

EquitiesTracker

EQUITIESTRACKER HOLDINGS BERHAD

(Registration No. 201801018969 (1280985-X))

(Incorporated in Malaysia)

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2021

**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 EQUITIESTRACKER 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 2021⁽¹⁾

	As at 31/12/2021 Unaudited RM'000	As at 31/12/2020 Audited RM'000
ASSETS		
Non-current assets		
Plant and equipment	1,202	1,156
Right-of-use assets	193	424
Intangible assets	793	480
Total non-current assets	2,188	2,060
Current assets		
Trade receivables	199	585
Other receivables, deposits and prepayments	163	339
Amount due from directors	30	-
Short term investment	2,169	3,116
Cash and bank balances	766	960
Total current assets	3,327	5,000
	5,515	7,060
EQUITY		
Share capital	9,175	9,175
Accumulated losses	(4,240)	(3,418)
Shareholders' fund	4,935	5,757
Non-controlling interest	(112)	25
Total equity	4,823	5,782
LIABILITIES		
Non-current liabilities		
Lease liabilities	-	206
	-	206
Current liabilities		
Other payables and accruals	486	833
Amount due to directors	-	4
Lease liabilities	206	234
Current tax liabilities	-	1
Total current liabilities	692	1,072
Total liabilities	692	1,278
Total equity and liabilities	5,515	7,060
Net assets per share (sen)⁽²⁾	2.010	2.345

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 2020 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 2021.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FYE 31 DECEMBER 2021⁽¹⁾

	Individual 6 months ended		Cumulative 12 months ended	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Revenue	1,481	3,148	4,095	4,123
Cost of sales	(503)	(1,550)	(1,360)	(2,024)
Gross profit	978	1,598	2,735	2,099
Other income	94	73	135	158
General and administrative expenses	(1,575)	(1,650)	(3,086)	(3,253)
Depreciation	(320)	(272)	(611)	(532)
Amortisation	(30)	(30)	(60)	(60)
Impairment of cryptocurrency	(12)	-	(12)	-
Impairment of trade receivables	(4)	-	(4)	-
Operating Loss	(869)	(281)	(903)	(1,588)
Finance Expense	(9)	(16)	(22)	(36)
Loss before tax	(878)	(297)	(925)	(1,624)
Tax expense	(34)	(5)	(34)	(5)
Net loss for the financial period, representing total comprehensive loss for the financial period/year	(912)	(302)	(959)	(1,629)
Loss/total comprehensive loss attributable to equity holders of the parent	(875)	(364)	(822)	(1,669)
Non-controlling interest	(37)	62	(137)	40
Total	(912)	(302)	(959)	(1,629)
Loss per ordinary share ("LPS") (sen):				
- Basic and diluted ⁽²⁾	(0.36)	(0.15)	(0.33)	(0.68)

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 2020 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 (2020: 245,529,600) 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 2021⁽¹⁾

	Share capital RM'000	Accumulated losses RM'000	Non-controlling interest RM'000	Total RM'000
At 1 January 2021	9,175	(3,418)	25	5,782
Total comprehensive loss for the financial year				
Loss for the financial year	-	(822)	(137)	(959)
At 31 December 2021	9,175	(4,240)	(112)	4,823
At 1 January 2020	9,175	(1,749)	(15)	7,411
Total comprehensive loss for the financial year				
Profit/(Loss) for the financial year	-	(1,669)	40	(1,629)
At 31 December 2020	9,175	(3,418)	25	5,782

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 2020 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FYE 31 DECEMBER 2021⁽¹⁾

	12 months ended	
	31/12/2021	31/12/2020
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(925)	(1,624)
Adjustments for:		
Depreciation of plant and equipment	380	301
Depreciation of right-of-use assets	231	231
Amortisation of intangible assets	60	60
Impairment of cryptocurrency	12	-
Impairment of trade receivables	4	-
Interest on lease liability	22	36
Dividend income	(53)	(82)
Rent concessions	(30)	
Government subsidy	(52)	(76)
Operating loss before working capital changes	<u>(351)</u>	<u>(1,154)</u>
Changes in:		
Receivables	551	1,338
Payables	(347)	2
Cash from/(used in) operations	<u>(147)</u>	<u>186</u>
Dividend received	53	82
Rent concessions	30	
Government subsidy	52	76
Tax paid	(28)	(5)
Net cash from/(used in) operating activities	<u>(40)</u>	<u>339</u>
Cash flows from investing activities		
Purchase of plant and equipment	(811)	(510)
Proceeds from short term investments	947	938
Net cash from investing activities	<u>136</u>	<u>428</u>
Cash flows from financing activities		
Advance/Repayment to directors	(35)	(32)
Issuance of shares	-	-
Operating lease expenses	(255)	(255)
Net cash used in financing activities	<u>(290)</u>	<u>(287)</u>
Net increase in cash and cash equivalents	(194)	480
Cash and cash equivalents at beginning of the financial year	<u>960</u>	<u>480</u>
Cash and cash equivalents at end of the financial year	<u>766</u>	<u>960</u>
Cash and cash equivalents at end of the financial year comprise:		
Cash and bank balances	<u>766</u>	<u>960</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 2020 and the accompanying explanatory notes attached to this interim financial report.*

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2021

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 2020 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 2020 except the adoption of the following standards and amendments to standards that are mandatory for the Group for the financial year beginning 1 January 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform
Amendment to MFRS 16 Leases	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendment to MFRS 4 Insurance Contract	Extension of the Temporary Exemption from Applying MFRS 9

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 2021 (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 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 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 112: Income Taxes	1 January 2023

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 2021 (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	
	31/12/2021		31/12/2020		31/12/2021		31/12/2020	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Equity investment research platforms								
- Corporate	470	31.7	224	7.1	767	18.7	339	8.2
- Retail	397	26.8	598	19.0	880	21.5	916	22.2
	867	58.5	822	26.1	1,647	40.2	1,255	30.4
Investment training services								
- Corporate	286	19.3	93	3.0	942	23.0	325	7.9
- Retail	302	20.4	2,225	70.7	1,467	35.8	2,535	61.5
	588	39.7	2,318	73.7	2,409	58.8	2,860	69.4
Others	26	1.8	8	0.2	39	1.0	8	0.2
Total	1,481	100.0	3,148	100.0	4,095	100.0	4,123	100.0

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

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

A9. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current financial year.

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 year.

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
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	RM'000	RM'000	RM'000	RM'000
Revenue	1,481	3,148	4,095	4,123
Gross profit	978	1,598	2,735	2,099
Loss before tax	(878)	(297)	(925)	(1,624)

Comparison between 6-month financial period ended ("FPE") 31 December 2020 and 6-month FPE 31 December 2021

The Group's revenue from equity investment research platforms recorded an increase of RM0.045 million or approximately 5.5% to RM0.867 million in the FPE 31 December 2021 as compared to the previous corresponding financial period which was attributable to the increase in sales to corporate clients due to a new contract secured by the Group.

The Group's revenue derived from investment training services decreased by RM1.730 million or approximately 74.6% to RM0.588 million in the FPE 31 December 2021 as compared to the previous corresponding financial period which was mainly attributable to lower participation from retail clients due to the Movement Control Order imposed by the Malaysian Government from July to October 2021.

The Group's gross profit decreased by RM0.620 million or approximately 38.8% to RM0.978 million in the FPE 31 December 2021 as compared to the previous corresponding financial period mainly due to the overall decrease in engagement by retail clients for investment training and education services as mentioned above.

The Group's loss before tax increased by RM0.581 million to RM0.878 million in the FPE 31 December 2021 mainly due to decrease in retail sales as mentioned above.

Comparison between FYE 31 December 2020 and FYE 31 December 2021

The Group's revenue from equity investment research platforms recorded an increase of RM0.392 million or approximately 31.2% to RM1.647 million in the FYE 31 December 2021 as compared to the previous financial year which was attributable to the increase in sales to corporate clients as a result of a new contract secured from a corporate client by the Group in the second half of 2021.

The Group's revenue derived from investment training services reduced by RM0.451 million or approximately 15.8% to RM2.409 million in the FYE 31 December 2021 as compared to the previous financial year mainly attributable to lower engagement by retail 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 increased by 30.3% to RM2.735 million in the FYE 31 December 2021 as compared to the previous financial period mainly due to higher engagement by corporate clients for the investment training as mentioned above.

The Group's loss before tax decreased by RM0.70 million to RM0.925 million in the FYE 31 December 2021 mainly due to the increase in gross profit as mentioned above as well as the rationalisation of staff costs.

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.
 - To provide its customers with greater performance, reliability and stability, some of the infrastructure was successfully migrated onto the Cloud infrastructure.
 - Additional features to keep up with the launch of new education products are available to increase dependencies from the clients.
 - To expand the current offerings beyond the Malaysian equity market. The Group had launched its equity investment research website for the Singapore Exchange (SGX) (<https://sgx.equitiestracker.com/#/home>).

- (ii) Upgrade of the back-end systems to accommodate future business expansion.
 - The Group continues to convert more of its existing back-end systems to Cloud-native applications.
 - The Group managed to convert its back-end data entry systems to the Cloud. This is to ensure that staff are able to operate from home in the "new normal" circumstances.

- (iii) Building Next Generation Infrastructure
 - Continual enhancement of security & processes of Cloud-native systems.
 - Program of Work is now in place to build Next Generation Infrastructure to enable ETH's staff to work in an environment that is Volatility, Uncertainty, Complexity and Ambiguity (VUCA).
 - Program of Work will also allow for 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
The Group has been having most of its classes online since October 2020 to ensure that Retail Education can be conducted in the "new normal". Other than that, the Group has resumed some of the physical classes upon demand.
The Group has expanded its education syllabus into other asset classes by successfully running its first Crypto Investor Program in November 2021.
The Group's online self-serve learning platforms (<https://start.equitiestracker.com/>) and Securities Industry Development Corporation (SIDC) approved programmes via <https://cpecourses.com.my> are also seeing an increase in engagement from retail and corporate clients as it is convenient for users to attend without needing to follow the pre-set schedule and also ease the clients in checking for attendance progress.

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

The Board is closely monitoring the development of the COVID-19 pandemic in Malaysia mainly due to the Movement Control Order imposed by the Malaysian Government which affected the Group's business operations and financial performance. Thus, the Board is of view that the financial performance of the Group will remain challenging for the financial year ending 31 December 2022. As such, the Board will continue to closely monitor the situation and respond proactively to mitigate the impact on the Group's business operations and financial performance.

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)	1,328	-	1,042	Within 48 months
Education premises	1,000	-	1,000	-	-	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	-	6,098	-	1,042	

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 2021.
- (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 FYE 31 December 2021.