

REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND (2ND) QUARTER ENDED 31 DECEMBER 2020⁽¹⁾

	Note	3-MONTH ENDED		PERIOD-TO-DATE	
		31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Revenue	A9	20,772	22,731	40,331	39,388
Cost of sales		(8,832)	(11,857)	(18,622)	(19,092)
Gross profit ("GP")		11,940	10,874	21,709	20,296
Other income		291	119	614	241
Administrative expenses		(7,037)	(6,146)	(13,641)	(11,771)
Finance costs		(102)	(58)	(193)	(89)
Share of results of associate, net of tax		94	-	94	-
Profit before tax ("PBT")	B12	5,186	4,789	8,583	8,677
Taxation	B6	(1,009)	(971)	(1,870)	(1,703)
Profit after tax ("PAT")		4,177	3,818	6,713	6,974
Other comprehensive income for the financial period, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		(4)	(4)	16	6
Total comprehensive income for the financial period		4,173	3,814	6,729	6,980
Profit for the financial period attributable to:					
• Owners of the Company		4,038	3,444	6,146	6,408
• Non-controlling interests		139	374	567	566
		4,177	3,818	6,713	6,974
Total comprehensive income for the financial period attributable to:					
• Owners of the Company		4,034	3,440	6,162	6,414
• Non-controlling interests		139	374	567	566
		4,173	3,814	6,729	6,980
Earnings per share attributable to owners of the Company					
• Basic (sen) ⁽²⁾	B11	1.02	1.38	1.56	2.66
• Diluted (sen) ⁽³⁾	B11	1.02	1.37	1.55	2.63

REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND (2ND) QUARTER ENDED 31 DECEMBER 2020⁽¹⁾ (CONT'D)

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic earnings per share for the individual quarter and period-to-date ended 31 December 2020 is calculated based on the weighted average number of ordinary shares in issue of 394,811,562 and 393,866,295 as at 31 December 2020 respectively. The basic earnings per share for the individual quarter and period-to-date ended 31 December 2019 is calculated based on the weighted average number of ordinary shares in issue of 248,840,234 and 240,526,208 shares as at 31 December 2019 respectively.
- (3) Diluted earnings per share of the Company for the individual quarter and period-to-date ended 31 December 2020 is calculated based on the weighted average number of ordinary shares in issue of 396,453,248 and 395,507,981 as at 31 December 2020, adjusted for contingently issuable ordinary shares. Diluted earnings per share of the Company for the individual quarter and period-to-date ended 31 December 2019 is calculated based on the weighted average number of ordinary shares in issue of 251,576,377 and 243,262,351 as at 31 December 2019 respectively, adjusted for contingently issuable ordinary shares. The number of shares under warrants was not taken into account in the computation of diluted EPS as the warrants do not have a dilutive effect on the weighted average number of ordinary shares.

REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020⁽¹⁾

	<u>UNAUDITED</u>	<u>AUDITED</u>
	As at 31.12.2020 RM'000	As at 30.06.2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	26,006	23,823
Intangible assets	10,011	8,973
Rights of use assets	3,103	3,358
Investment in an associate	5,670	1,576
Goodwill on consolidation	10,829	9,896
Total non-current assets	55,619	47,626
Current Assets		
Inventories	10,819	9,933
Trade receivables	11,764	24,661
Other receivables	2,722	3,117
Other investment	526	-
Tax recoverable	2,330	1,664
Fixed deposits with licensed banks	371	251
Cash and bank balances	31,016	35,249
Total current assets	59,548	74,875
TOTAL ASSETS	115,167	122,501
EQUITY AND LIABILITIES		
Equity		
Share capital	55,729	49,269
Merger reserve	(15,694)	(15,694)
Warrant reserve	61,277	61,277
Other reserves	(67,563)	(67,563)
Foreign currency translation reserve	(11)	(27)
Retained earnings	44,764	38,618
Equity attributable to owners of the Company	78,502	65,880
Non-controlling interests	2,015	1,424
Total Equity	80,517	67,304
LIABILITIES		
Non-current liabilities		
Bank borrowings	5,079	5,169
Lease liabilities	959	938
Deferred tax liabilities	677	677
Total non-current liabilities	6,715	6,784

REVENUE GROUP BERHAD (1248321-D)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020⁽¹⁾ (CONT'D)**

	<u>UNAUDITED</u>	<u>AUDITED</u>
	As at 31.12.2020 RM'000	As at 30.06.2020 RM'000
LIABILITIES (CONT'D)		
Current liabilities		
Trade payables	16,251	35,276
Other payables	7,484	8,886
Contract liabilities	66	490
Amount due to associates	414	414
Amount due to Directors	51	265
Bank borrowings	1,208	1,452
Lease liabilities	771	705
Tax payable	1,690	925
Total current liabilities	<u>27,935</u>	<u>48,413</u>
TOTAL LIABILITIES	<u>34,650</u>	<u>55,197</u>
TOTAL EQUITY AND LIABILITIES	<u>115,167</u>	<u>122,501</u>
Weighted average number of ordinary shares ('000)	393,866	314,597
NET ASSETS PER SHARE (RM)⁽²⁾	0.20	0.21

Notes:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.
- (2) The net assets per share is calculated based on the weighted average number of shares in issue of 393,866,295 as at 31 December 2020 and 314,597,563 as at 30 June 2020.

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REVENUE GROUP BERHAD (1248321-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE SECOND (2ND) QUARTER ENDED 31 DECEMBER 2020⁽¹⁾**

	Attributable to owners of the parent								
	Non-Distributable					Distributable		Non-controlling Interests	Total Equity
	Share Capital	Merger Reserve	Warrant Reserve	Other Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total		
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
Period ended 31 December 2019									
As at 1 July 2019	46,688	(15,694)	61,283	(67,569)	(17)	30,912	55,603	516	56,119
Profit for the financial period	-	-	-	-	-	6,408	6,408	566	6,974
Total comprehensive income/(loss) for the financial period	-	-	-	-	6	-	6	-	6
Transactions with owners									
Issuance of ordinary shares pursuant to acquisition of subsidiary company	2,054	-	-	-	-	-	2,054	-	2,054
Issuance of ordinary shares pursuant to the exercise of warrants	15	-	(6)	6	-	-	15	-	15
As at 31 December 2019	48,757	(15,694)	61,277	(67,563)	(11)	37,320	64,086	1,082	65,168

REVENUE GROUP BERHAD (1248321-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE SECOND (2ND) QUARTER ENDED 31 DECEMBER 2020⁽¹⁾ (CONT'D)**

	Attributable to owners of the parent							Non-controlling Interests RM'000	Total Equity RM'000
	Non-Distributable					Distributable			
	Share Capital RM'000	Merger Reserve RM'000	Warrant Reserve RM'000	Other Reserve RM'000	Foreign Currency Translation Reserve RM'000	Retained Earnings RM'000	Total RM'000		
Period ended 31 December 2020									
As at 1 July 2020	49,269	(15,694)	61,277	(67,563)	(27)	38,618	65,880	1,424	67,304
Profit for the financial period	-	-	-	-	-	6,146	6,146	567	6,713
Total comprehensive income/(loss) for the financial year	-	-	-	-	16	-	16	-	16
Transactions with owners									
Issuance of ordinary shares pursuant to special issue	6,460	-	-	-	-	-	6,460	-	6,460
Net changes of non-controlling interests	-	-	-	-	-	-	-	24	24
As at 31 December 2020	55,729	(15,694)	61,277	(67,563)	(11)	44,764	78,502	2,015	80,517

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.

REVENUE GROUP BERHAD (1248321-D)

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND (2ND) QUARTER ENDED 31 DECEMBER 2020⁽¹⁾**

	PERIOD-TO-DATE	
	31.12.2020	31.12.2019
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax	8,583	8,677
Adjustments for:		
Depreciation/Amortisation of property, plant and equipment and rights of use assets	4,338	3,151
Finance costs	193	89
Loss/(Gain) on disposal of property, plant and equipment	4	(10)
Impairment losses on trade receivables	103	-
Reversal of impairment losses on trade receivables	(483)	(23)
Bad debts recovered	(12)	-
Interest income	(46)	(79)
Unrealised loss/(gain) on foreign exchange	22	(2)
Share of profit in associate company	(94)	-
Operating profit before working capital changes	<u>12,608</u>	<u>11,803</u>
Change in working capital		
Inventories	(886)	(3,129)
Receivables	13,690	2,723
Payables	(20,181)	(4,175)
Amount due to Directors	(238)	(115)
Contract liabilities	(490)	(640)
Amount owing to associate	(414)	-
	<u>(8,519)</u>	<u>(5,336)</u>
Cash generated from operations	4,089	6,467
Interest paid	(193)	(89)
Interest received	46	79
Tax paid	(1,772)	(979)
Exchange fluctuation adjustment	15	6
Net cash from operating activities	<u>2,185</u>	<u>5,484</u>
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	(4)	14
Purchase of property, plant and equipment	(7,098)	(3,613)
Net cash outflows arising from acquisition of subsidiary company	(880)	-
Acquisition of an associate	(4,000)	-
Acquisition of other investment	(526)	-
Net cash used in investing activities	<u>(12,508)</u>	<u>(3,599)</u>

REVENUE GROUP BERHAD (1248321-D)

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND (2ND) QUARTER ENDED 31 DECEMBER 2020⁽¹⁾ (CONT'D)

	PERIOD-TO-DATE	
	31.12.2020	31.12.2019
	RM'000	RM'000
Cash Flows From Financing Activities		
Proceeds from issuance of shares/warrants	6,460	2,068
Repayment of finance lease liabilities	-	(75)
Net changes of lease liabilities	85	(124)
(Repayment)/Drawdown of term loans/banker acceptance	(1,340)	1,647
Net cash from financing activities	5,205	3,516
Net (decrease)/increase in cash and cash equivalents	(5,118)	5,401
Cash and cash equivalents at the beginning of the financial year	35,249	23,185
Effect of exchange translation differences on cash and cash equivalents	-	2
Cash and cash equivalents at the end of the financial year	30,131	28,588
Cash and cash equivalents at the end of the financial year comprises:		
Cash and bank balances	31,016	28,358
Fixed deposits with licensed banks	371	710
Bank overdrafts	(1,005)	-
	30,382	29,068
Less: Fixed deposits pledged with licensed banks	(251)	(480)
	30,131	28,588

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are disclosed in Note A1 and the accompanying explanatory notes attached to this interim financial report.

REVENUE GROUP BERHAD (1248321-D)

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial report of Revenue Group Berhad (“**REVENUE**” or “**the Company**”) and its subsidiary companies (“**the Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“**MFRS**”) No. 134: Interim Financial Reporting and Rule 9.22 of Listing Requirements of Bursa Securities.

This interim financial statements on the Company’s unaudited condensed consolidated financial results for the second (2nd) quarter ended 31 December 2020 is announced by the Company in compliance with the ACE Market Listing Requirements (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

This interim financial report should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying notes attached to this interim financial report.

A2. Summary of significant accounting policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted as disclosed in the audited financial statements for the financial year ended 30 June 2020, except for the adoption of the following MFRSs, Amendments to MFRSs and new Interpretations.

	Effective dates for financial periods beginning on or after
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Amendments to MFRS 3	Definition of Business 1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform 1 January 2020
Amendments to MFRS 101 and MFRS 108	Definition of Materials 1 January 2020
Amendments to MFRS 16	Covid-19 Related Rent Concessions 1 June 2020

REVENUE GROUP BERHAD (1248321-D)

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A2. Summary of significant accounting policies (Cont'd)

Standards issued but not yet effective

The Group has not adopted the following new MFRSs and amendments to MFRSs that have been issued by the Malaysian Accounting Standard Board which are not yet effective for the Group. The Group intends to adopt the below mentioned MFRSs and Amendments to MFRSs when they become effective.

		Effective dates for financial periods beginning on or after
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
MFRS 4	Extension of the Temporary Exemptions from Applying MFRS 9 (Amendments to MFRS 4 Insurance Contracts)	17 August 2020
MFRS 101	Classification of Liabilities as Current and Non-current – Deferral of Effective Date	17 August 2020
MFRS 4, MFRS 7, MFRS 9, MFRS 16 and MFRS 139	Interest Rate Benchmark Reform – Phase 2	1 January 2021
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvement to MFRS Standards 2018 - 2020		1 January 2022
<ul style="list-style-type: none"> • Amendments to MFRS 1 • Amendments to MFRS 9 • Amendments to MFRS 16 • Amendments to MFRS 141 		
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

REVENUE GROUP BERHAD (1248321-D)

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A3. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements of the Group for the financial year ended 30 June 2020 was not subject to any qualification.

A4. Seasonal or cyclical factors

During the festive seasons such as Chinese New Year, Hari Raya Puasa and Christmas, as well as specific dates such as double 11 (i.e. 11 November) and double 12 (i.e. 12 December), the Group typically records higher transaction volume.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and financial period.

A6. Material changes in estimates

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

A7. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayment of debts and equity during the financial quarter under review.

A8. Dividends paid

There was no dividend paid during the current financial quarter under review.

REVENUE GROUP BERHAD (1248321-D)**A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)****A9. Segmental information**

The Group's segmental information for the current financial period ended 31 December 2020 is as follows:

(a) Analysis of revenue by business segments

	3-MONTH ENDED		PERIOD-TO-DATE	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Electronic Data Capture ("EDC") terminals	11,301	13,612	24,015	21,142
Electronic transaction processing	5,633	5,526	8,867	11,221
Solutions and services	3,838	3,593	7,449	7,025
Total	20,772	22,731	40,331	39,388

(b) Analysis of revenue by geographical location

	3-MONTH ENDED		PERIOD-TO-DATE	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Malaysia	20,772	22,731	19,559	39,388
Total	20,772	22,731	19,559	39,388

A10. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current financial quarter under review.

REVENUE GROUP BERHAD (1248321-D)

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A11. Material events subsequent to the end of the current financial quarter

Saved as disclosed below, there were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

On 25 February 2020, the Company proposed to undertake a proposed special issue of up to 45,019,500 new ordinary shares in REVENUE (“Special Issue Shares”) to independent third party investors to be identified (“Special Issue”).

On 10 March 2020, Bursa Securities had, vide its letter dated 10 March 2020, resolved to approve the Special Issue.

On 22 May 2020, the shareholders of REVENUE approved the Special Issue at the extraordinary general meeting.

On 28 May 2020, the Board of Directors of REVENUE (“Board”) fixed the issue price of the first tranche Special Issue Shares at RM1.21 each.

On 16 June 2020, the Board announced that the first tranche of Special Issue Shares (423,400 REVENUE’s shares) had been listed on Bursa Securities.

On 22 July 2020, the Board fixed the issue price of the second tranche Special Issue Shares at RM1.30 each.

On 6 August 2020, the Board announced that the second tranche of Special Issue Shares (4,969,400 REVENUE’s shares) had been listed on Bursa Securities.

On 26 August 2020, the Board announced that the Company has submitted an application to Bursa Securities for an extension of time up to 10 March 2021 to complete the Special Issue, which was approved by Bursa Securities on 1 September 2020.

On 3 February 2021, the Board fixed the issue price of the third tranche of Special Issue Shares at RM1.30 each.

On 10 February 2021, the Board announced that the third tranche of Special Issue Shares (39,626,700 REVENUE’s shares) had been listed on Bursa Securities.

On 11 February 2021, the Board announced that Special Issue is completed following the listing of the third tranche of Special Issue Shares.

REVENUE GROUP BERHAD (1248321-D)

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A12. Changes in the composition of the Group

Save as disclosed below, there were no material changes in the composition of the Group for the current financial quarter under review.

Acquisition of Wannatalk Malaysia Sdn Bhd (“Wannatalk”)

On 10 August 2020, the Board announced that, Revenue Harvest Sdn Bhd (“Revenue Harvest”), a wholly owned subsidiary company of REVENUE, had entered into a Share Sale Agreement with Tan Sze Hoo (“Wannatalk’s Vendor”) for the purchase of 40.0% equity interest of Wannatalk, for a purchase consideration of RM5,000,000. Wannatalk is principally engaged in the provision and development of Artificial-Intelligence (“AI”)-powered chatbot and messaging platform (“Wannatalk Chatbot”), AI-powered smart content repository (“Firebox”), facial recognition-centered products and services (“Facecard”) and AI-powered big data mining and fraud detection software (“Grayfox”). The acquisition was completed on 1 October 2020.

A13. Contingent assets and contingent liabilities

Save as disclosed below, there were no other contingent assets and contingent liabilities as at the date of this interim report.

	<u>UNAUDITED</u> As at 31.12.2020 RM'000	<u>UNAUDITED</u> As at 31.12.2019 RM'000
Corporate guarantee given by REVENUE to licensed bank for banking facilities granted to a subsidiary of REVENUE	10,000	-
Bank guarantee given to Payments Network Malaysia Sdn. Bhd. in favour of Revenue Solution Sdn. Bhd.	490	470

REVENUE GROUP BERHAD (1248321-D)

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A14. Capital commitments

Save as disclosed below, there were no capital commitments during the current financial quarter under review.

	<u>UNAUDITED</u> As at 31.12.2020 RM'000	<u>UNAUDITED</u> As at 31.12.2019 RM'000
Material commitment		
Purchase of software system	877	-
	<u>877</u>	<u>-</u>

A15. Operating lease commitments

There were no operating lease commitments during the current financial quarter under review.

A16. Related party transactions

There were no material related party transactions during the current financial quarter under review.

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of performance

(a) Results for current quarter and preceding year corresponding quarter

The Group recorded revenue of RM20.77 million for the current financial quarter ended 31 December 2020 (31 December 2019: RM22.73 million).

The Group's revenue was principally derived from the EDC terminals segments, followed by the electronic transaction processing segment and Solutions & Services segments accounting for approximately 54.40%, 27.12% and 18.48% respectively of the total revenue for the current financial quarter ended 31 December 2020. The Malaysian market is the single largest market accounting for the entire total revenue for the current financial quarter ended 31 December 2020.

The Group's revenue decreased by RM1.96 million from RM22.73 million for financial quarter ended 31 December 2019 to RM20.77 million for the financial quarter ended 31 December 2020. The lower revenue recorded was mainly attributed to lower sales of EDC terminals by approximately RM4.80 million during the financial quarter under review. However, the drop was offset by increase in the revenue from the rental and maintenance of EDC terminals by approximately RM2.49 million. The Group also recorded a slight increase in the electronic transaction processing income by approximately RM0.11 million after the easing of the Movement Control Order ("MCO") and a gradual recovery of the global supply chain and travelling during the financial quarter. The revenue from the Solutions & Services segments had increased marginally by approximately RM0.24 million contributed by the growth in our procurement & logistic services by approximately RM0.31 million and higher revenue from our IT Solutions & Services by approximately RM0.94 million due to billing and completion of projects. However, the digital payment services recorded a lower revenue by approximately RM1.00 million due to lower sales.

The Group registered a PBT of RM5.19 million in the current financial quarter under review (31 December 2019: RM4.79 million). The higher PBT recorded for the current financial quarter ended 31 December 2020 was due to an improved margin contribution from the rental and maintenance segment and our electronic transaction processing segment, as well as the other income arising from the wage subsidy programme initiated by the Government of Malaysia as a Covid-19 relief amounting to approximately RM0.10 million and the share of associate result, net of tax amounting to RM0.09 million. However, the Group recorded a higher administrative expense amounting to approximately RM0.89 million mainly due to higher depreciation charges by approximately RM0.51 million, increase in the connectivity expenses (e.g. SIM cards, lease lines etc.) by approximately RM0.34 million and increase in staff cost by approximately RM0.24 million.

REVENUE GROUP BERHAD (1248321-D)

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B1. Review of performance (Cont'd)

(b) Results for financial period-to-date and preceding year corresponding period

For the financial period-to-date, the Group recorded revenue of RM40.33 million (31 December 2019: RM39.39 million).

The Group's revenue was principally derived from the EDC terminals segments, followed by the electronic transaction processing segment and Solutions & Services segments accounting for approximately 59.54%, 21.99% and 18.47% respectively of the total revenue for the current financial period ended 31 December 2020. The Malaysian market is the single largest market accounting for the entire total revenue for the current financial quarter ended 31 December 2020.

The Group's revenue increased marginally by RM0.94 million from RM39.39 million for financial quarter ended 31 December 2019 to RM40.33 million for the financial quarter ended 31 December 2020. The higher revenue recorded mainly due to the increase in the income from the rental and maintenance of EDC terminals by approximately RM4.32 million. However, the increase was offset by a drop in the sale of EDC terminals by approximately RM1.45 million, as well as a lower electronic transaction processing income by approximately RM2.34 million.

The Group registered a PBT of RM8.58 million in the current financial quarter under review (31 December 2019: RM8.67 million). The lower PBT recorded for the current financial quarter ended 31 December 2020 due to higher administrative expenses.

B2. Comparison with immediate preceding quarter's results

	3-MONTH ENDED		CHANGES	
	31.12.2020 RM'000	30.09.2020 RM'000	RM'000	%
Revenue	20,772	19,559	1,213	6.2%
PBT	5,186	3,398	1,788	52.6%

For the current financial quarter ended 31 December 2020, the Group recorded a higher revenue by RM1.21 million, mainly attributed to higher electronic transaction processing income by approximately RM2.40 million and higher revenue from the rental and maintenance of EDC terminals by approximately RM0.98 million. However, the increase was offset by a drop in the revenue from the sale of EDC terminals by approximately RM2.39 million.

For the current financial quarter ended 31 December 2020, the Group recorded a higher PBT by approximately RM1.79 million as compared to RM3.40 million in the immediate preceding financial quarter ended 30 September 2020 mainly attributed to the improved performance from the electronic transaction processing segment.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B3. Prospects and outlook

The Group has put in place a series of future plans as follows:

(a) Expansion of our electronic payment network

Our Group intend to continue to expand our electronic payment network in Malaysia and will continue to purchase and deploy additional new digital payment terminals with the capability to accept payment cards and Quick Response (“QR”) Payment. The Group is currently working with our partner banks on the development, testing and certification on the new digital payment terminals, which will be rolled out and deployed to the market in various stages. Besides that, the Group is also working closely with different e-wallet issuers to bring the payment acceptance into digital payment terminals.

(b) Regional expansion

Our businesses are predominantly concentrated in Malaysia. As part of our future business expansion, the Group intend to expand to ASEAN market and we have identified two (2) potential countries for our regional expansion, namely Myanmar and Cambodia. In this respect, we will partner with local financial institutions or local industry player in those countries and/or Malaysian financial institutions that already have presence in these countries to provide electronic payment processing services for various Card Schemes.

However, due to the outbreak of the Covid-19 pandemic which has caused various international travel restriction in 2020, the Group will require more time to implement its business expansion strategies. After a careful deliberation, the Board has decided to extend the timeframe for the utilisation of proceeds for business expansion to 36 months from the date of listing of REVENUE.

(c) Enhancement of revPAY and expansion of IT team

As IT forms the backbone and is an integral part of our business operations, it is crucial for our Group to continuously enhance, upgrade and maintain the scalability of our revPAY platform and its related software and systems to support our business expansion and technology advancement. The Group is continuously on the lookout for IT talent to expand our IT personnel.

(d) Value-added solutions and services

The acquisition of Scanpay and Wannatalk will enable the Group to provide additional value-added solutions and services to our customers which will complement the Group’s existing business and provide a more robust Business-to-Business-Consumer (“B2B2C”) solution.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B3. Prospects and outlook (Cont'd)

(e) Research & Development (“R&D”)

Our Group is researching and developing more electronic solutions to be integrated with our revPAY. Our solutions will enable our customers to digitalise loyalty programme, rewards redemption, discount coupons and gift cards, bill payment, goods pick up via our new digital payment terminals. Our Group is also researching and developing issuing technology encompassing issuing payment security by leveraging on artificial intelligence to enhance the payment security features. With the acquisition of Wannatalk, the Group will be able to leverage on Wannatalk’s facial recognition centered products and services to enhance the payment security features, as well as embark on new biometrics payment technology.

The outbreak of the Covid-19 virus in early January 2020 had disrupted the global operating environments and restricting global travelling and the outbreak had soften economic growth both in Malaysia and regionally. As a preventive measure to counter the spread of Covid-19 in Malaysia, the Malaysian Government had imposed the Movement Control Order (“MCO”) commencing on 18 March 2020 and has since extended numerous times.

The Government has gradually and progressively eased the restriction and businesses are allowed to operate under strict Standard Operating Procedures (“SOP”) and this has provided a temporary uplift of our economy and Bank Negara Malaysia (“BNM”) had forecasted the growth rate of Gross Domestic Product in 2021 to be in the range of 6.5% and 7.5%. However, due to the recent surge in the Covid-19 infections, the Government has re-imposed and extended the MCO to 4 March 2021 in numerous states to curb the spreading of the new wave of Covid-19 virus. As such, the recovery of our economy, as well as the return to our normal social behaviour will require more time and efforts from all stakeholders.

Whilst our Group has laid down and embarked on a series of future plans, with the current uncertainty in the global and local economy due to the Covid-19 virus outbreak, the performance of the Group for the new financial year ending 2021 will remain challenging. However, the Board is cautious on the potential impact of the Covid-19 virus outbreak and will continue to manage the business of our Group with vigilance during this period of uncertainty.

B4. Profit forecast or profit guarantee

The Group did not issue any profit forecast or profit guarantee during the current financial quarter under review.

B5. Status of corporate proposals

There were no corporate proposals undertaken but not completed as at the date of this interim report.

REVENUE GROUP BERHAD (1248321-D)

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B6. Income tax expenses

	3-MONTH ENDED		PERIOD-TO-DATE	
	31.12.2020 ⁽¹⁾	31.12.2019	31.12.2020 ⁽¹⁾	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Current tax expense	1,009	971	1,870	1,703
Deferred tax expense	-	-	-	-
Total tax expense	1,009	971	1,870	1,703
Effective tax rate ⁽²⁾ (%)	19.46%	20.27%	21.79%	19.63%

Notes:

- (1) Income tax expense is recognised based on management's best estimate.
- (2) The Group's effective tax rate for the current quarter and period-to-date is lower than the statutory tax rate due to one of the subsidiary, Revenue Techpark Sdn Bhd ("**Revenue Techpark**"), which was granted pioneer status by the Malaysian Investment Development Authority under the provisions of the Promotion of Investment Act 1986 on 13 July 2011, for a period of five (5) years up to 12 July 2016, which was subsequently extended for another period of five (5) years up to 12 July 2021. As such, Revenue Techpark's statutory income during this period is exempted from income tax.

B7. Utilisation of proceeds from the IPO

Based on the IPO Price, the gross proceeds arising from the public issue amounting to RM20.61 million is intended to be utilised in the following manner:-

Details of utilisation	Proposed Utilisation	Actual Utilisation	Balance Utilisation	Estimated timeframe for utilisation upon listing	Revised timeframe for utilisation upon listing
	RM'000	RM'000	RM'000		
Capital expenditure	8,100	8,100	-	24 months	-
Enhancement of revPAY and expansion of IT team	4,040	4,040	-	24 months	-
Repayment of bank borrowings	2,500	2,500	-	3 months	-
Business expansion	1,500	471	1,029	24 months	36 months
Working capital	1,773	1,773	-	24 months	-
Listing expenses	2,700	2,700	-	Immediately	-
	<u>20,613</u>	<u>19,584</u>	<u>1,029</u>		

The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 11 June 2018.

REVENUE GROUP BERHAD (1248321-D)

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B8. Bank borrowings

The Group's bank borrowings were as follows:

	<u>UNAUDITED</u> As at 31.12.2020 RM'000	<u>UNAUDITED</u> As at 31.12.2019 RM'000
Current:		
Finance lease liabilities	-	163
Lease liabilities	771	-
Term loans	203	255
Bank overdraft	1,005	-
Banker acceptance	-	1,690
	<u>1,979</u>	<u>2,108</u>
Non-current:		
Finance lease liabilities	-	644
Lease liabilities	959	-
Term loans	5,079	5,062
	<u>6,038</u>	<u>5,706</u>
Total bank borrowings	<u>8,017</u>	<u>7,814</u>

All the Group's borrowings are denominated in Ringgit Malaysia.

B9. Material litigation

There were no material litigation involving the Group as at 31 December 2020.

B10. Dividend

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

REVENUE GROUP BERHAD (1248321-D)**B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)****B11. Earnings per share**

The basic earnings per share (“EPS”) are calculated by dividing the profit for the period attributable to owners of the Company by weighted average number of ordinary shares of the Company during the financial period as follows:

	3-MONTH ENDED		PERIOD-TO-DATE	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Profit attributable to ordinary owners of the Company (RM'000)	4,038	3,444	6,146	6,408

Basic EPS

Weighted average number of ordinary shares ('000)	394,812	248,840	393,866	240,526
Basic EPS (sen)	1.02	1.38	1.56	2.66

The diluted EPS are calculated by dividing the profit for the period attributable to owners of the Company by weighted average number of shares that would have been in issued upon full exercise of the remaining warrants:

	3-MONTH ENDED		PERIOD-TO-DATE	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Profit attributable to ordinary owners of the Company (RM'000)	4,038	3,444	6,146	6,408

Diluted EPS

Weighted average number of ordinary shares ('000)	396,453	251,576	395,508	243,262
Diluted EPS (sen) ⁽¹⁾	1.02	1.37	1.55	2.63

Note:

- (1) Diluted earnings per share of the Company for the individual quarter and period-to-date ended 31 December 2020 is calculated based on weighted average number of ordinary share in issue of 396,453,248 and 395,507,295 respectively, adjusted for contingently issuable ordinary shares. The number of shares under warrants was not taken into account in the computation of diluted EPS as the warrants do not have any dilutive effect on the weighted average number of ordinary shares.

REVENUE GROUP BERHAD (1248321-D)

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B12. Disclosure on selected expense/income items as required by the Listing Requirements

Profit before tax is arrived after charging/(crediting):

	<u>3-MONTH ENDED</u>		<u>PERIOD-TO-DATE</u>	
	<u>31.12.2020</u>	<u>31.12.2019</u>	<u>31.12.2020</u>	<u>31.12.2019</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
Depreciation/Amortisation of property, plant and equipment and rights of use assets	2,411	1,653	4,338	3,187
Impairment losses on trade receivables	103	-	103	-
Reversal of impairment losses on trade receivables	(141)	-	(483)	(23)
Loss/(Gain) on foreign exchange				
• Unrealised	124	(2)	22	(2)
Rental expenses				
• Leased equipment	-	310	-	348
Bad debts recovered	(12)	-	(12)	(1)
Loss/(Gain) on disposal of property, plant and equipment	4	(1)	4	(10)
Interest income	(18)	(43)	(46)	(79)

Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements of Bursa Securities are not applicable.