

ITMAX System Berhad

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

**Unaudited Condensed Consolidated
Interim Financial Report
for the First Quarter Ended
31 March 2024**

ITMAX System Berhad

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

Unaudited condensed consolidated statement of financial position as at 31 March 2024

| | Unaudited As at 31 March 2023 RM'000 | Audited As at 31 December 2023 RM'000 |
|---|--|---|
| Assets | | |
| Property, plant and equipment | 143,834 | 133,894 |
| Right-of-use assets | 3,752 | 3,696 |
| Intangible assets | 5,947 | 4,421 |
| Contract assets | 62 | 77 |
| Contract costs | 422 | - |
| Deferred tax assets | 285 | 329 |
| Total non-current assets | 154,302 | 142,417 |
| Inventories | 21,502 | 17,811 |
| Contract assets | 39,490 | 22,504 |
| Contract costs | 1,812 | 1,087 |
| Trade and other receivables | 37,899 | 28,905 |
| Current tax assets | 9 | 1 |
| Prepayments and other assets | 2,485 | 1,461 |
| Fixed deposits with licensed banks | 11,420 | 11,315 |
| Cash and cash equivalents | 185,791 | 212,490 |
| Total current assets | 300,408 | 295,574 |
| Total assets | 454,710 | 437,991 |
| Equity | | |
| Share capital | 260,147 | 259,580 |
| Share option reserve | 3,481 | 3,035 |
| Merger reserve | (56,358) | (56,358) |
| Retained earnings | 143,249 | 137,569 |
| Total equity attributable to owners of the Company | 350,519 | 343,826 |
| Non-controlling interest | 53 | 178 |
| Total equity | 350,572 | 344,004 |

Unaudited condensed consolidated statement of financial position as at 31 March 2024 (continued)

| | Unaudited As at 31 March 2024 RM'000 | Audited As at 31 December 2023 RM'000 |
|--|--|---|
| Liabilities | | |
| Loans and borrowings | 33,119 | 37,551 |
| Lease liabilities | 2,875 | 2,747 |
| Deferred tax liabilities | 9,578 | 9,235 |
| Total non-current liabilities | 45,572 | 49,533 |
| Loans and borrowings | 19,985 | 19,585 |
| Lease liabilities | 1,018 | 1,071 |
| Trade and other payables | 35,474 | 21,006 |
| Contract liabilities | 22 | 22 |
| Current tax liabilities | 2,067 | 2,770 |
| Total current liabilities | 58,566 | 44,454 |
| Total liabilities | 104,138 | 93,987 |
| Total equity and liabilities | 454,710 | 437,991 |
| Net assets per share attributable to owners of the Company (RM) | 0.34 ⁽¹⁾ | 0.33 ⁽²⁾ |

⁽¹⁾ Net assets per share attributable to owners is calculated based on the total number of ordinary shares in issue of 1,029,208,100 shares as of 31 March 2024.

⁽²⁾ Net assets per share attributable to owners is calculated based on the total number of ordinary shares in issue of 1,028,678,000 shares as of 31 December 2023.

The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2023 and the accompanying explanatory notes attached to condensed consolidated interim financial report.

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Registration No: 200101008580 (544336-M)
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Unaudited condensed consolidated statement of profit or loss and other comprehensive income for the first quarter ended 31 March 2024

| | Individual and Cumulative quarter ended 31 March | |
|---|---|----------------------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| | Unaudited | Unaudited |
| Revenue | 45,839 | 34,680 |
| Cost of sales | (16,092) | (9,145) |
| Gross profit | <u>29,747</u> | <u>25,535</u> |
| Other income | 274 | 123 |
| Administrative expenses | (7,403) | (6,336) |
| Net loss on impairment of financial instrument | - | (10) |
| Results from operating activities | <u>22,618</u> | <u>19,312</u> |
| Finance income | 1,725 | 2,013 |
| Finance costs | (845) | (1,045) |
| Profit before tax | <u>23,498</u> | <u>20,280</u> |
| Tax expense | (5,594) | (5,096) |
| Profit and total comprehensive income for the financial period | <u><u>17,904</u></u> | <u><u>15,184</u></u> |
| Profit and total comprehensive income attributable to: | | |
| Owners of the Company | 18,029 | 15,185 |
| Non-controlling interests | (125) | (1) |
| Profit and total comprehensive income for the financial period | <u><u>17,904</u></u> | <u><u>15,184</u></u> |
| Earnings per ordinary share (sen) ⁽¹⁾ | | |
| - Basic earnings per ordinary shares (sen) | <u>1.75</u> | <u>1.48</u> |
| - Diluted earnings per ordinary shares (sen) | <u>1.71</u> | <u>1.44</u> |

⁽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 2023 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 2024

| | ← Attributable to owners of the Company → | | | | Total RM'000 | Non- controlling interest RM'000 | Total RM'000 |
|--|---|--------------------------------------|-----------------------------|--------------------------------|-----------------|---|-----------------|
| | Non-distributable | | Distributable | | | | |
| | Share capital RM'000 | Share option reserve RM'000 | Merger reserve RM'000 | Retained earnings RM'000 | | | |
| Unaudited | | | | | | | |
| At 1 January 2023 | 258,983 | 692 | (56,358) | 82,507 | 285,824 | - | 285,824 |
| Issued of new shares ⁽¹⁾ | 174 | - | - | - | 174 | - | 174 |
| Share issuance expenses ⁽²⁾ | (128) | - | - | - | (128) | - | (128) |
| Share-based payment transaction ⁽³⁾ | - | 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 |
| Unaudited | | | | | | | |
| At 1 January 2024 | 259,580 | 3,035 | (56,358) | 137,569 | 343,826 | 178 | 344,004 |
| Issue of new shares ⁽¹⁾ | 567 | - | - | - | 567 | - | 567 |
| Share-based payment transaction ⁽³⁾ | - | 446 | - | - | 446 | - | 446 |
| Profit and total comprehensive income for the financial period | - | - | - | 18,029 | 18,029 | (125) | 17,904 |
| Dividend paid | - | - | - | (12,349) | (12,349) | - | (12,349) |
| At 31 March 2024 | 260,147 | 3,481 | (56,358) | 143,249 | 350,519 | 53 | 350,572 |

⁽¹⁾ Issuance of new shares in relation to the exercise of employee share option scheme.

⁽²⁾ Listing expenses incurred pursuant to the Initial Public Offering ("IPO") that has been set-off against equity.

⁽³⁾ 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 2023 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 2024

| | Cumulative quarter ended 31 March | |
|--|---|-----------------------------|
| | 2024 RM'000 Unaudited | 2023 RM'000 Unaudited |
| Cash flows from operating activities | | |
| Profit before tax | 23,498 | 20,280 |
| <i>Adjustments for:</i> | | |
| IPO expenses | - | 727 |
| Depreciation of property, plant and equipment | 3,411 | 3,042 |
| Depreciation of right-of-use assets | 266 | 229 |
| Depreciation of intangible assets | 477 | 251 |
| Gain on lease modification | (1) | (14) |
| Gain on disposal of plant and equipment | (90) | - |
| Plant and equipment written off | - | 3 |
| Goodwill written off | - | 5 |
| Income from rental concession | - | (6) |
| Unrealised foreign exchange gain | (69) | (50) |
| Net loss on impairment loss of financial instruments and contract assets | - | 10 |
| Share-based payment | 446 | 593 |
| Finance income | (1,725) | (2,013) |
| Finance costs | 845 | 1,045 |
| Operating profit before working capital changes | 27,058 | 24,102 |
| Changes in working capital: | | |
| Inventories | (3,691) | (4,010) |
| Contract assets | (16,971) | (7,842) |
| Contract costs | (1,147) | 561 |
| Trade and other receivables | (8,994) | (8,617) |
| Prepayments and other assets | (1,024) | (291) |
| Trade and other payables | 14,538 | (222) |
| Cash generated from operations | 9,769 | 3,681 |
| Interest received | 1,008 | 1,301 |
| Tax paid | (5,918) | (2,488) |
| Net cash from operating activities | 4,859 | 2,494 |
| Cash flows from investing activities | | |
| Acquisition of property, plant and equipment | (12,601) | (1,349) |
| Acquisition of intangible assets | (2,004) | (722) |
| Interest received from money market instruments | 717 | 712 |
| Proceed of sale of plant and equipment | 90 | - |
| Change in pledged deposits | (105) | 27 |
| Net cash used in investing activities | (13,903) | (1,332) |

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Unaudited condensed consolidated statement of cash flows for the period ended 31 March 2024 (continued)

| | Cumulative quarter ended 31 March | |
|---|---|-----------------------------|
| | 2024 RM'000 Unaudited | 2023 RM'000 Unaudited |
| Cash flows from financing activities | | |
| Proceeds from issuance of shares | 567 | 174 |
| Payment of IPO expenses | - | (855) |
| Repayment of loans and borrowings | (4,701) | (4,479) |
| Repayment hire purchase liabilities | (81) | (101) |
| Payment of lease liabilities | (246) | (214) |
| Dividends paid to Owners of the Company | (12,349) | (8,225) |
| Interest paid | (845) | (1,045) |
| Net cash used in financing activities | <u>(17,655)</u> | <u>(14,745)</u> |
| Net change in cash and cash equivalents | (26,699) | (13,583) |
| Cash and cash equivalents at the beginning of financial period | <u>212,490</u> | <u>206,867</u> |
| Cash and cash equivalents at the end of financial period | <u>185,791</u> | <u>193,284</u> |

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Unaudited condensed consolidated statement of cash flows for the period ended 31 March 2024 (continued)

(i) Acquisition of plant and equipment

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

| | Individual and Cumulative quarter ended 31 March | |
|--|--|-----------------------------|
| | 2024 RM'000 Unaudited | 2023 RM'000 Unaudited |
| Paid in cash | 12,601 | 1,349 |
| In the form of hire purchase arrangement | 750 | - |
| | <u>13,351</u> | <u>1,349</u> |

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

| | 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 |
| Borrowing cost capitalised | - | - | 645 | 645 |
| Addition | - | - | (220) | (220) |
| Other changes | - | - | (6) | (6) |
| At 31 March 2023 | <u>69,937</u> | <u>919</u> | <u>2,965</u> | <u>73,821</u> |

| | Term loans RM'000 | Hire purchase liabilities RM'000 | Lease liabilities RM'000 | Total RM'000 |
|--------------------------|----------------------|---|--------------------------------|-----------------|
| Unaudited | | | | |
| At 1 January 2023 | 56,243 | 893 | 3,818 | 60,954 |
| Net changes from | | | | |
| financing cash flows | (5,473) | (92) | (308) | (5,873) |
| Interest | 772 | 11 | 62 | 845 |
| Addition | - | 750 | 322 | 1,072 |
| Other changes | - | - | (1) | (1) |
| At 31 March 2024 | <u>51,542</u> | <u>1,562</u> | <u>3,893</u> | <u>56,997</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 2023 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 2024, the Group comprises of the Company and its subsidiaries, Sena Traffic Systems Sdn Bhd, Southmax Sdn Bhd, ITMAX Green Sdn Bhd, ITMAX Solutions Sdn Bhd and Epeteknik 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 should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2023 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 2023.

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 consolidated financial statements for the financial year ended 31 December 2023.

As of 1 January 2024, the Group has adopted the following amendments to MFRSs which are effective for annual periods beginning on or after 1 January 2024.

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

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

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A3. Auditors' report

The audited financial statements for the financial year ended 31 December 2023 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 2024.

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.

A9. Capital commitments

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

A10. Dividends paid

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.

A single-tier interim dividend of RM0.012 per ordinary share amounting to RM12,349,033 was declared on 26 February 2024 and paid on 25 March 2024, in respect of financial year ended 31 December 2023.

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).

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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.

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.

| | Individual and Cumulative quarter ended 31 March | |
|--|---|------------------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| | Unaudited | Unaudited |
| Companies in which a director has financial interests | | |
| Rental income | 81 | 63 |
| Sales | 10,791 | 264 |
| Lease expenses | (122) | (81) |
| | <hr/> | <hr/> |

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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 | | | |
| 31.03.2024 | | | |
| Financial liabilities | | | |
| Hire purchase liabilities | 1,550 | 1,550 | 1,562 |
| Loans and borrowings | 51,542 | 51,542 | 51,542 |
| | 53,092 | 53,092 | 53,104 |

| | Fair value of financial instruments not carried at fair value | Total fair value | Carrying amount |
|------------------------------|--|-------------------------|----------------------------|
| | Level 3 RM'000 | RM'000 | RM'000 |
| Audited | | | |
| 31.12.2023 | | | |
| Financial liabilities | | | |
| Hire purchase liabilities | 850 | 850 | 893 |
| Loans and borrowings | 56,243 | 56,243 | 56,243 |
| | 57,093 | 57,093 | 57,136 |

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% (2023: 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 % |
|---------------------------|---|---------------|---------------|
| | 2024 | 2023 | |
| | RM'000 | RM'000 | |
| Revenue | 45,839 | 34,680 | 32.18 |
| Profit before tax ("PBT") | <u>23,498</u> | <u>20,280</u> | 15.87 |

The Group reported revenue of RM45.84 million for the current financial quarter under review. This represents an increase in revenue of approximately 32.18% against the corresponding financial quarter where revenue amounted to approximately RM34.68 million.

The increase in revenue was attributed to the increase in all revenue services except for Digital infrastructure solutions⁽¹⁾, as detailed below:

| | Unaudited Individual quarter ended 31 March | | Variance % |
|---|---|---------------|---------------|
| | 2024 | 2023 | |
| | RM'000 | RM'000 | |
| Revenue | | | |
| - Digital infrastructure solutions ⁽¹⁾ | 22,629 | 24,644 | (8.18) |
| - Supply, installation and maintenance services | 22,230 | 9,245 | 140.45 |
| - Trading revenue | 192 | 68 | 182.35 |
| Lease Revenue | | | |
| - Telecommunication and network infrastructure services | <u>788</u> | <u>723</u> | 8.99 |
| | <u>45,839</u> | <u>34,680</u> | |

(1) Digital infrastructure solutions consist of revenue from video surveillance, analytics and subscription services

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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 15.87% (from RM20.28 million to RM23.50 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 2024 RM'000 | 31 December 2023 RM'000 | |
| Revenue | 45,839 | 42,589 | 7.63 |
| PBT | 23,498 | 21,737 | 8.10 |

The Group's revenue increased from RM42.59 million to RM45.84 million, an increase of 7.63% and the Group's PBT increased from RM21.74 million to RM23.50 million, which was an increase of 8.10%.

The increase in Group's revenue and PBT for the current period was mainly due to the increase in revenue from a new variation order where the Group started the supply and installation works during the quarter.

B3. Commentary on prospects

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, inflationary pressure amid rising food and energy prices and disrupted supply chains 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:

| | Individual and Cumulative quarter ended 31 March | |
|-------------------------------------|--|-----------------------------|
| | 2024 RM'000 Unaudited | 2023 RM'000 Unaudited |
| Recognised in profit or loss | | |
| Current tax expense | | |
| Current financial period | 5,205 | 4,963 |
| Deferred tax expense | | |
| Current financial period | 389 | 133 |
| | <u>5,594</u> | <u>5,096</u> |
| Effective tax rate | 23.80% | 25.13% |

The effective tax rate of 23.80% for the year ended 31 March 2024 was lower than the statutory tax rate of 24% mainly due to the utilisation of unutilised tax losses by one of our subsidiaries to offset its tax expenses during the quarter.

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

B6. Status of corporate proposals announced but not completed

On 23 August 2023, the Company entered into a binding term sheet with Aim-Force Sdn Bhd ("Vendor") for the proposed acquisition of 70% equity interest in Aim-Force Software Sdn Bhd for a total purchase consideration of RM7,175,000.

On 22 April 2024, a 65% owned subsidiary, Southmax Sdn Bhd had entered into a memorandum of understanding with Jland Group Sdn Bhd for the purpose of exploring potential business opportunities.

Save for the above, there are no other 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 2024 RM'000 | Audited As at 31 December 2023 RM'000 |
|---------------------------|-------------|--|---|
| Non-current | | | |
| Term loans – secured | B7.1 | 31,974 | 36,948 |
| Hire purchase liabilities | B7.1 & B7.2 | 1,145 | 603 |
| | | <u>33,119</u> | <u>37,551</u> |
| Current | | | |
| Term loans – secured | B7.1 | 19,568 | 19,295 |
| Hire purchase liabilities | B7.1 & B7.2 | 417 | 290 |
| | | <u>19,985</u> | <u>19,585</u> |
| | | <u>53,104</u> | <u>57,136</u> |

B7.1 Term loans 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 31.03.2024 | | | |
| Less than one year | 479 | 62 | 417 |
| Between one to five years | 1,231 | 86 | 1,145 |
| | <u>1,710</u> | <u>148</u> | <u>1,562</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 31.12.2023 | | | |
| Less than one year | 325 | 35 | 290 |
| Between one to five years | 641 | 38 | 603 |
| | <u>966</u> | <u>73</u> | <u>893</u> |

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 2024 and 31 March 2023, was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding calculated as follows:

| | Individual and Cumulative quarter ended 31 March | |
|--|--|-------------------|
| | 2024 Unaudited | 2023 Unaudited |
| Profit for the financial period attributable to owners of the Company (RM'000) | <u>18,029</u> | <u>15,184</u> |
| Basic earnings per ordinary share attributable to owners of the Company | | |
| Based on weighted average number of ordinary shares ('000) | 1,028,678 | 1,028,000 |
| Effect of employee share option exercised ('000) | 200 | 85 |
| Adjusted weighted average number of ordinary shares ('000) | <u>1,028,878</u> | <u>1,028,085</u> |
| Basic earnings per ordinary share (sen) | <u>1.75</u> | <u>1.48</u> |

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B10. Earnings per ordinary share (continued)

| | Individual and Cumulative quarter ended 31 March | |
|---|--|------------------|
| | 2024 | 2023 |
| | Unaudited | Unaudited |
| Diluted earnings per ordinary share attributable to owners of the Company | | |
| Based on weighted average number of ordinary shares ('000) | 1,028,878 | 1,028,085 |
| Effect of dilution arising from exercising of all employee share option scheme ('000) ⁽ⁱ⁾ | 23,517 | 24,837 |
| Adjusted weighted average number of ordinary shares ('000) | <u>1,052,395</u> | <u>1,052,922</u> |
| Diluted earnings per ordinary share (sen) | <u>1.71</u> | <u>1.44</u> |

(i) *Effect of dilution includes the effect of forfeited employee share options due to employee resignations and remaining unexercised employee share options as at end of the financial period.*

B11. Profit before tax

| | Individual and Cumulative quarter ended 31 March | |
|--|--|---------------------|
| | 2024 | 2023 |
| | RM'000 Unaudited | RM'000 Unaudited |
| Material expenses/(income) | | |
| Depreciation of property, plant and equipment | 3,411 | 3,042 |
| Depreciation of right-of-use assets | 266 | 229 |
| Amortisation of intangible assets | 477 | 251 |
| Personnel expenses (including key management personnel): | | |
| - Contributions to state plans | 437 | 321 |
| - Wages, salaries and others | 4,093 | 2,718 |
| - Employee share option scheme | 446 | 593 |
| IPO expenses | - | 727 |
| Realised foreign exchange loss | 210 | 176 |
| Unrealised foreign exchange gain | (69) | (50) |
| Gain on disposal of plant and equipment | (90) | - |
| Net loss on impairment of financial instruments and contract assets | | |
| Financial assets at amortised cost | <u>-</u> | <u>10</u> |

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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 | | Re-allocation | | Proposed utilisation after re-allocation | | Amount utilised as at the date of this report | | Deviation | |
|---|---|----------------------|--------------|------------------------|----------|--|--------------|---|--------------|-------------------------|----------------|
| | | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Smart city application expansion to other local governments, federal ministries, and existing customers | Within 36 months | 85,000 | 41.69 | - | - | 85,000 | 41.69 | 11,446 | 13.47 | (73,554) ⁽¹⁾ | (86.53) |
| Expansion of R&D capabilities | Within 36 months | 12,500 | 6.13 | - | - | 12,500 | 6.13 | 4,883 | 39.06 | (7,617) ⁽¹⁾ | (60.94) |
| Expansion into enterprise market | Within 36 months | 20,000 | 9.81 | - | - | 20,000 | 9.81 | 705 | 3.52 | (19,295) ⁽¹⁾ | (96.48) |
| Network and telecommunication infrastructure expansion | Within 36 months | 39,500 | 19.37 | - | - | 39,500 | 19.37 | 8,594 | 21.76 | (30,906) ⁽¹⁾ | (78.24) |
| Working capital | Within 24 months ⁽²⁾ | 29,078 | 14.27 | 3,756 | 1.84 | 32,834 | 16.11 | 26,621 | 81.08 | (6,213) ⁽¹⁾ | (18.92) |
| Repayment of borrowings | Within 6 months | 8,000 | 3.92 | (2,428) ⁽²⁾ | (1.19) | 5,572 | 2.73 | 5,572 | 100.00 | - ⁽²⁾ | - |
| Estimated listing expenses | Within 6 months | 9,814 | 4.81 | (1,328) ⁽²⁾ | (0.65) | 8,486 | 4.16 | 8,486 | 100.00 | - ⁽²⁾ | - |
| Total | | 203,892 | 100.0 | - | - | 203,892 | 100.0 | 66,307 | 32.52 | (137,585) | (67.48) |

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) On 13 December 2023, the Company announced the timeframe extension for the utilisation of the remaining unutilised IPO Proceeds allocated for working capital to twenty-four (24) months from the date of listing and the re-allocation of the surplus amounts for the repayment of borrowings and the payment of listing expenses to working capital.