



CLOUDPOINT TECHNOLOGY BERHAD

(Registration No. 202101020879 (1421179-X))

(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
SECOND QUARTER ENDED
30 JUNE 2023**

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS
AND OTHER COMPREHENSIVE INCOME FOR THE
CURRENT QUARTER AND PERIOD TO DATE ENDED 30 JUNE 2023⁽¹⁾**

	INDIVIDUAL QUARTER 3 MONTHS		CUMULATIVE QUARTER YEAR-TO-DATE	
	30 June 2023	30 June 2022	30 June 2023	30 June 2022
	RM'000	RM'000	RM'000	RM'000
Revenue	40,087	25,639	59,487	35,887
Cost of sales	(30,523)	(18,504)	(44,042)	(25,590)
Gross profit	9,564	7,135	15,445	10,297
Other income	-	-	1	-
Administrative expenses	(2,897)	(963)	(4,045)	(2,019)
Selling and distribution expenses	(598)	(790)	(1,364)	(1,593)
Operating profit	6,069	5,382	10,037	6,685
Finance income	100	100	127	100
Finance costs	(3)	-	(7)	(3)
Profit before tax	6,166	5,482	10,157	6,782
Tax expense	(1,864)	(1,381)	(2,844)	(1,748)
Profit after tax/ Total comprehensive income	4,302	4,101	7,313	5,034
Basic earnings per share (sen)⁽²⁾	0.81	0.96	1.38	1.18
Diluted earnings per share (sen)⁽³⁾	0.81	0.77	1.38	0.95

Notes:

- 1) The basis of preparation of the unaudited condensed consolidated statement 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 for the individual financial quarter and cumulative quarter year-to-date ended 30 June 2023 is calculated based on the ordinary shares of the Company ("Shares") in issuance of 531,600,000 Shares after the completion of initial public offering which was completed on 29 May 2023 ("IPO"). Basic earnings per share for the financial quarter and cumulative quarter year-to-date ended 30 June 2022 is calculated based on the Shares of the Company in issuance of 425,280,000 Shares after the acquisition of Cloudpoint Solutions Sdn. Bhd. ("Cloudpoint Solutions") but before the IPO.
- 3) Diluted earnings per share for the individual financial quarter and cumulative quarter year-to-date ended 30 June 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. For the preceding individual financial quarter and cumulative quarter year-to-date ended 30 June 2022, diluted earnings per share is calculated based on the Shares of the Company in issuance of 531,600,000 Shares pursuant to the completion of the IPO.

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

	UNAUDITED AS AT 30 JUNE 2023	AUDITED AS AT 31 DECEMBER 2022
	RM'000	RM'000
Non-current assets		
Property, plant and equipment	4,219	4,026
Deferred tax assets	656	656
	4,875	4,682
Current assets		
Inventories	7,917	2,685
Trade receivables	18,297	33,785
Other receivables	3,295	1,714
Contract assets	22,655	12,035
Cash and short-term deposits	57,482	11,678
	109,646	61,897
Total assets	114,521	66,579
Equity		
Share capital/Invested equity	56,052	1,500
Merger reserves	(14,150)	-
Retained earnings	26,610	19,297
Total equity	68,512	20,797
Non-current liabilities		
Lease liability	-	85
Current liabilities		
Lease liability	184	196
Current tax liabilities	3,036	1,691
Trade payables	15,117	10,383
Other payables	9,677	17,025
Contract liabilities	17,995	16,402
	46,009	45,697
Total liabilities	46,009	45,782
Total equity and liabilities	114,521	66,579
Net assets per share attributable to ordinary equity holders of the Company (sen)	12.89	4.89

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 531,600,000 Shares in issue after the Acquisitions and Public Issue (as defined and further explained in Note A6 below).

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

Unaudited	Invested equity/ Share capital RM'000	Non-Distributable reserve	Distributable reserve	Total RM'000
		Merger reserve RM'000	Retained earnings RM'000	
Balance as at 1 January 2022	1,500	-	14,144	15,644
Profit for the financial period, representing total comprehensive income for the financial period	-	-	5,034	5,034
Balance as at 30 June 2022	1,500	-	19,178	20,678
Balance as at 1 January 2023	1,500	-	19,297	20,797
Profit for the financial period, representing total comprehensive income for the financial period	-	-	7,313	7,313
Transaction with owners				
Shares issued for the Acquisition	54,552	(14,150)	-	40,402
Balance as at 30 June 2023	56,052	(14,150)	26,610	68,512

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 30 JUNE 2023**

	CURRENT PERIOD TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 June 2023	30 June 2022
	RM'000	RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	10,157	6,782
Adjustments for:		
Depreciation of property, plant & equipment	270	216
Finance costs	7	3
Finance income	(127)	(100)
Operating profit before changes in working capital	<u>10,307</u>	<u>6,901</u>
<u>Changes in Working Capital:</u>		
Inventories	(5,232)	(2,994)
Trade receivables	15,488	7,950
Other receivables	(1,581)	(2,908)
Contract assets	(10,619)	(3,251)
Trade payables	4,734	(1,918)
Other payables	771	(757)
Contract liabilities	<u>1,593</u>	<u>3,555</u>
Net cash generated from operations	15,461	6,578
Income tax paid	(1,500)	(1,250)
Income received	<u>126</u>	<u>100</u>
Net cash from operating activities	<u>14,087</u>	<u>5,428</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(463)	(401)
Net cash used in investing activities	<u>(463)</u>	<u>(401)</u>

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	CURRENT PERIOD TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 June 2023	30 June 2022
	RM'000	RM'000
CASH FLOW FROM FINANCING ACTIVITIES		
Issuance of shares	40,402	-
Interest paid	(7)	(3)
Repayment of lease liability	(96)	93
Dividend paid	(8,000)	(8,000)
Amount owing to director	(119)	-
Net cash used in financing activities	32,180	(7,910)
NET DECREASE IN CASH AND CASH EQUIVALENTS	45,804	(2,883)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD	11,453	14,087
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	57,257	11,204

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 ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

This is the second interim financial statement on Cloudpoint Technology Berhad ("Company") and its subsidiary ("Group") unaudited condensed consolidated financial results for the second quarter ended 30 June 2023 announced by the Group in compliance with the Listing Requirements.

The unaudited interim financial statement 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 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 for the below, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter under review.

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").

Cloudpoint Technology Berhad was listed on 29 May 2023.

A7 Dividends paid

There were no dividends paid during the current quarter under review.

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**A8 Segment information**

The unaudited segment information for the individual quarter ended 30 June 2023 is as follows:

	Project-based income model RM'000	Recurring income model RM'000	Cloud services and software applications RM'000	Total RM'000
30 June 2023				
Revenue:				
Revenue from external customers	33,306	6,643	138	40,087
Segment profit	5,251	4,314	(1)	9,564
Other income				-
Unallocated expenses				(3,495)
Finance income				100
Finance costs				(3)
Income tax expense				(1,864)
Profit for the financial period				4,302
Results:				
<i>Included in the measure of segment profit are:</i>				
Depreciation of property, plant and equipment				137
Employee benefits expense				3,537

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**A8 Segment information (continued)**

The unaudited segment information for the individual quarter ended 30 June 2022 is as follows:

	Project-based income model RM'000	Recurring income model RM'000	Cloud services and software applications RM'000	Total RM'000
30 June 2022				
Revenue:				
Revenue from external customers	21,259	4,380	-	25,639
Segment profit	4,115	3,020	-	7,135
Other income				-
Unallocated expenses				(1,753)
Finance income				100
Finance costs				-
Income tax expense				(1,381)
Profit for the financial period				4,101
Results:				
<i>Included in the measure of segment profit are:</i>				
Depreciation of property, plant and equipment				107
Employee benefits expense				2,307

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**A8 Segment information (continued)**

The unaudited segment information for the cumulative quarter ended 30 June 2023 is as follows:

	Project-based income model RM'000	Recurring income model RM'000	Cloud services and software applications RM'000	Total RM'000
30 June 2023				
Revenue:				
Revenue from external customers	46,807	12,213	467	59,487
Segment profit	8,087	7,335	23	15,445
Other income				1
Unallocated expenses				(5,409)
Finance income				127
Finance costs				(7)
Income tax expense				(2,844)
Profit for the financial period				<u>7,313</u>
Results:				
<i>Included in the measure of segment profit are:</i>				
Depreciation of property, plant and equipment				270
Employee benefits expense				6,222

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**A8 Segment information (continued)**

The unaudited segment information for the cumulative quarter ended 30 June 2022 is as follows:

	Project-based income model RM'000	Recurring income model RM'000	Cloud services and software applications RM'000	Total RM'000
30 June 2022				
Revenue:				
Revenue from external customers	27,147	8,740	-	35,887
Segment profit	5,160	5,137	-	10,297
Other income				-
Unallocated expenses				(3,612)
Finance income				100
Finance costs				(3)
Income tax expense				(1,748)
Profit for the financial period				5,034
Results:				
<i>Included in the measure of segment profit are:</i>				
Depreciation of property, plant and equipment				216
Employee benefits expense				5,201

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.

	Individual quarter ended 30 June		Cumulative quarter ended 30 June	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Rental expenses paid to company owned by a Director of the Company	-	5	5	10

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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	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Revenue	40,087	25,639	59,487	35,887
Gross profit	9,564	7,135	15,445	10,297
Profit before tax	6,166	5,482	10,157	6,782
Profit after tax	4,302	4,101	7,313	5,034

Current quarter

For the financial quarter ended 30 June 2023, the Group recorded a revenue of RM40.09 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 RM33.31 million or 83.1% of the Group's total revenue. Meanwhile, the Group's new offering of cloud services and software applications solutions also contributed a revenue of RM0.14 million during the financial quarter under review.

Apart from the revenue contribution from solutions implementation, the Group also recorded a revenue of RM6.64 million from the recurring income model segment from the offering of professional information technology ("IT") services, which represent 16.6% of the Group's total revenue for the current financial quarter under review.

During the quarter, the Group incurred listing expenses of RM1.53 million. After factoring the listing expenses, the Group registered a profit before tax and profit after tax of RM6.17 million and RM4.30 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 upgrade for a customer located in Bandar Baru Bangi, Selangor. The total contract value was RM19.90 million, which the Group recognized RM14.40 million of project value from the project in Q2 2023.
- (ii) Contribution of a cybersecurity solution subscription project for a customer located in Bandar Baru Bangi, Selangor with a total project value of RM3.03 million of which the project value of RM2.30 million was fully recognized in Q2 2023.
- (iii) Commencement of a cybersecurity solution subscription project for a customer located in located in Bukit Damansara, Kuala Lumpur with a total project value of RM2.69 million which the Group recognized a total project value of RM2.13 million in Q2 2023.
- (iv) a new professional IT services contract of RM0.52 million secured from a customer which contributed a total of RM0.21 million in Q2 2023

- (v) a new professional IT services contract of RM0.23 million secured from a customer which contributed a total of RM0.12 million in Q2 2023

B3 Prospects

Q2 2023 was another quarter of robust growth for Cloudpoint, with revenue increasing by 56%. Our net profit of RM4.3 million could have been significantly higher if not for the one-off IPO expenses incurred during the quarter. Notably, the financial services industry ("FSI") remains the major contributor to our revenue base, accounting for more than 90% of revenue. We anticipate sustainable growth as our FSI clients are investing more in technology to innovate and accelerate digital transformation. Aside from existing clients, we continue to add new FSI customers to our portfolio each year, which is a testament to the value and trust we bring to our customers.

As Cloudpoint's project-based revenue grows steadily, recurring revenue from professional IT services will also increase from new maintenance contracts. Our clients typically award services and maintenance contracts to us upon completion of projects. The recurring revenue not only provides stability in our revenue stream but also allows us to offer the entire lifecycle of IT services to our customers.

Looking ahead, Cloudpoint will continue to help our customers to become data-driven and cyber-resilient. We anticipate additional revenue streams from our new business initiatives under the cloud services and software applications segment, driven by Fintech software solutions and AI-based solutions. The increasing demand for these solutions and the important need for businesses to adopt AI-related technologies will undoubtedly accelerate our customers' technology refresh cycles. Cloudpoint has over the past year formed strategic partnerships with industry-leading technology providers in Fintech and AI-based solutions, and these partnerships have positioned us well to capture the market opportunities and ride the upcoming AI-led transformation cycle.

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

	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Income tax expense:				
Current financial period	(1,864)	(1,381)	(2,844)	(1,748)
Effective tax rate	30.2%	25.2%	28.0%	25.8%

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. On 29 May 2023, the Company has been listed on the ACE Market of Bursa Securities.

The gross proceeds of RM40.40 million that has been raised from the IPO are intended to be utilized in the following manner and the utilization status up to 30 June 2022 is as follow:-

	Proposed utilisation	Actual utilisation	Deviation	Balance unutilised	Estimated timeframe for utilisation since listing
	RM'000	RM'000	RM'000	RM'000	
Business expansion	13,300	-	-	13,300	Within 36 months
Relocation of corporate office	7,800	2,929	-	4,871	Within 48 months
Working capital requirement	15,802	-	-	15,802	Within 24 months
Estimated listing expenses	3,500	2,488	-	1,012	Within 1 months
	40,402	5,417	-	34,985	

The proposed utilisation of the proceeds as disclosed above should be read in conjunction with the prospectus of the Company dated 9 May 2023.

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B7 Borrowings

The Group's borrowings were as follows:

	Unaudited as at	Audited as at
	30 June	31 December
	2023	2022
	RM'000	RM'000
Non-Current Liabilities		
Lease liability	-	85
	-	85
Current Liabilities		
Lease liability	184	196
	184	196
Total	184	281

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 30 June 2023.

B10 Earnings per share

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	UNAUDITED	UNAUDITED	UNAUDITED	UNAUDITED
	30 June	30 June	30 June	30 June
	2023	2022	2023	2022
Profit attributable to owners of the Company (RM'000)	4,302	4,101	7,313	5,034
Weighted average number of shares in issue ('000)	531,600	425,280	531,600	425,280
Basic earnings per share (sen) ⁽¹⁾	0.81	0.96	1.38	1.18
Diluted earnings per share (sen) ⁽¹⁾	0.81	0.77	1.38	0.95

Note:

(1) Basic earnings per share for the individual financial quarter and cumulative quarter year-to-date ended 30 June 2023 is calculated based on the ordinary shares of the Company ("Shares") in issuance

of 531,600,000 Shares after the completion of initial public offering which was completed on 29 May 2023 ("IPO"). Basic earnings per share for the financial quarter and cumulative quarter year-to-date ended 30 June 2022 is calculated based on the Shares of the Company in issuance of 425,280,000 Shares after the acquisition of Cloudpoint Solutions Sdn. Bhd. ("Cloudpoint Solutions") but before the IPO.

- (2) Diluted earnings per share for the individual financial quarter and cumulative quarter year-to-date ended 30 June 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. For the preceding individual financial quarter and cumulative quarter year-to-date ended 30 June 2022, diluted earnings per share is calculated based on the Shares of the Company in issuance of 531,600,000 Shares pursuant to the completion of the IPO.

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

	Individual Quarter		Cumulative Quarter	
	30 June 2023 RM'000	30 June 2022 RM'000	30 June 2023 RM'000	30 June 2022 RM'000
Profit before tax is arrived at after charging/(crediting):-				
Interest income	(100)	(100)	(127)	(100)
Other income	-	-	(1)	-
Interest expense	3	-	7	3
Depreciation and amortisation	137	107	270	216
Listing Expenses	1,532	260	1,561	488

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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