

REVENUE GROUP BERHAD (201701034150 (1248321-D))
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾

	Note	3-MONTH ENDED		PERIOD-TO-DATE	
		30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Revenue	A9	20,818	18,838	20,818	18,838
Cost of sales		(12,667)	(5,947)	(12,667)	(5,947)
Gross profit ("GP")		8,151	12,891	8,151	12,891
Other income		1,358	425	1,358	425
Administrative expenses		(10,982)	(7,898)	(10,982)	(7,898)
Finance costs		(513)	(137)	(513)	(137)
Share of results of associate, net of tax		(481)	30	(481)	30
(Loss)/Profit before tax ("LBT/PBT")	B12	(2,467)	5,311	(2,467)	5,311
Taxation	B6	(789)	(1,297)	(789)	(1,297)
(Loss)/Profit after tax ("LAT/PAT")		(3,256)	4,014	(3,256)	4,014
Other comprehensive (loss)/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		(35)	5	(35)	5
Total comprehensive (loss)/income for the financial period		(3,291)	4,019	(3,291)	4,019
(Loss)/Profit for the financial period attributable to:					
• Owners of the Company		(3,334)	3,461	(3,334)	3,461
• Non-controlling interests		78	553	78	553
		(3,256)	4,014	(3,256)	4,014
Total comprehensive (loss)/income for the financial period attributable to:					
• Owners of the Company		(3,369)	3,466	(3,369)	3,466
• Non-controlling interests		78	553	78	553
		(3,291)	4,019	(3,291)	4,019
(Loss)/Earnings per share attributable to owners of the Company					
• Basic (sen) ⁽²⁾	B11	(0.70)	0.75	(0.70)	0.75
• Diluted (sen) ⁽³⁾	B11	(0.68)	0.56	(0.68)	0.56

REVENUE GROUP BERHAD (201701034150 (1248321-D))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2022⁽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 (loss)/earnings per share for the individual quarter and period-to-date ended 30 September 2022 is calculated based on the weighted average number of ordinary shares in issue of 476,922,162 as at 30 September 2022. The basic (loss)/earnings per share for the individual quarter and period-to-date ended 30 September 2021 is calculated based on the weighted average number of ordinary shares in issue of 459,079,449 as at 30 September 2021.
- (3) Diluted (loss)/earnings per share of the Company for the individual quarter and period-to-date ended 30 September 2022 is calculated based on the weighted average number of ordinary shares in issue of 487,468,519 as at 30 September 2022, adjusted for contingently issuable ordinary shares. Diluted (loss)/earnings per share of the Company for the individual quarter and period-to-date ended 30 September 2021 is calculated based on the weighted average number of ordinary shares in issue of 617,948,176 as at 30 September 2021 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 (201701034150 (1248321-D))

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022⁽¹⁾**

	UNAUDITED	AUDITED
	As at 30.09.2022 RM'000	As at 30.06.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	30,708	26,366
Intangible assets	14,349	16,078
Right-of-use assets	28,430	28,536
Investment in associates	16,922	17,403
Other investment	3,550	-
Investment properties	22,000	22,000
Goodwill on consolidation	11,253	11,253
Total non-current assets	127,212	121,636
Current Assets		
Inventories	17,861	12,033
Trade receivables	25,490	26,698
Other receivables	8,599	5,192
Other investments	7,974	7,735
Tax recoverable	49	3,077
Fixed deposits with licensed banks	620	259
Cash and bank balances	73,016	82,523
Total current assets	133,609	137,517
TOTAL ASSETS	260,821	259,153
EQUITY AND LIABILITIES		
Equity		
Share capital	147,123	147,123
Merger reserve	(15,694)	(15,693)
Warrant reserve	51,640	51,640
Other reserves	(88,261)	(88,261)
Foreign currency translation reserve	(105)	(70)
Retained earnings	58,971	62,305
Equity attributable to owners of the Company	153,674	157,044
Non-controlling interests	2,313	2,234
Total Equity	155,987	159,278
LIABILITIES		
Non-current liabilities		
Bank borrowings	41,773	42,138
Lease liabilities	477	564
Deferred tax liabilities	1,114	1,114
Total non-current liabilities	43,364	43,816

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022⁽¹⁾ (CONT'D)

	<u>UNAUDITED</u>	<u>AUDITED</u>
	As at	As at
	30.09.2022	30.06.2022
	RM'000	RM'000
LIABILITIES (CONT'D)		
Current liabilities		
Trade payables	29,217	22,654
Other payables	28,445	26,015
Contract liabilities	-	188
Amount due to an associate	-	38
Amount due to Directors	188	164
Bank borrowings	2,000	2,212
Lease liabilities	553	550
Tax payable	1,067	4,237
Total current liabilities	61,470	56,058
TOTAL LIABILITIES	104,834	99,875
TOTAL EQUITY AND LIABILITIES	260,821	259,153
Number of ordinary shares ('000)	476,922	476,922
NET ASSETS PER SHARE (RM)⁽²⁾	0.32	0.33

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 number of shares in issue of 476,922,162 as at 30 September 2022 and 476,922,162 as at 30 June 2022.

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REVENUE GROUP BERHAD (201701034150 (1248321-D))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾

	Attributable to owners of the parent					Retained Earnings RM'000	Total RM'000	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				
Period ended 30 September 2021									
As at 1 July 2021	121,143	(15,693)	55,161	(61,647)	(38)	49,863	148,788	2,511	151,299
Profit for the financial period	-	-	-	-	-	3,461	3,461	553	4,014
Other comprehensive income for the financial period	-	-	-	-	5	-	5	-	5
Total comprehensive (loss)/income for the financial period	-	-	-	-	5	3,461	3,466	553	4,019
Transactions with owners									
Issuance of ordinary shares pursuant to special issue	1,225	-	-	-	-	-	1,225	-	1,225
Issuance of ordinary shares pursuant to the exercise of warrants	6,711	-	(2,953)	2,953	-	-	6,711	-	6,711
Net changes of non-controlling interests	-	-	-	-	-	-	-	-	-
Total transactions with owners	7,936	-	(2,953)	2,953	-	-	7,936	-	7,936
As at 30 September 2021	129,079	(15,694)	52,208	(58,694)	(33)	53,324	160,190	3,064	163,254

REVENUE GROUP BERHAD (201701034150 (1248321-D))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾ (CONT'D)

	Attributable to owners of the parent					Retained Earnings RM'000	Total RM'000	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					
<u>Period ended 30 September 2022</u>										
As at 1 July 2022	147,123	(15,694)	51,640	(88,261)	(70)	62,305	157,043	2,235	159,278	
Loss for the financial period	-	-	-	-	-	(3,334)	(3,334)	78	(3,256)	
Other comprehensive loss for the financial period	-	-	-	-	(35)	-	(35)	-	(35)	
Total comprehensive (loss)/income for the financial period	-	-	-	-	(35)	(3,334)	(3,369)	78	(3,291)	
<u>Transactions with owners</u>										
Issuance of ordinary shares pursuant to acquisition of subsidiary company	-	-	-	-	-	-	-	-	-	
Issuance of ordinary shares pursuant to the exercise of warrants	-	-	-	-	-	-	-	-	-	
Total transactions with owners	-	-	-	-	-	-	-	-	-	
As at 30 September 2022	147,123	(15,694)	51,640	(88,261)	(105)	58,971	153,674	2,313	155,987	

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 (201701034150 (1248321-D))

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾**

	PERIOD-TO-DATE	
	30.09.2022	30.09.2021
	RM'000	RM'000
Cash Flows From Operating Activities		
(Loss)/Profit before tax	(2,467)	5,311
Adjustments for:		
Depreciation/Amortisation of property, plant and equipment, right-of-use assets and intangible assets	3,235	2,998
Finance costs	513	137
Loss on disposal of property, plant and equipment	-	1
Bad debts recovered	(3)	(5)
Impairment losses on trade receivables	-	79
Reversal of impairment losses on trade receivables	-	(320)
Interest income	(54)	(202)
Unrealised loss on foreign exchange, net	310	5
Realised loss on foreign exchange	350	141
Fair value gain in quoted shares	(188)	-
Share of loss/(profit) in associates	481	(30)
Operating profit before working capital changes	<u>2,177</u>	<u>8,115</u>
Changes in working capital		
Inventories	(4,627)	2,377
Receivables	(3,395)	10,091
Payables	7,980	(7,224)
Amount due to Directors	25	(125)
Amount from associate	(38)	-
Contract liabilities	(188)	(261)
	<u>(243)</u>	<u>104</u>
Cash generated from operations	1,934	8,219
Interest paid	(513)	(137)
Interest received	54	202
Tax paid	(929)	(848)
Exchange fluctuation adjustment	(36)	6
Net cash from operating activities	<u>510</u>	<u>7,442</u>
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	-	1
Purchase of property, plant and equipment	(5,386)	(7,770)
Acquisition of other investment	(3,601)	(8,000)
Net cash used in investing activities	<u>(8,987)</u>	<u>(15,769)</u>

**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FIRST (1ST) QUARTER ENDED 30 SEPTEMBER 2022⁽¹⁾ (CONT'D)**

	PERIOD-TO-DATE	
	30.09.2022	30.09.2021
	RM'000	RM'000
Cash Flows From Financing Activities		
Proceeds from issuance of ordinary shares	-	7,935
Increase of fixed deposit pledged	(366)	(560)
Net changes of lease liabilities	(120)	(74)
Repayment of term loans/banker acceptance	(544)	(195)
Net cash (used in)/from financing activities	(1,030)	7,106
Net decrease in cash and cash equivalents	(9,507)	(1,221)
Cash and cash equivalents at the beginning of the financial period	82,523	97,324
Effect of exchange translation differences on cash and cash equivalents	-	-
Cash and cash equivalents at the end of the financial period	73,016	96,103
Cash and cash equivalents at the end of the financial period comprises:		
Cash and bank balances	73,016	96,103
Fixed deposits with licensed banks	620	815
Bank overdrafts	-	-
	73,636	96,918
Less: Fixed deposits pledged with licensed banks	(620)	(815)
	73,016	96,103

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.

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**”) 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 first (1st) quarter ended 30 September 2022 is announced by the Company in compliance with the Main 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 2022 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 2022.

During the financial period, the Group have adopted the following new standards and amendments issued by the Malaysian Accounting Standards Board (“**MASB**”) that are mandatory for current financial period:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendment to MFRS 16	Covid-19 Related Rent Concessions beyond 30 June 2021

The adoption of the new standards and amendments to standards did not have any significant impact on the financial statements of the Group.

REVENUE GROUP BERHAD (201701034150 (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 applied the following new MFRSs and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
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
• Amendments to MFRS 1		
• Amendments to MFRS 9		
• Amendments to MFRS 16		
• Amendments to MFRS 141		
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current and Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimate	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group intends to adopt the above new standards and amendments to standards, if applicable, when they become effective.

The initial application of the above-mentioned new standards and amendments to standards are not expected to have any significant impacts on the financial statements of the Group.

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 2022 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.

REVENUE GROUP BERHAD (201701034150 (1248321-D))

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

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.

A9. Segmental information

The Group's segmental information for the current financial quarter/period ended 30 September 2022 is as follows:

(a) Analysis of revenue by business segments

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Electronic Data Capture ("EDC") terminals	11,588	7,667	11,588	7,667
Electronic transaction processing	6,053	6,297	6,053	6,297
Solutions and services	3,177	4,874	3,177	4,874
Total	20,818	18,838	20,818	18,838

(b) Analysis of revenue by geographical location

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Malaysia	20,818	18,838	20,818	18,838
Total	20,818	18,838	20,818	18,838

A10. Valuation of property, plant and equipment

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

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

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

Save 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.

(1) Proposed Bonus Issue of Warrants

On 14 October 2022, the Board of Directors (“**Board**”) announced that the Company is proposing to undertake a bonus issue of up to 105,567,870 warrants (“**Warrant B**”) on the basis of 1 **Warrant B** for every 6 existing ordinary shares in REVENUE held by the shareholders whose names appear on the Company’s record of depositors on an entitlement date, to be determine later.

On 15 November 2022, the Board announced that the Bursa Securities had vide its letter dated 14 November 2022 approved in-principal the following:

- (a) admission to the Official List and listing of and quotation for up to 105,567,870 Warrants B to be issued pursuant to the Proposed Bonus Issue of Warrants; and
- (b) listing of and quotation for up to 105,567,870 new REVENUE Shares to be issued from the exercise of Warrants B,

on the Main Market of Bursa Securities.

On 16 November 2022, the Company had given the notice for an extraordinary general meeting for the Proposed Bonus Issue of Warrants which will be held on 6 December 2022.

(2) Proposed Share Buy-Back

On 20 October 2022, the Board announced that the Company intends to seek its shareholders’ approval on the Proposed Share Buy-Back of up to ten percent (10%) of the total number of issued shares of the Company at the forthcoming Fifth (“5th”) Annual General Meeting (“**AGM**”) of the Company to be convened.

On 28 October 2022, the Company had given the notice for the 5th AGM which will be held on 6 December 2022.

REVENUE GROUP BERHAD (201701034150 (1248321-D))**A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)****A12. 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.

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.

	UNAUDITED	UNAUDITED
	As at	As at
	30.09.2022	30.09.2021
	RM'000	RM'000
Corporate guarantee given by REVENUE to licensed bank for banking facilities granted to a subsidiary of REVENUE	43,773	5,170
Bank guarantee given to Payments Network Malaysia Sdn. Bhd. In favour of Revenue Harvest and Revenue Solution Sdn. Bhd.	560	560

A14. Capital commitments

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

	UNAUDITED	UNAUDITED
	As at	As at
	30.09.2022	30.09.2021
	RM'000	RM'000
Material commitment		
Purchase of software system	32	877

A15. Related party transactions

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

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 RM20.82 million for the current financial quarter ended 30 September 2022 (30 September 2021: RM18.84 million).

The Group's revenue was principally derived from the EDC terminals segment, followed by the electronic transaction processing segment and Solutions & Services segment accounting for approximately 55.7%, 29.1% and 15.2% respectively of the total revenue for the current financial quarter ended 30 September 2022. The Malaysian market is the single largest market accounted for the entire total revenue for the current financial quarter ended 30 September 2022.

The Group's revenue increased by RM1.98 million from RM18.84 million for financial quarter ended 30 September 2021 to RM20.82 million for the financial quarter ended 30 September 2022. The higher revenue recorded was mainly attributed to the increase in the revenue from the sale of EDC terminals by approximately RM4.79 million due to higher sale of EDC terminals. Despite the increase in the number of EDC terminals managed by the Group, the revenue from the rental and maintenance of EDC terminals recorded a drop by approximately RM0.87 million arising from the discount on the rental per unit granted to the partner banks. The income from the electronic transaction processing segment decreased by approximately RM0.24 million due to the lower average value per transaction processed. The revenue from the Solutions & Services segment decreased by approximately RM1.70 million due to lower revenue from the digital payment and procurement and logistics services by approximately RM1.33 million and RM0.35 million respectively due to lower volume.

The Group registered a LBT of RM2.47 million in the current financial quarter under review (30 September 2021: RM5.31 million). The LBT recorded for the current financial quarter ended 30 September 2022 was mainly due to the lower gross profit generated from the business activities and higher administrative expenses, but was offset by higher other income.

The higher administrative expense amounting to RM10.98 million mainly due to increase in staff cost by approximately RM0.81 million, realised and unrealised foreign exchange losses by RM0.32 million and RM1.31 million, respectively, higher connectivity costs (i.e. sim cards, lease line and server costs) by approximately RM0.51 million and higher interest expense by approximately RM0.38 million.

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

The Group recorded revenue of RM20.82 million for the current financial period ended 30 September 2022 (30 September 2021: RM18.84 million).

The Group's revenue was principally derived from the EDC terminals segment, followed by the electronic transaction processing segment and Solutions & Services segment accounting for approximately 55.7%, 29.1% and 15.2% respectively of the total revenue for the current financial quarter ended 30 September 2022. The Malaysian market is the single largest market accounted for the entire total revenue for the current financial period ended 30 September 2022.

The Group's revenue increased by RM1.98 million from RM18.84 million for financial period ended 30 September 2021 to RM20.82 million for the financial period ended 30 September 2022. The higher revenue recorded was mainly attributed to the increase in the revenue from the sale of EDC terminals by approximately RM4.79 million due to higher sale of EDC terminals. Despite the increase in the number of EDC terminals managed by the Group, the revenue from the rental and maintenance of EDC terminals recorded a drop by approximately RM0.87 million arising from the discount on the rental per unit granted to the partner banks. The income from the electronic transaction processing segment decreased by approximately RM0.24 million due to the lower average value per transaction processed. The revenue from the Solutions & Services segment decreased by approximately RM1.70 million due to lower revenue from the digital payment and procurement and logistics services by approximately RM1.33 million and RM0.35 million respectively due to lower volume.

The Group registered a LBT of RM2.47 million in the current financial period under review (30 September 2021: RM5.31 million). The LBT recorded for the current financial period ended 30 September 2022 was mainly due to the lower gross profit generated from the business activities and higher administrative expenses, but was offset by higher other income.

The higher administrative expense amounting to RM10.98 million mainly due to increase in staff cost by approximately RM0.81 million, realised and unrealised foreign exchange losses by RM0.32 million and RM1.31 million, respectively, higher connectivity costs (i.e. sim cards, lease line and server costs) by approximately RM0.51 million and higher interest expense by approximately RM0.38 million.

REVENUE GROUP BERHAD (201701034150 (1248321-D))

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

B2. Comparison with immediate preceding quarter's results

	3-MONTH ENDED		CHANGES	
	30.09.2022	30.06.2022		
	RM'000	RM'000	RM'000	%
Revenue	20,818	28,544	(7,726)	(27.1)
(LBT)/PBT	(2,467)	972	(3,439)	(353.8)

For the current financial quarter ended 30 September 2022, the Group recorded a lower revenue by approximately RM7.73 million, mainly attributed to the decrease in the revenue from the EDC segment by approximately RM7.07 million driven by the lower revenue from the sale of EDC terminals and lower rental income arising from the discount on the rental per unit granted to the partner banks.

For the current financial quarter ended 30 September 2022, the Group recorded a LBT of RM2.47 million as compared to a PBT of RM0.97 million in the immediate preceding financial quarter ended 30 June 2022 mainly attributed to the lower gross profit generated from the business activities and higher administrative expenses.

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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 is continuously looking 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 initially intend to expand to ASEAN market.

However, due to the outbreak of Corona Virus Disease 2019 (“COVID-19”), the intended business plan was halted. The Group will re-visit the regional business expansion in the near future as the easing of travelling restrictions in most of the ASEAN countries.

(c) Enhancement of revPAY 3.0 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 Wannapay Sdn Bhd (formerly known as Scanpay Sdn Bhd) (“WannaPay”), Wannatalk Malaysia Sdn Bhd (“Wannatalk”), as well as Vsure 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.

(e) Research & Development (“R&D”)

Our Group continuously researching and developing more electronic solutions to be integrated with our revPAY. Such solutions will enable our customers to digitalise loyalty programme, rewards redemption, discount coupons and gift cards, bill payment, purchase of on-demand insurance, goods pick up via our digital payment terminals and via our WannaPay e-wallet. Our Group is also researching and developing issuing technology encompassing issuing payment security by leveraging on artificial intelligence to enhance the payment security features.

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

B3. Prospects and outlook (Cont'd)

The Government had on 24 March 2022 announced the reopening of Malaysia's international borders for travellers from all countries with effect from 1 April 2022 as part of its transition to endemicity. Revenue Group believes that the arrival of international travellers to Malaysia in the near future will help spur the spending in the country, and in turn benefit the electronic transaction processing segment of the Company.

Premised on the above and as part of the Group's plans to enhance the its electronic payment network by expanding its electronic transaction processing and digital payment services, the Group has embarked on a series of business strategies such as collaborating with "Buy Now, Pay Later" providers to offer deferred payment services to merchants and develop an Easy Payment Plan solution which is an interest-free instalment payment plan for a predetermined period of time. These new solution and services are able to provide greater payment flexibility to both merchants and consumers.

Arising from the COVID-19 pandemic, the Government is prioritising the development of e-commerce and digital adoption. As such, the Group has continued to invest in research and development and information technology initiatives to allow the Group to strengthen its competitive advantages. In addition, the Group regularly upgrades and maintains the scalability of revPAY platform and its related software and systems to support the business expansion and technology advancement.

Looking at the positive growth in the e-commerce industry and the digital adoption, the Group believes that its prospects and future plans in this industry remains favourable. However, with the global uncertainty due to war in Ukraine and with the weakening of RM against the US Dollar, Malaysia economy will still heavily rely on domestic market for growth. Premised on the above, the Board is cautious on the lingering impact of the COVID-19 pandemic and the potential onset of global recession. As such, the Group has and will continue to embark on its business strategies to manage the Group's business with vigilance during this period. Premised on the above, the Board is cautious on the lingering impact of the COVID-19 pandemic and the potential onset of global recession and therefore the Group has embarked on a series of business strategies and future plans to manage the Group's business with vigilance during this uncertain period.

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

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

Save as disclosed in A11 and below, there were no corporate proposals undertaken but not completed as at the date of this interim financial report.

B6. Income tax expenses

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2022⁽¹⁾	30.09.2021	30.09.2022⁽¹⁾	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Current tax expense	789	1,297	789	1,297
Deferred tax expense	-	-	-	-
Total tax expense	789	1,297	789	1,297
Effective tax rate (%)	31.97 ⁽²⁾ %	25.35%	31.97%	25.35%

Notes:

- (1) Income tax expense is recognised based on management's best estimate.
- (2) The Group's effective tax rate for the individual quarter and period-to-date is higher due to the expiry of the pioneer status granted by Malaysian Investment Development Authority under the provisions of the Promotion of Investment Act 1986 on 12 July 2021.

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

B7. Utilisation of proceeds

(1) 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⁽¹⁾	Revised Utilisation	Actual Utilisation	Balance Utilisation	Estimated timeframe for utilisation upon listing	Revised timeframe for utilisation⁽²⁾
	RM'000	RM'000	RM'000	RM'000		
Capital expenditure	8,100	9,129 ⁽³⁾	(9,129)	-	24 months	12 months
Enhancement of revPAY and expansion of IT team	4,040	4,040	(4,040)	-	24 months	-
Repayment of bank borrowings	2,500	2,500	(2,500)	-	3 months	-
Business expansion	1,500	471 ⁽³⁾	(471)	-	24 months	-
Working capital	1,773	1,773	(1,773)	-	24 months	-
Listing expenses	2,700	2,700	(2,700)	-	Immediately	-
	20,613	20,613	(20,613)	-		

Notes:

1. The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 11 June 2018.
2. From 7 July 2021.
3. The Company intends to utilise RM1.03 million of the proceeds to purchase approximately 1,500 new digital EDC Terminals with the capability to accept QR payments to increase the Company's deployment of EDC terminals over a 12 months period.

(2) Utilisation of proceeds from the private placement (Special Issue)

The gross proceeds arising from the Special Issue amounting to RM58.49 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
	RM'000	RM'000	RM'000	
Capital expenditure	44,968	(42,238)	2,730	24 months
Enhancement of revPAY and expansion of IT team	8,670	(7,112)	1,558	24 months
Working capital	3,399	(3,159)	240	24 months
Expenses in relation to the Special Issue	1,450	(618)	832	Immediately
	58,487	(53,127)	5,360	

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>	<u>UNAUDITED</u>
	As at	As at
	30.09.2022	30.09.2021
	RM'000	RM'000
Current:		
Lease liabilities	553	607
Term loans	2,000	400
	<u>2,553</u>	<u>1,007</u>
Non-current:		
Lease liabilities	477	583
Term loans	41,773	4,770
	<u>42,250</u>	<u>5,353</u>
Total bank borrowings	<u>44,803</u>	<u>6,360</u>

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

B9. Material litigation

There were no material litigation involving the Group as at 30 September 2022.

B10. Dividend

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

REVENUE GROUP BERHAD (201701034150 (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 (loss)/earnings per share (“(LPS)/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	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
(Loss)/Profit attributable to owners of the Company (RM'000)	<u>(3,334)</u>	<u>3,461</u>	<u>(3,334)</u>	<u>3,461</u>

Basic EPS

Weighted average number of ordinary shares ('000)	<u>476,922</u>	<u>459,079</u>	<u>476,922</u>	<u>459,079</u>
Basic (LPS)/EPS (sen)	<u>(0.70)</u>	<u>0.75</u>	<u>(0.70)</u>	<u>0.75</u>

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	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
(Loss)/Profit attributable to owners of the Company (RM'000)	<u>(3,334)</u>	<u>3,461</u>	<u>(3,334)</u>	<u>3,461</u>

Diluted EPS

Weighted average number of ordinary shares ('000)	<u>487,468</u>	<u>617,948</u>	<u>487,468</u>	<u>617,498</u>
Diluted (LPS)/EPS (sen) ⁽¹⁾	<u>(0.68)</u>	<u>0.56</u>	<u>(0.68)</u>	<u>0.56</u>

Note:

- (1) Diluted EPS of the Company for the individual quarter and period-to-date ended 30 September 2022 is calculated based on the weighted average number of ordinary shares in issue of 487,468,519, adjusted for contingently issuable ordinary shares.

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):

	3-MONTH ENDED		PERIOD-TO-DATE	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Depreciation/Amortisation of property, plant and equipment, right-of-use assets and intangible assets	3,235	2,998	3,235	2,998
Impairment losses on trade receivables	-	79	-	79
Reversal of impairment losses on trade receivables	-	(320)	-	(320)
Impairment loss on quoted shares	188	-	188	-
(Gain)/Loss on foreign exchange, net				
• Realised	310	141	310	141
• Unrealised	350	5	350	5
Rental expenses				
• Office	44	27	44	27
Bad debts recovered	(3)	(5)	(3)	(5)
Loss on disposal of property, plant and equipment	-	1	-	1
Interest income	(54)	(202)	(54)	(202)
Rental income	(152)	(10)	(152)	(10)

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