

CTOS DIGITAL BERHAD  
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Quarter ended		%	Cumulative Quarter ended		%
		30.9.2024	30.9.2023		30.9.2024	30.9.2023	
		RM'000	RM'000	+ / (-)	RM'000	RM'000	+ / (-)
Revenue	A8	79,809	66,451	20.1	228,031	188,287	21.1
Cost of sales		(23,702)	(15,939)		(63,274)	(42,787)	
Gross profit		56,107	50,512	11.1	164,757	145,500	13.2
Other (expense)/income		(508)	(12)		(452)	16	
Selling and marketing expenses		(12,339)	(10,001)		(32,797)	(28,950)	
Administrative expenses		(21,915)	(17,132)		(64,196)	(50,994)	
Finance income		48	179		163	384	
Finance costs		(2,537)	(1,559)		(7,391)	(4,925)	
Share of profits of associates		10,927	8,430		19,117	17,406	
Profit before tax	B5	29,783	30,417	(2.1)	79,201	78,437	1.0
Tax expense	B6	(2,328)	(6,070)		(5,712)	(16,381)	
Profit for the financial period		27,455	24,347	12.8	73,489	62,056	18.4
Other comprehensive (loss)/income:							
Items that will be subsequently reclassified to profit or loss:							
Exchange differences on translation of foreign operations		(5,852)	(5,421)		(12,520)	(1,335)	
Share of other comprehensive income of associate accounted for using equity method		-	7		-	15	
Items that will not be subsequently reclassified to profit or loss:							
Exchange differences on translation of foreign operations		61	-		59	-	
Share of other comprehensive income of associate accounted for using equity method		-	347		-	347	
Other comprehensive loss for the financial period		(5,791)	(5,067)		(12,461)	(973)	
Total comprehensive income for the financial period		21,664	19,280	12.4	61,028	61,083	(0.1)
Profit/(loss) for the financial period attributable to:							
- Owners of the Company		27,553	24,386	13.0	73,876	62,095	19.0
- Non-controlling interests		(98)	(39)	151.3	(387)	(39)	892.3
		27,455	24,347	12.8	73,489	62,056	18.4
Total comprehensive income/ (loss) for the financial period attributable to:							
- Owners of the Company		21,701	19,319	12.3	61,356	61,122	0.4
- Non-controlling interests		(37)	(39)	(5.1)	(328)	(39)	741.0
		21,664	19,280	12.4	61,028	61,083	(0.1)
Earnings per share for profit attributable to ordinary equity holders of the Company							
Basic/Diluted (sen)	B12	1.2	1.1		3.2	2.7	

The above condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited As at <u>30.9.2024</u> RM'000	Audited As at <u>31.12.2023</u> RM'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		10,070	8,656
Right-of-use assets		21,632	1,434
Intangible assets		147,589	133,781
Investments in associates		571,950	576,796
Receivables, deposits and prepayments		780	-
Deferred tax assets		362	265
<b>TOTAL NON-CURRENT ASSETS</b>		<b>752,383</b>	<b>720,932</b>
<b>CURRENT ASSETS</b>			
Receivables, deposits and prepayments		80,792	64,124
Other investments	A15	-	925
Amount due from related parties		476	1,429
Tax recoverable		906	887
Cash and bank balances		12,563	17,330
<b>TOTAL CURRENT ASSETS</b>		<b>94,737</b>	<b>84,695</b>
<b>CURRENT LIABILITIES</b>			
Payables and accruals		51,547	49,716
Contract liabilities		9,236	7,502
Lease liabilities		2,332	1,397
Amount due to related parties		1,320	965
Provision for restoration costs		704	694
Borrowings		69,851	48,852
Tax payable		2,642	1,272
<b>TOTAL CURRENT LIABILITIES</b>		<b>137,632</b>	<b>110,398</b>
<b>NET CURRENT LIABILITIES</b>		<b>(42,895)</b>	<b>(25,703)</b>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

Note	Unaudited As at <u>30.9.2024</u> RM'000	Audited As at <u>31.12.2023</u> RM'000
<b>NON-CURRENT LIABILITIES</b>		
Lease liabilities	20,461	96
Provision for defined benefit plan	139	153
Borrowings	104,325	100,691
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>124,925</u>	<u>100,940</u>
<b>NET ASSETS</b>	<u>584,563</u>	<u>594,289</u>
<b>EQUITY</b>		
Share capital	584,047	584,047
Reverse acquisition reserve	(193,528)	(193,528)
Equity contribution from shareholder	315	315
Other reserves	(4,258)	6,805
Retained earnings	198,414	196,749
Equity attributable to Owners of the Company	<u>584,990</u>	<u>594,388</u>
Non-controlling interests	(427)	(99)
<b>TOTAL EQUITY</b>	<u>584,563</u>	<u>594,289</u>
Net assets per share attributable to Owners of the Company (RM)	<u>0.25</u>	<u>0.26</u>

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary shares		Other reserves					Retained earnings	Total attributable to Owners of the Company	Non-controlling interests	Total equity
	Number of shares	Share capital	Equity contribution from shareholders	Reverse acquisition reserve <sup>(1)</sup>	Foreign currency translation reserve	Fair value reserve	Share based payment reserve				
	'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000				
At 1 January 2024	2,310,000	584,047	315	(193,528)	513	6,292	-	196,749	594,388	(99)	594,289
Profit/(loss) for the financial period	-	-	-	-	-	-	-	73,876	73,876	(387)	73,489
Other comprehensive (loss)/income	-	-	-	-	(12,520)	-	-	-	(12,520)	59	(12,461)
Share-based payment expense	-	-	-	-	-	-	1,457	-	1,457	-	1,457
Transaction with owners:											
Dividends paid (Note A6)	-	-	-	-	-	-	-	(72,211)	(72,211)	-	(72,211)
At 30 September 2024	2,310,000	584,047	315	(193,528)	(12,007)	6,292	1,457	198,414	584,990	(427)	584,563
At 1 January 2023	2,310,000	584,047	315	(193,528)	(5,211)	2,669	-	124,414	512,706	-	512,706
Profit/(loss) for the financial period	-	-	-	-	-	-	-	62,095	62,095	(39)	62,056
Acquisition through business combination	-	-	-	-	-	-	-	-	-	86	86
Other comprehensive (loss)/income	-	-	-	-	(1,326)	320	-	33	(973)	-	(973)
Transaction with owners:											
Dividends paid	-	-	-	-	-	-	-	(31,023)	(31,023)	-	(31,023)
At 30 September 2023	2,310,000	584,047	315	(193,528)	(6,537)	2,989	-	155,519	542,805	47	542,852

Note:  
(1) The reverse acquisition reserve was created during the acquisition of CTOS Business Systems Sdn. Bhd. ("CBS"), CTOS Data Systems Sdn. Bhd. ("CDS") and Automated Mail Responder Sdn. Bhd. ("AMR") by the Company in 2014. CBS was identified as the accounting acquirer in accordance with MFRS 3 "Business Combination". The difference between the issued equity of the Company and issued equity of CBS together with the deemed purchase consideration of subsidiaries other than CBS is recorded as reverse acquisition reserve.

The above condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Cumulative Quarter ended	
	<u>30.9.2024</u>	<u>30.9.2023</u>
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	79,201	78,437
Adjustments for:		
Reversal of impairment of receivables – net	-	(453)
Depreciation of property, plant and equipment	3,358	3,944
Depreciation of right-of-use assets	2,733	1,199
Amortisation of intangible assets	5,559	2,565
Interest income	(161)	(125)
Fair value gain on other investments	(2)	(259)
Accretion of provision for restoration costs	10	12
Changes in fair value of contingent consideration payable	-	54
Defined benefit plan	(14)	-
Interest expense on bank borrowings	6,573	4,840
Lease interest	808	73
Share-based payment expense	1,457	-
Share of profits of associates	(19,117)	(17,407)
Unrealised loss on foreign exchange	84	6
Operating cash flows before working capital changes	<u>80,489</u>	<u>72,886</u>
Changes in working capital:		
Receivables, deposits and prepayments	(10,375)	(10,751)
Payables and accruals	(9,240)	2,437
Contract liabilities	1,734	(74)
Related party balances	1,308	(1,869)
Cash flows generated from operations	<u>63,916</u>	<u>62,629</u>
Interest received	161	125
Tax paid	(4,469)	(3,465)
Dividends received	14,847	32,922
Net cash flows generated from operating activities	<u>74,455</u>	<u>92,211</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	Note	Cumulative Quarter ended	
		30.9.2024	30.9.2023
		RM'000	RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of subsidiary, net of cash acquired		-	(657)
Purchase of property, plant and equipment		(4,772)	(3,834)
Purchase of intangible assets		(18,682)	(9,586)
Payment of contingent consideration		-	(12,211)
Distribution income from money market funds		2	283
Investment in money market funds – net		925	1,802
Net cash flows used in investing activities		(22,527)	(24,203)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid	A6	(72,211)	(31,023)
Drawdown of borrowings		72,000	-
Repayment of borrowings		(46,969)	(28,459)
Restricted cash for term loan facility		(390)	55
Payment of lease liabilities		(2,458)	(1,272)
Transaction costs paid		(920)	(4)
Interest paid		(6,051)	(4,404)
Net cash flows used in financing activities		(56,999)	(65,107)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(5,071)	2,901
EFFECT OF EXCHANGE RATE CHANGES		(86)	(26)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD		15,682	10,714
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD		10,525	13,589

The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes.

Explanatory Notes on the Quarterly Report – 30 September 2024

## **A. EXPLANATORY NOTES PURSUANT TO MFRS 134**

### **A1. Basis of Preparation**

This condensed consolidated financial information of CTOS Digital Berhad (“the Company”) and its subsidiaries (“the Group”) is prepared in accordance with the requirements of paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and complies with the requirements of the Malaysian Financial Reporting Standard (“MFRS”) 134 – Interim Financial Reporting and International Accounting Standard 34 “Interim Financial Reporting”. The condensed consolidated financial information is unaudited and should be read in conjunction with the Group’s audited annual financial statements for the financial year ended 31 December 2023.

The significant accounting policies and methods of computation adopted for the condensed consolidated financial information are consistent with those adopted for the audited consolidated financial statements for the financial year ended 31 December 2023 except for the adoption of the following amendments to published standards:

- Amendments to MFRS 101 – ‘Classification of liabilities as current or non-current’ (‘2020 amendments’) and ‘Non-current Liabilities with Covenants’ (‘2022 amendments’) (effective 1 January 2024)
- Amendments to MFRS 16 – ‘Lease Liability in a Sale and Leaseback’ (effective 1 January 2024)
- Amendments to MFRS 107 and MFRS 7 – ‘Supplier Finance Arrangements’ (effective 1 January 2024)

The adoption of the amendments did not have any impact on the Group.

#### **Amendments to MFRS that are applicable to the Group but not yet effective**

The Malaysian Accounting Standards Board had issued the following amendments to MFRS of which are effective for the financial period beginning on or after 1 January 2025.

- Amendments to MFRS 121 – ‘Lack of Exchangeability’ (effective 1 January 2025)
- Amendments to MFRS 9 and MFRS 7 – ‘Amendments to the Classification and Measurement of Financial Instruments’ (effective 1 January 2026)
- Annual Improvements to MFRS Accounting Standards – Volume 11 (effective 1 January 2026)
- MFRS 18 – ‘Presentation and Disclosure in Financial Statements’ (effective 1 January 2027)
- MFRS 19 – ‘Subsidiaries without Public Accountability: Disclosures’ (effective 1 January 2027)

The Group did not early adopt these amendments to MFRS and they are not expected to have a material impact to the Group.

### **A2. Seasonal or Cyclical Factors**

The Group does see some impact from the festive season which generally occurs in the first half of the year with the second half typically being stronger as larger corporates looking to maximise their budget allocations will see increased demand for services such as insights and analytics in the later part of the year.

### **A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no significant unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the financial period ended 30 September 2024.

### **A4. Material Changes in Estimates**

There were no changes in estimates which had a material effect in the financial period ended 30 September 2024.



Explanatory Notes on the Quarterly Report – 30 September 2024

**A5. Debts and Equity Securities**

There was no other issuance, repurchase and repayment of debts and equity securities during the financial period ended 30 September 2024.

**A6. Dividends Paid**

	Single-tier tax-exempt dividend per share sen	Amount of dividends, single-tier tax-exempt RM'000
<u>30.9.2024</u>		
Dividends paid in respect of the financial year ended 31 December 2023:		
- fourth interim dividend, paid on 27 March 2024	1.706	39,409
Dividends paid in respect of the financial year ending 31 December 2024:		
- first interim dividend, paid on 2 July 2024	0.640	14,784
- second interim dividend, paid on 27 September 2024	0.780	18,018
	<u>1.420</u>	<u>32,802</u>

**A7. Segment Reporting**

The Group is primarily engaged in credit reporting, digital software related services including software development, outsourcing and provision of training. Management has determined the operating segments to be based on the management reports reviewed by the chief operating decision makers ("CODM") that are used to make strategic decisions, for which discrete financial information is available. For management purposes, the Group is organised into two reportable segments based on their geographical locations. The reportable segments are summarised as follows:

- (i) Malaysia which comprises the provision of credit reporting services (sale of reports, monitoring and trade referencing services and other services), sale of digital solutions and provision of related installation and maintenance services as well as provision of comprehensive commercial credit reports and bulk commercial data sales to 3 distinct types of customer groups, namely Key Accounts, Commercial and Direct-to-Consumer; and
- (ii) International which comprises the business of provision of alternative data credit scores to customers.

The performance of the operating segments is measured based on segment profit calculated as profit for the relevant financial year plus tax expense, finance costs, depreciation and amortisation and foreign exchange losses less interest income, foreign exchange gains and share of profits of associates.

The share of results of associates represents the following:

- (i) business of a credit reporting, credit bureau and information services, a provider of credit enterprise software in Malaysia and a provider of independent credit rating services, sustainability rating services, environment, social and government analytics, data analytics, economic research and consultancy services, bond pricing and information services as well as credit opinions on ventures listed on the Investment Account Platform; and
- (ii) business of a service provider, developer of local and global financial information system and as an online and offline business information service provider as well as consulting service and database management in Thailand;

Explanatory Notes on the Quarterly Report – 30 September 2024

**A7. Segment Reporting (continued)**

The CODM also reviews the revenue of the Malaysia and International segments by type of customers as disclosed in Note A8. All assets are managed based on their geographical locations. Capital expenditure comprises additions to property, plant and equipment, right-of-use (“ROU”) assets and intangible assets.

	Cumulative Quarter ended					
	30.9.2024			30.9.2023		
	Malaysia	International	Total	Malaysia	International	Total
	RM'000			RM'000		
<b>Revenue</b>	199,337	28,694	228,031	187,867	420	188,287
<b>Gross profit</b>	150,447	14,310	164,757	145,311	189	145,500
<b>Segment profit</b>	76,642	2,554	79,196	73,432	(197)	73,235
Depreciation and amortisation	(10,978)	(672)	(11,650)	(7,708)	-	(7,708)
Finance income	155	8	163	382	2	384
Finance costs	(7,391)	-	(7,391)	(4,925)	-	(4,925)
Share of profits of associates	11,647	7,470	19,117	9,922	7,485	17,407
Realised and unrealised (losses)/gains on foreign exchange - net	(227)	(7)	(234)	44	-	44
<b>Profit before taxation</b>	69,848	9,353	79,201	71,147	7,290	78,437
Tax expense	(4,573)	(1,139)	(5,712)	(16,381)	-	(16,381)
<b>Profit for the financial year</b>	65,275	8,214	73,489	54,766	7,290	62,056
Segment assets	653,018	194,102	847,120	591,173	148,499	739,672
<b>Other disclosures</b>						
Non-cash items* (other than depreciation and amortisation)	1,541	-	1,541	(447)	-	(447)
Capital expenditure arising from property, plant and equipment, ROU assets and intangible assets additions	46,385	66	46,451	11,826	-	11,826

\* Included in non-cash items are (reversal of)/allowance for impairment of receivables – net, share-based payment expense and unrealised (gains)/losses on foreign exchange

Geographical segments

Non-current assets

Non-current assets are determined according to the country of the operating segment. Non-current assets exclude financial instruments and deferred tax assets.

	As at	
	30.9.2024	31.12.2023
	RM'000	
Malaysia	575,086	530,654
Thailand	147,551	156,754
Indonesia	1,858	2,070
The Philippines	27,526	31,189
	752,021	720,667

Explanatory Notes on the Quarterly Report – 30 September 2024

**A7. Segment Reporting (continued)**

Geographical segments (continued)

Borrowings and lease liabilities

	As at	
	<u>30.9.2024</u>	<u>31.12.2023</u>
	RM'000	RM'000
Malaysia	196,969	151,036

Information about a major customer

There is no single customer that contributed 10% or more of the Group's revenue throughout the reported financial period.

**A8. Revenue**

The disaggregation of revenue by types of services are as follows:

	<u>Note</u>	<u>Cumulative Quarter ended</u>	
		<u>30.9.2024</u>	<u>30.9.2023</u>
		RM'000	RM'000
Provision of services	(a)		
- digital reports		117,232	81,642
- subscriptions and monitoring services		70,153	70,148
- comprehensive portfolio review and analytics		25,472	18,509
- digital solutions		15,174	17,988
		<u>228,031</u>	<u>188,287</u>

a) Revenue from contracts with customers:

	<u>Cumulative Quarter ended</u>	
	<u>30.9.2024</u>	<u>30.9.2023</u>
	RM'000	RM'000
Timing of revenue recognition:		
- at a point in time	152,752	113,058
- over time	75,279	75,229
Revenue from contracts with customers	<u>228,031</u>	<u>188,287</u>

The Group serves three distinct types of customers, namely Key Accounts, Commercial and Direct-to-Consumer. Key Accounts customers comprise the Group's highest revenue-generating customers as well as other selected customers, such as those with complex requirements or well-recognised brands. Commercial customers comprise (i) the Group's Malaysian segment commercial customers other than Key Accounts customers and (ii) all of CTOS Basis' customers. Direct-to-Consumer comprise the Group's retail consumers.

Explanatory Notes on the Quarterly Report – 30 September 2024

**A8. Revenue (continued)**

The disaggregation of revenue by types of customers are as follows:

	Cumulative Quarter ended	
	<u>30.9.2024</u>	<u>30.9.2023</u>
	RM'000	RM'000
Type of customers		
- Key Accounts	113,838	83,099
- Commercial	95,225	88,384
- Direct-to-Consumer	18,968	16,804
Total	<u>228,031</u>	<u>188,287</u>

**A9 Valuations of Property, Plant and Equipment**

There were no revaluations of property, plant and equipment during the financial period ended 30 September 2024. As at 30 September 2024, all property, plant and equipment were stated at cost less accumulated depreciation.

**A10. Changes in the Composition of the Group**

There were no changes in the composition of the Group during the financial period ended 30 September 2024.

**A11. Material Events Subsequent to the Financial Period**

There were no material events subsequent to the end of the financial period up to the date of this report.

**A12. Contingent Liabilities or Contingent Assets**

In the normal course of business, there are contingent liabilities arising from legal recourse sought on the Group's credit reporting operations. The Directors have been advised by external counsel and have assessed that these litigation cases as possible obligations where outflow of resources are not probable.

- a) In January 2023, CDS was served with a Writ Summons by a Plaintiff as the Fourth Defendant whereby the Plaintiff alleged negligence and/or conspiracy to injure its interests through the electronic trade reference (eTR) listing. The Plaintiff seeks an injunction against the CDS' Subscriber and its Directors (First, Second and Third Defendants). The Plaintiff further seeks damages, losses, interests and costs from all the Defendants including CDS. CDS maintains that it has conducted its business pursuant to and in compliance of the Act. CDS further maintains that the disclosure of the Plaintiff's eTR data to others (if any) can only be made with the consent of the Plaintiff. CDS will seek indemnity against the First Defendant in the event of any breach of the Subscription Agreement. The matter was resolved amicably through settlement with the Plaintiff withdrawing the matter against CDS with no order as to cost on 16 March 2023 (Settlement).

In June 2023, CDS was served with a Writ Summons by the same Plaintiff alleging that CDS had breached the terms of the Settlement. CDS denies any liability therein as the alleged breach claimed by the Plaintiff is not from report issued by CDS. The Plaintiff has among others sought for exemplary damages, legal costs and expenses amounting to RM840,000. The case is fixed for Trial on 22 April 2025 until 24 April 2025.

Explanatory Notes on the Quarterly Report – 30 September 2024

**A12. Contingent Liabilities or Contingent Assets (continued)**

- b) In May 2023, CDS was served with a Writ Summons by a Plaintiff claiming negligence in CDS' credit report which had contained the Plaintiff's bankruptcy proceeding that was discharged by the Court. CDS maintained that it has the right to publish the bankruptcy proceeding and had duly updated the status of the discharge of bankruptcy in the credit report as required under the CRA Act. The Plaintiff has among others sought for Special Damages and General Damages amounting to RM500,000 from CDS. The case is fixed for Trial on 14 February 2025 until 28 February 2025.
- c) In July 2023, CDS was served with a Writ Summons by a Plaintiff for defamation with regard to Trade Credit Reference that was listed by the Second Defendant (a third party). CDS denies any publication of defamatory information in CDS Report. The Plaintiff has among others sought for an apology via social media and damages for libel amounting to RM8,000,000 against each Defendant. The case is fixed for Trial on 16 December 2024 and 17 December 2024.

The Management had sought legal advice from external counsel on these litigation cases whereby the Board and Management have been advised that the Group has a fair chance at successfully defending the cases based on legal precedents. As at 30 September 2024, no provisions are required in the condensed consolidated financial information.

There were no other material changes in the contingent liabilities or contingent assets since the last financial year ended 31 December 2023.

**A13. Capital Commitments**

Significant capital expenditure contracted for at the end of reporting date but not recognised as liabilities are as follows:

	<u>30.9.2024</u>	<u>As at</u> <u>31.12.2023</u>
	RM'000	RM'000
<u>Contracted</u>		
- property, plant and equipment	1,272	828
- intangible assets	5,631	5,581
	<u>6,903</u>	<u>6,409</u>

**A14. Significant Related Party Transactions**

The related party transactions described below were carried out on agreed commercial terms and transacted on an arm’s-length basis with the related parties.

<u>Group</u>	Transactions for the period ended <u>30.9.2024</u> RM'000	Balances as at <u>30.9.2024</u> RM'000
Purchase of services		
- Software services from Juris Technologies Sdn Bhd (“JurisTech”)	2,732	1,320
Sale of services		
- Advisory and support services to CIBI Holdings Pte Ltd (“CIBI Holdings”)	1,518	51
- Advisory, support and software services to CIBI Information, Inc. (“CIBI”)	441	418
	<u>1,959</u>	<u>469</u>

The Group has entered into the above related party transactions with parties whose relationships are set out below:

- (i) JurisTech, being an associate to the Group is principally engaged in predictive artificial intelligence module, debt collection software, loan origination management, credit scoring solution, plus conveyancing and loan documentation systems. JurisTech has been providing technology and support services to CDS pursuant to a collaboration agreement to carry out business requirements study, customising, implementing, testing, and rolling out the product and services.
- (ii) CIBI Holdings, being an entity connected to certain directors of the Company, is an investment holding company. CDS provides advisory and support services relating to credit bureaus to CIBI Holdings from September 2021.
- (iii) CIBI, being an entity connected to certain directors of the Company, is a credit bureau incorporated in the Philippines. CDS provides advisory, support and software services to CIBI relating to implementation, deployment and project management services.

**A15. Fair Value Measurements**

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation technique as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

- a) Financial instruments carried at amortised cost

The carrying amounts of financial assets and liabilities of the Group approximated their fair values as at 30 September 2024.

- b) Financial instruments carried at fair value

There is no financial asset and liability measured at fair value as at 30 September 2024.

Explanatory Notes on the Quarterly Report – 30 September 2024

**PART B: EXPLANATORY NOTES PURSUANT TO PARAGRAPH 9.22 OF THE MAIN MARKET LISTING REQUIREMENTS**

**B1. Review of Group Performance**

	<u>Cumulative Quarter ended</u>		%
	<u>30.9.2024</u>	<u>30.9.2023</u>	+ / (-)
	RM'000	RM'000	
Revenue			
Malaysia	199,337	187,867	6.1
International	28,694	420	6,731.9
	<u>228,031</u>	<u>188,287</u>	21.1
Segment profit			
Malaysia	76,642	73,432	4.4
International	2,554	(197)	(1,396.4)
	<u>79,196</u>	<u>73,235</u>	8.1
Profit before tax ("PBT")	79,201	78,437	1.0
Profit for the financial period ("PAT")	73,489	62,056	18.4
Profit attributable to Owners of the Company ("PATAMI")	<u>73,876</u>	<u>62,095</u>	19.0
Reconciliation of PATAMI to Normalised PATAMI:			
PATAMI	73,876	62,095	19.0
Add:			
Costs related to acquisitions	-	206	
Incremental income tax expense	-	13,225	
Share-based payment expense	1,457	-	
Normalised PATAMI – Note 1	<u>75,333</u>	<u>75,526</u>	(0.3)

Note 1 – Normalised PATAMI is calculated as profit for the financial period attributable to owners of the Company plus (i) costs related to our acquisitions of investments; (ii) incremental income tax expense of CDS recognised based on the statutory tax rate of 24% as compared to the tax payable by CDS in accordance with the tax exemption granted for the tax relief period under the Pioneer Status incentives (refer to note B6 for more details) and (iii) share-based payment expense.

For the nine months ended 30 September 2024, the Group recorded a higher revenue of RM228.0 million compared to RM188.3 million in the corresponding period while PAT increased to RM73.5 million compared to RM62.1 million reported in the corresponding period.

The segment profit from the Malaysia operations increased by 4.4% to RM76.6 million from RM73.4 million in the corresponding period driven by a 6.1% rise in revenue. Revenue growth was achieved from all customer groups (including Key Accounts, Commercial and Direct-to-Consumer) with higher sales of CTOS Data Systems Reports and comprehensive portfolio review and analytics services.

The International operations, comprising alternative data credit score businesses in Indonesia and the Philippines, generated a revenue of RM28.7 million and a segment profit of RM2.6 million during the current period. This was a significant increase compared to the previous corresponding period as the previous corresponding period only consisted of the financial results from the Indonesia business, which was acquired on 1 September 2023. The Philippines acquisition was only completed on 26 October 2023.

The Group's PBT increased by 1.0% to RM79.2 million from the corresponding period of RM78.4 million primarily due to higher share of profits of associates but offset by higher depreciation and amortisation and finance costs.

Explanatory Notes on the Quarterly Report – 30 September 2024

**B1. Review of Group Performance (continued)**

Profit after tax improved by 18.4% to RM73.5 million from RM62.1 million in the corresponding period attributable to the lower tax expense following the approval of the tax incentive of its subsidiary, CDS (refer to note B6 for more details).

Normalised PATAMI remained consistent at RM75.3 million in the current quarter compared to RM75.5 million in the corresponding period.

**B2. Comparison with Immediate Preceding Quarter**

	Quarter ended		% + / (-)
	30.9.2024 RM'000	30.6.2024 RM'000	
Revenue			
Malaysia	69,545	66,744	4.2
International	10,264	9,898	3.7
	<u>79,809</u>	<u>76,642</u>	4.1
Segment profit			
Malaysia	25,378	26,046	(2.6)
International	1,038	1,138	(8.8)
	<u>26,416</u>	<u>27,184</u>	(2.8)
PBT	29,783	27,155	9.7

The Group revenue for the current quarter recorded RM79.8 million, reflecting a 4.1% or RM3.2 million increase from RM76.6 million in the preceding quarter. Segment profit declined to RM26.4 million, compared to RM27.2 million in the preceding quarter.

The segment profit from Malaysia operations decreased by 2.6% from RM26.0 million in the preceding quarter to RM25.4 million in the current quarter largely due to higher operating expenses incurred for investments in resources and infrastructure towards future growth.

The International operations recorded a 3.7% rise in revenue to RM10.3 million compared to RM9.9 million in the preceding quarter. However, the segment profit from International operations declined to RM1.0 million compared to RM1.1 million in the preceding quarter primarily due to higher operating expenses.

Group PBT increased by 9.7% or RM2.6 million driven by the higher share of profits of associates.



**B3. Prospects of the Group**

The Group remains positive about its growth, which will be driven by strategic expansions and efficient operational performance across all its business segments.

In the Key Accounts segment, the Group is experiencing higher adoption of the Group's advanced digital solutions and analytical tools, which is anticipated to translate into the Group's revenue in the coming months. The Commercial segment has undertaken several initiatives, such as the SME Biz Day, with the focus to drive small and medium enterprises ("SMEs") to further leverage on credit-related tools for business decision making. The Direct-to-Consumer segment is continuously engaging approximately 16 million credit-active consumers in Malaysia through targeted financial literacy initiatives and multiple digital marketing campaigns.

Regionally, the Group's expansions into Indonesia and the Philippines have opened avenues for growth. The international business segments have continued to grow and contribute positively towards the Group's financial performance in 2024. The Group continues to integrate its established expertise with local market insights, with the goal towards becoming a market leader in alternative credit-centric solutions, thereby providing a competitive edge for the Group to further expand the Group's footprint in the ASEAN market.

Our strategic investments continue to focus on identifying and nurturing synergistic opportunities across Malaysia and ASEAN. The Group is actively engaging with its associate companies to better align their performance with our expectations.

Despite the presence of uncertainties in both domestic and global markets, the Group maintains a positive outlook for the medium to long term. The Group's growth potential extends beyond our existing operations into new verticals and broader geographical footprints. The Group is optimistic about continuing to deliver sustainable growth in the forthcoming periods.

**B4. Variance of Actual Profit from Profit Forecast or Profit Guarantee**

Not applicable as there was no financial forecast issued for the current financial period.

**B5. Profit Before Tax**

The following items have been (credited)/charged in arriving at the profit before tax:

	Quarter ended		Cumulative Quarter ended	
	<u>30.9.2024</u>	<u>30.9.2023</u>	<u>30.9.2024</u>	<u>30.9.2023</u>
	RM'000	RM'000	RM'000	RM'000
Allowance for/(reversal of) impairment of receivables - net	-	51	-	(453)
Depreciation of property, plant and equipment	1,216	1,310	3,358	3,944
Depreciation of right-of-use assets	975	400	2,733	1,199
Amortisation of intangible assets	2,606	909	5,559	2,565
Realised loss/(gain) on foreign exchange	130	1	150	(50)
Unrealised loss on foreign exchange	144	19	84	6
Finance income:				
- interest income	(49)	(60)	(161)	(125)
- fair value gain on other investments	-	(119)	(2)	(259)

Other than as presented in the condensed consolidated statements of comprehensive income and as disclosed above, there were no material gains/losses on disposal of quoted and unquoted investments or properties and other exceptional items for the financial period ended 30 September 2024.

**B6. Tax Expense**

	Quarter ended		Cumulative Quarter ended	
	<u>30.9.2024</u>	<u>30.9.2023</u>	<u>30.9.2024</u>	<u>30.9.2023</u>
	RM'000	RM'000	RM'000	RM'000
Current tax				
- current year	2,176	5,967	5,816	17,159
- over provision in prior years	(7)	(74)	(7)	(577)
	<u>2,169</u>	<u>5,893</u>	<u>5,809</u>	<u>16,582</u>
Deferred tax				
- origination and reversal of temporary differences	159	177	(97)	(201)
	<u>2,328</u>	<u>6,070</u>	<u>5,712</u>	<u>16,381</u>

The Group's effective tax rate for the current quarter and financial period ended 30 September 2024, excluding share of profits of associates were 12.3% and 9.5% respectively, lower than the statutory tax rate of 24% mainly due to the tax incentives enjoyed by its subsidiary, CDS.

CDS is entitled to pioneer status incentives under the Promotion of Investments Act ("PIA") 1986 for MSC Malaysia Qualifying Activities. As a result, certain CDS's profits are exempted from tax for a period of 10 years, beginning on 9 November 2016. However, based on the provisions of the PIA 1986, the incentive's effective period is only for the first 5 years. CDS can enjoy an extension of a second 5-year incentive period by applying to the Malaysian Investment Development Authority ("MIDA").

The tax relief period under CDS's MSC Pioneer Certificate was from 9 November 2016 to 8 November 2021. However, pursuant to the Grandfathering and Transitional Guidelines issued by Malaysia Digital Economy Corporation ("MDEC") which became effective on 1 January 2019, such tax relief period will only last until 30 June 2021.

CDS has on 26 May 2022 received the approval letter from MIDA via MDEC on Transition to the MSC Malaysia Status Services Incentive under Income Tax (Exemption) (No. 10) Order 2018 [P.U. (A) 389/2018], Income Tax Act 1967, which grants tax incentives for the period from 1 July 2021 until 8 November 2021 (the "Transitional Period").

On 26 October 2023, CDS has received the approval from the Ministry of Finance ("MOF") via MDEC on the extension of the second 5-year income tax exemption for the period from 9 November 2021 to 8 November 2026.

Tax expenses for the taxation authorities in Indonesia and the Philippines are calculated at the rates prevailing in those jurisdictions.

**B7. Status of Corporate Proposals**

There is no other corporate proposal announced but not completed as at the date of this report.

Explanatory Notes on the Quarterly Report – 30 September 2024

**B8. Borrowings**

	<u>Currency</u>	<u>30.9.2024</u>	<u>As at</u> <u>31.12.2023</u>
		RM'000	RM'000
<u>Secured</u>			
<u>Current</u>			
Term loans	RM	34,851	20,852
Revolving Credit		35,000	28,000
<u>Non-current</u>			
Term loans	RM	104,325	100,691
Total borrowings		<u>174,176</u>	<u>149,543</u>

**B9. Material Litigation**

There is no material litigation as at the date of this report.

**B10. Financial Liabilities**

There was no other gain or loss arising from fair value changes of the Group's financial liabilities for the current quarter and financial period under review.

**B11. Dividends**

The Board of Directors has declared a third interim single tier dividend of 0.84 sen per ordinary share in respect of the financial year ending 31 December 2024, which is not taxable in the hands of the shareholders pursuant to paragraph 12B of Schedule 6 of the Income Tax Act 1967, to be paid on 17 January 2025. The entitlement date for the dividend payment is 20 December 2024.

A depositor shall qualify for entitlement to the dividend only in respect of:

- (i) shares transferred into the depositor's securities account before 4.30 pm on 20 December 2024 in respect of transfers; and
- (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

Explanatory Notes on the Quarterly Report – 30 September 2024

**B12. Earnings per Share**

Basic and diluted earnings per share (“EPS”) of the Group is calculated by dividing the profit attributable to the owners of the Company by the weighted average numbers of ordinary shares in issue during the financial period.

	<u>Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>30.9.2024</u>	<u>30.9.2023</u>	<u>30.9.2024</u>	<u>30.9.2023</u>
Profit attributable to the owners of the Company (RM'000)	<u>27,553</u>	<u>24,386</u>	<u>73,876</u>	<u>62,095</u>
Weighted average number of ordinary shares in issue ('000)	<u>2,310,000</u>	<u>2,310,000</u>	<u>2,310,000</u>	<u>2,310,000</u>
Basic/Diluted EPS (sen)	<u>1.2</u>	<u>1.1</u>	<u>3.2</u>	<u>2.7</u>

Diluted EPS of the Group for the current quarter and financial period ended 30 September 2024 are equivalent to the basic EPS as the share options had an anti-dilutive effect on the basic EPS and the Group has no other dilutive potential ordinary shares in issue at the end of the preceding year reporting period.