

EquitiesTracker

EQUITISTRACKER HOLDINGS BERHAD

(Registration No. 201801018969 (1280985-X))

(Incorporated in Malaysia)

FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

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 2022⁽¹⁾

	As at 31/12/2022 Unaudited RM'000	As at 31/12/2021 Audited RM'000
ASSETS		
Non-current assets		
Plant and equipment	1,030	1,201
Right-of-use assets	703	193
Intangible assets	455	420
Total non-current assets	2,188	1,814
Current assets		
Trade receivables	299	199
Other receivables, deposits and prepayments	-	163
Amount due from directors	-	30
Short term investment	14	2,169
Cash and bank balances	3,653	850
Total current assets	3,966	3,700
	6,154	5,515
EQUITY		
Share capital	12,363	9,175
Accumulated losses	(7,164)	(4,240)
Foreign exchange translation differences	(23)	-
Shareholders' fund	5,176	4,935
Non-controlling interest	(277)	(112)
Total equity	4,899	4,823
LIABILITIES		
Non-current liabilities		
Lease liabilities	477	-
	477	-
Current liabilities		
Other payables and accruals	532	486
Amount due to directors	15	-
Lease liabilities	231	206
Total current liabilities	778	692
Total liabilities	1,255	692
Total equity and liabilities	6,154	5,515
Net assets per share (sen)⁽²⁾	1.939	2.010

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 2021 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 266,779,600 ordinary shares as at 31 December 2022 and 245,529,600 ordinary shares as at 31 December 2021 respectively.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FYE 31 DECEMBER 2022⁽¹⁾

	Individual 6 months ended		Cumulative 12 months ended	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Revenue	1,382	1,481	2,518	4,095
Cost of sales	(742)	(503)	(1,686)	(1,360)
Gross profit	640	978	832	2,735
Other income	25	94	45	135
General and administrative expenses	(1,633)	(1,575)	(3,044)	(3,086)
Depreciation	(350)	(320)	(654)	(611)
Amortisation	(30)	(30)	(60)	(60)
Impairment of cryptocurrency	(15)	(12)	(194)	(12)
Impairment of trade receivables	-	(4)	-	(4)
Operating Loss	(1,363)	(869)	(3,075)	(903)
Finance Expense	(9)	(9)	(14)	(22)
Loss before tax	(1,372)	(878)	(3,089)	(925)
Tax expense	-	(34)	-	(34)
Net loss for the financial period, representing total comprehensive loss for the financial period/year	(1,372)	(912)	(3,089)	(959)
Loss/total comprehensive loss attributable to equity holders of the parent	(1,285)	(875)	(2,924)	(822)
Non-controlling interest	(87)	(37)	(165)	(137)
Total	(1,372)	(912)	(3,089)	(959)
Loss per ordinary share ("LPS") (sen):				
- Basic and diluted ⁽²⁾	(0.52)	(0.36)	(1.13)	(0.33)

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 2021 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 247,300,433 (2020: 245,529,600) ordinary shares for the financial year.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FYE 31 DECEMBER 2022⁽¹⁾

	Share capital RM'000	Accumulated losses RM'000	Non-controlling interest RM'000	Total RM'000
At 1 January 2022	9,175	(4,240)	(112)	4,823
Total comprehensive loss for the financial year				
Loss for the financial year	-	(2,924)	(165)	(3,089)
Foreign exchange translation differences	-	(23)	-	(23)
	9,175	(7,187)	(277)	1,711
Transaction with owners, recognised directly in equity				
Issuance of shares	3,188	-	-	3,188
At 31 December 2022	12,363	(7,187)	(277)	4,899
At 1 January 2021	9,175	(3,418)	25	5,782
Total comprehensive loss for the financial year				
Profit/(Loss) for the financial year	-	(822)	(137)	(959)
At 31 December 2021	9,175	(4,240)	(112)	4,823

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 2021 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FYE 31 DECEMBER 2022⁽¹⁾

	12 months ended	
	31/12/2022	31/12/2021
	RM'000	RM'000
Cash flows from operating activities		
Loss before tax	(3,089)	(925)
Adjustments for:		
Depreciation of plant and equipment	436	380
Depreciation of right-of-use assets	218	231
Amortisation of intangible assets	60	60
Impairment of cryptocurrency	194	12
Impairment of trade receivables	-	4
Interest on lease liability	14	22
Dividend income	(23)	(53)
Interest income	(0.05)	-
Other income	(3)	-
Unrealised foreign exchange gain	(19)	-
Rent concessions	-	(30)
Government subsidy	-	(52)
Operating loss before working capital changes	(2,212)	(351)
Changes in:		
Receivables	103	551
Payables	7	(347)
Cash from/(used in) operations	(2,102)	(147)
Dividend received	23	53
Interest received	0.05	-
Other income	3	-
Unrealised foreign exchange gain	19	-
Rent concessions	-	30
Government subsidy	-	52
Tax paid	-	(28)
Net cash from/(used in) operating activities	(2,056)	(40)
Cash flows from investing activities		
Purchase of plant and equipment	(253)	(811)
Proceeds from short term investments	2,159	947
Cryptocurrency wallet deposit	-	84
Net cash from investing activities	1,906	220
Cash flows from financing activities		
Advance/Repayment from directors	45	(35)
Issuance of shares	3,188	-
Operating lease expenses	(257)	(255)
Net cash used in financing activities	2,976	(290)
Net increase in cash and cash equivalents	2,826	(110)
Foreign exchange translation differences	(23)	-
Cash and cash equivalents at beginning of the financial year	850	960
Cash and cash equivalents at end of the financial year	3,653	850

Cash and cash equivalents at end of the financial year
comprise:

Cash and bank balances	3,653	766
------------------------	-------	-----

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 2021 and the accompanying explanatory notes attached to this interim financial report.*

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2022

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 2021 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 financial year ended 31 December 2021 except the adoption of the following standards and amendments to standards that are mandatory for the Group for the financial year beginning 1 January 2022:

Amendments to MFRS 3	Business Combinations
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 3	Business Combinations
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets

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 2022 (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 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
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
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

Save as disclosed below, there was no other material issuance, cancellation, repurchase, resale or repayments of debts or equity securities for the current financial year:

On 25 November 2022, 21,250,000 new ordinary shares of the Company were issued pursuant to the excluded issue at an issue price of RM0.15 per ordinary share to sophisticated investors within the meanings of Section 230 of the Capital Markets and Services Act 2007.

A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE FYE 31 DECEMBER 2022 (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	
	31/12/2022		31/12/2021		31/12/2022		31/12/2021	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Equity investment research platforms								
- Corporate	171	12.4	470	31.7	372	14.8	767	18.7
- Retail	209	15.1	397	26.8	496	19.7	880	21.5
	380	27.5	867	58.5	868	34.5	1,647	40.2
Investment training services								
- Corporate	644	46.6	286	19.3	870	34.6	942	23.0
- Retail	347	25.1	302	20.4	769	30.5	1,467	35.8
	991	71.7	588	39.7	1,639	65.1	2,409	58.8
Others	11	0.8	26	1.8	11	0.4	39	1.0
Total	1,382	100.0	1,481	100.0	2,518	100.0	4,095	100.0

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

Save as disclosed below, there were no material events subsequent to the end of the current financial year.

On 4 January 2023, 3,750,000 new ordinary shares of the Company were issued pursuant to the excluded issue at an issue price of RM0.15 per ordinary share to sophisticated investors within the meanings of Section 230 of the Capital Markets and Services Act 2007.

Subsequently on 15 February 2023, an extension of time of 6 months from 27 January 2023 until 27 July 2023 was approved by Bursa Malaysia Securities Bhd to complete the implementation of private placement of up to 49,105,900 new ordinary shares.

A9. CHANGES IN THE COMPOSITION OF THE GROUP

The Company's wholly owned subsidiary, ET Digital Insights Sdn Bhd received an approval from the Labuan Financial Services Authority ("Labuan FSA") on 8 September 2022, for its application to carry on a business as a Labuan Fund Manager through ET Capital Ltd ("ET Capital"). ET Capital Ltd was incorporated on 29 September 2022, and the license to carry on business as a Labuan Fund Manager was issued on 7 December 2022.

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
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
Revenue	1,382	1,481	2,518	4,095
Gross profit	640	978	832	2,735
Loss before tax	(1,372)	(878)	(3,089)	(925)

Comparison between 6-months financial period ended ("FPE") 31 December 2021 and 6-months FPE 31 December 2022

The Group's revenue from equity investment research platforms recorded a decrease of RM0.487 million or approximately 56.2% to RM0.380 million in the FPE 31 December 2022 compared to the previous corresponding financial period which was attributable to the decrease in both sales to corporate and retail clients due to completion in platform development for a corporate client and lower retail subscribers to market data.

The Group's revenue derived from investment training services increased by RM0.403 million or approximately 68.5% to RM0.991 million in the FPE 31 December 2022 as compared to the previous corresponding financial period which was mainly attributable to increase in sales from corporate clients. The Group managed to retain and acquire corporate contracts during this period.

The Group's gross profit decreased by RM0.338 million or approximately 34.6% to RM0.640 million in the FPE 31 December 2022 as compared to the previous corresponding financial period mainly due to the overall decrease from retail clients from the equity investment research platform as mentioned above.

The Group's loss before tax increased by RM0.494 million to RM1.372 million in the FPE 31 December 2022 mainly due to decrease in equity investment research platform as mentioned above.

Comparison between FYE 31 December 2021 and FYE 31 December 2022

The Group's revenue from equity investment research platforms recorded a decrease of RM0.779 million or approximately 47.3% to RM0.868 million in the FYE 31 December 2022 as compared to the previous financial year which was attributable to the decrease in sales to both corporate and retail clients as a result of challenging first half of the year.

The Group's revenue from investment training services reduced by RM0.770 million or approximately 32.0% to RM1.639 million in the FYE 31 December 2022 as compared to the previous financial year mainly attributable to lower demand from retail clients for education services, which was primarily due to the challenging equities market which has made investors hesitant in investing resulting in reduced engagement in training services and increased competition within the investment training space which has become crowded and oversaturated.

The Group's gross profit decreased by 69.6% to RM0.832 million in the FYE 31 December 2022 as compared to the previous financial period mainly due to the reduced sales engagement by corporate and retail clients as mentioned above.

The Group's loss before tax increased by RM2.164 million to RM3.089 million in the FYE 31 December 2022 mainly due to the decrease in gross profit as mentioned above as well as the activation of two subsidiaries to prepare for the new business ventures.

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 further expand its business which are focused in the following areas:

- (i) Activation of its TWO (2) subsidiaries for the Fund Management businesses
 - a) The Group has received the licence to carry on business as a Labuan fund manager pursuant to Section 2 of the Labuan Financial Services and Securities Act 2010 on 7 December 2022 through its subsidiary, ET Capital LTD.
 - b) The Group is complying with the conditions required by the Securities Commission Malaysia through its letter dated 3 October 2022 to The Group's wholly-owned subsidiary, ET Smart Wealth Sdn Bhd ("**ETSW**").
- (ii) Enhancement of its existing equity investment research platforms
 - a) The Group continues to embark on enhancements to its platforms with the intent of reducing the time for our clients to gain insights from analytical tools from its Proprietary Equity Research Platform.
 - b) The Group is making good progress with its backend updates and processes to allow for deeper data-mining of existing data sets.
- (iii) Upgrading of its back-end systems to accommodate future business expansion
 - a) The Group continues to grow and scale our platform to improve both our proposition and services using the infinite scalability of the cloud. The back-end systems continue to operate on both on-premise & cloud-based systems as the migration takes place.
 - b) The Group believes that operating on Cloud-native applications will ease its business expansion as it will facilitate the sharing of information and workflow efficiencies, while ensuring built-in business continuity planning (BCP).
 - c) The Group continues to focus on the enhancement of Cyber-Security to achieve globally recognised standards.
- (iv) Expand its presence in the investment training services industry
 - a) The Group has embarked on online digital marketing initiatives by creating a new department and have increased its focus on marketing its products digitally.
 - b) The Group moved into its education premise in Symphony Square, Petaling Jaya to give our customers a great journey and to continuously offer superior customer experience and differentiate ourselves. Whereas for Penang, the Group has arrangements with venue providers (i.e. hotels) that are charging economically feasible rates, the Board of Directors of the Company ("Board") is of the opinion that there is no urgency to relocate to new education premises.
 - c) The Group continues to work towards the expansion of its investment training coverage. Following the launch of sg.equiestracker.com, the Group successfully collaborated with SGX in organising and marketing the Singapore Trading Fair 2022.

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

B2. COMMENTARY ON PROSPECTS (CONT'D)

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

Nevertheless, the Board is confident that the Group's strategy to enhance market attractiveness through initiatives that the Group have put in place which includes efforts to broaden the product and service offerings will be able to support our clients and mitigate the effects from the weakened market condition.

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)	2,124	-	246	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	-	6,894	-	246	

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 2022.
- (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 2022.