

EquitiesTracker

EQUITISTRACKER HOLDINGS BERHAD

(Registration No. 201801018969 (1280985-X))

(Incorporated in Malaysia)

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

**CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD
("BURSA SECURITIES")**

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY EQUITISTRACKER HOLDINGS BERHAD ("ETH" OR THE "COMPANY"). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020⁽¹⁾

	As at 31/12/2020 Unaudited RM'000	As at 31/12/2019 Audited RM'000
<u>ASSETS</u>		
Non-current assets		
Plant and equipment	1,156	946
Right-of-use assets	424	654
Intangible assets	480	540
Total non-current assets	2,060	2,140
Current assets		
Trade receivables	585	1,585
Other receivables, deposits and prepayments	339	677
Short term investment	3,116	4,054
Cash and bank balances	960	480
Total current assets	5,000	6,796
	7,060	8,936
<u>EQUITY</u>		
Share capital	9,175	9,175
Accumulated losses	(3,418)	(1,749)
Shareholders' fund	5,757	7,426
Non-controlling interest	25	(15)
Total equity	5,782	7,411
<u>LIABILITIES</u>		
Non-current liabilities		
Lease liabilities	206	440
	206	440
Current liabilities		
Other payables and accruals	833	830
Amount due to directors	4	36
Lease liabilities	234	219
Current tax liabilities	1	-
Total current liabilities	1,072	1,085
Total liabilities	1,278	1,525
Total equity and liabilities	7,060	8,936
Net assets per share (sen)⁽²⁾	2.341	3.024

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are detailed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the financial year ended (“FYE”) 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.*
- (2) Net assets per share is calculated based on the Company's number of issued ordinary shares of 245,529,600 ordinary shares as at 31 December 2020.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FYE 31 DECEMBER 2020⁽¹⁾

	Individual 6 months ended		Cumulative 12 months ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Revenue	3,148	1,609	4,123	4,110
Cost of sales	(1,550)	(960)	(2,024)	(1,741)
Gross profit	1,598	649	2,099	2,369
Other income	73	59	158	59
General and administrative expenses	(1,650)	(1,784)	(3,253)	(3,138)
Depreciation	(272)	(91)	(532)	(126)
Amortisation	(30)	(30)	(60)	(60)
Impairment	-	(273)	-	(273)
Listing expenses	-	-	-	(596)
Operating Loss	(281)	(1,470)	(1,588)	(1,765)
Finance Expense	(16)	(7)	(36)	(7)
Loss before tax	(297)	(1,477)	(1,624)	(1,772)
Tax expense	(5)	136	(5)	17
Net loss for the financial period, representing total comprehensive loss for the financial period/year	(302)	(1,341)	(1,629)	(1,755)
Loss/total comprehensive loss attributable to equity holders of the parent	(364)	(1,339)	(1,669)	(1,719)
Non-controlling interest	62	(2)	40	(36)
Total	(302)	(1,341)	(1,629)	(1,755)
Loss per ordinary share ("LPS") (sen):				
- Basic and diluted ⁽²⁾	(0.15)	(0.55)	(0.68)	(0.72)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the FYE 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) LPS is calculated based on the Company's weighted average number of ordinary shares of 245,529,600 (2019: 238,529,600) ordinary shares for the financial year and 245,529,600 ordinary shares for the financial periods.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FYE
31 DECEMBER 2020⁽¹⁾**

	Share capital RM'000	Accumulated losses RM'000	Non-controlling interest RM'000	Total RM'000
At 1 January 2020	9,175	(1,749)	(15)	7,411
Total comprehensive loss for the financial year				
Loss for the financial year	-	(1,669)	40	(1,629)
At 31 December 2020	9,175	(3,418)	25	5,782
At 1 January 2019	2,035	(30)	21	2,026
Total comprehensive loss for the financial year				
Loss for the financial year	-	(1,719)	(36)	(1,755)
Total	2,035	(1,749)	(15)	271
Transaction with owners, recognised directly in equity				
Issuance of shares	7,140	-	-	7,140
Total	7,140	-	-	7,140
At 31 December 2019	9,175	(1,749)	(15)	7,411

Note:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the FYE 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FYE 31 DECEMBER 2020⁽¹⁾

	12 months ended	
	31/12/2020	31/12/2019
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(1,624)	(1,772)
Adjustments for:		
Depreciation of plant and equipment	302	87
Depreciation of right-of-use assets	230	39
Amortisation of intangible assets	60	60
Impairment of goodwill	-	273
Interest on lease liability	36	7
Dividend income	(82)	-
Interest income	-	(54)
Rental income	-	(5)
Government subsidy	(76)	-
Operating loss before working capital changes	<u>(1,154)</u>	<u>(1,365)</u>
Changes in:		
Receivables	1,338	(338)
Payables	2	223
Cash from/(used in) operations	<u>186</u>	<u>(1,480)</u>
Interest paid	-	(7)
Dividend received	82	-
Interest received	-	54
Rental received	-	5
Government subsidy	76	-
Tax paid	(5)	(318)
Net cash from/(used in) operating activities	<u>339</u>	<u>(1,746)</u>
Cash flows from investing activities		
Purchase of plant and equipment	(510)	(799)
Investment in short term investment	-	(4,054)
Proceeds received from short term investments	938	-
Net cash from/(used in) investing activities	<u>428</u>	<u>(4,853)</u>
Cash flows from financing activities		
Repayment to directors	(32)	(418)
Issuance of shares	-	7,140
Operating lease expenses	(255)	(35)
Net cash (used in)/from financing activities	<u>(287)</u>	<u>6,687</u>
Net increase in cash and cash equivalents	480	88
Cash and cash equivalents at beginning of the financial year	<u>480</u>	<u>392</u>
Cash and cash equivalents at end of the financial year	<u>960</u>	<u>480</u>
Cash and cash equivalents at end of the financial year comprise:		
Cash and bank balances	<u>960</u>	<u>480</u>

Notes:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are detailed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statement for the FYE 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.*

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2020

A1. BASIS OF PREPARATION

ETH was incorporated in Malaysia under the Companies Act, 2016 on 22 May 2018 as a public limited company.

The interim financial statements of ETH and its subsidiaries (“**Group**”) are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards (“**MFRS**”) 134: Interim Financial Reporting.

The interim financial report should be read in conjunction with the Audited Financial Statements for the FYE 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

A2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the Audited Financial Statements for the FYE 31 December 2019 except the adoption of the following standards and amendments to standards that are mandatory for the Group for the financial year beginning 1 January 2020:

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 16	Covid-19-Related Rent Concessions
Amendments to MFRS 101, MFRS 108	Definition of Material
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current – Deferral of Effective Date
Amendments to References to the Conceptual Framework in MFRS Standards	

The adoption of these new MFRSs and amendments did not have any material impact on the interim financial statements of the Group.

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2020 (CONT'D)

A2. CHANGES IN ACCOUNTING POLICIES (CONT'D)

MFRSs and Amendments to MFRSs that have been issued but are not yet effective

The Group has not adopted the following MFRSs and amendments that have been issued but are not yet effective:

<u>MFRSs/Amendments to MFRSs</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4, MFRS 16: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 3: Business Combinations	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2023
Amendments to MFRS 10: Consolidated Financial Statements – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced
Amendments to MFRS 128: Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group will adopt the above new MFRSs and amendments when they become effective in the respective financial periods. The adoption of these standards and amendments that have been issued but are not yet effective are not expected to have a material impact to the financial statements of the Group.

A3. SEASONAL AND CYCLICAL FACTORS

The Group did not experience any material seasonality or cyclical effects in its business operations for the current financial period and financial year-to-date under review.

A4. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

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

A5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates in the current financial period and financial year-to-date under review.

A6. DEBT AND EQUITY SECURITIES

There were no material issuance, cancellation, repurchase, resale or repayments of debts or equity securities for the current financial period and financial year-to-date under review.

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2020 (CONT'D)

A7. SEGMENTAL INFORMATION

The Group's revenue based on its activities is presented as follows:

	Individual 6 months ended				Cumulative 12 months ended			
	Unaudited		Audited		Unaudited		Audited	
	31/12/2020		31/12/2019		31/12/2020		31/12/2019	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Equity investment research platforms								
- Corporate	224	7.1	139	8.6	339	8.2	401	9.8
- Retail	598	19.0	250	15.5	916	22.2	560	13.6
	822	26.1	389	24.1	1,255	30.4	961	23.4
Investment training services								
- Corporate	93	3.0	429	26.7	325	7.9	1,175	28.5
- Retail	2,225	70.7	791	49.2	2,535	61.5	1,972	48.0
	2,318	73.7	1,220	75.9	2,860	69.4	3,147	76.5
Others	8	0.2	-	-	8	0.2	2	0.1
Total	3,148	100.0	1,609	100.0	4,123	100.0	4,110	100.0

A8. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE CURRENT FINANCIAL PERIOD

There were no material events subsequent to the end of the current financial period.

A9. CHANGES IN THE COMPOSITION OF THE GROUP

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

A10. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no contingent assets and contingent liabilities as at the date of this interim financial report.

A11. CAPITAL COMMITMENTS

There were no material capital commitments in respect of property, plant and equipment as at the end of the current financial period.

B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

The Group's performance is presented as follows:

	Individual 6 months ended		Cumulative 12 months ended	
	Unaudited	Audited	Unaudited	Audited
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
Revenue	3,148	1,609	4,123	4,110
Gross profit	1,598	649	2,099	2,369
Loss before tax	(297)	(1,477)	(1,624)	(1,772)

Comparison between financial period ended ("FPE") 31 December 2019 and FPE 31 December 2020

The Group's revenue from equity investment research platforms recorded an increase of RM0.43 million or approximately 111.3% to RM0.82 million in the FPE 31 December 2020 as compared to the previous corresponding financial period mainly attributable to higher subscription from retail clients mainly due to the Group's efforts to promote through its live stream events and also allowing the public to subscribe for only the research platform rather than as a package consisting of both the research platform and education course as well as corporate clients opting to include more features in their research platform from their existing package.

The Group's revenue derived from investment training services increased by RM1.10 million or approximately 90.0% to RM2.32 million in the FPE 31 December 2020 as compared to the previous corresponding financial period mainly attributable to higher participations from retail clients for education services as the Group resumed its face-to-face education services in July 2020. In addition, the Group has secured more retail clients after implementing new methods to provide online education services as part of its efforts to adopt to the new normal.

The Group's gross profit increased by RM0.95 million or approximately 146.2% to RM1.60 million in the FPE 31 December 2020 as compared to the previous corresponding financial period mainly due to the overall increase in engagement by mainly retail clients for both investment training and education services as mentioned above.

The Group's loss before tax decreased by RM1.18 million to RM0.30 million in the FPE 31 December 2020 mainly due to increase in retail sales as mentioned above.

Comparison between FYE 31 December 2019 and FYE 31 December 2020

The Group's revenue from equity investment research platforms recorded an increase of RM0.29 million or approximately 30.6% to RM1.26 million in the FYE 31 December 2020 as compared to the previous financial year mainly attributable to higher subscription by retail clients as a result of higher demand for education services from retail clients in the second half of 2020.

B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS (CONT'D)

B2. REVIEW OF PERFORMANCE (CONT'D)

Comparison between FYE 31 December 2019 and FYE 31 December 2020 (cont'd)

The Group's revenue derived from investment training services reduced by RM0.29 million or approximately 9.1% to RM2.86 million in the FYE 31 December 2020 as compared to the previous financial year mainly attributable to lower engagement by corporate clients for education services due to the restrictions imposed on physical events by the Malaysian Government following the Covid-19 pandemic.

The Group's gross profit decreased by 11.4% to RM2.10 million in the FYE 31 December 2020 as compared to the previous financial period mainly due to lower engagement by corporate clients for the investment training as mentioned above.

The Group's loss before tax decreased by RM0.15 million to RM1.62 million in the FYE 31 December 2020 mainly due to absence of listing expenses amounting to RM0.60 million incurred during the FYE 31 December 2019.

B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS (CONT'D)

B2. COMMENTARY ON PROSPECTS

In line with the Group's future plans and strategies, the Group continues to strengthen the core business which are focused in the following areas:

- (i) Enhancement of its existing equity investment research platforms
 - a) To provide its customers with greater performance, reliability and stability, some of the infrastructure was successfully migrated onto the Cloud infrastructure.
 - b) "Bite-size" applications are available for easier consumption of information.
 - c) LEAP-listed companies are now available within the platform with enhancements to the data-capture systems.
- (ii) Upgrading of its back-end systems to accommodate future business expansion
 - a) The Group continues to convert more of its existing back-end systems to Cloud-native applications.
 - b) The Group added instant messaging capabilities to its back-end to deliver faster services and better user experience.
 - c) Integration of an automated back-end payment gateway system with the Group's accounting system to increase throughput. This has allowed the Group to process higher volumes of online payments without increasing the headcount.
 - d) Enhanced delivery of real-time analytics to management for data-driven decision making.
- (iii) Building online infrastructure
 - a) Continual enhancement of security and processes of Cloud-native systems.
 - b) Program of Work (a work system) is now in place to build Next Generation Infrastructure (the online infrastructure) to enable ETH's staff to work in an environment that is Volatility, Uncertainty, Complexity and Ambiguity (VUCA).
 - c) Program of Work will also allow the Group to scale at speed once Next Generation Infrastructure is successfully put in place.
- (iv) Expand its presence in the investment training services industry in Malaysia
 - a) The Group launched its first online class in October 2020 to ensure that retail education can be conducted in the "new normal". Up to the year end, the Group has conducted 7 classes online.

The Group has also launched its online self-serve learning services to allow retail clients that prefer learning at their conveniences to access its pre-recorded education videos without needing to follow the pre-set schedule. Other than that, its clients can also pick their preferred topics as the self-serve learning platform will allow selections on topics.

B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS (CONT'D)

B2. COMMENTARY ON PROSPECTS (CONT'D)

(iv) Expand its presence in the investment training services industry in Malaysia (cont'd)

- b) The new office and training relocation were completed in mid January 2020. The Group restarted its face-to-face training seminars in July 2020, upon clarification from the authorities on the required standard operating procedures (SOP).

However, the Group has conducted its class online from October 2020 onwards due to the instability of COVID-19 situation. The management does not foresee that the Group will be able to fully maximise the new training facilities until late 2021 or until participants are fully comfortable with attending physical events.

Due to the reduction in face-to-face training seminars, the Group foresees a combination of offering online and offline offerings.

To-date, the implementation of these plans and strategies are in progress and are within the management's expectation.

The Board of Directors of ETH ("**Board**") remains cautious of the prospects of the Group. Nevertheless, the Board is confident that the Group's strategy to enhance market attractiveness through the Group's initiatives which includes digital adoption, efforts to broaden the product and service offerings will be able to mitigate the effects of COVID-19.

B3. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST AND PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

C OTHER INFORMATION

C1. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but pending completion as at the date of this report.

C2. UTILISATION OF PROCEEDS

The status of the utilisation of the gross proceeds arising from the excluded issue amounting to RM7.14 million are as follows:

Purpose	Proposed Utilisation RM'000	Reallocation of Proceeds ⁽¹⁾ RM'000	Actual Utilisation ⁽²⁾ RM'000	Deviation RM'000	Balance RM'000	Estimated timeframe for utilisation upon listing
Information technology	4,000	(1,630)	651	-	1,719	Within 48 months
Education premises	1,000	-	962	-	38	Within 24 months
Marketing	500	-	500	-	-	Within 24 months
Working capital	640	1,630	2,231	(39)	-	Within 24 months
Estimated listing expenses	1,000	-	1,039	39 ⁽³⁾	-	Immediate
Total	7,140	-	5,383	-	1,757	

Notes:

- (1) Part of the proceeds previously earmarked for information technology was reallocated to the Group's working capital to reimburse the working capital spent in the use of Cloud infrastructure as part of the Group's effort to go Cloud-native.
- (2) Utilisation of proceeds as at 31 December 2020.
- (3) The shortfall of the amount allocated for listing expenses was reallocated from the amount earmarked for working capital.

C3. MATERIAL LITIGATION

There are no material litigations pending as at the date of this report.

C4. DIVIDENDS

The Board does not recommend any dividend for the current FPE 31 December 2020.