



DYNAFRONT HOLDINGS BERHAD
(Registration No. 202001042085 (1398406-X))
Incorporated in Malaysia

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR ENDED 30 JUNE 2022

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“LEAP MARKET”)

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 BURSA MALAYSIA SECURITIES BERHAD. 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 DYNAFRONT HOLDINGS BERHAD (“DYNAFRONT” OR THE “COMPANY”). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST AFTER DUE AND CAREFUL CONSIDERATIONS AND, IF APPROPRIATE, CONSULTATION WITH STOCKBROKER, MANAGER, SOLICITORS, ACCOUNTANT AND OTHER PROFESSIONAL ADVISERS.

THE ADMISSION OF DYNAFRONT HOLDINGS BERHAD TO THE LEAP MARKET WAS ADVISED BY OUR APPROVED ADVISER, HONG LEONG INVESTMENT BANK BERHAD.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE SECOND HALF-YEAR ENDED 30 JUNE 2022**

| | Individual 6 months ended | | Cumulative 12 months ended | |
|--|------------------------------|-------------------|-------------------------------|-------------------|
| | Unaudited | Unaudited | Unaudited | Audited |
| | <u>30.06.2022</u> | <u>30.06.2021</u> | <u>30.06.2022</u> | <u>30.06.2021</u> |
| Revenue | 5,058,991 | 5,328,745 | 11,010,629 | 9,232,242 |
| Cost of sales | (1,896,769) | (2,536,853) | (3,480,780) | (4,221,392) |
| Gross profit | 3,162,222 | 2,791,892 | 7,529,849 | 5,010,850 |
| Other income | 261,267 | 325 | 341,573 | 164,945 |
| Administrative expenses | (1,958,934) | (723,627) | (2,358,476) | (1,018,294) |
| Other operating expenses | (893,169) | (1,623,534) | (2,459,436) | (3,001,346) |
| Finance costs | (12,416) | (25,958) | (30,259) | (46,742) |
| Profit before tax ("PBT") | 558,970 | 419,098 | 3,023,251 | 1,109,413 |
| Tax expense | (439,319) | (302,401) | (859,319) | (519,401) |
| Profit after tax ("PAT") | 119,651 | 116,697 | 2,163,932 | 590,012 |
| Other comprehensive income, net of tax items that may be reclassified subsequently to profit and loss | | | | |
| Foreign currency translation differences for foreign operations | 15,823 | 34,856 | 36,682 | (106,000) |
| Total comprehensive income for the financial year/period | 135,474 | 151,553 | 2,200,614 | 484,012 |
| Profit/(loss) attributed to: | | | | |
| Owners of the Company ⁽ⁱ⁾ | 123,541 | 134,002 | 2,173,133 | 616,419 |
| Non-controlling interest | (3,890) | (17,305) | (9,201) | (26,407) |
| | <u>119,651</u> | <u>116,697</u> | <u>2,163,932</u> | <u>590,012</u> |
| Total comprehensive income attributed to: | | | | |
| Owners of the Company ⁽ⁱ⁾ | 140,946 | 165,372 | 2,213,483 | 521,019 |
| Non-controlling interest | (5,472) | (13,819) | (12,869) | (37,007) |
| | <u>135,474</u> | <u>151,553</u> | <u>2,200,614</u> | <u>484,012</u> |
| <u>Gross profit ("GP") Margin⁽ⁱⁱ⁾ (%)</u> | <u>62.5</u> | <u>52.4</u> | <u>68.4</u> | <u>54.3</u> |
| <u>PBT Margin⁽ⁱⁱ⁾ (%)</u> | <u>11.0</u> | <u>7.9</u> | <u>27.5</u> | <u>12.0</u> |
| <u>PAT Margin⁽ⁱⁱ⁾ (%)</u> | <u>2.4</u> | <u>2.2</u> | <u>19.7</u> | <u>6.4</u> |
| <u>Earnings per share ("EPS")⁽ⁱⁱⁱ⁾ (sen)</u> | <u>0.17</u> | <u>0.22</u> | <u>2.54</u> | <u>1.03</u> |

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Notes:

- (i) *Owner of the Company is for FYE 30 June 2022. This item refers to the profit / total comprehensive income attributable to the owners of the Group for the 6-month financial period and the financial year ended 30 June 2022.*
- (ii) *Calculated based on gross profit, PBT/LBT, and PAT/LAT respectively divided by revenue for the corresponding period.*
- (iii) *Please refer to **Note C.5** below for further details on the Group's EPS.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022

| | Unaudited | Audited |
|---|-------------------|------------------|
| | 30.6.2022 | 30.6.2021 |
| Assets | | |
| Non-Current Assets | | |
| Plant and equipment | 377,344 | 393,870 |
| Right-of-use assets | 1,250,910 | 1,728,005 |
| Intangible assets | 20 | 140 |
| Deferred tax assets | 52,000 | 98,500 |
| Tax recoverable | 61,897 | 56,063 |
| Total Non—Current Assets | 1,742,171 | 2,276,578 |
| Current Assets | | |
| Trade receivables | 1,029,034 | 1,706,241 |
| Other receivables | 281,621 | 304,865 |
| Contract assets | 464,741 | 286,535 |
| Amounts due from shareholders | 148,000 | 137,605 |
| Fixed deposit with licensed banks | 3,626,387 | 2,565,839 |
| Cash and bank balances | 14,688,311 | 1,579,552 |
| Total Current Assets | 20,238,094 | 6,580,637 |
| Total Assets | 21,980,265 | 8,857,215 |
| Equity | | |
| Equity | | |
| Share capital/Invested equity | 16,573,447 | 5,202,002 |
| Restructuring reserve | (3,409,409) | (3,409,409) |
| Retained earnings | 6,224,174 | 4,051,041 |
| Foreign currency translation reserve | 9,516 | (23,498) |
| Equity attributed to Owners of the Company | 19,397,728 | 5,820,136 |
| Non-controlling interest | 113,440 | 118,973 |
| Total Equity | 19,511,168 | 5,939,109 |
| Liabilities | | |
| Non-Current Liabilities | | |
| Lease liabilities | 141,637 | 502,208 |
| Deferred tax liabilities | - | - |
| Total Non-Current Liabilities | 141,637 | 502,208 |

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| | <u>Unaudited</u> | <u>Audited</u> |
|---------------------------------------|-------------------|------------------|
| | <u>30.6.2022</u> | <u>30.6.2021</u> |
| Current Liabilities | | |
| Trade payables | 560,232 | 22,289 |
| Other payables | 883,517 | 783,911 |
| Amount due to a Director | - | 194,022 |
| Contract liabilities | 272,813 | 492,861 |
| Lease liabilities | 360,570 | 837,682 |
| Tax payable | 250,328 | 85,133 |
| Total Current Liabilities | 2,327,460 | 2,415,898 |
| Total Liabilities | 2,469,097 | 2,918,106 |
| Total Equity and Liabilities | 21,980,265 | 8,857,215 |
| NA per Share (RM) ⁽ⁱ⁾ | 0.18 | 0.10 |
| Gearing Ratio (times) ⁽ⁱⁱ⁾ | 0.03 | 0.23 |

Notes:

- (i) *Calculated based on net assets of the Group divided by the Company's issued shares of 108,000,000 (30 June 2021:60,000,000) ordinary shares as of 30 June 2022.*
- (ii) *Calculated based on total interest-bearing borrowings (lease liabilities) divided by the equity attributed to the owners of the Company.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

| | -----Attributable to Owners of the Company----- | | | | | | | |
|--|---|-----------------|----------------|--------------------------------------|---------------------------------|-------------|--------------------------|--------------|
| | -----Non-Distributable----- | | | | | | | |
| | Share Capital | Invested Equity | Other Reserves | Foreign Currency Translation Reserve | Distributable Retained Earnings | Total | Non-Controlling Interest | Total Equity |
| At 1 July 2020 | - | 3,662,299 | - | 71,902 | 6,485,804 | 10,220,005 | 301,980 | 10,521,985 |
| Profit net of tax | - | - | - | - | 616,419 | 616,419 | (26,407) | 590,012 |
| Other comprehensive income: | | | | | | | | |
| Foreign currency translation differences for foreign operation | - | - | - | (95,400) | - | (95,400) | (10,600) | (106,000) |
| Total comprehensive income | - | - | - | (95,400) | 616,419 | 521,019 | (37,007) | 484,012 |
| Transaction with Owners of the Company: | | | | | | | | |
| Issuance of new ordinary shares | 2 | - | - | - | - | 2 | - | 2 |
| Dividends paid to former shareholders of a subsidiary | - | - | - | - | (3,051,182) | (3,051,182) | - | (3,051,182) |
| Capital reduction arising from a subsidiary | - | (1,314,000) | - | - | - | (1,314,000) | (146,000) | (1,460,000) |
| Issuance of new ordinary shares/Effect of restructuring | 5,202,000 | (2,348,299) | (3,409,409) | - | - | (555,708) | - | (555,708) |
| | 5,202,002 | (3662,299) | (3,409,409) | - | (3,051,182) | (4,920,888) | (146,000) | (5,066,888) |
| At 30 June 2021 | 5,202,002 | - | (3,409,409) | (23,498) | 4,051,041 | 5,820,136 | 118,973 | 5,939,109 |
| | -----Attributable to Owners of the Company----- | | | | | | | |
| | -----Non-Distributable----- | | | | | | | |
| | Share Capital | Invested Equity | Other Reserves | Foreign Currency Translation Reserve | Distributable Retained Earnings | Total | Non-Controlling Interest | Total Equity |
| At 1 July 2021 | 5,202,002 | - | (3,409,409) | (23,498) | 4,051,041 | 5,820,136 | 118,973 | 5,939,109 |
| Profit net of tax | - | - | - | - | 2,173,133 | 2,173,133 | (9,201) | 2,163,933 |
| Other comprehensive income: | | | | | | | | |
| Foreign currency translation differences for foreign operation | - | - | - | 33,014 | - | 33,014 | 3,668 | 36,681 |
| Total comprehensive income | - | - | - | 33,014 | 2,173,133 | 2,206,147 | (5,533) | 2,200,614 |
| Transaction with Owners of the Company: | | | | | | | | |
| Dividend paid | - | - | - | - | - | - | - | - |
| Capital reduction arising from a subsidiary | - | - | - | - | - | - | - | - |
| Share issuance expenses | (148,555) | - | - | - | - | (148,555) | - | (148,555) |
| Issuance of new ordinary shares | 11,520,000 | - | - | - | - | 11,520,000 | - | 11,520,000 |
| At 30 June 2022 | 16,573,447 | - | (3,409,409) | 9,516 | 6,224,174 | 19,397,728 | 113,440 | 19,511,168 |

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

| | Individual 6 months ended | | Cumulative 12 months ended | |
|---|---------------------------|----------------|----------------------------|------------------|
| | Unaudited | Unaudited | Unaudited | Audited |
| | 30.06.2022 | 30.06.2021 | 30.06.2022 | 30.06.2021 |
| <u>Cash Flow from Operating Activities</u> | | | | |
| Profit before tax | 558,970 | 419,098 | 3,023,251 | 1,109,413 |
| Adjustments for: | | | | |
| Amortisation of intangible assets | 60 | 60 | 120 | 120 |
| Depreciation of plant and equipment | 47,327 | 43,490 | 89,380 | 88,517 |
| Depreciation of right-of-use assets | 222,615 | 373,705 | 511,206 | 869,325 |
| Plant and equipment written off | 1,583 | 120 | 1,583 | 120 |
| Gain on disposal of plant and equipment | (36,000) | - | (36,000) | - |
| Interest income | (130,478) | (18,513) | (156,693) | (67,996) |
| Interest expenses | 12,416 | 25,958 | 30,259 | 46,742 |
| Unrealised (gain)/loss on foreign exchange | (68,756) | 6,644 | (78,196) | 6,644 |
| Waiver of lease liabilities | - | (35,863) | - | (35,863) |
| Operating profit before changes in working capital | 607,737 | 814,699 | 3,384,910 | 2,017,022 |
| Changes in working capital: | | | | |
| Trade and other receivables | 873,195 | (310,994) | 718,493 | 1,837,302 |
| Trade and other payables | 1,092,751 | 334,947 | 625,074 | 124,176 |
| Contract assets | (152,882) | 111,543 | (178,206) | (80,047) |
| Contract liabilities | (327,131) | (73,106) | (221,940) | 17,920 |
| Amounts due from shareholders | - | (8,424) | (797) | - |
| Cash generated from operations | 2,093,670 | 868,665 | 4,327,534 | 3,916,373 |
| Interest paid | (12,416) | (25,958) | (30,259) | (46,742) |
| Interest received | 130,478 | 18,513 | 156,693 | 67,996 |
| Tax paid | (375,976) | (593,014) | (651,672) | (813,992) |
| Net cash from operating activities | 1,835,756 | 268,206 | 3,802,296 | 3,123,635 |

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Cash Flows from Investing Activities

| | | | | |
|---|------------------|----------------|------------------|----------------|
| Purchase of plant and equipment | (60,825) | (2,994) | (70,307) | (6,666) |
| Proceeds from disposal of plant and equipment | 36,000 | - | 36,000 | - |
| Repayment to a Director | (194,022) | - | (194,022) | - |
| Net cash used in investing activities | (218,847) | (2,994) | (228,329) | (6,666) |

Cash Flows from Financing Activities

| | | | | |
|--|------------------|------------------|-------------------|--------------------|
| Payment for the principal portion of lease liabilities | (290,083) | (604,068) | (843,540) | (1,270,672) |
| Dividend paid | - | - | - | (3,051,182) |
| Issuance of ordinary shares | 9,000,000 | - | 11,520,000 | 2 |
| Share issuance expenses | - | - | (148,555) | - |
| Advances from a Director | - | 194,022 | - | 194,022 |
| Net cash from/(used in) financing activities | 8,709,917 | (410,046) | 10,527,905 | (4,127,830) |

| | | | | |
|---|-------------------|------------------|-------------------|--------------------|
| Net increase/(decrease) in cash and cash equivalents | 10,326,826 | (144,834) | 14,101,872 | (1,010,861) |
| Effect of exchange rate changes on cash and cash equivalents | 64,414 | 480 | 67,435 | (7,283) |
| Cash and cash equivalents at beginning of the financial year | 7,923,458 | 4,289,745 | 4,145,391 | 5,163,535 |
| Cash and cash equivalent at the end of the financial year/period | 18,314,698 | 4,145,391 | 18,314,698 | 4,145,391 |

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A. EXPLANATORY NOTES TO THE INTERIM UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SECOND HALF YEAR ENDED 30 JUNE 2022

A.1 BASIS OF PREPARATION

The condensed consolidated financial statements of DynaFront Holdings Berhad and its subsidiaries (collectively known as the “Group”) are unaudited and have been prepared in accordance with the requirements of the Malaysian Financial Reporting Standards (“MFRSs”) 134: Interim Financial Reporting and Rule 6.12 of the LEAP Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

This is the interim financial report on the Group’s unaudited financial statements for the second half-year ended 30 June 2022, covering the 6-month financial period from 1 January 2022 to 30 June 2022.

A.2 ACCOUNTING POLICIES

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act 2016 in Malaysia.

The Group have also considered the new accounting pronouncements in the preparation of the financial statements.

(i) Accounting pronouncements that are effective and adopted during the financial year

| | |
|--|---|
| Amendments to MFRS 16 | Covid-19 Related Rent Concessions beyond 30 June 2021 |
| Amendments to MFRS 16 | Covid-19 Related Rent Concessions |
| Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 | Interest Rate Benchmark Reform - Phase 2 |
| Amendments to MFRS 4 | Extension of the Temporary Exemption from Applying MFRS 9 |

The adoption of the above did not have any significant effect on the financial statements of the Group.

The Group has not adopted the following accounting pronouncements that have been issued as at the date of authorisation of these financial statements but are not yet effective for the Group: -

Effective for financial periods beginning on or after 1 January 2022

| | |
|---|--|
| Amendments to MFRS 3 | Reference to the Conceptual Framework |
| Amendments to MFRS 116 | Property, Plant and Equipment – Proceeds before Intended Use |
| Amendments to MFRS 137 | Onerous Contracts – Cost of Fulfilling a Contract |
| Annual Improvements to MFRS Standards 2018 – 2020 | |

Effective for financial periods beginning on or after 1 January 2023

| | |
|--|--|
| MFRS 17 | Insurance Contracts |
| Amendments to MFRS 17 | Insurance Contracts |
| Amendments to MFRS 17 | Initial Application of MFRS 17 and MFRS 9 - Comparative Information |
| Amendments to MFRS 101 | Classification of Liabilities as Current or Non current |
| Amendments to MFRS 101 and MFRS Practice Statement 2 | Disclosure of Accounting Policies |
| Amendments to MFRS 108 | Definition of Accounting Estimates |
| Amendments to MFRS 112 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction |

Effective date to be announced

| | |
|------------------------------------|---|
| Amendments to MFRS 10 and MFRS 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture |
|------------------------------------|---|

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group upon their initial application.

A.3 SEASONAL OR CYCLICAL FACTORS

The Group does not experience any material seasonality in its business.

A.4 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

Save for the impact due to coronavirus 2019 (“**COVID-19**”) pandemic on the overall economic and market environment and the enforcement of various types of movement control order by the Malaysian government throughout the reporting period, there were no unusual items affecting assets, liabilities, equity or cash flow of the Group during the current period under review.

A.5 MATERIAL CHANGES IN ACCOUNTING ESTIMATES

There were no material changes in accounting estimates during the current period under review.

A.6 DEBT AND EQUITY SECURITIES

Save as disclosed below, there was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities of the Group for the current period under review.

For the 6-month financial period ended 30 June 2022, the Group comprised DynaFront Holdings Berhad, DynaFront Systems Sdn Bhd (“**DynaFront Systems**”) and PT DynaFront Systems Indonesia (“**DynaFront Indonesia**”).

A.7 SEGMENTAL INFORMATION

Revenue by geographical areas

The following table sets out the breakdown and analysis of our Group’s revenue by geographical areas:

| | Individual 6 months ended | | | | Cumulative 12 months ended | | | |
|--------------|---------------------------|--------------|------------------|--------------|----------------------------|--------------|------------------|--------------|
| | Unaudited | | Unaudited | | Unaudited | | Audited | |
| | 30.6.2022 | | 30.6.2021 | | 30.6.2022 | | 30.6.2021 | |
| | RM | % | RM | % | RM | % | RM | % |
| Malaysia | 2,013,099 | 39.8 | 1,994,114 | 37.4 | 3,773,945 | 34.3 | 3,647,665 | 39.5 |
| Indonesia | 2,818,569 | 55.7 | 3,156,541 | 59.2 | 6,492,991 | 59.0 | 5,365,814 | 58.1 |
| Philippines | 52,567 | 1.1 | 40,673 | 0.8 | 403,249 | 3.7 | 81,346 | 0.9 |
| Hong Kong | 27,500 | 0.5 | - | - | 47,500 | 0.4 | - | 0.0 |
| Thailand | 147,256 | 2.9 | 137,417 | 2.6 | 292,944 | 2.6 | 137,417 | 1.5 |
| Total | 5,058,991 | 100.0 | 5,328,745 | 100.0 | 11,010,629 | 100.0 | 9,232,242 | 100.0 |

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A.8 RELATED PARTY TRANSACTIONS

The related party transactions other than transactions of a revenue nature in the ordinary course of business of the Group are as follows:

| <u>Transacting parties</u> | <u>Nature of relationship</u> | <u>Nature of transaction</u> | <u>Transaction value for 12-months ended 30.6.2022 (RM)</u> |
|--|--|---|---|
| Glossy Valley Sdn Bhd (“ Glossy Valley ”) and DynaFront Systems | Glossy Valley and DynaFront Systems share common directors and shareholders: i) Chan Eng Lim; and ii) Gan Hui Ping | Tenancy Agreement together with addendum dated 19 February 2021 with the effective date from 1 January 2021. The agreement has been auto-renewed for one more year and will now expire on 31 December 2022. Where Glossy Valley is the landlord and DynaFront Systems is the tenant of the Company’s current business premise addressed at C-8-1, 8 th Floor, Corporate Office Tower Block C, KL Trillion, 338 Jalan Tun Razak, 50400 Kuala Lumpur. | 398,714 |
| PT DynaFront Systems Indonesia (“ DynaFront Indonesia ”) | DynaFront Indonesia is a 90% owned subsidiary of the Company | Advances by the Company to DynaFront Indonesia for its daily operational expenses. | IDR 1,500,000,000 (equivalent to RM 444,000) based on the closing exchange rate of MYR 1.00 : IDR 0.000296 for the 12-month period ended 30 June 2022 |

A.9 MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

There were no material events subsequent to the end of the reporting that has not been reflected in the interim financial statement.

A.10 CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the financial period ended 30 June 2022.

A.11 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There are no contingent assets and contingent liabilities as of the date of this financial report for the 6 months ended 30 June 2022.

A.12 CAPITAL COMMITMENTS

There is no material capital commitment as of 30 June 2022.

B. ADDITIONAL INFORMATION REQUIRED UNDER THE LEAP MARKET LISTING REQUIREMENT

B.1 PERFORMANCE REVIEW

The Group's revenue is mainly derived from the sale of proprietary software customised for our customers, providing managed services and other related services.

The following table sets out the breakdown and analysis of our Group's revenue by segments:

| | Individual 6 months ended | | | | Cumulative 12 months ended | | | |
|-------------------------------------|---------------------------|--------------|------------------|--------------|----------------------------|--------------|------------------|--------------|
| | Unaudited | | Unaudited | | Unaudited | | Audited | |
| | 30.6.2022 | | 30.6.2021 | | 30.6.2022 | | 30.6.2021 | |
| | RM | % | RM | % | RM | % | RM | % |
| Proprietary software ⁽ⁱ⁾ | 1,908,093 | 37.7 | 1,710,716 | 32.1 | 4,185,032 | 38.0 | 4,154,219 | 45.0 |
| Managed services ⁽ⁱⁱ⁾ | 2,387,306 | 47.2 | 2,024,391 | 38.0 | 4,938,060 | 44.9 | 3,427,789 | 37.1 |
| Others ⁽ⁱⁱⁱ⁾ | 763,592 | 15.1 | 1,593,638 | 29.9 | 1,887,537 | 17.1 | 1,650,234 | 17.9 |
| Total | 5,058,991 | 100.0 | 5,328,745 | 100.0 | 11,010,629 | 100.0 | 9,232,242 | 100.0 |

Notes:

- (i) Revenue from our Proprietary Software segment namely, PrecentiaLife, PrecentiaTakaful, PrecentiaCMS, and PrecentiaGroup is derived from the sale, implementation and/or maintenance of these products. Sale and implementation of our proprietary software are undertaken on project basis whereas maintenance contracts are mainly renewable annually.
- (ii) The revenue from Managed Services segment are commissions received from the revenue sharing contracts with our customers for the use of PrecentiaLife Agency and the monthly subscription fee model with our customers for the use of PrecentiaLife Cloud.

- (iii) *Other Revenue comprises revenue from consulting services, maintenance of customers' third-party software other than the Group's proprietary software, as well as one-off sale and installation of server hardware and third-party software for customers.*

6-month FPE 30 June 2022 vs 6-month FPE 30 June 2021

The Group's revenue decreased by approximately RM0.27 million or 5.06% from RM5.33 million for the FPE 30 June 2021 to RM5.06 million for the FPE 30 June 2022, which was mainly due to the reduction in revenue from one-off consultancy contract due to the completion of such one-off contracts from Other Revenue segment. This reduction was in turn offset by:

- (i) increase in revenue from proprietary software implementation; and
- (ii) higher income from revenue sharing contracts and monthly subscription fee contracts from Managed Services segment.

The Group's GP margin increased from 52.4% for FPE 30 June 2021 to 62.5% for FPE 30 June 2022 mainly due to a higher profit margin from Managed Services segment. The Group has also recorded an increase in PBT by approximately RM0.14 million or 33.4% to RM0.56 million for FPE 30 June 2022 as compared to RM0.42 million for the FPE 30 June 2021 mainly due to the increase in revenue as well as higher income recognised under Other Income in FPE 30 June 2022, being mainly interest income. In addition, the Group generated more revenue from Managed Services segment in FPE 30 June 2022, which has higher profit margin.

Operating expenses decreased by RM0.73 million or 45.0% to RM0.89 million for FPE 30 June 2022 from RM1.62 million for FPE 30 June 2021, and administrative expenses increased by RM1.24 million or 170.7% to RM1.96 million for FPE 30 June 2022 from RM0.72 million for FPE 30 June 2021, mainly due to reclassifying of staff costs to administrative expenses.

FYE 30 June 2022 vs FYE 30 June 2021

The Group's revenue increased by approximately RM1.78 million or 19.3% from RM9.23 million for FYE 30 June 2021 to RM11.01 million for FYE 30 June 2022. The increase in revenue was mainly due to the higher income from revenue sharing contracts and monthly subscription fee contracts from Managed Services segment.

As the result of the above, the Group's PBT rose by approximately RM1.91 million or 172.5% to RM3.02 million for FYE 30 June 2022 from RM1.11 million for the FYE 30 June 2021.

B.2 PROSPECTS

With the negative impacts of the pandemic gradually diminishing and the re-opening of most international borders, the outlook for the Group is promising. The Group's expansion plan in Indonesia, long-delayed due to the pandemic, has been very encouraging as the Group got more opportunities to present its solutions to more companies in Indonesia. Renewed marketing drive in Indonesia is expected to progressively strengthen the Group's brand and expand the Group's reach as the Group targets insurers seeking to upgrade their technological competence after two years of relative inactivity. In relation to digital insurance, the Group has initiated discussions with a major local insurance company in Indonesia.

The Group’s push into cloud-based microservices, currently in the advanced stage of development, is expected to generate a recurring revenue stream for the Group in the future. The Group’s existing customers have shown interest in migrating from conventional core life insurance software solutions into this new and agile form of services, facilitating the Group’s shift away from one-off contracts into reliable, long-term recurring subscription services.

In relation to the collaboration with Silverlake Fermion Sdn Bhd, both parties are currently exploring a strategic alliance with one of the start-up Indonesia Insurtech companies in providing seamless cloud-based digital medical insurance claim services in Indonesia.

Additionally, the Group’s technical collaboration with Tunku Abdul Rahman University College and Tokio Marine Life Insurance Malaysia has begun to produce Artificial Intelligence (AI) driven software in the area of claim fraud prevention and early lapse prediction. Going forward, while the Group continues to enhance its technological edge and enlarge its service portfolio to reach a broader base of insurance clients, the Group’s future growth is expected to be driven primarily by cloud services and digital insurance in two of its largest markets – Malaysia and Indonesia.

B.3 VARIANCE OF ACTUAL PROFIT FROM FORECAST AND PROFIT GUARANTEE

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

C. OTHER INFORMATION

C.1 STATUS OF CORPORATE PROPOSALS

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

C.2 UTILISATION OF PROCEEDS

July 2021 Placement (as defined below)

As at the date of this announcement, the status of utilisation of proceeds raised of RM2,520,000 from the issuance of 12,000,000 new ordinary shares pursuant to an excluded issue to sophisticated investors at an issue price of RM0.21 each (the “**July 2021 Placement**”), is as follows:

| Purpose | Proposed utilisation (RM’000) | Actual utilisation (RM’000) | Unutilised proceeds (RM’000) | Estimated timeframe for utilisation upon listing |
|-------------------------------|--------------------------------------|------------------------------------|-------------------------------------|---|
| Indonesian expansion expenses | 1,000 | 348 | 652 | Within 24 months |
| R&D activities | 699 | 507 | 192 | Within 24 months |
| Listing expenses | 821 | 821 | - | Immediate |
| Total | 2,520 | 1,676 | 844 | |

January 2022 Placement (as defined below)

As at the date of this announcement, the status of utilisation of proceeds raised of RM9,000,000 from the issuance of 36,000,000 new ordinary shares pursuant to a private placement to sophisticated investors at an issue price of RM0.25 each (the “**January 2022 Placement**”), is as follows:

| Purpose | Proposed utilisation (RM'000) | Actual utilisation (RM'000) | Unutilised proceeds (RM'000) | Estimated timeframe for utilisation upon listing |
|---|--------------------------------------|------------------------------------|-------------------------------------|---|
| Investments in cloud-based microservices | 3,500 | - | 3,500 | Within 24 months |
| Solutions for digital insurance | 3,500 | - | 3,500 | Within 24 months |
| Working capital requirements | 1,880 | - | 1,880 | Within 24 months |
| Expenses for the Proposed Private Placement | 120 | 70 | 50 ⁽¹⁾ | Immediate |
| Total | 9,000 | 70 | 8,930 | |

Note:

- (1) The unutilised amount shall be reallocated towards the Group’s working capital requirements.

C.3 DIVIDEND

The Board of Directors recommends a first and single-tier interim dividend of RM0.012 per share as at the date of this report.

C.4 MATERIAL LITIGATION

The Board is not aware of any proceedings/ material litigations pending or threatened against the Group as at the date of this report.

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C.5 EARNINGS PER SHARE

Basic/ Diluted earnings per share is calculated by dividing the profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period.

| | Individual 6 months ended | | Cumulative 12 months ended | |
|---|----------------------------------|--------------------------------|-----------------------------------|------------------------------|
| | Unaudited 30.6.2022 | Unaudited 30.6.2021 | Unaudited 30.6.2022 | Audited 30.6.2021 |
| Net profit for the financial period attributable to owners of the Company | 123,541 | 134,002 | 2,173,133 | 616,419 |
| Weighted average number of ordinary shares in issue | 70,826,087 | 60,000,000 | 85,413,699 | 60,000,000 |
| Basic EPS (sen) | 0.17 | 0.22 | 2.54 | 1.03 |

The Company's issued shares of 60,000,000 ordinary shares as at 30 June 2021 were assumed to be in issue throughout the periods above.

The Company's issued shares of 108,000,000 ordinary shares as at 30 June 2022 were weighted to reflect the issuance of shares during the periods above. Weighted average number of ordinary shares in issue for the 6-month FPE 30 June 2022 was 70,826,087, and for the cumulative 12 months ended 30 June 2022 it was 85,413,699.

Diluted EPS is not applicable as the Group has no potential dilutive ordinary shares at the end of each financial period.

This report is dated 23 August 2022.