



AwanBiru Technology Berhad

[Registration No. 201001038336]
(Incorporated in Malaysia)

**Unaudited Interim Financial Report
For the Quarter Ended 31 December 2023**

AWANBIRU TECHNOLOGY BERHAD
(Registration No.201001038336)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2023

| | Note | Individual Quarter | | Cumulative Period | |
|--|------------|--------------------|--------------|-------------------|--------------|
| | | Current | Preceding | Current | Preceding |
| | | Year Quarter | Year Quarter | Year To Date | Year To Date |
| | | 31/12/2023 | 31/12/2022 | 31/12/2023 | 31/12/2022 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | 12,154 | 7,988 | 28,625 | 26,093 |
| Cost of sales | | (5,059) | (4,156) | (15,632) | (16,645) |
| Gross profit | | 7,095 | 3,832 | 12,993 | 9,448 |
| Other income | | 492 | 442 | 946 | 857 |
| Administrative expenses | | 7,587 | 4,274 | 13,939 | 10,305 |
| Other expenses | | (6,146) | (6,082) | (11,414) | (11,880) |
| Finance costs | | (400) | (857) | (799) | (1,821) |
| Profit/(Loss) before taxation | B5 | (170) | (184) | (354) | (368) |
| Income tax expense | B6 | 871 | (2,849) | 1,372 | (3,764) |
| Total comprehensive income/(expenses) for the financial period | | (205) | (100) | (305) | (622) |
| Profit/(Loss) after taxation attributable to:- | | | | | |
| Owners of the Company: | | 666 | (2,949) | 1,067 | (4,386) |
| Non-controlling interest | | 781 | (2,909) | 1,185 | (4,308) |
| | | (115) | (40) | (118) | (78) |
| Total comprehensive income/(expenses) attributable to: | | | | | |
| Owners of the Company: | | 666 | (2,949) | 1,067 | (4,386) |
| Non-controlling interest | | 781 | (2,909) | 1,185 | (4,308) |
| | | (115) | (40) | (118) | (78) |
| Earnings/(Loss) Per Share attributable to owners of the Company (Sen) | | | | | |
| Basic | B12 | 0.10 | (0.37) | 0.15 | (0.55) |

The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial period from 1 July 2022 to 30 June 2023 and the accompanying explanatory notes attached to these interim financial statements.

AWANBIRU TECHNOLOGY BERHAD
(Registration No.201001038336)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

| | Unaudited As at 31/12/2023 RM'000 | Audited As at 30/6/2023 RM'000 |
|---|--|---|
| ASSETS | | |
| NON-CURRENT ASSETS | | |
| Property and equipment | 20,605 | 21,222 |
| Investment properties | 24,180 | 24,180 |
| Development cost | - | - |
| | 44,785 | 45,402 |
| CURRENT ASSETS | | |
| Contract costs | 159 | 6,267 |
| Trade and other receivables | 330,357 | 324,446 |
| Contract assets | 13,994 | 29,608 |
| Short-term investment | 336 | 5,529 |
| Cash and cash equivalents | 9,257 | 7,876 |
| Current tax assets | 1,932 | 1,582 |
| | 356,035 | 375,308 |
| TOTAL ASSETS | 400,820 | 420,710 |
| LIABILITIES AND EQUITY | | |
| CURRENT LIABILITIES | | |
| Trade and other payables | 178,381 | 198,197 |
| Borrowings | B8 3,672 | 3,663 |
| Contract liabilities | 3,320 | 2,635 |
| | 185,373 | 204,495 |
| NON-CURRENT LIABILITIES | | |
| Borrowings | B8 8,654 | 10,489 |
| Redeemable Preference Shares "A" | 152 | 152 |
| Deferred tax liabilities | 16,869 | 16,869 |
| | 25,675 | 27,510 |
| TOTAL LIABILITIES | 211,048 | 232,005 |
| NET ASSETS | 189,772 | 188,705 |
| EQUITY | | |
| Share capital | 176,997 | 176,997 |
| Treasury shares | (3,366) | (3,366) |
| Warrant reserve | 19,812 | 19,812 |
| LTIP reserve | 25 | 25 |
| Accumulated losses | (14,992) | (16,177) |
| Total equity attributable to owners of the Company | 178,476 | 177,291 |
| Non-controlling interest | 11,296 | 11,414 |
| TOTAL EQUITY | 189,772 | 188,705 |
| TOTAL LIABILITIES & EQUITY | 400,820 | 420,710 |
| NET ASSETS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (SEN) | 22.59 | 22.44 |

The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial period from 1 July 2022 to 30 June 2023 and the accompanying explanatory notes attached to these interim financial statements.

AWANBIRU TECHNOLOGY BERHAD
(Registration No.201001038336)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 31 DECEMBER 2023

| | ←-----Non-distributable-----→ | | | | | Distributable | | |
|---|-------------------------------|------------------------------|---------------------------|------------------------------|---------------------------------|---|---|---------------------------|
| | Share Capital RM'000 | Warrant Reserve RM'000 | LTIP Reserve RM'000 | Treasury Shares RM'000 | Accumulated Losses RM'000 | Attributable to owners of the Company RM'000 | Non- controlling Interest RM'000 | Total Equity RM'000 |
| At 30 June 2022 /1 July 2022 | 176,861 | 19,812 | 94 | (3,366) | (9,671) | 183,730 | 11,470 | 195,200 |
| Profit after taxation/Total comprehensive income for the year | - | - | - | - | (6,506) | (6,506) | (56) | (6,562) |
| Transaction with owners of the Company:- | | | | | | | | |
| - ESOS exercised | 64 | - | (12) | - | - | 52 | - | 52 |
| - Share options and LTIP shares granted | - | - | 15 | - | - | 15 | - | 15 |
| - Shares issued | 72 | - | (72) | - | - | - | - | - |
| | 136 | - | (69) | - | - | 67 | - | 67 |
| At 30 June 2023 | 176,997 | 19,812 | 25 | (3,366) | (16,177) | 177,291 | 11,414 | 188,705 |
| Profit after taxation/Total comprehensive income for the year | - | - | - | - | 1,185 | 1,185 | (118) | 1,067 |
| At 31 December 2023 | 176,997 | 19,812 | 25 | (3,366) | (14,992) | 178,476 | 11,296 | 189,772 |

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial period from 1 July 2022 to 30 June 2023 and the accompanying explanatory notes attached to these interim financial statements.

AWANBIRU TECHNOLOGY BERHAD
(Registration No.201001038336)
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER ENDED 31 DECEMBER 2023

| | Current 6 months 31/12/2023 RM'000 | Preceding Year 6 months 31/12/2022 RM'000 |
|--|---|--|
| CASH FLOWS FOR OPERATING ACTIVITIES | | |
| Profit/(Loss) before taxation | 1,372 | (3,764) |
| Adjustments for: | | |
| Depreciation of property and equipment | 799 | 910 |
| Impairment loss on trade and other receivables | - | 808 |
| Interest income | (33) | (89) |
| Interest expense | 354 | 368 |
| Reversal of impairment on trade and other receivables | (268) | - |
| Operating profit before working capital changes | <u>2,224</u> | <u>(1,767)</u> |
| Working capital changes:- | | |
| Changes in contract costs | 6,108 | (1,589) |
| Changes in contract assets | 15,614 | 9,330 |
| Changes in trade and other receivables | (5,643) | 616 |
| Changes in contract liabilities | 685 | (1,116) |
| Changes in trade and other payables | (19,816) | (1,642) |
| CASH FLOW (FOR)/FROM OPERATING ACTIVITIES | <u>(828)</u> | <u>3,832</u> |
| Interest paid | (354) | (368) |
| Income tax paid | (655) | (399) |
| NET CASH FLOW (FOR)/FROM OPERATING ACTIVITIES | <u>(1,837)</u> | <u>3,065</u> |
| CASH FLOWS FOR INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (182) | (388) |
| Interest received | 33 | 89 |
| NET CASH FLOW FOR INVESTING ACTIVITIES | <u>(149)</u> | <u>(299)</u> |
| CASH FLOWS FOR FINANCING ACTIVITIES | | |
| Repayment of term loans | (1,826) | (1,911) |
| Proceeds from issuance of ordinary shares via exercise of ESOS | - | 51 |
| Withdrawal of deposit pledged with a licensed bank | 265 | - |
| NET CASH FLOW FOR FINANCING ACTIVITIES | <u>(1,561)</u> | <u>(1,860)</u> |
| Net (decrease) /increase in cash and cash equivalents | (3,547) | 906 |
| Cash and cash equivalents at beginning of the financial period | 11,872 | 17,256 |
| CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD | <u><u>8,325</u></u> | <u><u>18,162</u></u> |
| CASH AND CASH EQUIVALENT AT END OF THE FINANCIAL PERIOD COMPRISES THE FOLLOWING:- | | |
| Cash and bank balances | 7,989 | 2,916 |
| Deposits with licensed banks | 1,268 | 2,091 |
| Short-term investments | 336 | 15,246 |
| | <u>9,593</u> | <u>20,253</u> |
| Less: Deposits pledged with licensed banks | (1,268) | (2,091) |
| | <u><u>8,325</u></u> | <u><u>18,162</u></u> |

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial period from 1 July 2022 to 30 June 2023 and the accompanying explanatory notes attached to these interim financial statements.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2023

NOTES TO THE INTERIM FINANCIAL REPORT

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134 (“MFRS 134”)

A1. BASIS OF PREPARATION

These condensed consolidated interim financial statements have been prepared in accordance with the requirement of Malaysian Financial Reporting Standards (“MFRSs”) 134 *Interim Financial Reporting*, IAS 34 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad. They do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2023.

The accounting policies and methods of computation by the Group in this interim financial statement are consistent with those adopted in the financial statements for the period ended 30 June 2023 excepts for those standards, amendments and interpretations which are effective from the annual period beginning on or after 1 January 2023.

At the beginning of the current financial year, the Group adopted new MFRSs, Amendments to MFRSs and an IC Interpretation (collectively referred to as "pronouncements") that have been issued by the MASB and are applicable as listed below: -

- 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

The Group expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the year of initial application.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2023**A2. CHANGES IN ACCOUNTING POLICIES**

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and Issues Committee (“IC”) Interpretations were issued but not yet effective and have not been applied by the Group:-

| MFRSs and/or IC Interpretations (Including The Consequential Amendments) | Effective Date |
|---|----------------|
| MFRS 17 Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |
| Amendments to MFRS 16: Lease Liability in a Sale and Leaseback | 1 January 2024 |
| Amendments to MFRS 17 Insurance Contracts | 1 January 2023 |
| Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information | 1 January 2023 |
| Amendments to MFRS 101: Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to MFRS 101: Classification of Liabilities as Current or Non-current | 1 January 2024 |
| Amendments to MFRS 101: Non-current Liabilities with Covenants | 1 January 2024 |
| Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements | 1 January 2024 |
| Amendments to MFRS 108: Definition of Accounting Estimates | 1 January 2023 |
| Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendments to MFRS 112: International Tax Reform – Pillar Two Model Rules | 1 January 2023 |
| Amendments to MFRS 121: Lack of Exchangeability | 1 January 2025 |

The adoption of the above standards and amendments are not expected to have any material financial impact to the Group upon their first adoption.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2023

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the audited annual financial statements for the financial year ended 30 June 2023 was not qualified.

A4. SEASONAL OR CYCLICAL FACTORS

The business operations of the Group for the quarter ended 31 December 2023 is not significantly affected by any seasonal or cyclical factors.

A5. ITEMS OF UNUSUAL NATURE, SIZE OR INCIDENT

There were no material unusual items or events affecting the assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter ended 31 December 2023.

A6. CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial years that have a material effect to this interim financial report.

A7. CHANGES IN DEBT AND EQUITY SECURITIES

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the current financial quarter.

A8. VALUATION OF PROPERTY AND EQUIPMENT

There was no revaluation of the property and equipment in the current financial quarter.

A9. DIVIDENDS PAID

There was no dividend paid during the current financial quarter.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2023

A10. SEGMENTAL INFORMATION

The Group's business segments reflect the internal reporting structure as follows:

- a) **Software & Services** – license distribution, implementation, system integration, managed services, application development, other cloud related solutions and services (IaaS, SaaS, PaaS, XaaS).
- b) **Talent** – provision of career placement, talent upskilling, reskilling, training and certification.
- c) **Concession** – delivery of total solution for the integrated and comprehensive core immigration system which includes design, customise, install, configure, test, commission and maintenance throughout the concession period.
- d) **Others** – investment holding and other inactive subsidiaries.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2023**A10. SEGMENTAL INFORMATION (CONT'D)**

| | RESULTS FOR 3 MONTHS ENDED 31 DECEMBER 2023 (UNAUDITED) | | | | | RESULTS FOR 3 MONTHS ENDED 31 DECEMBER 2022 (UNAUDITED) | | | | |
|---|--|------------------|----------------------|------------------|-----------------|--|------------------|----------------------|------------------|-----------------|
| | Software & Services RM'000 | Talent RM'000 | Concession RM'000 | Others RM'000 | Total RM'000 | Software & Services RM'000 | Talent RM'000 | Concession RM'000 | Others RM'000 | Total RM'000 |
| Revenue | | | | | | | | | | |
| External revenue | 1,840 | 10,314 | - | - | 12,154 | 4,561 | 3,427 | - | - | 7,988 |
| Inter-segment revenue | - | 146 | - | 1,425 | 1,571 | - | 155 | - | 500 | 655 |
| Segment revenue | 1,840 | 10,460 | - | 1,425 | 13,725 | 4,561 | 3,582 | - | 500 | 8,643 |
| Consolidation adjustments | | | | | (1,571) | | | | | (655) |
| Consolidated revenue | | | | | 12,154 | | | | | 7,988 |
| Results | | | | | | | | | | |
| Segment profit/(loss) before interest and taxation | 633 | 2,904 | (373) | (2,123) | 1,041 | 583 | 140 | (139) | (3,249) | (2,665) |
| Finance costs | | | | | (170) | | | | | (184) |
| Consolidation adjustments | | | | | - | | | | | - |
| Total Profit Before Taxation | | | | | 871 | | | | | (2,849) |

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2023

A10. SEGMENTAL INFORMATION (CONT'D)

| | RESULTS FOR 6 MONTHS ENDED 31 DECEMBER 2023 (UNAUDITED) | | | | | RESULTS FOR 6 MONTHS ENDED 31 DECEMBER 2022 (UNAUDITED) | | | | | |
|-----------------------------------|--|------------------|----------------------|------------------|-----------------|--|------------------|----------------------|------------------|-----------------|--|
| | Software & Services RM'000 | Talent RM'000 | Concession RM'000 | Others RM'000 | Total RM'000 | Software & Services RM'000 | Talent RM'000 | Concession RM'000 | Others RM'000 | Total RM'000 | |
| Continuing Operations | | | | | | Continuing Operations | | | | | |
| Revenue | | | | | | Revenue | | | | | |
| External revenue | 11,633 | 16,992 | - | - | 28,625 | 17,468 | 8,625 | - | - | 26,093 | |
| Inter-segment revenue | - | 260 | - | 2,850 | 3,110 | - | 282 | - | 1,000 | 1,282 | |
| Segment revenue | 11,633 | 17,252 | - | 2,850 | 31,735 | 17,468 | 8,907 | - | 1,000 | 27,375 | |
| Consolidation adjustments | | | | | (3,110) | | | | | (1,282) | |
| Consolidated revenue | | | | | 28,625 | | | | | 26,093 | |
| Results | | | | | | Results | | | | | |
| Segment profit/(loss) | | | | | | | | | | | |
| before interest and taxation | 1,249 | 4,473 | (381) | (3,615) | 1,726 | 1,516 | 1,008 | (260) | (5,660) | (3,396) | |
| Finance costs | | | | | (354) | | | | | (368) | |
| Consolidation adjustments | | | | | - | | | | | - | |
| Total Loss Before Taxation | | | | | 1,372 | | | | | (3,764) | |

AWANBIRU TECHNOLOGY BERHAD

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2023**A11. MATERIAL EVENTS SUBSEQUENT TO THE END OF INTERIM QUARTER**

There were no items, transactions or events of a material and unusual nature that have arisen since 31 December 2023 to the date of this announcement which would substantially affect the financial results of the Group for the current financial quarter that have not been reflected in the condensed financial statements.

A12. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current financial quarter.

A13. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no contingent assets. Contingent liabilities during the financial period were as follows: -

| | RM '000 |
|---|----------------|
| - Performance guarantee extended by a subsidiary to third party | 556 |
| - Dividend payable on Redeemable Preference Shares ("RPS") | <u>28,804</u> |
| | <u>29,360</u> |

A14. CAPITAL COMMITMENTS

Capital commitments of the Group in respect of property and equipment as at 31 December 2023 are as follows:

| | <u>RM'000</u> |
|-----------------------------------|----------------------|
| - Approved but not contracted for | <u>198</u> |

A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions for the quarter ended 31 December 2023.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2023

NOTES TO THE INTERIM FINANCIAL REPORT

PART B – ADDITIONAL INFORMATION AS REQUIRED BY MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)

B1. OPERATING SEGMENTS REVIEW

| | INDIVIDUAL QUARTER | | | | CUMULATIVE QUARTER | | | | |
|---|--|---|--------------|-------------|---|---|--------------|-------------|--|
| | Current Quarter 31/12/2023 RM'000 | Preceding Year Quarter 31/12/2022 RM'000 | Variance | | Current Year to Date 31/12/2023 RM'000 | Preceding Year to Date 31/12/2022 RM'000 | Variance | | |
| <u>Segmental Revenue:</u> | | | RM'000 | (%) | | | RM'000 | (%) | |
| Software & Services | 1,840 | 4,561 | (2,721) | -60% | 11,633 | 17,468 | (5,835) | -33% | |
| Talent | 10,460 | 3,582 | 6,878 | 192% | 17,252 | 8,907 | 8,345 | 94% | |
| Others | 1,425 | 500 | 925 | 185% | 2,850 | 1,000 | 1,850 | 185% | |
| | 13,725 | 8,643 | 5,082 | 59% | 31,735 | 27,375 | 4,360 | 16% | |
| Inter-segment Elimination | (1,571) | (655) | (916) | -140% | (3,110) | (1,282) | (1,828) | -143% | |
| Group | 12,154 | 7,988 | 4,166 | 52% | 28,625 | 26,093 | 2,532 | 10% | |
| <u>Profit/(Loss) Before Taxation</u> | | | | | | | | | |
| Software & Services | 571 | 543 | 28 | 5% | 1,249 | 1,516 | (267) | -18% | |
| Talent | 2,837 | 90 | 2,746 | 3051% | 4,473 | 1,008 | 3,465 | 344% | |
| Concession | (373) | (139) | (234) | -168% | (381) | (260) | (121) | -47% | |
| Others | (2,164) | (3,343) | 1,179 | 35% | (3,969) | (6,028) | 2,059 | 34% | |
| | 871 | (2,849) | 3,720 | 131% | 1,372 | (3,764) | 5,136 | 136% | |
| Inter-segment Elimination | - | - | - | - | - | - | - | - | |
| Group | 871 | (2,849) | 3,720 | 131% | 1,372 | (3,764) | 5,136 | 136% | |

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2023

B1. OPERATING SEGMENTS REVIEW (CONT'D)

THREE (3) MONTHS RESULTS (Q2 FY2024 vs Q2 FY2023)

The Group revenue for the three (3) months period under review increased from RM8.0 million in Q2 FY2023 to RM12.2 million in Q2 FY2024, mainly attributable to the higher revenue from Talent.

The Group recorded a profit before taxation of RM0.9 million in Q2 FY2024 as compared to a loss before taxation of RM2.8 million in Q2 FY2023. Factors affecting the results for this quarter were as follows:

- i. Talent segment recorded a profit before taxation of RM2.8 million in Q2 FY2024 as compared to a profit before taxation of RM0.1 million in Q2 FY2023 mainly due to the higher revenue in the current quarter as a result of securing strategic contract to provide a digital learning platform;
- ii. Despite the decrease in Software & Services revenue from RM4.6 million in Q2 FY2023 to RM1.8 million in Q2 FY2024, this segment maintained a RM0.6 million profit before taxation as compared to a profit before taxation of RM0.5 million in Q2 FY2023 which was driven by a higher margin from attaining sales incentives; and
- iii. Others segment recorded a lower loss before taxation of RM2.2 million in Q2 FY2024 as compared to RM3.3 million loss before taxation in Q2 FY2023 mainly due to lower operating expenses in Q2 FY2024.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2023

B1. OPERATING SEGMENTS REVIEW (CONT'D)

SIX (6) MONTHS RESULTS (YTD Q2 FY2024 vs YTD Q2 FY2023)

The Group revenue for the six (6) months period under review increased from RM26.1 million in YTD Q2 FY2023 to RM28.6 million in YTD Q2 FY2024, which is RM2.5 million higher mainly attributable to the higher revenue from Talent segment.

The Group recorded a turnaround from a loss before taxation of RM3.8 million in YTD Q2 FY2023 to a profit before taxation of RM1.4 million in YTD Q2 FY2024. Factors contributing to the results for this quarter were as follows:

- i. Talent segment recorded a profit before taxation of RM4.5 million in YTD Q2 FY2024, which is 344% higher as compared to the profit before taxation of RM1.0 million in YTD Q2 FY2023. The higher profit before tax is due to a 94% increase in revenue mainly from securing strategic contracts to provide digital learning platform;
- ii. Decrease in Software & Services revenue from RM17.5 million in YTD Q2 FY2023 to RM11.6 million in YTD Q2 FY2024, which resulted in a lower profit before taxation of RM1.3 million in YTD Q2 FY2024 as compared to a profit before taxation of RM1.5 million in YTD Q2 FY2023;
- iii. Others segment recorded a revenue of RM2.9 million from the holding company charging subsidiaries management fees for the Group shared service cost in YTD Q2 FY2024. The segment recorded a lower loss before taxation of RM4.0 million in YTD Q2 FY2024 as compared to RM6.0 million loss before taxation in YTD Q2 FY2023 mainly due to lower operating expenses.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2023

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

| | Current Quarter 31/12/2023 RM'000 | Immediate Preceding Quarter 30/9/2023 RM'000 | Variance RM'000 | (%) |
|---|--|---|----------------------------|-------------|
| <u>Segmental Revenue:</u> | | | | |
| Software & Services | 1,840 | 9,793 | (7,953) | -81% |
| Talent | 10,460 | 6,792 | 3,668 | 54% |
| Others | 1,425 | 1,425 | - | 0% |
| | <u>13,725</u> | <u>18,010</u> | <u>(4,285)</u> | <u>-24%</u> |
| Inter-segment Elimination | (1,571) | (1,539) | (32) | 2% |
| Group | <u>12,154</u> | <u>16,471</u> | <u>(4,317)</u> | <u>-26%</u> |
| <u>Profit/(Loss) Before Taxation</u> | | | | |
| Software & Services | 571 | 529 | 42 | 8% |
| Talent | 2,837 | 1,497 | 1,340 | 90% |
| Concession | (373) | (8) | (365) | -4563% |
| Others | (2,164) | (1,517) | (647) | -43% |
| | <u>871</u> | <u>501</u> | <u>370</u> | <u>74%</u> |
| Inter-segment Elimination | - | - | - | - |
| Group | <u>871</u> | <u>501</u> | <u>370</u> | <u>74%</u> |

The Group recorded a profit before taxation of RM0.9 million in Q2 FY2024 as compared to a profit before taxation of RM0.5 million in Q1 FY2024, despite lower revenue in Q2 FY2024. This was primarily attributed to Talent segment securing strategic contracts with higher margins coupled with sales incentives received in Software & Services segment.

B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2024

For YTD Q2 FY2024, the Group achieved a profit after taxation of RM1.1 million, marking a notable turnaround from the RM4.4 million loss in the corresponding period last year. This is the third consecutive quarterly profits attained, building from the previous results of Q4 FY2023 and Q1 FY2024. This achievement underscores the continuous advancements from our ongoing transformation plan formulated in 2021, centered around our key offerings of Cloud-Based Software Solutions, Platform as a Service, Infrastructure as a Service, Talent as a Service, and System Integration.

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B3. PROSPECTS FOR THE FINANCIAL YEAR ENDING 30 JUNE 2024 (CONT'D)

The Talent segment continues to be the major contributor to the Group's profitability through securing strategic contracts. Meanwhile, our Technology segment has established a strong presence and position as the premier partner with MSP status for Google Cloud in Malaysia under the government's Cloud Framework Agreement (CFA) to bolster the government's digital transformation plan. To provide a wider spectrum of Cloud solutions and services, we have developed our capabilities in analytics, cloud migration, big data, artificial intelligence and business transformation via ERP to drive future growth.

The Board and Management are confident and optimistic of the Group's FY2024 performance. We remain focused on strengthening our synergistic offering in driving growth for the Group.

B4. VARIANCE ON PROFIT FORECAST/PROFIT ESTIMATE

The Group did not issue any profit forecast or profit estimate previously in any public document.

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Profit/(Loss) before taxation is derived after taking into consideration of the following:

| | Individual Quarter | | Cumulative Quarter | |
|--|--|---|--|--|
| | Current Quarter 31/12/2023 RM'000 | Preceding Year Quarter 31/12/2022 RM'000 | 6 months Current Year to date 31/12/2023 RM'000 | 6 months Preceding Year to date 31/12/2022 RM'000 |
| Interest expense | 170 | 184 | 354 | 368 |
| Interest income | 30 | 59 | 33 | 89 |
| Depreciation and amortisation | 400 | 457 | 799 | 910 |
| Foreign exchange loss | 142 | 1 | 144 | 1 |
| Impairment losses on trade and other receivables | - | 400 | - | 808 |

B6. INCOME TAX EXPENSE

The Group consolidated tax expense was computed based on the respective company's results separately. Certain companies within the Group reported profits before tax and therefore were taxable.

| | Individual Quarter | | Cumulative Quarter | |
|---------------------------------|--|---|--|--|
| | Current Quarter 31/12/2023 RM'000 | Preceding Year Quarter 31/12/2022 RM'000 | 6 months Current Year to date 31/12/2023 RM'000 | 6 months Preceding Year to date 31/12/2022 RM'000 |
| Malaysia tax: | | | | |
| - for the current year | 150 | 100 | 250 | 550 |
| - under provision in prior year | 55 | - | 55 | 72 |
| | 205 | 100 | 305 | 622 |

B7. STATUS OF CORPORATE PROPOSALS

The Company is implementing the following proposals that form part of the Group's rationalisation plan:

1. Long term incentive plan ("LTIP")

The Company had, on 25 January 2021, announced that the effective date for the LTIP has been fixed to commence on 25 January 2021. The LTIP comprises the establishment of an employee share option scheme and share grant plan of up to 15% of the issued share capital of the Company at any point in time during the duration of the LTIP for eligible directors and employees of the Company and its subsidiaries.

The LTIP shall be in force for a period of five (5) years from the effective date and extendable for a period of up to another five (5) years immediately from the expiry of the five (5) years upon the recommendation of the LTIP Committee and shall not in aggregate exceed ten (10) years from the effective date or such longer period as may be permitted by Bursa Securities or any other relevant authorities.

2. Proposed scheme of arrangement

On 24 August 2020, Prestariang SKIN Sdn. Bhd. ("PSKIN"), a subsidiary of the Company, made an application pursuant to Section 366 of the Companies Act 2016 (the "Act"), for a proposed scheme of arrangement between PSKIN and its scheme creditors pursuant to Section 366 of the Act, to be put forward to the creditors at court convened meetings (the "Proposed Scheme"). The Proposed Scheme is in relation to PSKIN only.

The purpose of the Proposed Scheme is to preserve the going concern of PSKIN while it carries on with negotiations and legal action to seek compensation from the Government of Malaysia for the termination of the SKIN contract. The application, if granted, is not expected to have any material impact on the financial and operational matters of the Company and its subsidiaries. Further, the Proposed Scheme does not involve any lenders of PSKIN or the Group.

On 2 December 2020, the High Court of Malaya has granted the approval of the Proposed Scheme, pursuant to the application filed by PSKIN dated 11 November 2020.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2023**B7. STATUS OF CORPORATE PROPOSALS (CONT'D)****3. Creditor's Voluntary Liquidation**

On 2 April 2021, the Company announced that Prestariang Tech Services Sdn. Bhd. ("PTSSB"), a wholly owned subsidiary of Awantec Services Sdn. Bhd., which in turn is a subsidiary of the Company, was undergoing a Creditors' Voluntary Winding Up.

Mr. Lim Tian Huat and Mr. Chiang Teng Guan of Messrs. Rodgers Reidy & Co. were appointed as the Joint and Several Liquidators for the Creditors' Voluntary Winding Up of PTSSB by a resolution of the Company and its Creditors at the First Creditor's Meeting held on 3 May 2021.

The Creditors' Voluntary Winding Up is part of an overall debt management exercise undertaken by the Company for the wholly owned subsidiaries of Awantec Services Sdn. Bhd. (namely PSKIN and PTSSB) following the termination of the SKIN Project. Further, PTSSB cannot by reason of its liabilities continue its business as usual.

B8. BORROWINGS

The Group's borrowing and debts securities as at 31 December 2023 are as follows:

| | Long term borrowing | | | Short term borrowing | | Total (RM'000) |
|------------------------|---------------------|-----------|--------|----------------------|--------|-------------------|
| | Secured | Unsecured | Total | Secured | Total | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| Borrowings | | | | | | |
| - Term loan | 8,654 | - | 8,654 | 3,672 | 3,672 | 12,326 |
| Debt Securities | | | | | | |
| - RPS "A" | 152 | - | 152 | - | - | 152 |
| Total | 8,806 | - | 8,806 | 3,672 | 3,672 | 12,478 |

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B9. MATERIAL LITIGATION

The Group has filed and served its Originating Summons (“OS”) dated 15 April 2019 against the Government of Malaysia (“GOM”) as Defendant claiming the amount of RM733 million in relation to the termination of the Sistem Kawalan Imigresen Nasional (“SKIN”) by expropriation.

The OS was heard before the High Court on 22 January 2021, 29 January 2021, 26 February 2021, 9 April 2021, 20 May 2021, 2 November 2021, 30 November 2021, 11 March 2022, 25 July 2023, 26 July 2023 and 27 October 2023. The Oral Closing Submission has been fixed on 8 March 2024 by the High Court for the conclusion of the OS.

The Group remains positive on the compensation amount based on the formula stipulated under the Concession Agreement. Based on the above, the management is confident that there is no impairment necessary for the period under review.

Separately, PSKIN and GOM have also agreed to refer the dispute in respect of PSKIN’s Originating Summons to court-annexed mediation conducted by the Kuala Lumpur Court Mediation Centre (“**Mediation Centre**”). On 30 October 2019, representatives from PSKIN and GOM (with Parties’ respective Counsel) attended the first mediation session and the Group will continue to pursue mediation in parallel with the OS.

B10. FAIR VALUE HIERARCHY

There were no transfers between any levels of the fair value hierarchy which took place during the current quarter and the comparative period. There was also no change in the purpose of any financial asset that subsequently resulted in a different classification of that asset.

B11. PROPOSED DIVIDEND

No interim dividend has been declared for the current quarter ended 31 December 2023.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2023**B12. EARNINGS/(LOSS) PER SHARE**

| | Individual Quarter | | Cumulative Quarter | |
|--|---|--|---|---|
| | Current Quarter 31/12/2023 | Preceding Year Quarter 31/12/2022 | 6 months Current Year to date 31/12/2023 | 6 months Preceding Year to date 31/12/2022 |
| Profit/(Loss) after taxation attributable to owners of the Company (RM'000) | 781 | (2,909) | 1,185 | (4,308) |
| Weighted average number of ordinary shares in issue ('000) | 789,892 | 788,016 | 789,892 | 788,016 |
| Basic earnings/(loss) per share (sen) | 0.10 | (0.37) | 0.15 | (0.55) |

B13. AUTHORISED FOR ISSUE

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 February 2024.

BY ORDER OF THE BOARD**CHUA SIEW CHUAN (SSM PC No. 201908002648)****LIM LIH CHAU (SSM PC No. 201908001454)**

Secretaries

Kuala Lumpur**22 February 2024**