

GHL SYSTEMS BERHAD

CORPORATE OVERVIEW

May 2022



the [ASEAN](#) Payment People

Property of GHL Systems Berhad



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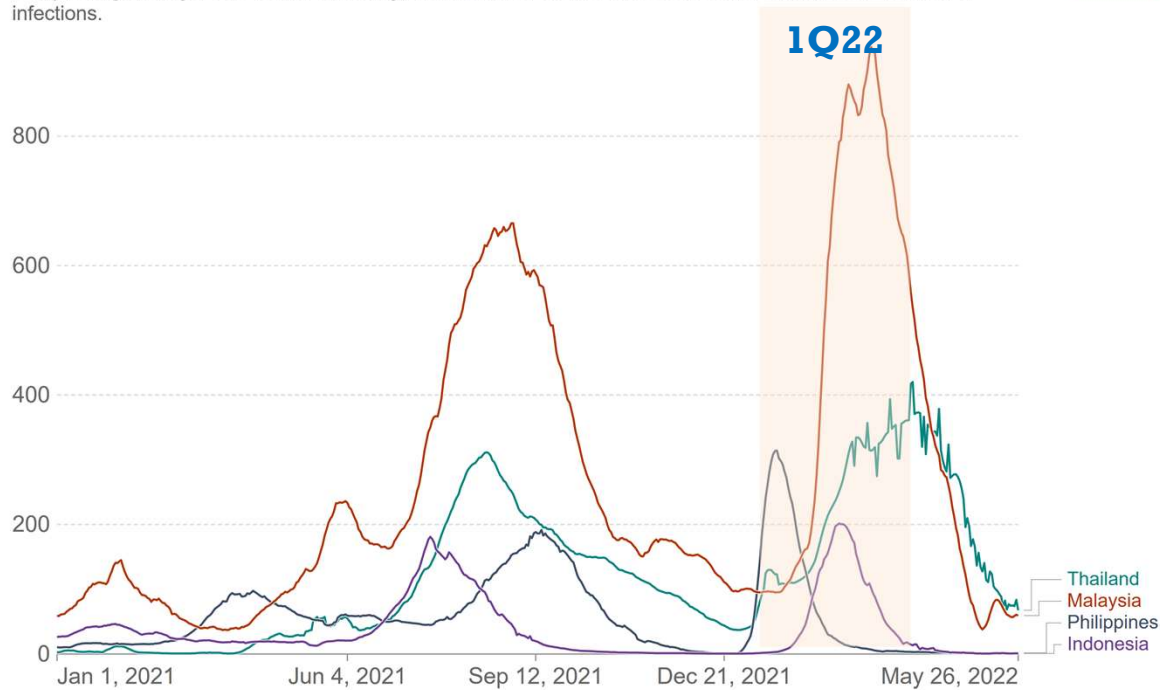
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[COVID-19 situation @ 26th May 2022

Daily new confirmed COVID-19 cases per million people

7-day rolling average. Due to limited testing, the number of confirmed cases is lower than the true number of infections.

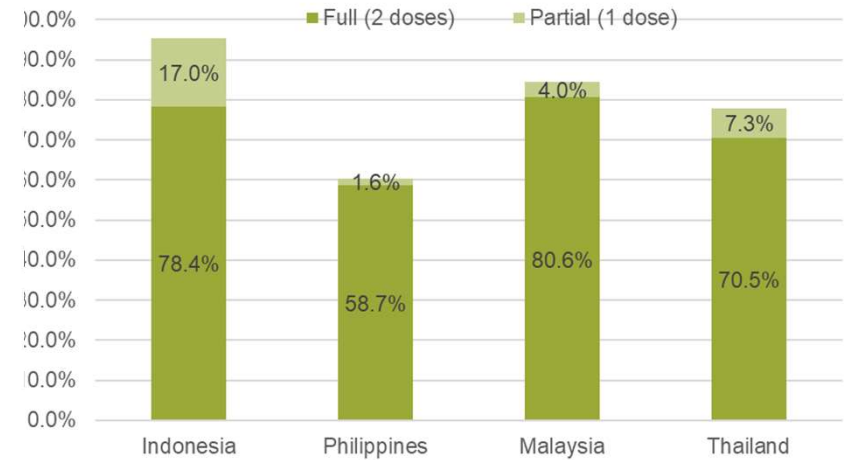
Our World
in Data



Source: Johns Hopkins University CSSE COVID-19 Data

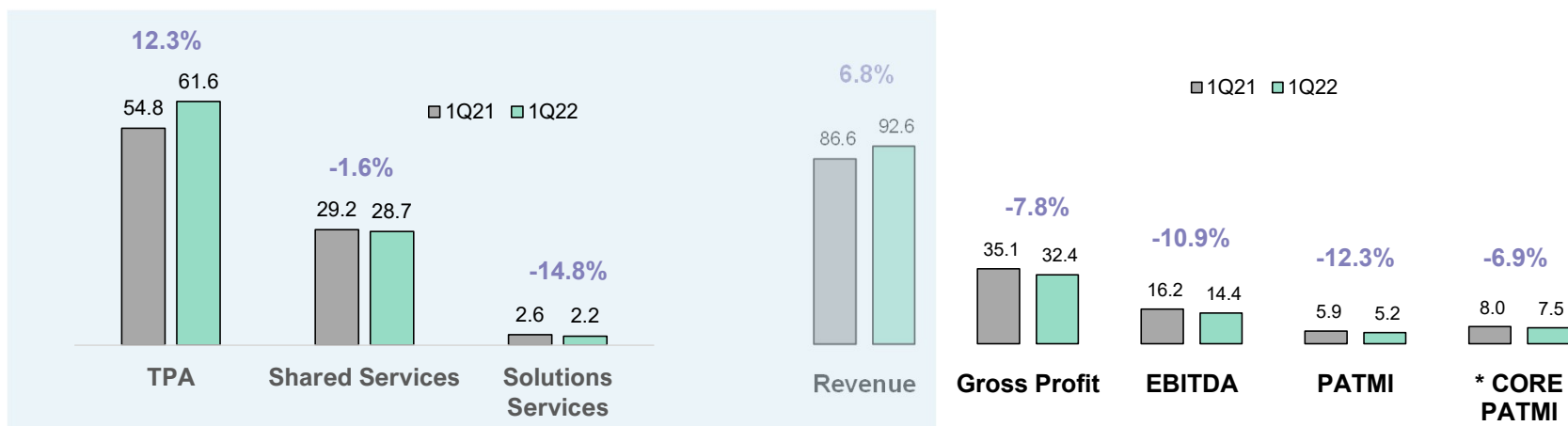
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Vaccination rates in ASEAN @ 18 April 2022



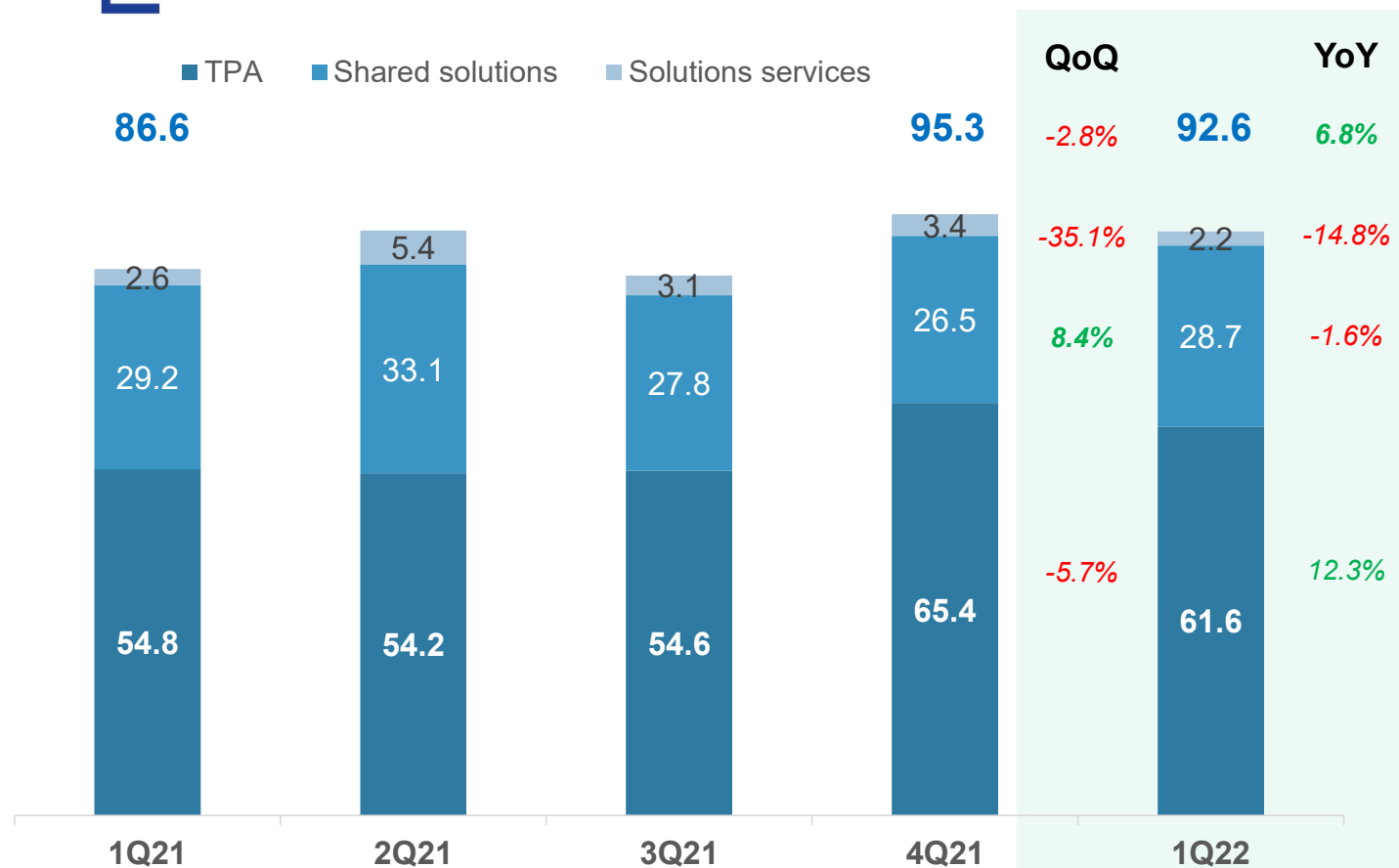
High vaccination rates has enabled the relaxation of lockdown measures

1Q22 Headline Performance



- 1Q22 Revenues grew 6.8% YoY to RM92.6 (1Q21 – RM86.6 million) with growth driven by TPA but declines in revenues in the Shared and Solution service business pillars.
- GP margins were lower at 35.0% (1Q21 – 40.6%) due to i) operational and merchant mix changes as well as ii) decline in Shared Services rental/maintenance revenue from a year ago.
- 1Q22 group bottom line declined -12.3% due to lower GP margins at the Shared Services division whereas TPA profitability improved in line with the growth in revenue.

1Q22 Business Pillars Revenue Trend



**TPV
1Q22**

RM6.2b

1Q21 : RM6.1b

1.4% YoY

**TPA
Acceptance Points**

177,200

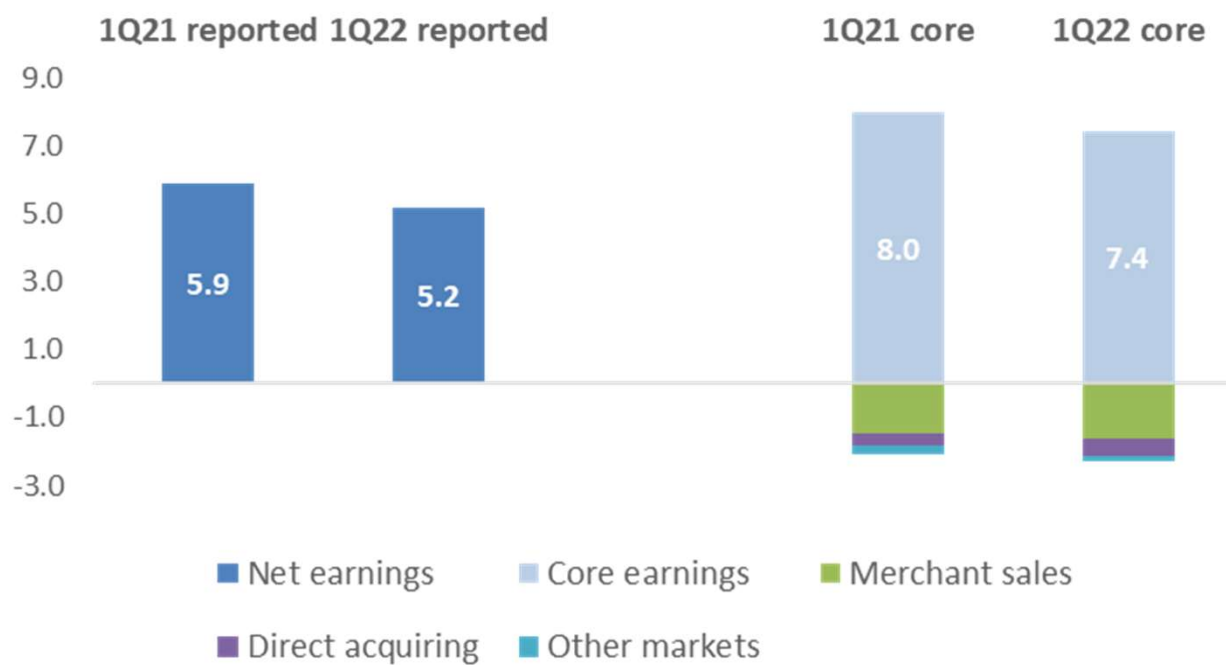
1Q21 : 154,300

15% YoY

[1Q22 Core Earnings

Illustration only

1Q22 Core operating earnings (RM m)



[1Q22 Financial Standing @ 31.3.2022

Operating profit before working capital changes 11,080

Increase/(Decrease) in working capital

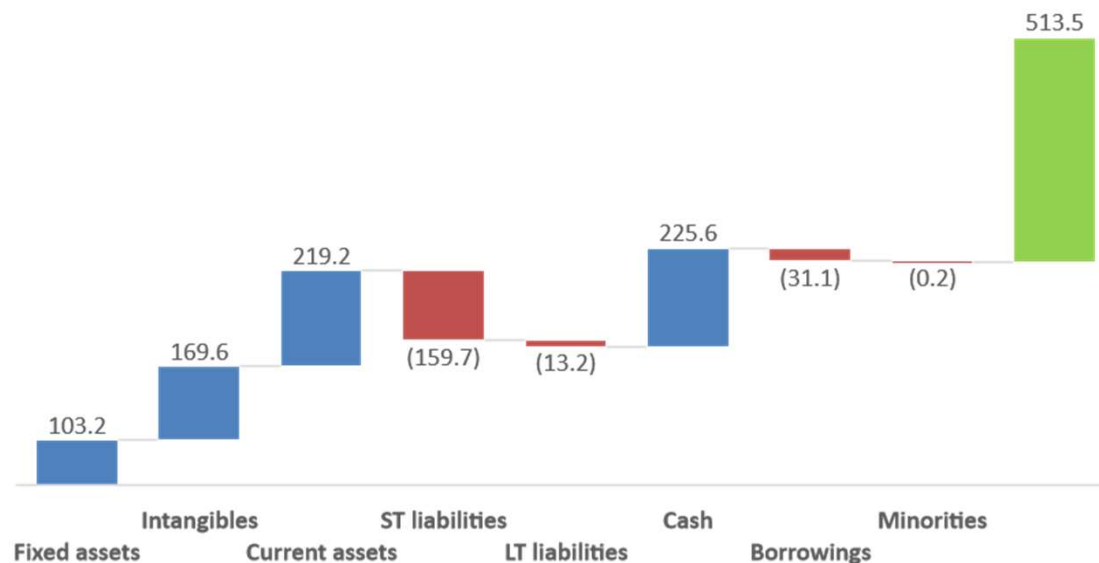
Inventories	6,388
Trade and other receivables	(15,351)
Trade and other payables	(29,018)
Advance receipt from contract liabilities	3,562
	<u>(34,419)</u>

Cash (used in)/generated from operations (23,339)

1Q22 balance sheet remains net cash
with working capital needs despite
current operating conditions

Net cash (incl cash funds) – RM194.5m

Shareholders funds @ 31.3.2022 (RM m)



[1Q22 TPV Performance

**TPV
2021**

RM 23.2b

2020 : RM19.6b

19% YoY

**TPV
1Q22**

RM6.2b

1Q21 : RM6.1b

1.4% YoY

- 1Q21 TPV was flat at -2.4% QoQ & 1.4% YoY due a traditiona stronger year end spending.
- 1Q22 online TPV was down -27.6% YoY but physical TPV was up 24.8% as physical shops reopen and consumers spent less online
- 1Q22 saw the peak of COVID-19 omicron cases in most ASEAN countries.

TPV by service (RM b)



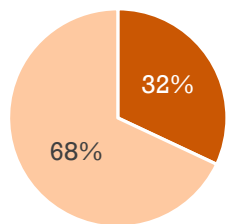
* TPV (Transaction Payment Value)

[1Q22 TPV Performance

TPV is the measure of the transaction value captured across GHJ's extensive merchant payment touchpoints across ASEAN, both physical and online.

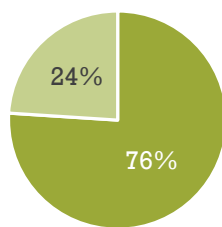
Group TPV

Online Offline



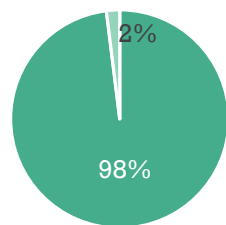
Scheme cards

Debit Credit



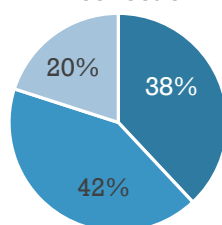
E-wallets

Domestic Cross Border



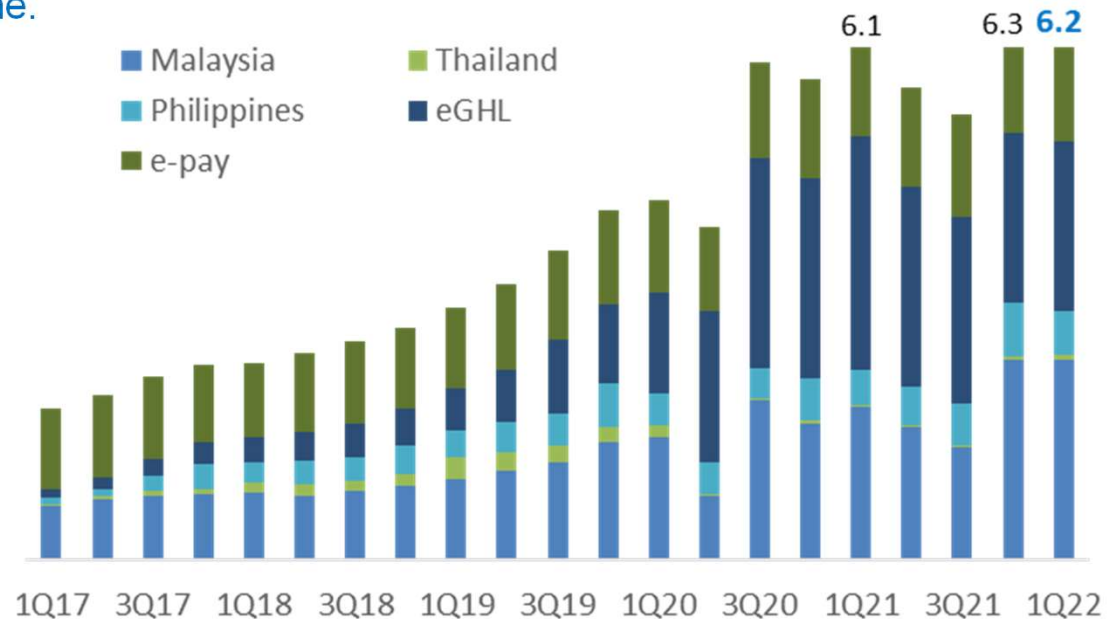
E-pay

Telco Bill collection Others



TPV by Geography (RM b)

Malaysia Thailand
Philippines eGHL
e-pay



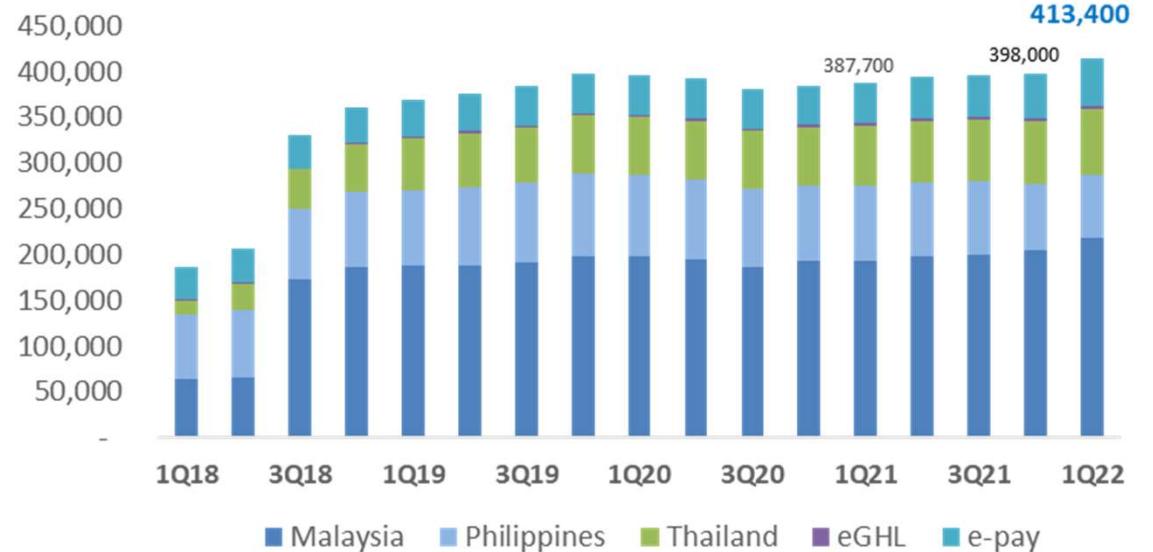
* TPV – Transaction Payment Value

[1Q22 Regional Footprint

GHL - ASEAN Presence
950 staff
> 413,400 acceptance points



Total payment points (ASEAN)



1Q22 TPA Acceptance Points

TOTAL Acceptance Points

413,400

1Q21 : 387,700



7% YoY

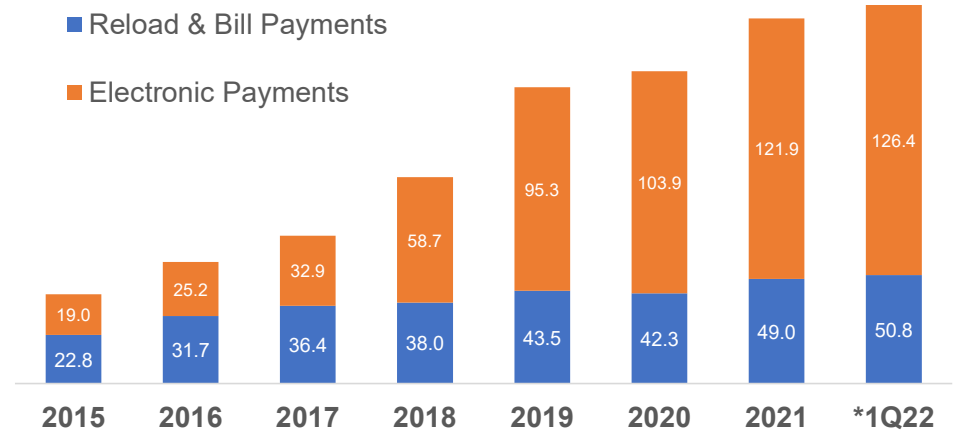
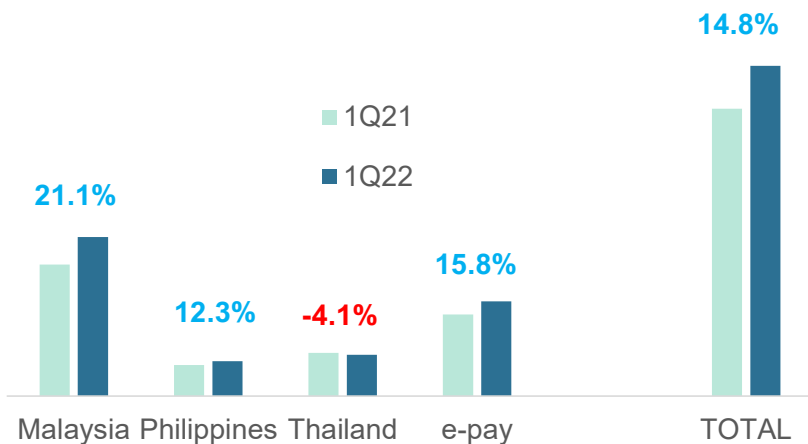
TPA Acceptance Points

177,200

1Q21 : 154,300



15% YoY

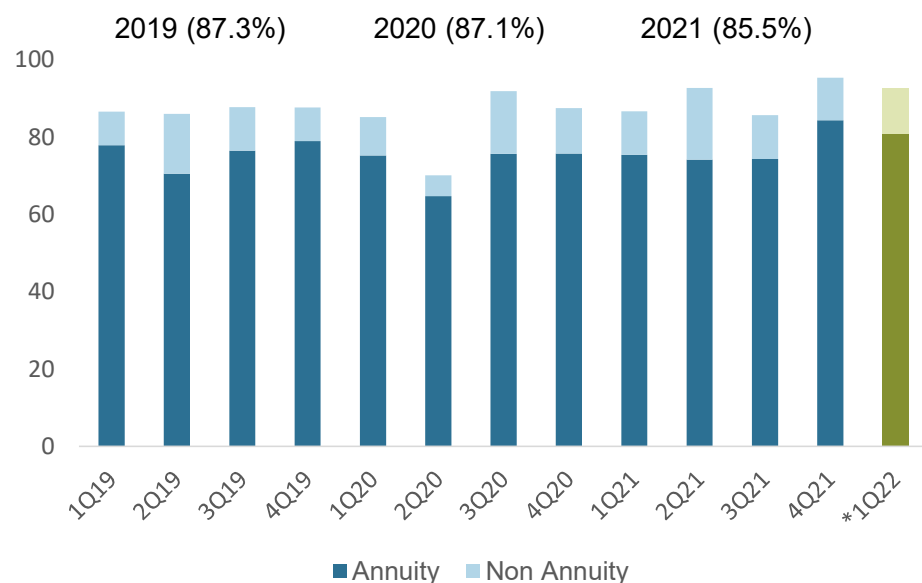


- Total TPA payment touchpoint growth continues despite COVID-19 challenges in 2020/2021.
- Investment in growing payment touchpoint was cautious and measured given COVID-19 uncertainties but could pick up in 2022 given border and retail outlet re-openings.

Resilience and Recurring

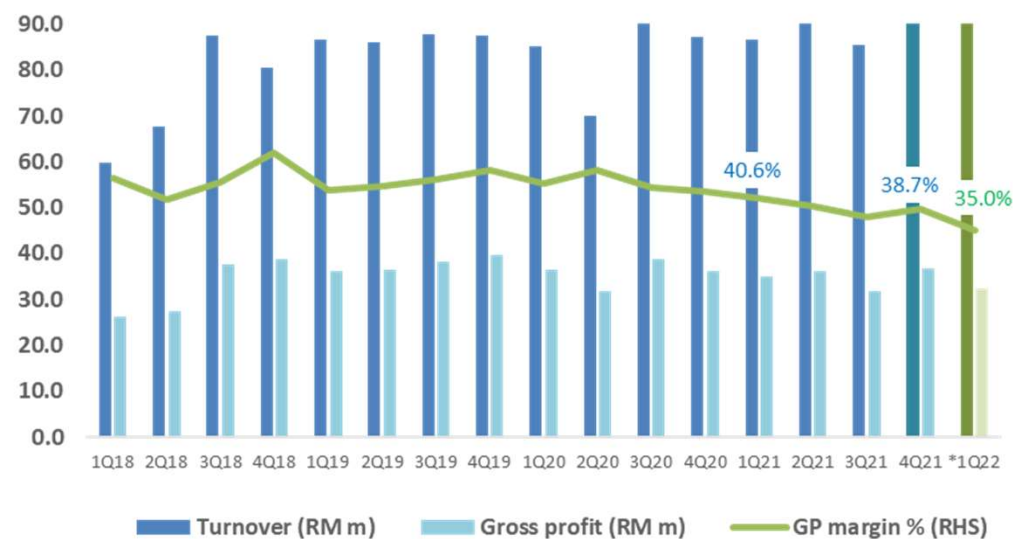
GP margins stable

Strong Recurring Group Revenue (RM m)



Recurring transactional driven earnings

GHL group performance

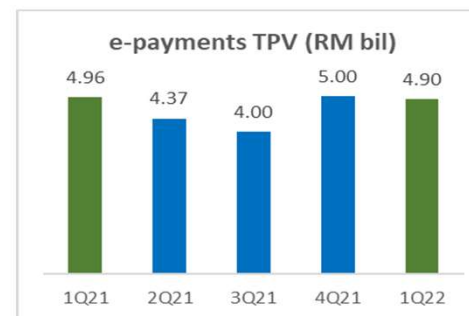
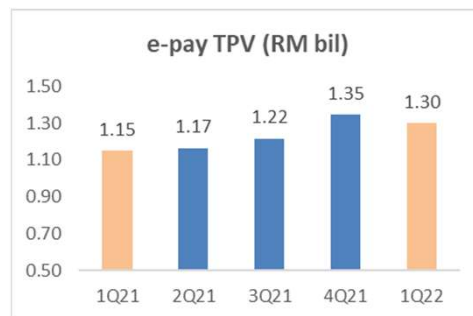
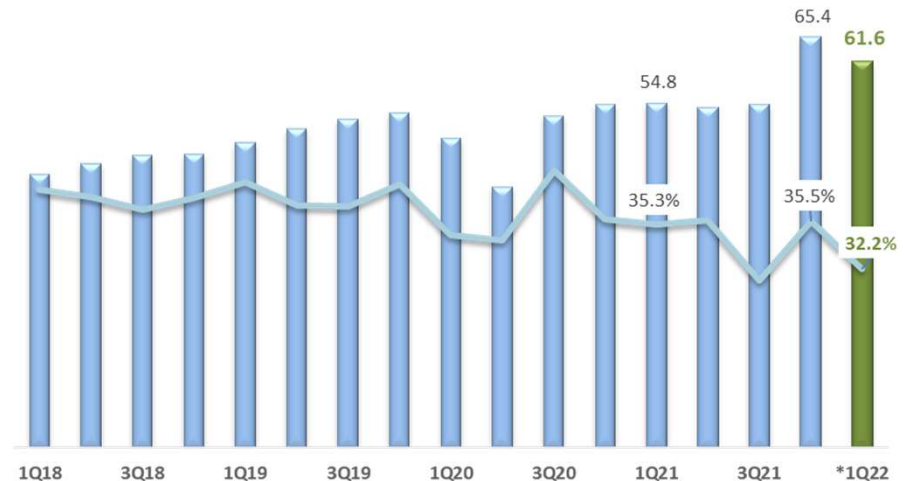


Stable robust GP margins

1Q22 TPA Revenue performance

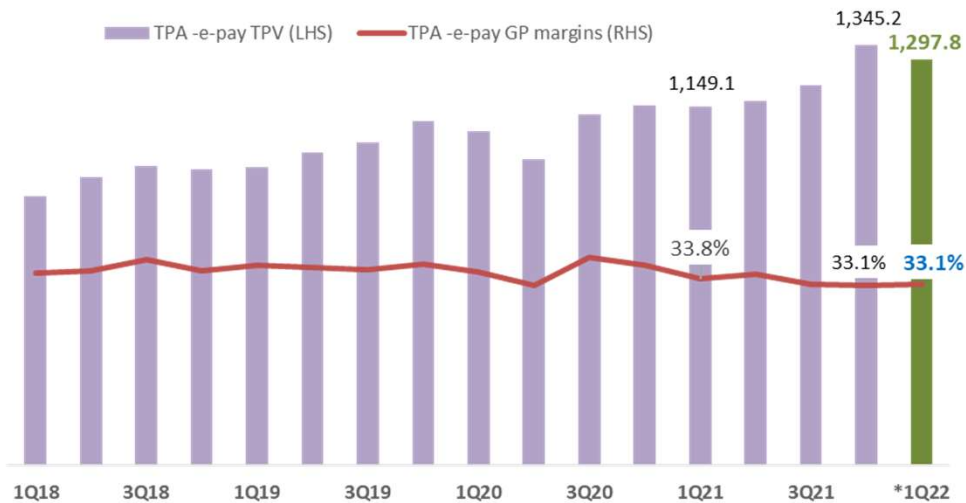
- 1Q22 TPV grew 1.4% YoY but declined -2.4% QoQ due to 4Q21 being seasonally stronger during year end.
- 1Q22 TPA revenue was up 12.3% YoY as more offline TPV was captured at physical stores which reopened as lockdown measures eased and online transaction were low YoY.
- GP margins declined both YoY and QoQ reflecting a change in the mix of merchants and payments type.

TPA Revenue (RM m) and GP margins (%)

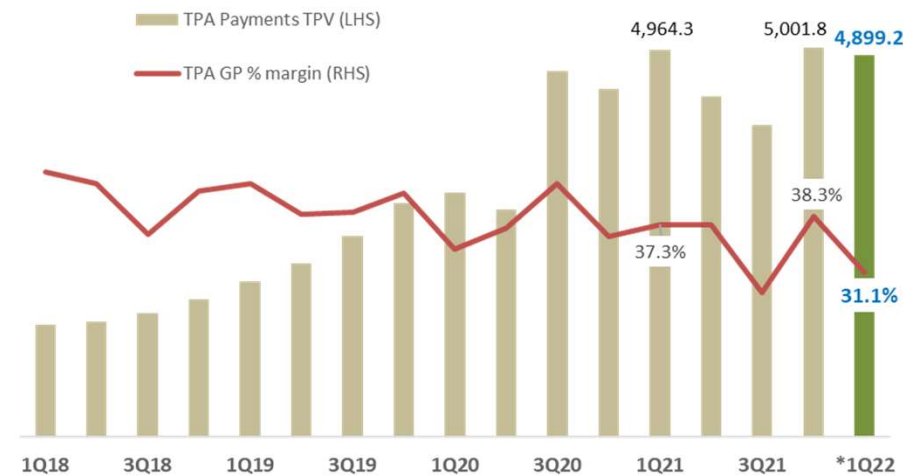


1Q22 TPA Performance by segment

e-pay TPV (RMm) vs GP margins (%)



Payments TPV (RM m) vs GP margins (%)



[1Q22 TPA performance

Stable spread margins

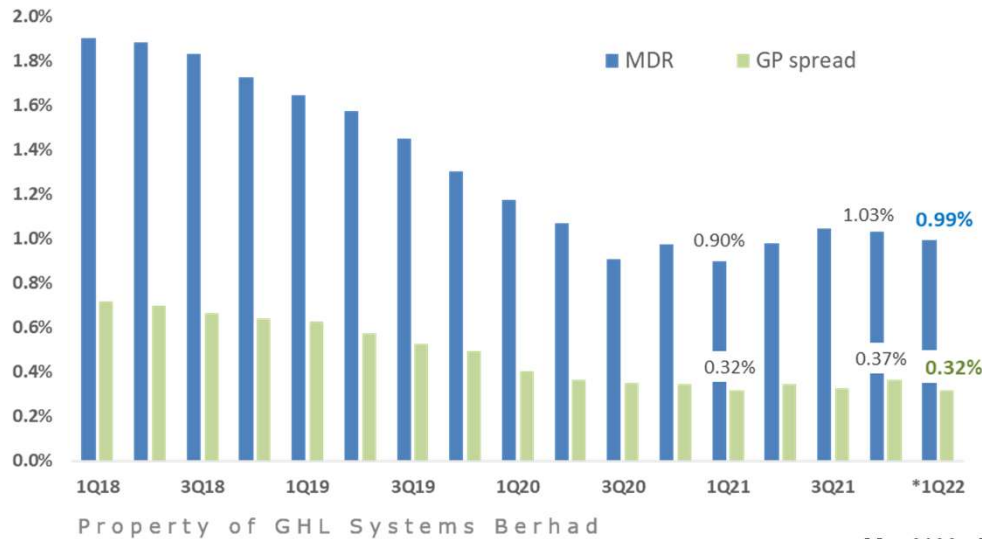
TPA performance and profitability is driven by

- TPV (Transaction payment value - volume)
- MDR (Merchant Discount Rate – rate paid by merchants)
- Merchant payment touchpoints

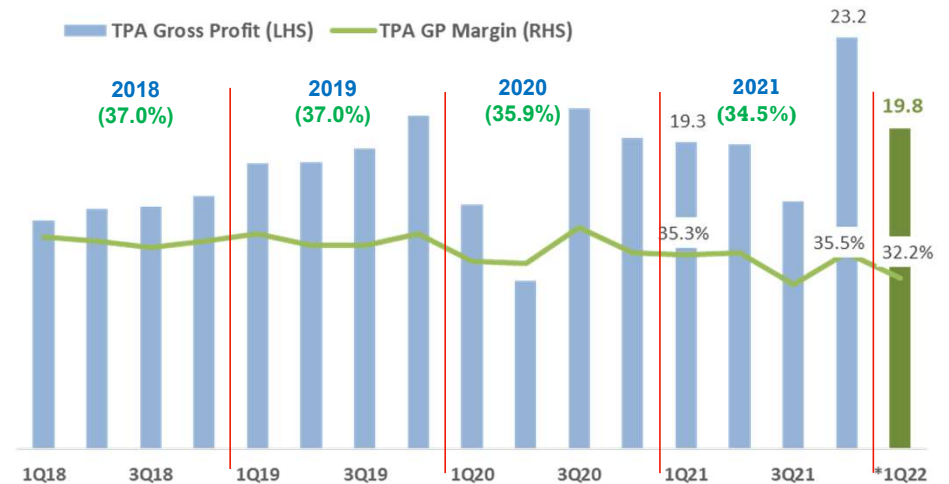
MDR rate and GP % spread is dependent on several factors such as

- Geography (different markets are priced differently)
- Payment mix (online vs offline; credit vs debit vs e-wallets)
- Merchant tier (large merchants vs small vs micro enterprises)
- Revenue sharing with partners

TPA Gross MDR and spread (2018-2021)



TPA Gross profit (RM m) and GP margins (%)



May 2022 – Internal use only

COVID-19 Impact on the Group

TPA – Offline Payment and e-pay

- Consumption dropped during lockdown & economic slowdown but have improved after movement restrictions were eased.

– Online Payment

- TPV has been growing since before COVID-19 but momentum grew as more transactions shift online during lockdown however offline transactions resumed when shops reopened.

Shared Services and Solution Services

- Rental and Maintenance – Recurring and defensive but saw pricing pressures during pandemic
- Banks EDCs retrievals in 2020/21 due to COVID-19 impact on merchants and businesses
- New bank EDC capex were deferred and impacted during lockdown periods but resumed when movement controls were relaxed

















































Monthly TPV trend (RM mil)



Touchpoint footprint (ASEAN)



[GHL ASEAN Coverage

TPA Map		Malaysia	Thailand	Philippines	Indonesia, and others
Scheme	CREDIT	    (1)  (2)			
	DEBIT	     	   	  	
e-Wallets	Cross border	 			
	Domestic	      	     	  	  
Internet		               			
BNPL partners		  			
TPA partners		     	  	  	

(1) Malaysia and Philippines only (2) Thailand only

[Key drivers for digital payments adoption

Source : PayNet Digital Payments
Insights Study 2022

Education and awareness

Continuing awareness programs on the benefits of digital payments as well as education on safety and security, including prevention of fraud and scams are needed for consumers and businesses.

Acceptance points

Enabling businesses (including SMEs and micro-SMEs) and public amenities (mass transport, bill payment kiosks, public hospitals and mass parking facilities) where there is high payment frequency (regardless of value) would increase accessibility to digital payments.

Public sector and regulator support

Continued support from the following are critical:

- Bank Negara Malaysia, in ensuring a conducive and facilitative environment for digital payments to prosper as laid out in the Financial Sector Blueprint 2022-2026.
- Government, to set in place essential infrastructure needed to embrace digital payments as planned under the MyDigital Economic Blueprint.

Central payments infrastructure and ecosystem

Central payments infrastructure that is accessible, reliable, secure and inclusive is essential for the nation's competitiveness and efficiency and to build trust and confidence in digital payments.

Having an ecosystem of diverse participants ensures all business and customer segments are served, including those in the underserved segments.

Malaysia – the pandemic accelerated cashless journey



PayNet's New Study Reveals Positive Payment Behaviour Changes

6 April 2022 – Payments Network Malaysia Sdn Bhd (PayNet) released today the findings of a commissioned study to gauge the extent of payment behaviour change of Malaysian consumers and businesses since the Covid-19 pandemic. The inaugural 'PayNet Digital Payments Insights Study 2022' presents findings from a field study conducted in Q4 2021 to gain a deeper understanding of the payment preferences of the public and businesses, with particular focus on relevance of cash and SMEs adoption of digital payments.

Based on the study, while Malaysians continue to predominantly use cash for payments, reliance on cash has dropped, similar to findings in other countries. **The percentage of Malaysians that use cash to pay has fallen 11 percentage points to 78% from 89% before the pandemic.** However, less Malaysians use cash when it comes to daily payments (48.4%) and less so in urban areas (36.2%), likely contributed by the rise of QR payments, established trust in debit cards, as well as due to fears of becoming infected by handling cash. Businesses, except those in the East Coast and Southern regions,

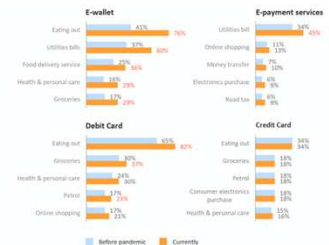


Debit cards and e-wallets are used more for out-of-home consumption (e.g. eating out, retail & groceries spend in-store).

E-payment services are used for utilities and bills payments, mainly out of necessity (i.e. counter closures due to movement controls). The habit largely continued even after counters re-opened. All types of digital payments increased in this space, except for credit cards payments.

Credit card usage behaviours remained stable, probably due to its relative maturity (mainstream usage).

Source: PayNet Digital Payments Insights Study 2022



Still predominantly CASH

Malaysian e-payment landscape TRENDS

Different e-payment types for different uses,
But all higher now than pre COVID

Source : PayNet Digital Payments Insights Study 2022

Runway remains long

Thank You

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