

ITMAX System Berhad

Registration No: 200101008580 (544336-M)
(Incorporated in Malaysia)

**Unaudited Condensed Consolidated
Interim Financial Report
for the First Quarter Ended
31 March 2023**

ITMAX System Berhad

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(Incorporated in Malaysia)

Unaudited condensed consolidated statement of financial position as at 31 March 2023

	Unaudited As at 31 March 2023 RM'000	Audited As at 31 December 2022 RM'000
Assets		
Plant and equipment	125,619	127,315
Right-of-use assets	2,865	2,654
Intangible assets	4,313	3,842
Contract assets	120	134
Total non-current assets	132,917	133,945
Inventories	12,426	8,416
Contract assets	20,635	12,778
Contract costs	85	646
Trade and other receivables	26,911	18,304
Prepayments and other assets	535	244
Fixed deposits with licensed banks	10,675	10,702
Cash and cash equivalents	193,284	206,867
Total current assets	264,551	257,957
Total assets	397,468	391,902
Equity		
Share capital	259,029	258,983
Share option reserve	1,285	692
Merger reserve	(56,358)	(56,358)
Retained earnings	89,467	82,507
Non-Controlling interest	(1)	-
Total equity	293,422	285,824

Unaudited condensed consolidated statement of financial position as at 31 March 2023 (continued)

	Unaudited As at 31 March 2023 RM'000	Audited As at 31 December 2022 RM'000
Liabilities		
Loans and borrowings	51,854	56,482
Lease liabilities	2,254	1,526
Deferred tax liabilities	8,481	8,348
Total non-current liabilities	62,589	66,356
Loans and borrowings	19,002	18,954
Lease liabilities	711	1,234
Trade and other payables	15,487	15,753
Contract liabilities	22	22
Current tax liabilities	6,235	3,759
Total current liabilities	41,457	39,722
Total liabilities	104,046	106,078
Total equity and liabilities	397,468	391,902
Net assets per share attributable to owners of the Company (RM)	0.29 ⁽¹⁾	0.28 ⁽²⁾

⁽¹⁾ Net assets per share attributable to owners is calculated based on the total number of ordinary shares in issue of 1,028,163,000 shares.

⁽²⁾ Net assets per share attributable to owners is calculated based on the number of ordinary shares in issue of 1,028,000,000 shares as of 31 December 2022.

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to condensed consolidated interim financial report.

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Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the first quarter ended 31 March 2023

	Unaudited Individual/Cumulative quarter ended 31 March	
	2023	2022
	RM'000	RM'000
	Unaudited	Unaudited
Revenue	34,680	19,257
Cost of sales	(9,145)	(6,584)
Gross profit	25,535	12,673
Other income	123	141
Administrative expenses	(6,336)	(3,035)
Net loss on impairment of financial instrument	(10)	-
Results from operating activities	19,312	9,779
Finance income	2,013	4
Finance costs	(1,045)	(579)
Profit before tax	20,280	9,204
Tax expense	(5,096)	(2,528)
Profit and total comprehensive income for the financial period	15,184	6,676
Profit and total comprehensive income attributable to:		
Owners of the Company	15,185	6,676
Non-controlling interests	(1)	-
Profit and total comprehensive income for the financial period	15,184	6,676
Earnings per ordinary share (sen) ⁽¹⁾		
- Basic earnings per ordinary shares (sen)	1.48	166.90
- Diluted earnings per ordinary shares (sen)	1.44	166.90

⁽¹⁾ *Earnings per ordinary share is calculated based on the weighted average number of ordinary shares as referred in Note B10.*

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 year ended 31 December 2022 and the accompanying explanatory notes attached to condensed consolidated interim financial report.

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Unaudited condensed consolidated statement of changes in equity for the period ended 31 March 2023

	← Attributable to owners of the Company →					Total RM'000	Non- controlling interest RM'000	Total RM'000
	Share capital RM'000	Share option reserve RM'000	Invested equity ⁽¹⁾ RM'000	Merger reserve RM'000	Retained earnings RM'000			
Unaudited								
At 1 January 2022	1,000	-	3,000	-	49,920	53,920	-	53,920
Profit and total comprehensive income for the financial period	-	-	-	-	6,676	6,676	-	6,676
Dividend paid	-	-	-	-	(8,000)	(8,000)	-	(8,000)
At 31 March 2022	1,000	-	3,000	-	48,596	52,596	-	52,596
Unaudited								
At 1 January 2023	258,983	692	-	(56,358)	82,507	285,824	-	285,824
Issued of new share ⁽²⁾	174	-	-	-	-	174	-	174
Share issuance expenses ⁽³⁾	(128)	-	-	-	-	(128)	-	(128)
Share-based payment transaction ⁽⁴⁾	-	593	-	-	-	593	-	593
Profit and total comprehensive income for the financial period	-	-	-	-	15,185	15,185	(1)	15,184
Dividend paid	-	-	-	-	(8,225)	(8,225)	-	(8,225)
At 31 March 2023	259,029	1,285	-	(56,358)	89,467	293,423	(1)	293,422

⁽¹⁾ This represents the aggregate of the share capital of the Company's combining entity namely Sena Traffic Systems Sdn. Bhd. prior to the acquisition.

⁽²⁾ Issuance of new shares in relation to exercise employee share option scheme.

⁽³⁾ Listing expenses incurred pursuant to the Initial Public Offering ("IPO") that has been set-off against equity.

⁽⁴⁾ Share option granted to eligible staff.

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to condensed consolidated interim financial report.

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Unaudited condensed consolidated statement of cash flows for the period ended 31 March 2023

	Cumulative quarter ended 31 March	
	2023 RM'000 Unaudited	2022 RM'000 Unaudited
Cash flows from operating activities		
Profit before tax	20,280	9,204
<i>Adjustments for:</i>		
IPO expenses	727	-
Depreciation of plant and equipment	3,042	1,678
Depreciation of right-of-use assets	229	243
Depreciation of intangible assets	251	204
Gain on lease modification	(14)	-
Plant and equipment written off	3	-
Goodwill written off	5	-
Income from rental concession	(6)	-
Unrealised foreign exchange (gain)/loss	(50)	13
Net loss on impairment loss of financial instruments and contract assets	10	-
Share-based payment	593	-
Finance income	(2,013)	(4)
Finance costs	1,045	579
Operating profit before working capital changes	24,102	11,917
Changes in working capital:		
Inventories	(4,010)	(2,122)
Contract assets	(7,842)	(15,049)
Contract costs	561	(332)
Trade and other receivables	(8,617)	3,965
Prepayments and other assets	(291)	64
Trade and other payables	(222)	(6,576)
Contract liabilities	-	2,674
Cash generated from/(used in) operations	3,681	(5,459)
Interest received	1,301	4
Tax paid	(2,488)	(2,608)
Net cash from/(used in) operating activities	2,494	(8,063)
Cash flows from investing activities		
Acquisition of plant and equipment	(1,349)	(10,677)
Acquisition of intangible assets	(722)	(232)
Interest received from money market	712	-
Change in pledged deposits	27	(85)
Net cash used in investing activities	(1,332)	(10,994)

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Unaudited condensed consolidated statement of cash flows for the period ended 31 March 2023 (continued)

	Cumulative quarter ended 31 March	
	2023 RM'000 Unaudited	2022 RM'000 Unaudited
Cash flows from financing activities		
Proceeds from issuance of shares	174	-
Payment of IPO expenses	(855)	-
Drawdown of loans and borrowings	-	15,349
Repayment of loans and borrowings	(4,479)	(3,121)
Drawdown of invoice financing	-	1,920
Repayment hire purchase liabilities	(101)	(80)
Payment of lease liabilities	(214)	(228)
Dividends paid to Owners of the Company	(8,225)	(8,000)
Interest paid	(1,045)	(579)
Net cash (used in)/generated from financing activities	<u>(14,745)</u>	<u>5,261</u>
Net change in cash and cash equivalents	(13,583)	(13,796)
Cash and cash equivalents at the beginning of financial period	<u>206,867</u>	<u>23,145</u>
Cash and cash equivalents at the end of financial period	<u>193,284</u>	<u>9,349</u>

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Unaudited condensed consolidated statement of cash flows for the period ended 31 March 2023 (continued)

(i) Acquisition of plant and equipment

During the financial period, the Group acquired plant and equipment as follows:

	Unaudited Individual/Cumulative quarter ended 31 March	
	2023 RM'000	2022 RM'000
Paid in cash	1,349	10,677
In the form of hire purchase arrangement	-	80
	<u>1,349</u>	<u>10,757</u>

(ii) Reconciliation of movements of liabilities to cash flows arising from financing activities

	Invoice financing RM'000	Revolving credit RM'000	Term loans RM'000	Hire purchase liabilities RM'000	Lease liabilities RM'000	Total RM'000
Unaudited						
At 1 January 2022	-	7,523	66,674	856	3,181	78,234
Net changes from						
financing cash flows	1,920	-	11,701	(92)	(268)	13,261
Interest	-	-	527	12	40	579
Borrowing cost capitalised	-	97	231	-	-	328
Addition	-	-	-	80	85	165
Other changes	-	-	-	-	22	22
At 31 March 2022	<u>1,920</u>	<u>7,620</u>	<u>79,133</u>	<u>856</u>	<u>3,060</u>	<u>92,589</u>

	Invoice financing RM'000	Revolving credit RM'000	Term loans RM'000	Hire purchase liabilities RM'000	Lease liabilities RM'000	Total RM'000
Unaudited						
At 1 January 2023	-	-	74,416	1,020	2,760	78,196
Net changes from						
financing cash flows	-	-	(5,472)	(113)	(254)	(5,839)
Interest	-	-	993	12	40	1,045
Addition	-	-	-	-	645	645
Derecognition	-	-	-	-	(220)	(220)
Other changes	-	-	-	-	(6)	(6)
At 31 March 2023	<u>-</u>	<u>-</u>	<u>69,937</u>	<u>919</u>	<u>2,965</u>	<u>73,821</u>

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to condensed consolidated interim financial report.

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PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A1. Basis of preparation

The condensed consolidated interim financial report is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standard (“MFRS”) 134, *Interim Financial Reporting*, and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

With the context of this condensed consolidated interim financial report for the first quarter ended 31 March 2023, the Group comprises of the Company and its subsidiaries, Sena Traffic Systems Sdn Bhd and Southmax Sdn Bhd (formerly known as Kontrek Wiramas Sdn Bhd).

Subsidiaries are entities, including structured entities, controlled by the Company. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The condensed consolidated interim financial report of the Group for the financial period ended 31 March 2022 was prepared in a manner as if the entities under common control were operating as a single economic entity at the beginning of the earliest comparative period presented or, if later, at the date that common control was established.

Entities under common control are entities which are ultimately controlled by the same parties and that control is not transitory. Control exists when the same parties have, as a result of contractual agreements, ultimate collective power to govern the financial and operating policies of each of the combining entities so as to obtain benefits from their activities, and that ultimate collective power is not transitory. The financial information of commonly controlled entities are included in the combined financial statements from the day that control commences until the date that control ceases.

The condensed consolidated interim financial report should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the condensed consolidated interim financial report. The explanatory notes attached to the condensed consolidated interim financial report provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2022.

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A2. Significant accounting policies

Except as described below, the same accounting policies and methods of computation are followed in this condensed consolidated interim financial report as compared with the audited combined financial statements for the financial year ended 31 December 2022.

As of 1 January 2023, the Group has adopted the following amendments to MFRSs which are effective for annual periods beginning on or after 1 January 2023.

- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The adoption of the above pronouncements did not have any material impact to the condensed consolidated interim financial report of the Group.

A3. Auditors' report

The audited financial statements for the financial year ended 31 December 2022 was unqualified.

A4. Seasonal or cyclical factors

The nature of the Group's business was not subject to any significant seasonal and cyclical factors.

A5. Exceptional items

There were no material exceptional items during the quarter ended 31 March 2023.

A6. Material changes in accounting estimates

There were no material changes in accounting estimates for the current financial quarter under review.

A7. Material events subsequent to the statement of financial position date

There were no material events subsequent to the end of the current financial quarter under review that have not been reflected in the condensed consolidated interim financial report.

A8. Material changes in the composition of the Group

There were no material changes in the composition of the Group for the current financial quarter under review except for acquisition of a new subsidiary, Southmax Sdn Bhd.

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A9. Capital commitments

There were no capital commitments for the Group in the financial quarter under review.

A10. Dividends paid

A second single-tier interim dividend of RM8.00 per ordinary share amounting to RM8,000,000 was declared on 3 January 2022 and paid on 4 January 2022, in respect of financial year ended 31 December 2021.

A single-tier interim dividend of RM0.008 per ordinary share amounting to RM8,225,304 was declared on 27 February 2023 and paid on 24 March 2023, in respect of financial year ended 31 December 2022.

A11. Operating segments

Operating segments are components in which separate financial information is available that is evaluated by the Managing Director and Chief Executive Office in deciding how to allocate resources and in assessing performance of the Group. As the businesses within the Group are inter-related, the Group considers itself to be operating in a single segment.

All the Group's operations and its revenue are carried out and derived in Malaysia.

The single segment profit results are disclosed in Note B1(a).

A12. Contingencies

There were no contingent assets and contingent liabilities as at the date of this condensed consolidated interim financial report.

A13. Fixed deposits with licensed banks

The fixed deposits with licensed banks relates to deposits pledged for loan facilities.

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A14. Related party transactions

Identity of related parties

For the purposes of this condensed consolidated interim financial report, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group.

Related parties also include companies in which certain Directors have substantial financial interest.

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group are shown below.

	Unaudited	
	Individual/Cumulative	
	quarter ended	
	31 March	
	2023	2022
	RM'000	RM'000
Companies in which a director has financial interests		
Rental income	63	63
Purchases	-	(104)
Revenue	264	357
Lease expenses	(81)	(81)
	<u>63</u>	<u>(81)</u>

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A15. Fair value information

The carrying amounts of fixed deposits with a licensed bank, cash and cash equivalents, short term receivables and payables and loans and borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments not carried at fair value	Total fair value	Carrying amount
	Level 3 RM'000	RM'000	RM'000
Unaudited 31.03.2023			
Financial liabilities			
Hire purchase liabilities	913	913	919
Loans and borrowings	69,937	69,937	69,937
	70,850	70,850	70,856

	Fair value of financial instruments not carried at fair value	Total fair value	Carrying amount
	Level 3 RM'000	RM'000	RM'000
Audited 31.12.2022			
Financial liabilities			
Hire purchase liabilities	1,013	1,013	1,020
Loans and borrowings	74,416	74,416	74,416
	75,429	75,429	75,436

Level 3 fair value

Level 3 fair value is estimated using inputs for the financial assets or liabilities that are not based on observable market data (unobservable inputs). The fair value within Level 3 of the hire purchase liabilities is determined by using estimated future cash flows discounted using market related rate for a similar instrument at the reporting date. The interest rate used to discount the estimated cash flows for the hire purchase liabilities is 2.07% – 3.28% (2022: 2.07% – 3.28%) per annum.

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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF MAIN MARKET LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of financial performance

(a) Highlight on Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Current financial quarter against corresponding financial quarter

	Unaudited Individual quarter ended 31 March		Variance %
	2023	2022	
	RM'000	RM'000	
Revenue	34,680	19,257	80.09
Profit before tax ("PBT")	<u>20,280</u>	<u>9,204</u>	120.34

The Group reported revenue of RM34.68 million for the current financial quarter under review. This represents an increase in revenue of approximately 80.09% against the corresponding financial quarter where revenue amounted to approximately RM19.26 million.

The increase in revenue was attributed to the increase in all revenue services except for trading revenue, as detailed below:

	Unaudited Individual quarter ended 31 March		Variance %
	2023	2022	
	RM'000	RM'000	
Revenue			
- Video surveillance and analytics services	22,874	12,839	78.16
- Supply, installation and maintenance services	11,016	5,265	109.23
- Trading revenue	67	576	(88.37)
Lease Revenue			
- Telecommunication and network infrastructure services	723	577	25.30
	<u>34,680</u>	<u>19,257</u>	

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B1. Review of financial performance (continued)

(a) Highlight on Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (continued)

Current financial quarter against corresponding financial quarter (continued)

The Group's PBT for the current financial quarter under review increased by 120.34% (from RM9.20 million to RM20.28 million) as compared to the corresponding financial quarter. The increase in PBT was mainly due to the increase in revenue.

B2. Variation of results against immediate preceding financial quarter

	Unaudited		Variance %
	Individual quarter ended 31 March 2023 RM'000	31 December 2022 RM'000	
Revenue	34,680	35,767	(3.04)
PBT	20,280	18,852	7.57

The Group's revenue decreased from RM35.77 million to RM34.68 million, a decrease of 3.04% and the Group's PBT increased from RM18.85 million to RM20.28 million, which was an increase of 7.57%.

The decrease in Group's revenue was mainly due to the decrease in claims from a contract due to the completion of the testing and development phase. The contract will subsequently progress to the digitalization phase.

The increase in PBT for the current quarter was mainly due to the decrease in one-off IPO expenses as compared to the preceding quarter.

B3. Commentary on prospects

The Group remains agile in adapting to the new phase of "Living with COVID-19". As borders reopened and restrictions lifted, the Group is looking to continue its growth by expanding its service offerings and expanding into other geographical territories and segments.

While the Group continues to deliver on its ongoing project and plots its mid and long term growth, the resurgence of the COVID-19 infection, inflationary pressure amid rising food and energy prices and disrupted supply chains following the Russia-Ukraine war remain as threats to the local and global economy.

Nevertheless, the Board of Directors is cautiously optimistic that the Group's future prospects remain favourable.

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B4. Profit forecast

Not applicable as the Group does not publish any profit forecast.

B5. Tax expense

Tax expense comprises the following:

	Unaudited Individual/Cumulative quarter ended 31 March	
	2023 RM'000	2022 RM'000
<i>Recognised in profit or loss</i>		
Current tax expense		
Current financial period	4,963	1,791
Deferred tax expense		
Current financial period	133	737
	5,096	2,528
Effective tax rate	25.13%	27.47%

The overall effective tax rate of 25.13% for individual and cumulative quarter ended 31 March 2023 were higher than the statutory tax rate of 24% mainly due to the non-deductible expenses incurred.

Income tax expense in the form of provision is recognised based on management's estimate.

B6. Status of corporate proposals announced but not completed

There are no corporate proposals announced but not completed for the current financial quarter under review.

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B7. Loans and borrowings

Particulars of the Group's loans and borrowings are as follows:

	Note	Unaudited As at 31 March 2023 RM'000	Audited As at 31 December 2022 RM'000
Non-current			
Term loans – secured	B7.1	51,282	55,844
Hire purchase liabilities	B7.2	572	638
		<u>51,854</u>	<u>56,482</u>
Current			
Term loans – secured	B7.1	18,655	18,572
Hire purchase liabilities	B7.2	347	382
		<u>19,002</u>	<u>18,954</u>
		<u>70,856</u>	<u>75,436</u>

B7.1 Term loans, revolving credit and hire purchase liabilities

The term loans and hire purchase liabilities are secured by:

- a) Guarantees executed by the Company.
- b) Fixed deposits with licensed banks.

B7.2 Hire purchase liabilities

Hire purchase liabilities are payable as follows:

	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Unaudited 31.03.2023			
Less than one year	382	35	347
Between one to five years	610	38	572
	<u>992</u>	<u>73</u>	<u>919</u>

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B7. Loans and borrowings (continued)

B7.2 Hire purchase liabilities (continued)

	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
Audited			
31.12.2022			
Less than one year	421	39	382
Between one to five years	683	45	638
	1,104	84	1,020

B8. Material litigation

There are no material litigations as at the date of this report.

B9. Dividends

The Board of Directors does not recommend any dividend for the current financial quarter under review.

B10. Earnings per ordinary share

The calculation of earnings per ordinary share at 31 March 2023 and 31 March 2022, was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

	Unaudited Individual/Cumulative quarter ended 31 March	
	2023	2022
Profit for the financial period attributable to owners of the Company (RM'000)	15,184	6,676
Basic earnings per ordinary share attributable to owners of the Company		
Based on weighted average number of ordinary shares ('000)	1,028,000	4,000 ⁽ⁱ⁾
Effect of employee share option exercised ('000) ⁽ⁱⁱ⁾	85	-
Adjusted weighted average number of ordinary shares ('000)	1,028,085	4,000
Basic earnings per ordinary share (sen)	1.48	166.90

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B10. Earnings per ordinary share (continued)

	Unaudited Individual/Cumulative quarter ended 31 March	
	2023	2022
Diluted earnings per ordinary share attributable to owners of the Company		
Based on weighted average number of ordinary shares ('000)	1,028,000	4,000 ⁽ⁱ⁾
Effect of employee share option exercised ('000) ⁽ⁱⁱ⁾	163	-
Effect of dilution arising from exercising remaining employee share options ('000) ⁽ⁱⁱⁱ⁾	24,837	-
Adjusted weighted average number of ordinary shares ('000)	<u>1,053,000</u>	<u>4,000</u>
Diluted earnings per ordinary share (sen)	<u>1.44</u>	<u>166.90</u>

- (i) Based on weighted average number of issued share capital of 4,000,000 ordinary shares before restructuring and IPO.
- (ii) Calculated based on weighted average number of exercised employee share option of 163,000 ordinary shares.
- (iii) Effect of dilution includes the effect of the remaining employee share options not exercised, which were granted on 13 December 2022.

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B11. Profit before tax

	Unaudited Individual/Cumulative quarter ended 31 March	
	2023 RM'000	2022 RM'000
<i>Material expenses</i>		
Depreciation of plant and equipment	3,042	1,678
Depreciation of right-of-use assets	229	243
Amortisation of intangible assets	251	204
Personnel expenses (including key management personnel):		
- Contributions to state plans	321	260
- Wages, salaries and others	2,718	1,588
- Employee share option scheme	593	-
IPO expenses	727	-
Realised foreign exchange loss/(gain)	176	(39)
Unrealised foreign exchange (gain)/loss	(50)	12
Net loss on impairment of financial instruments and contract assets		
Financial assets at amortised cost	10	-

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B12. Utilisation of proceeds

The status of the utilisation of proceeds from the IPO of RM203.89 million is as follows:

Details of use of proceeds	Intended timeframe for utilisation upon listing	Proposed utilisation		Amount utilised as at the date of this report		Deviation	
		RM'000	%	RM'000	%	RM'000	%
Smart city application expansion to other local governments, federal ministries, and existing customers	Within 36 months	85,000	41.7	902	1.06	(84,098) ⁽¹⁾	(98.94)
Expansion of R&D capabilities	Within 36 months	12,500	6.1	600	4.80	(11,900) ⁽¹⁾	(95.20)
Expansion into enterprise market Network and telecommunication	Within 36 months	20,000	9.8	-	-	(20,000) ⁽¹⁾	(100.00)
infrastructure expansion	Within 36 months	39,500	19.4	-	-	(39,500) ⁽¹⁾	(100.00)
Working capital	Within 12 months	29,078	14.3	109	0.37	(28,969) ⁽¹⁾	(99.63)
Repayment of borrowings	Within 6 months	8,000	3.9	5,572	69.65	(2,428) ⁽²⁾	(30.35)
Estimated listing expenses	Within 6 months	9,814	4.8	8,463	86.23	(1,351) ⁽³⁾	(13.77)
	Total	203,892	100.0	15,646	7.67	(188,246)	(92.33)

The utilization of the proceeds as disclosed above should be read in conjunction with the Prospectus.

- (1) *The allocated IPO proceeds for smart city application expansion to other local governments, federal ministries, and existing customers, expansion of R&D capabilities, expansion into enterprise market, network and telecommunication infrastructure expansion and working capital have not been fully utilized as at the date of this report.*
- (2) *The repayment of borrowings is lower than estimated. The excess will be utilized as working capital.*
- (3) *The listing expenses have been settled. The excess will be utilized as working capital.*