ctos Digital

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3Q 2022 Results Briefing

27 October 2022

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AGENDA

1. Key Highlights & Business Segments
2. Market Updates
3. Financial Overview
4. Growth Targets
5. ESG & Sustainability

Key Highlights & Business Segments

3Q 2022 KEY HIGHLIGHTS

Registered Accelerating Momentum

3Q Financial Highlights

YoY Growth
Revenue +37%
Profit +95%

- Achieved new record quarterly revenue of **RM52.8mil** and PATAMI of **RM22.8mil** backed by growth across all business segments & higher associate contributions
- On track to achieve internal management targets for FY22

Strategic Acquisitions

RAM Stake
57.675%

- Increased equity holdings in RAM from 19.225% to 39.925% as at 30 September and to 57.675% currently
- The investment in RAM has been reclassified to associate in 3Q 2022 and will remain so, in line with our commitment towards RAM's independence

Tax Status

Additional Write Back in Q3
RM 0.9mil

- Approval in principle for a **5-year extension** till November 2026 received in July 2022
- Total incremental tax provision of **RM11.1mil** from Nov 2021 to Sep 2022 will be written back upon gazettement of Income Tax Exemption Order

Key Initiatives

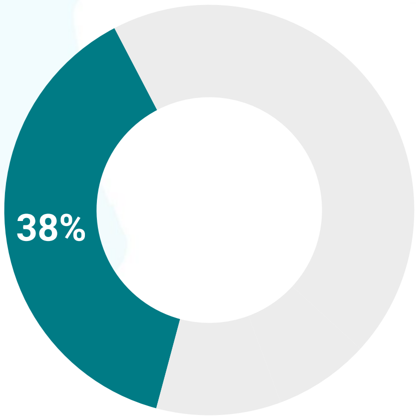
Digital Solutions Revenue
YoY +27%

- Intensifying ESG efforts as a key agenda
- Ramping up Digital Solutions adoption
- Enhancing internal risk management with Head of Cybersecurity onboarded

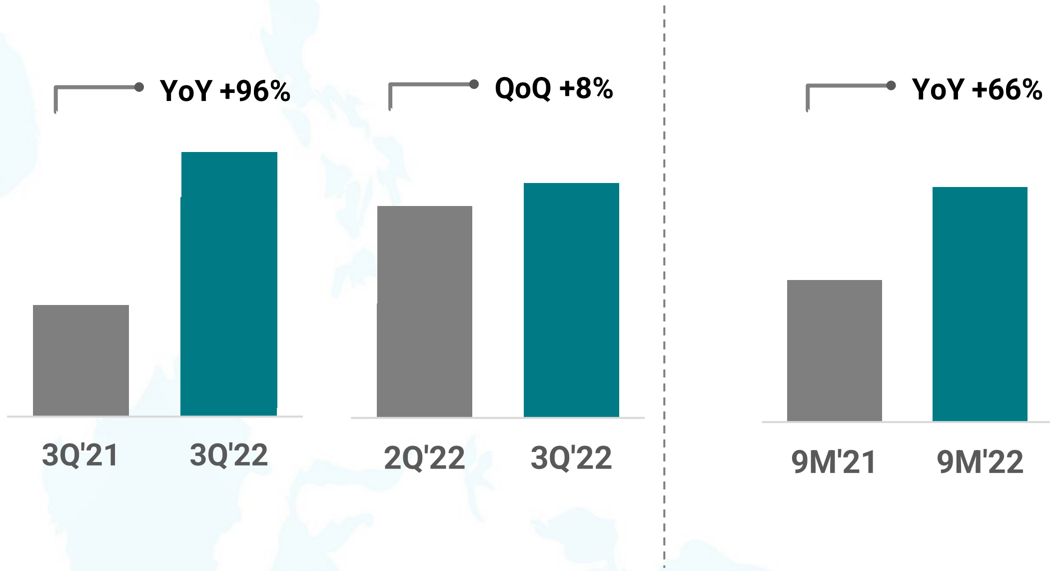
KEY ACCOUNTS SEGMENT

Strong YoY growth through Digital Reports & upselling initiatives

3Q 2022 REVENUE CONTRIBUTION



TRANSACTIONS VOLUME



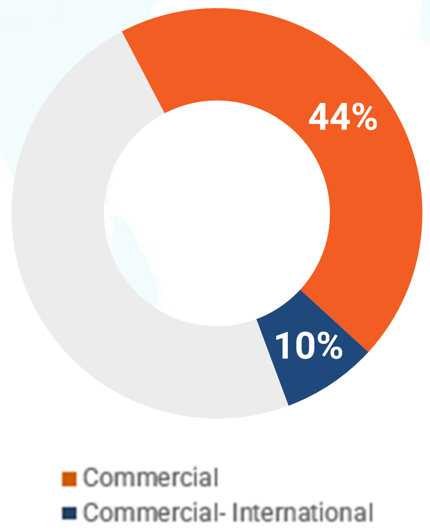
3Q 2022 YoY OPERATIONAL UPDATES

- Strong growth driven by both Digital Reports and Digital Solutions
- Increase in the adoption of eKYC, CAD and IDGuard
- YoY transaction volume grew by 3.8x for BNPL & Non-Bank Digital Lenders
- Launched end-to-end Digital Money Lending solutions powered by CTOS & JurisTech and onboarded 3 digital money lenders

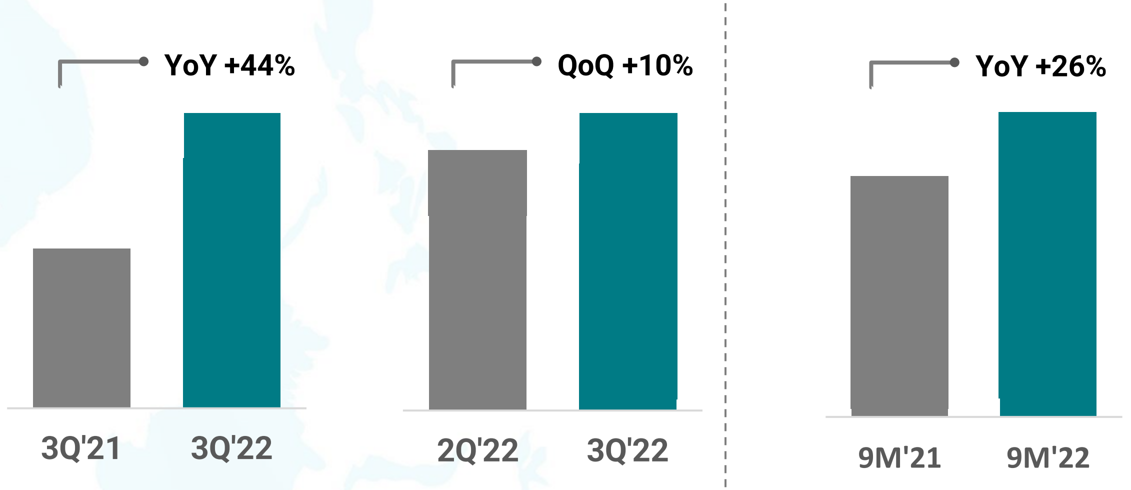
COMMERCIAL SEGMENT

Higher ARPU on the back of higher volume

3Q 2022 REVENUE CONTRIBUTION



TRANSACTIONS VOLUME



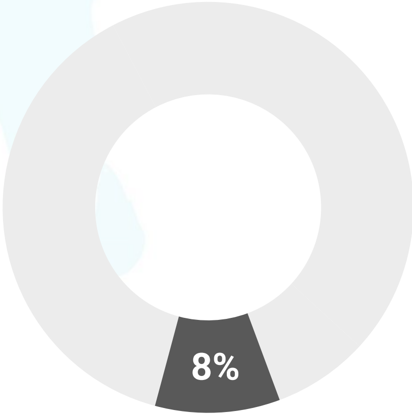
3Q 2022 YoY OPERATIONAL UPDATES

- Revenue growth mainly from increased transaction volume
- Activation growth +73% YoY
- Churn rate continued to improve from an existing low percentage
- Higher ARPU +3% QoQ and +7% YoY from upselling campaign on Digital Reports and Digital Solutions
- Commercial-International momentum increased due to new customer acquisition and higher report sales

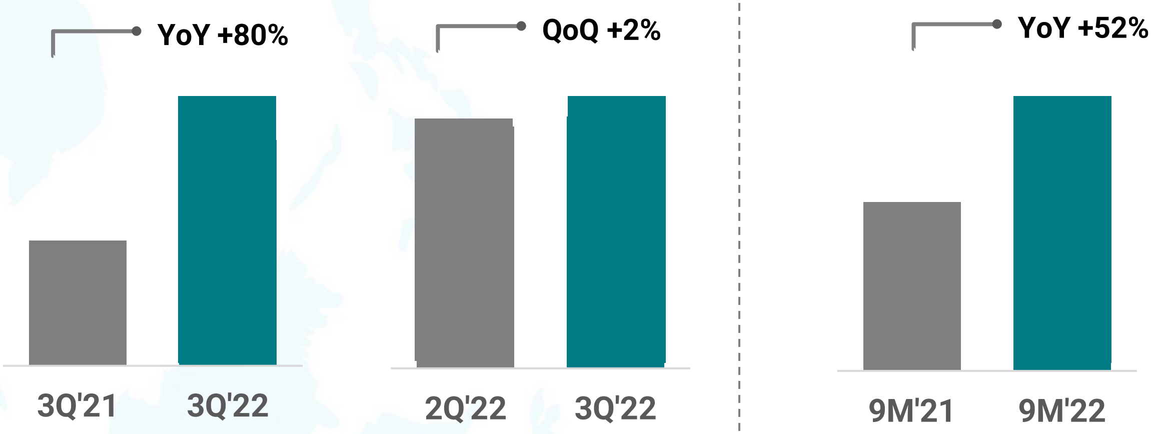
DIRECT-TO-CONSUMER SEGMENT

Increased momentum via strategic partnerships & financial literacy initiatives

3Q 2022 REVENUE CONTRIBUTION



TRANSACTIONS VOLUME



3Q 2022 YoY OPERATIONAL UPDATES

- Sept ending CTOS Identity base increased to 2.4M from 2.2M in June
- Growth momentum continued in 3Q bolstered by strategic partnerships
- Supported by improved awareness via digital channels and various marketing activities

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Market Updates

MARKET UPDATES

CTOS to remain sanguine despite market headwinds

MACRO ECONOMICS	Healthy growth rate expected despite concerns of moderation in business prospects
INTEREST RATES	Positive loan growth conducive whilst rising interest rates require intensified risk assessment
CURRENCY VOLATILITY	Minimal impact from currency movement to the business through commercial international segment
ENERGY CRISIS & INFLATION	No direct impact from higher energy prices faced by Eurozone while inflation was still below US, UK, Eurozone, Thailand, Korea and the Philippines
POLICIES & POLITICS	Pump-priming of economy and focus on digitalization expected regardless of who is in-charge

Financial Overview

FINANCIAL PERFORMANCE - 3Q 2022

Stellar PATAMI growth of 95% YoY

(RM' Million)	3Q 2022	3Q 2021	YoY (%)
Continuing Operations			
Revenue	52.85	38.57	37%
GP	45.46	33.48	36%
(-)			
Other income (expenses)	-0.25	0.09	-370%
Selling & Marketing Expenses	-8.12	-7.66	6%
Administrative Expenses	-14.58	-13.70	6%
Finance Income	0.18	0.17	2%
Finance Cost	-0.99	-0.46	114%
Share of Profit of Associates	5.93	2.17	173%
PBT	27.62	14.09	96%
(-)Tax Expenses	-4.86	-2.42	101%
PAT	22.76	11.67	95%
PATAMI	22.76	11.67	95%
Normalised PATAMI	26.36	14.76	79%

Growth in all business segments. Malaysia and International operations continue to register highest ever quarterly revenue, growing at 29% and 234% YoY, respectively

Higher staff cost to support business growth, RMIT compliance cost, cost related to RAM acquisition and T&E in line with the re-opening of the economy

Increased due to new borrowings to fund acquisitions

Higher PATAMI from higher revenue, zero forex losses from USD borrowings as well as increased contribution from associates

(RM' Million)	Q3 2022	Q3 2021
Losses from CIBI Holdings and CIBI	-	-
Costs related to acquisition	0.30	0.08
Forex losses on USD borrowings	0.00	1.52
Incremental income tax expense	4.17	1.50
Over accrual of prior year tax	-0.87	-
Total	**3.60**	**3.09**

FINANCIAL PERFORMANCE - 9M 2022

Stellar PATAMI growth of 85% YoY

(RM' Million)	9M 2022	9M 2021	YoY (%)
Continuing Operations			
Revenue	142.04	114.37	24%
GP	120.63	100.01	21%
(-)			
Other income/ (expenses)	0.93	-0.10	1067%
Selling & Marketing Expenses	-24.19	-22.64	7%
Adminstrative Expenses	-42.38	-38.32	11%
Finance Income	0.37	0.25	46%
Finance Cost	-2.45	-5.66	-57%
Share of Profit of Associates	14.07	5.59	152%
PBT	66.97	39.13	71%
(-)Tax Expenses	-9.26	-7.35	26%
PAT from Continuing Operations	57.71	31.78	82%
PAT	57.71	30.65	88%
PATAMI	57.71	31.20	85%
Normalised PATAMI	64.46	40.96	57%

Growth in all business segments. Malaysia revenue grew at 21% while International revenue grew at 104% YoY

Investment in key talents to support biz growth, T&E, RMIT cost and acquisition related cost for RAM, Juris and BOL

Higher PATAMI due to higher BAU revenue, contribution from associates & other income in addition to the elimination of forex losses from USD borrowings

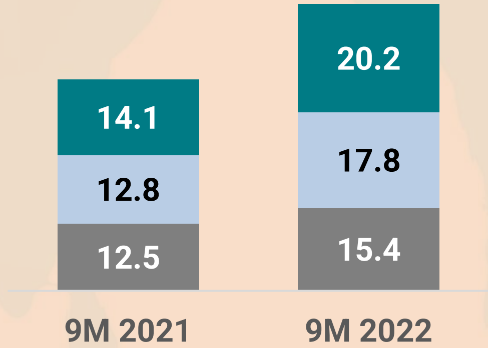
(RM' Million)	9M 2022	9M 2021
Losses from CIBI Holdings and CIBI	-	0.58
Costs related to acquisition	1.06	0.17
Forex losses on USD borrowings	0.00	4.44
Incremental income tax expense	10.76	4.57
Over accrual of prior year tax	-5.07	-
Total	**6.75**	**9.77**

REVENUE BREAKDOWN BY BUSINESS SEGMENTS

Strong YoY growth in all segments driven by improving demand & economic conditions

1Q 2Q 3Q

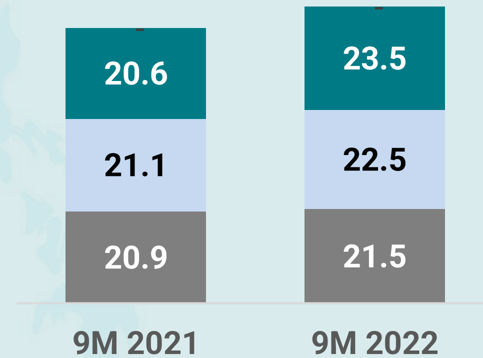
Key Accounts (RM' Million)



- Driven by strong demand for CTOS Digital Reports, Digital Solutions as well as comprehensive portfolio review and analytics services

3Q YoY %	3Q QoQ %	9M YoY %
43%	13%	36%

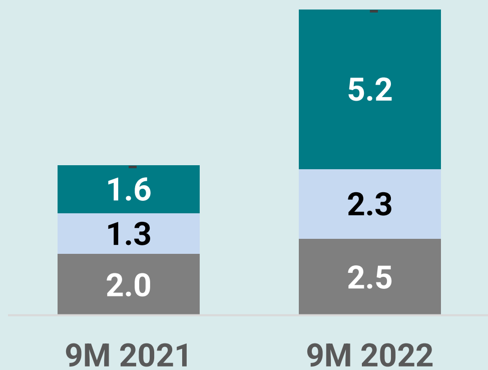
Commercial- Malaysia (RM' Million)



- Improved revenue on the back of new activation, higher demand from CTOS Digital Reports supported by minimal churn rate

3Q YoY %	3Q QoQ %	9M YoY %
14%	4%	8%

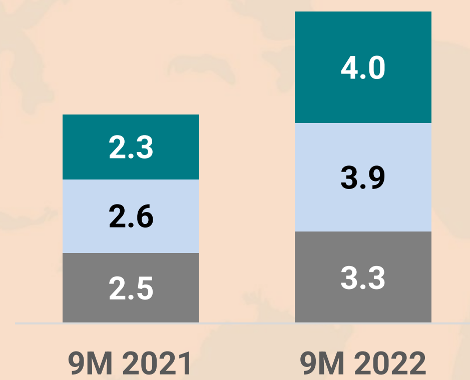
Commercial- International (RM' Million)



- Higher YOY growth contributed by new customer acquisition and report sales

3Q YoY %	3Q QoQ %	9M YoY %
234%	129%	104%

D2C (RM' Million)

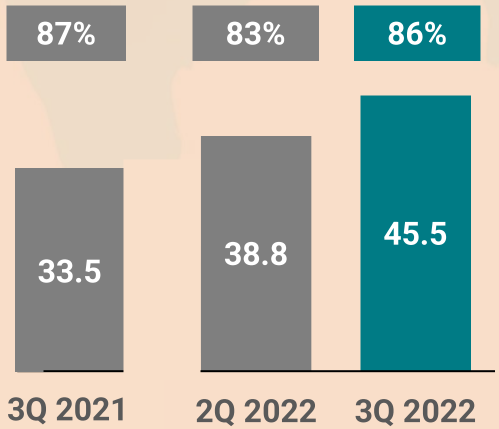


- Higher transaction volume with increased client base

3Q YoY %	3Q QoQ %	9M YoY %
71%	2%	49%

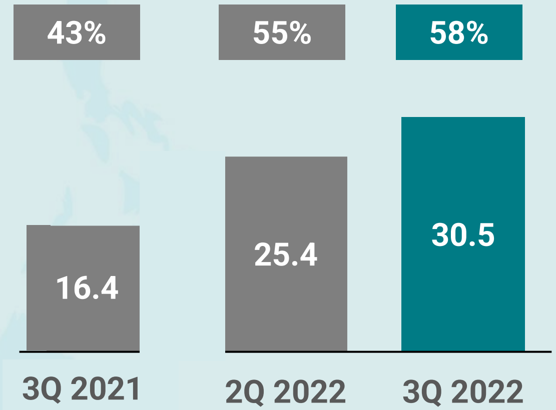
PROFITABILITY TREND

GP (RM' Mil) & Margin (%)



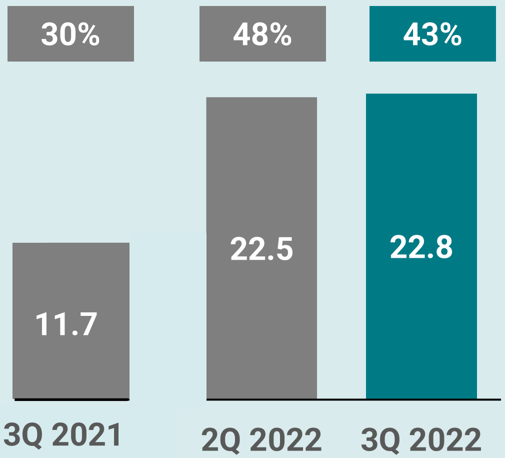
QoQ GP margin improved in 3Q 2022 mainly due to variation in product mix

EBITDA (RM' Mil) & Margin (%)



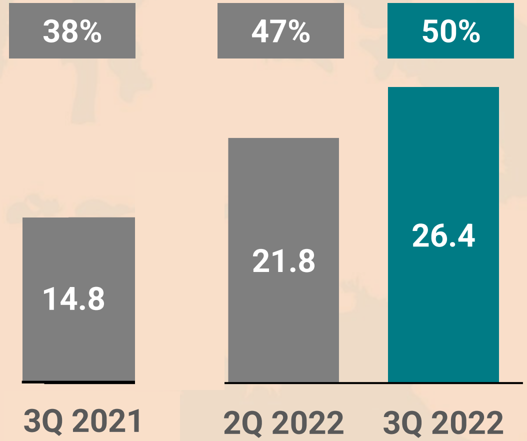
Higher EBITDA margin due to scalable organic growth and higher associate contribution

PATAMI (RM' Mil) & Margin (%)



QoQ lower PATAMI margin mainly due to RM4.2 million tax written back in 2Q 2022

NORM. PATAMI* (RM' Mil) & Margin (%)

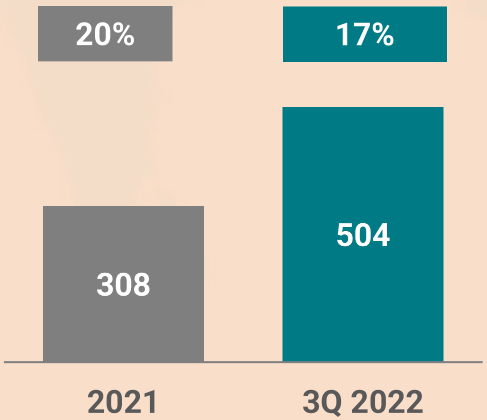


QoQ normalised PATAMI margin improved due to higher revenue and associates contribution backed by higher operating margins

*Normalised PATAMI, before interest expense

KEY FINANCIAL RATIOS & MATRICES

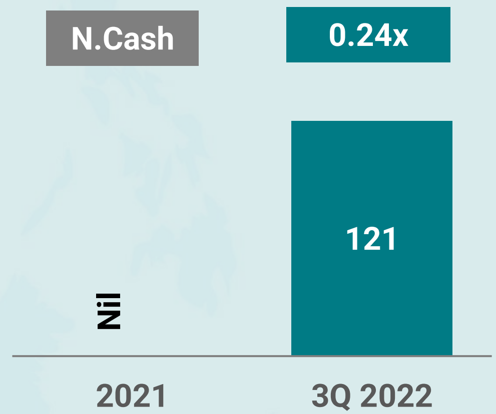
Shareholder Equity (RM' Mil) & ROE (%)



Shareholder equity base increased as a result of the private placement of new 110 million shares on 3rd of March 2022

*Based on T12M PATAMI divided by average shareholder equity

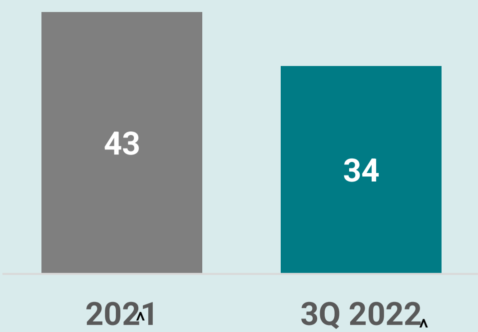
Net Borrowings (RM' Mil) & Net Gearing (x)



Borrowings increased to fund the acquisitions

Net Gearing remains at manageable level

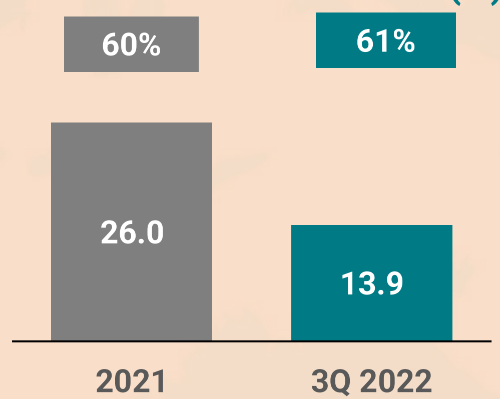
Cash (RM' Mil)



Cash on hand remains similar to 2Q 2022

^ inclusive of investment in money market funds of RM26m in 2021 and RM20.7m in 3Q 2022.

Dividend Payout (RM Mil) & Payout Ratio (%)



Annual dividend pay-out policy with at least 60% of PATAMI

3rd interim dividend: 0.6 sen / share
YTD dividend declared : 1.515 sen /share

ASSOCIATE COMPANIES

Share of profit increased YoY by 173% in 3Q 2022 to RM5.93 million

Company / Equity Holdings (%)	Thesis / Synergies
Business Online PLC (BOL): 24.825% Market leader in business information in Thailand	▪ Market leader in business information in Thailand ▪ Geographical expansion in Thailand ▪ Cross fertilization of products ▪ Reported PAT of THB139m in 1H 2022
Juris Technologies: 49% Market leader in credit related enterprise-class software solutions in Malaysia	▪ Joint account planning ▪ Introducing digital lending platform for moneylenders ▪ Integrated core offering on JurisTech's platform ▪ Targeting 15-20% CAGR profit growth
RAM Holdings: 57.675% Market leader in bond credit ratings in Malaysia	▪ Product expansion (corporates and SMEs) ▪ Cross selling of existing products ▪ Realise further synergies through collaborations to leverage on each other's resources and expertise to co-develop new solutions or services ▪ New propositions such as providing ESG based products and solutions could be jointly developed to better serve both companies' growing customer needs

Plans to put on hold further acquisitions in the next 1-2 years. During this time, we will digest our acquisitions to realise each company's growth potential and maximize synergies

OUR GROWTH TARGETS

	FY2021 Actual	FY2022	FY2023 Without consolidating RAM	FY2023[1] Consolidating RAM
		Internal Mgmt. Targets		
Revenue *(YoY Growth)*	**RM153m** *(15%)*	**RM185-195m** *(21-27%)*	**RM220-230m** *(15-20%)*	RM275-290m *(45-53%)*
EBITDA *(YoY Growth)*	**RM66m** *(22%)*	**RM85-92m** *(30-40%)*	**RM108-113m** *(22-28%)*	RM124-131m *(40-48%)*
Associates contribution		**RM17-20m**	**RM27-30m**	
Normalized PATAMI *(YoY Growth)*	**RM60m** *(33%)*	**RM75-80m** *(25-33%)*	**RM95-100m** *(23-29%)*	RM95-100m *(23-29%)*

Note: Figures are for simulation purposes only and mgmt. internal targets; Indicated YoY growth % assumes average of previous year figures

(1) Assumes consolidation of RAM using FY22 financials

KEY TAKEAWAYS

3Q Results
Overall positive performance from all business segments and across all types of services

Sustainable Trajectory
On-track to achieve our internal management guidance for FY22

Market Share
Market share increased from 71.6% in 2020 to 72.7% in 2021

Investments
Focusing on harnessing acquisition synergies

New Initiatives
Leveraging on Digital Economy and New Verticals

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ESG & Sustainability

SUSTAINABILITY BLUEPRINT

Purpose	To help empower consumer and businesses to make sound credit decisions confidently, leading to better financial health			
Vision	To make Malaysia a centre of excellence for credit reporting in ASEAN			
CTOS ESG Theme	Protecting our Environment	Empowering our people and SMEs	Effectively managing compliance and risks	Establishing trust in data
CTOS ESG Sub-theme	• Energy Management • GHG Emissions	• Financial Literacy • Customer Welfare & Responsibility • Employee Engagement • Diversity & Inclusion	• Compliance to Evolving Regulations & Standards • Business Ethics • Fraud Risks	• Data Privacy & Cybersecurity • Transparency & Trust
FTSE4G ESG Pillar	Environmental	Social	Governance	Governance & Social
FTSE4G ESG Theme	Climate Change	Human Rights & Community Labour Standards	Anti-Corruption Corporate Governance	Risk Management Customer Responsibility

ESG TARGETS & OVERVIEW

GHG EMISSIONS TARGETS

- Reducing Scope 2 emissions by 15% by 2025, from 2022 levels
- Reducing Scope 3 emissions by 15%, by 2030
- Developing a roadmap towards achieving Net Zero by 2050

HUMAN RIGHTS

- To apply principles of the Global Reporting Initiative (GRI), United Nations Global Compact (UNGC) and the United Nations Guiding Principles on Business and Human Rights

LABOUR & DIVERSITY

- Continuously improve workforce diversity & equal opportunities
- Prioritise the sourcing of local talents
- As of 31 December 2021: 97% of our employees are local and 54% are female

LITERACY & AWARENESS

- Undertaken many consumer-related financial literacy educational programs across all segments of the society to raise public awareness on the importance of credit health for a better financial future

REMUNERATION

- GCEO & Head of Corporate Strategic & Planning performance have incorporated ESG performance
- 2023 onwards, this measurement will extend to key performance indicators of relevant personnel in CTOS Digital

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