</b>	<b>UNAUDITED</b>	<b>UNAUDITED</b>	<b>UNAUDITED</b>
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Profit attributable to owners of the Company (RM'000)	3,011	933	3,011	933
Weighted average number of shares in issue ('000)	425,280	425,280	425,280	425,280
Basic earnings per share (sen) <sup>(1)</sup>	0.71	0.22	0.71	0.22
Diluted earnings per share (sen) <sup>(1)</sup>	0.71	0.22	0.71	0.22

**Note:**

- (1) Basic and diluted earnings per share is calculated by dividing the profit after tax attributable to owners of the Company by the number of shares in issue after the Acquisition (based on 425,280,000 shares)

**B11 Disclosure on selected expense/(income) items as required by the Listing Requirements**

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>31 March 2023 RM'000</b>	<b>31 March 2022 RM'000</b>	<b>31 March 2023 RM'000</b>	<b>31 March 2022 RM'000</b>
Profit before tax is arrived at after charging/(crediting):-				
Interest income	(27)	-	(27)	-
Other income	(1)	-	(1)	-
Interest expense	4	3	4	3
Depreciation and amortisation	133	109	133	109

**Note:**

- (1) This is the first interim financial report announced in compliance with the Listing Requirements of Bursa Securities. Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements are not applicable.

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