



GHL SYSTEMS BERHAD
Company No: 199401007361 (293040-D)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2021
(THE FIGURES HAVE NOT BEEN AUDITED)

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
		31.12.2021	31.12.2020	31.12.2021	31.12.2020
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	95,264	87,486	360,166	334,514
Cost of sales		(58,456)	(50,304)	(220,058)	(190,188)
Gross profit		36,808	37,182	140,108	144,326
Other operating income		2,682	6,174	8,173	11,796
Administration expenses		(21,000)	(19,944)	(87,592)	(96,542)
Distribution costs		(2,791)	(2,734)	(10,967)	(8,204)
Other operating expenses		(3,221)	(9,482)	(6,493)	(27,582)
Finance cost		(543)	(598)	(2,225)	(2,326)
Share of results of associated companies		(137)	14	(320)	(148)
Profit before taxation		11,798	10,612	40,684	21,320
Income tax expense		(3,123)	(2,611)	(12,541)	(12,199)
Profit for the period		8,675	8,001	28,143	9,121
Discontinued operation					
Loss from discontinued operations, net of tax		-	(2,104)	-	(2,104)
Profit for the period		8,675	5,897	28,143	7,017
Attributable to:					
Owners of the Company		8,671	5,999	28,159	13,549
Non-controlling interest		4	(102)	(16)	(6,532)
		8,675	5,897	28,143	7,017
Earnings Per Ordinary Share					
- Basic (sen)	B9	0.76	0.60	2.47	1.69
- Diluted (sen)	B9	0.76	0.60	2.47	1.69
Profit for the period		8,675	5,897	28,143	7,017
Other comprehensive income, net of tax					
Remeasurement of defined benefit liability, net of tax		-	(365)	-	(365)
Foreign currency translation differences		(176)	(1,102)	(2,027)	(1,393)
Reclassification adjustment relating to a subsidiary disposed during the year		-	(76)	-	(76)
Total comprehensive income for the period		8,499	4,354	26,116	5,183
Total comprehensive income attributable to:					
Owners of the Company		8,495	4,456	26,132	11,715
Non-controlling interest		4	(102)	(16)	(6,532)
		8,499	4,354	26,116	5,183

(The condensed consolidated statement of comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)



GHL SYSTEMS BERHAD
Company No: 199401007361 (293040-D)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021
(THE FIGURES HAVE NOT BEEN AUDITED)

	AS AT 31.12.2021 (Unaudited) RM'000	AS AT 31.12.2020 (Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	98,115	99,599
Goodwill on consolidation	168,639	168,639
Intangible assets	904	1,169
Investment in joint ventures and an associate	29	-
Net investment in lease	2,794	-
Trade receivables	-	415
Deferred tax assets	1,966	2,955
	272,447	272,777
Current assets		
Inventories	64,048	59,872
Trade receivables	56,060	45,159
Other receivables	88,397	92,781
Current tax assets	7,350	2,198
Other investment	101,638	64,810
Cash and bank balances	180,081	148,894
	497,574	413,714
TOTAL ASSETS	770,021	686,491
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	351,485	351,485
Reserves	(3,541)	(3,516)
Retained earnings	160,942	133,788
Equity attributable to owners of the parent	508,886	481,757
Non controlling interest	168	184
Total equity	509,054	481,941
Non-current liabilities		
Bank borrowing	15,393	13,901
Contract liabilities	579	328
Lease liabilities	3,192	2,901
Employee benefits obligation	2,234	2,234
Deferred tax liabilities	6,599	4,479
	27,997	23,843
Current liabilities		
Trade payables	60,495	32,299
Other payables	121,905	127,236
Amount due to associate companies	9	-
Contract liabilities	5,197	4,543
Lease liabilities	2,708	6,161
Bank borrowings	37,337	8,274
Current tax liabilities	5,319	2,194
	232,970	180,707
Total liabilities	260,967	204,550
TOTAL EQUITY AND LIABILITIES	770,021	686,491
Net assets per share (sen)	44.58	65.28

(The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)



GHL SYSTEMS BERHAD
Company No: 199401007361 (293040-D)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021
(THE FIGURES HAVE NOT BEEN AUDITED)

	Share Capital RM'000	Retirement benefit Reserve RM'000	ESS Shares RM'000	Exchange Reserve RM'000	Share Options Reserve RM'000	Retained Profits RM'000	Equity Attributable Owners Of The Parent RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 January 2020	330,200	59	(11,161)	261	2,202	120,889	442,450	6,413	448,863
Issuance of ordinary shares to acquire a subsidiary	19,015			-	-	-	19,015	-	19,015
Issuance of ordinary shares pursuant to ESS	2,270		-	-	-	-	2,270	-	2,270
Purchase of ESS shares	-		(2,225)	-	-	-	(2,225)	-	(2,225)
Share options granted under ESS	-	-	11,132	-	(1,950)	(650)	8,532	-	8,532
Total comprehensive income for the year	-	(364)	-	(1,470)	-	13,549	11,715	(6,532)	5,183
Disposal of a subsidiary	-	-	-	-	-	-	-	303	303
At 31 December 2020	<u>351,485</u>	<u>(305)</u>	<u>(2,254)</u>	<u>(1,209)</u>	<u>252</u>	<u>133,788</u>	<u>481,757</u>	<u>184</u>	<u>481,941</u>
At 1 January 2021	351,485	(305)	(2,254)	(1,209)	252	133,788	481,757	184	481,941
Purchase of ESS shares	-	-	(110)	-	-	-	(110)	-	(110)
Transfer of ESS Shares to employees	-	-	2,364	-	-	(1,004)	1,360	-	1,360
Share option granted under ESS	-	-	-	-	(252)	-	(252)	-	(252)
Total comprehensive income for the year	-	-	-	(2,027)	-	28,158	26,131	(16)	26,115
At 31 December 2021	<u>351,485</u>	<u>(305)</u>	<u>-</u>	<u>(3,236)</u>	<u>-</u>	<u>160,942</u>	<u>508,886</u>	<u>168</u>	<u>509,054</u>

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)


GHL SYSTEMS BERHAD
Company No: 199401007361 (293040-D)
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2021
(THE FIGURES HAVE NOT BEEN AUDITED)**

	CURRENT YEAR TO DATE 31.12.2021 RM'000	PRECEDING YEAR TO DATE 31.12.2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
- Continuing operations	40,684	21,319
- Discontinued operations	-	(2,104)
Profit before taxation	40,684	19,216
Adjustment for:-		
Amortisation of development cost	265	265
Amortisation of contract liabilities	(12,892)	(5,661)
Bad debts written-off	171	2,285
Depreciation of property, plant and equipment	29,418	32,079
Fair value loss/ (gain) on other investment	855	96
Impairment loss on property, plant and equipment	637	3,828
Impairment loss on other investment	-	318
Impairment loss on goodwill on consolidation	-	11,332
Impairment loss on receivables	6,043	8,450
Impairment loss on inventories	168	-
Interest expense	2,225	2,065
Interest income	(3,275)	(3,059)
Inventories (back)/ written off	(1,266)	1,353
Gain on disposal of property, plant and equipment	552	(605)
Gain on disposal of subsidiary	-	(481)
Gain on disposal of other investment	-	(388)
Fair value loss on contingent consideration	-	6,141
Property, plant and equipment written-off	20	329
Reversal of impairment on trade receivables	(4,311)	(9,496)
Reversal of impairment on inventories	(2)	-
Share options granted under ESS	-	287
Share of loss/ (gain) from an associate	320	148
Unrealised loss/ (gain) on foreign exchange	21	118
Operating profit before working capital changes	59,633	68,620
Increase/(Decrease) in working capital		
Inventories	12,173	(9,393)
Trade and other receivables	(11,642)	(15,188)
Trade and other payables	23,227	1,625
Advance receipt from contract liabilities	13,764	6,416
Employee benefits obligations	-	279
	37,522	(16,261)
Cash generated from operations	97,155	52,359
Interest received	3,275	3,059
Interest paid	(1,758)	(1,198)
Tax paid	(12,755)	(15,026)
Tax refund	1,221	5,157
	(10,017)	(8,008)
Net cash generated from operating activities	87,138	44,351
Cash Flows From Investing Activities		
Purchase of property, plant and equipment	(43,327)	(17,224)
Purchase of other investment	(318)	(159)
(Increase)/ Decrease in fixed deposits pledged	(2,258)	(892)
Proceeds from disposal of property, plant and equipment	867	1,828
Proceeds from disposal of other investments	-	388
Disposal of discontinued operation, net of cash	-	(449)
Net cash used in investing activities	(45,036)	(16,508)
Cash Flows From Financing Activities		
Purchase of ESS shares	(111)	(2,225)
Proceeds from issuance of shares-ESOS	1,108	1,868
Proceeds from transfer of ESS shares	-	8,646
Repayment of lease liabilities	(6,085)	(8,724)
Drawdown of bank borrowings	50,700	66,359
Repayment of bank borrowings	(20,483)	(70,424)
Net cash generated from financing activities	25,129	(4,500)
Net increase in cash and cash equivalents	67,231	23,343
Effect of exchange rate fluctuation	(618)	(2,333)
Effect of fair value changes in cash and cash equivalents	(855)	(96)
Cash and cash equivalents at beginning of the finance period	200,314	179,401
Cash and cash equivalents at end of the finance period	266,072	200,315
Cash and cash equivalents at end of the finance year:-		
Cash and bank balances	180,081	135,505
Other investments	101,638	64,810
Fixed deposits with licensed banks	-	13,389
	281,719	213,704
Less: Fixed deposits pledged to licensed banks	(15,647)	(13,389)
	266,072	200,315

(The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements)



GHL SYSTEMS BERHAD

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A3. Audit Report of Preceding Annual Financial Statements

The audit report for the annual financial statements of the Group for the financial year ended 31 December 2020 was not subject to any audit qualification.

A4. Seasonal or Cyclical Factors

The business of the Group is not affected by any significant seasonal or cyclical factors, other than the general economic environment in which the Group operates.

A5. Unusual Items

There were no items or events affecting assets, liabilities, equity, net income or cash flow of the Group that are unusual of their nature, size or incidence during the current quarter.

A6. Changes in Estimates

There were no changes in estimates that have had any material effect during the current quarter.

A7. Changes in Debts and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs and share cancellations during the current quarter.

A8. Dividend Paid

There were no dividends paid during the quarter ended 31 December 2021.

A9. Segmental Reporting

The Group has four reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different geographical locations and are managed separately. The following summary describes the geographical locations units in each of the Group's reportable segments:

- (a) Malaysia
- (b) Philippines
- (c) Thailand
- (d) Others (Australia, Indonesia, Myanmar and Singapore)

The core revenue of the Group comprises of three business segments; Shared Services, Solution Services and Transaction Payment Acquisition. The activities within each of these core businesses are explained below:

Transaction Payment Acquisition ("TPA") includes revenue derived from two (2) distinct components: -

- i) e-pay services which provides Telco prepaid and other top-up facilities and, bill collection services for consumers ("reload and collection services") and
- ii) GHL's merchant acquiring and electronic payment services ("electronic payment services")

Shared Services includes mainly revenue derived from the sales, rental and maintenance of Electronic Data Capture ("EDC") terminals and other card acceptance devices and the supply of cards to banks and other payment operators.

Solution Services includes mainly revenue derived from the sales and services of payment solutions which include network devices and related software, outsourced payment networks, management/processing of payment and loyalty cards and the development of card management systems.



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Performance is measured based on the core businesses revenue and geographical profit before tax and interest, as included in the internal management reports that are reviewed by the Executive Director/Group Chief Executive Officer. These revenues and geographical profit are used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.



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A9. Segmental Reporting (continued)

Quarter - 31 December	Malaysia		Philippines		Thailand		Others		Adjustment and Elimination		Consolidated	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
REVENUE												
External Sales												
Transaction Payment Acquisition	57,323	46,191	8,499	5,529	1,001	983	17	343	(1,472)	1,635	65,368	54,681
Shared Services	18,641	20,656	4,222	5,276	3,625	3,292	-	-	-	-	26,488	29,224
Solution Services	1,622	1,309	906	432	585	1,505	333	314	(38)	21	3,408	3,581
Inter-segment sales	6,451	4,019	-	-	-	-	-	-	(6,451)	(4,019)	-	-
	84,037	72,175	13,627	11,237	5,211	5,780	350	657	(7,961)	(2,363)	95,264	87,486
RESULTS												
EBITDA	22,153	14,823	3,791	1,363	1,001	1,038	(205)	2,153	(7,772)	(1,298)	18,968	18,079
Interest income	1,061	979	7	18	2	4	-	-	-	-	1,070	1,001
Interest expense	(515)	(481)	(19)	(110)	(9)	(7)	-	-	-	-	(543)	(598)
Depreciation	(4,715)	(4,909)	(1,989)	(1,955)	(742)	(807)	(12)	(42)	(173)	(91)	(7,631)	(7,804)
Amortisation of intangible assets	(66)	(66)	-	-	-	-	-	-	-	-	(66)	(66)
Profit/ (Loss) before taxation	17,918	10,346	1,790	(684)	252	228	(217)	2,111	(7,945)	(1,389)	11,798	10,612
Taxation	(2,500)	(2,113)	(634)	(464)	62	(474)	(51)	(49)	-	489	(3,123)	(2,611)
Loss from discontinued operation	-	-	-	-	-	-	-	(2,104)	-	-	-	(2,104)
Minority interest	-	-	-	-	-	-	-	-	(4)	102	(4)	102
Segment profit/ (loss) for the financial period after non-controlling interest	15,418	8,233	1,156	(1,148)	314	(246)	(268)	(42)	(7,949)	(798)	8,671	5,999
Segmental assets	851,057	744,123	72,100	70,472	28,166	31,619	2,341	1,695	(183,643)	(161,418)	770,021	686,491
Segmental liabilities	421,424	355,285	24,188	25,865	10,834	11,778	798	673	(196,278)	(189,052)	260,967	204,550



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A9. Segmental Reporting (continued)

Cumulative - 31 December	Malaysia		Philippines		Thailand		Others		Adjustment and Elimination		Consolidated	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
REVENUE												
External Sales												
Transaction Payment Acquisition	205,059	175,849	24,818	17,937	2,867	4,375	91	368	(3,798)	-	229,037	198,529
Shared Services	82,756	84,866	20,615	24,646	13,247	11,565	-	-	-	-	116,618	121,077
Solution Services	8,546	5,530	2,708	2,260	1,998	5,926	1,412	1,192	(153)	-	14,511	14,908
Inter-segment sales	24,338	28,897	-	-	-	-	-	-	(24,338)	(28,897)	-	-
	320,699	295,142	48,141	44,843	18,112	21,866	1,503	1,560	(28,289)	(28,897)	360,166	334,514
RESULTS												
EBITDA	66,285	61,693	14,619	14,469	1,516	4,492	(116)	1,174	(12,987)	(28,897)	69,317	52,931
Interest income	3,243	3,015	28	35	4	9	-	-	-	-	3,275	3,059
Interest expense	(2,020)	(1,518)	(183)	(743)	(22)	(65)	-	-	-	-	(2,225)	(2,326)
Depreciation	(18,237)	(20,590)	(8,013)	(8,001)	(2,929)	(3,021)	(26)	(467)	(213)	-	(29,418)	(32,079)
Amortisation of intangible assets	(265)	(265)	-	-	-	-	-	-	-	-	(265)	(265)
Profit/ (Loss) before taxation	49,006	42,335	6,451	5,760	(1,431)	1,415	(142)	707	(13,200)	(28,897)	40,684	21,320
Taxation	(10,112)	(9,036)	(2,115)	(2,415)	232	(498)	(184)	(250)	(362)	-	(12,541)	(12,199)
Loss from discontinued operation	-	-	-	-	-	-	-	(2,104)	-	-	-	(2,104)
Minority interest	-	-	-	-	-	-	-	-	16	6,532	16	6,532
Segment profit/ (loss) for the financial period after non-controlling interest	38,894	33,299	4,336	3,345	(1,199)	917	(326)	(1,647)	(13,546)	(22,365)	28,159	13,549
Segmental assets	851,057	744,123	72,100	70,472	28,166	31,619	2,341	1,695	(183,643)	(161,418)	770,021	686,491
Segmental liabilities	421,424	355,285	24,188	25,865	10,834	11,778	798	673	(196,278)	(189,052)	260,967	204,550



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Company No: 199401007361 (293040-D)

A10. Valuation of Property, Plant and Equipment

The property, plant and equipment are stated at cost/valuation less accumulated depreciation and impairment losses. There was no revaluation of property, plant and equipment for the current quarter and financial year to date. The valuation of property, plant and equipment of the Group have been brought forward without amendment from the financial statements for the year ended 31 December 2020.

A11. Material Subsequent Events to the end of Current Quarter

There was no material event subsequent to the end of the reporting period and up to the date of issuance of this report.

A12. Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial quarter under review.

A13. Contingent Liabilities and Contingent Assets

The Group does not have any contingent liabilities or contingent assets as at the date of this report other than the following:

	RM'000
Banker's guarantee in favour of third parties	
- Secured	<u>20,171</u>

A14. Capital Commitments

Capital commitments for purchase of property, plant and equipment not provided for as at 31 December 2021 are as follows:

	RM'000
Approved but not contracted for	<u>13,435</u>



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PART B: ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Performance

Performance of current quarter (4Q 2021) vs corresponding quarter (4Q 2020) by segment

GHL's 4Q21 group revenue was up 8.9% yoy to RM95.3 million as compared to RM87.5 million in the corresponding period in 4Q20. 4Q21 also registered higher pre-tax profit of RM11.8 million compared to 4Q20's pre-tax profit of RM10.6 million and higher profit after tax and minority interest at RM8.7 million (4Q20 PATMI RM6.0 million) due to a lower operating costs.

As COVID-19 positive cases peaked in 3Q21, efforts to fast-track inoculations were seen across the countries GHL operates in and as a result of the higher vaccination rates, lockdown measures were slowly relaxed. This led to reopening of more retail outlets, increased interstate travels, and less stringent SOPs allowed consumer spending to improve in 4Q21. Fortunately, in 4Q21, positive cases began to trend downwards which led to the loosening of lockdown measures in September 2021 onwards. The group's revenue in this quarter was led by the TPA division which registered a 19.5% yoy improvement. The Shared Services and Solutions divisions registered flat yoy performance. The group's balance sheet remains healthy with a net cash position of RM121.4 million (31.12.2020 – Net cash RM117.7 million) excluding amounts placed in short term money market investments.

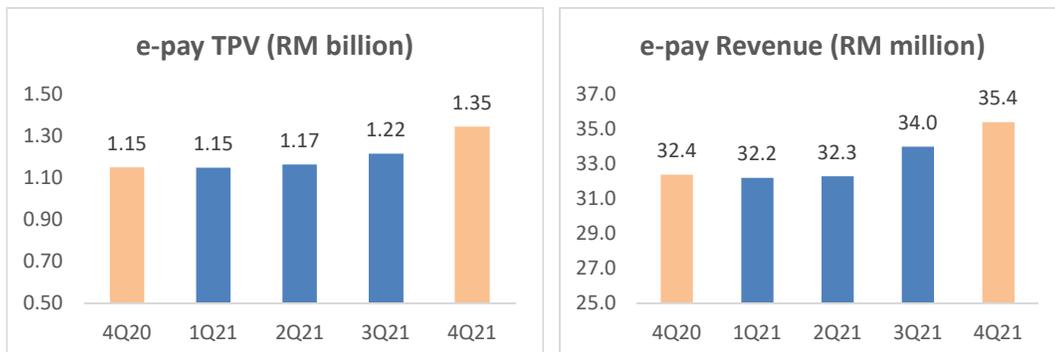
The performances of the individual segments are as follows: -

Transaction Payment Acquisition (TPA)

The TPA business has two distinct components, each at a different stage of their development. These are; i) e-pay's direct contractual relationships with merchants to provide Telco prepaid and other top-up facilities and, bill collection services for consumers ("reload and collection services") and ii) GHL's direct contractual relationships with merchants to provide international and domestic card payment services ("card payment services") and e-wallet payment services. Each of these is described in more detail as follows: -

(i) e-pay (reload and collection services)

e-pay is the largest provider of reload and collection services in Malaysia. It has approximately 49,000 acceptance points nationwide, encompassing all petrol chains, large convenience store chains and general retailers. The e-pay brand is well known to consumers across Malaysia. With over 20 years' experience, e-pay is clearly the market leader in Malaysia within this industry segment. A summary of key data relating to the e-pay business is found in the Table 1 below. As demonstrated, the transaction value processed (TPV) by e-pay grew by 16.8% yoy with a gross profit margin spread of 87 basis points (4Q20 100 basis) due to the change in merchant mix as well as product mix during the quarter. This division's TPV and revenue continued its steady uptrend although margins are dependent on the merchant touchpoints in which the TPV has been generated.





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Performance of current quarter (4Q 2021) vs corresponding quarter (4Q 2020) by segment (continued)

Table 1

e-pay <i>(All stated in RM'millions unless stated otherwise)</i>	4Q 2020	4Q 2021	% change
Transaction Payment Value	1,151.6	1,345.2	16.8%
Gross Revenue	32.4	35.4	9.3%
Gross Revenue / Transaction Payment Value (Note 1)	2.81%	2.63%	-6.4%
Gross Profit	11.5	11.7	1.7%
Gross Profit / Transaction Payment Value (Note 1)	1.00%	0.87%	-13.0%
Merchant Footprint - e-pay Only (Thousands)	42.3	49.0	15.8%

Note 1 - Gross Revenue or Gross Profit respectively divided by the Transaction Payment Value expressed as a %

(ii) GHL (e-payment services)

This TPA electronic payment services business is driven by our direct arrangement with international schemes, TPA arrangements with leading domestic banks in our respective markets as well as a leading China e-wallet provider which is expanding into ASEAN and local e-wallet providers in the respective countries. The existing GHL TPA data as shown in Table 2 comprises the following activities:

- a) Various Merchant Discount Rate ("MDR") revenue sharing arrangements under direct contracts with merchants and banks in Malaysia, Thailand and Philippines
- b) Domestic debit card merchant acquisition in Malaysia, Thailand and Philippines.
- c) e-Commerce TPA ("eGHL") in Malaysia, Indonesia, Thailand and Philippines.
- d) e-wallet merchant acquisition in Malaysia, Thailand and Philippines

A summary of key data relating to the e-payment business is found in the Table 2 below.

The 4Q21 transaction value processed recovered in line with the relaxation of the lockdown restrictions and grew by 11.9% yoy to RM5.0 billion and this generated revenue of RM30.0 million, a growth of 34.5% YoY (4Q20 – RM22.3 million). The gross revenue/transaction margin achieved in the quarter was higher at 60 basis points (4Q20 - 50 basis points) due to 1) product mix change of payment types and, 2) merchant mix change as transactions are captured more at larger merchants. Retail merchants began to reopen progressively as consumers returned to the "High Street" as SOPs were relaxed in stages during this quarter.

Gross profit was up 43.8% yoy to RM11.5 million (4Q20 RM8.0 million). The 4Q21 gross profit/transaction value margin spreads improved to 23 basis points from 18 basis (4Q20) points a year ago. Assuming that the pandemic conditions will continue to improve and the governments do not reimpose stricter measures to contain the pandemic, performance over the coming quarters are expected to improve as most governments are relaxing SOPs and businesses are re-opening and consumers are returning gradually to retail spending.



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Performance of current quarter (4Q 2021) vs corresponding quarter (4Q 2020) by segment (continued)

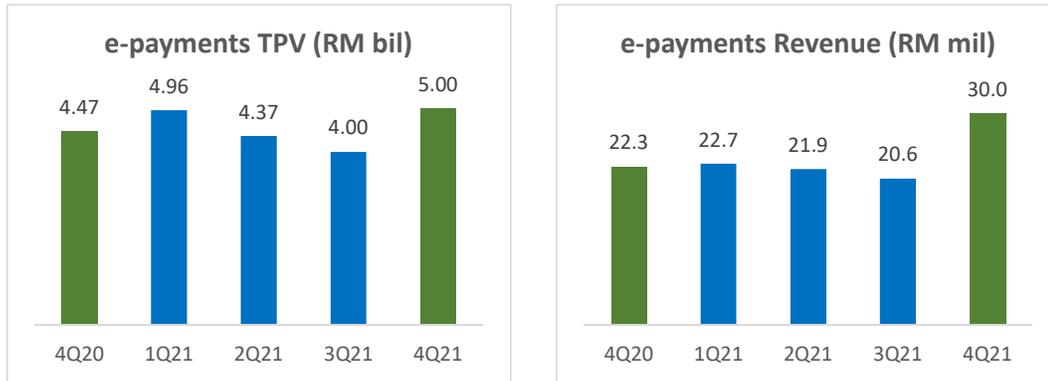


Table 2

GHL Electronic payments TPA <i>(All stated in RM'millions unless stated otherwise)</i>	4Q 2020	4Q 2021	% change
Transaction Payment Value	4,470.4	5,001.8	11.9%
Gross Revenue	22.3	30.0	34.5%
Gross Revenue / Transaction Payment Value (Note 1)	0.50%	0.60%	20.0%
Gross Profit	8.0	11.5	43.8%
Gross Profit / Transaction Payment Value (Note 1)	0.18%	0.23%	27.8%
Merchant Footprint - TPA Only (Thousands)	103.9	121.9	17.3%

Note 1 - Gross Revenue or Gross Profit respectively divided by the Transaction Payment Value expressed as a %.

TPA division's revenue was up 19.6% yoy in 4Q21 at RM65.4 million (4Q20 – RM54.7 million) driven by both e-pay revenues (+9.3% yoy) and Payments TPA (+34.5% yoy). e-pay remains the larger contributor in the TPA segment but the GHL electronic payments TPA (encompassing card, online, mobile and next gen payments) are growing at a faster rate.

Some key observations during the COVID-19 pandemic were:

- 1) movement restrictions imposed by the Governments in response to the Pandemic and high positive COVID-19 case numbers continued to impact TPV and margins 3Q21. On a positive note, vaccination rates also improved during the quarter which enabled governments to ease lockdown SOPs in September and during the whole of 4Q21.
- 2) health concerns amongst consumers have given cashless payments a significant boost where both consumers and merchants preference has shifted from cash towards use of digital payments including cards and e-wallets to conduct transactions. This behavioural change bodes well for the group's outlook.



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Shared Services

Shared services revenue in 4Q21 declined -9.4% to RM26.5 million (4Q20 – RM29.2 million) mainly due to lower rental revenue collected. Hardware EDC sales revenue were also marginally lower as most banks were remaining cautious with spending due to the COVID-19 conditions.

Solutions Services

Solutions services gross revenue was down -4.7% in 4Q21 to RM3.4 million (4Q20 – RM3.6 million) mainly due to lower network hardware sales in Thailand in the corresponding period in 4Q20 which was not repeated in 4Q21. This was however offset by higher maintenance revenue generated in Malaysia and Philippines.

Performance of current quarter (4Q 2021) vs corresponding quarter (4Q 2020) by geographical segment

GHL group's 4Q21 revenues were up 8.9% yoy to RM95.3 million as compared to RM87.5 million in the corresponding period in 4Q20. The group's revenues in this quarter were led by the TPA division which registered a 19.5% yoy growth. This was offset by the Shared and Solutions services yoy declines as well as gross margins were drop due to the change in revenue and segmental mix. All the main geographical markets contributed positively to the group's EBITDA except for its Australian solutions services division which recorded a small EBITDA loss. In 4Q21, the Group achieved profit before tax of RM11.8 million, up 11.2% compared to 4Q20's profit before tax of RM10.6 million. The higher profit in 4Q21 was mainly due to lower operating costs.

Malaysia operations accounted for 79.9% of the group's revenues in 4Q21 with a 9.1% yoy growth to RM76.1 million.

The Philippines operations was the second largest contributor, accounting for 14.3% yoy of 4Q21 group revenue. This 4th quarter saw revenue grew by 21.3% yoy to RM13.6 million (4Q20 – RM11.2 million) due to increase in the TPA and solutions divisions' revenues. Its Shared Services division however registered lower rental revenues. Overall, the TPA and solutions improvement were tempered by a decline in shared services but overall, the Philippines business grew in 4Q21.

Thailand operations' 4Q21 revenue contributed 6.6% to the group total and declined -9.9% yoy to RM5.2 million (4Q20 RM5.8 million) due to higher network sales revenue recorded in its solutions services in 4Q20 which was not repeated in 4Q21. The decline in its solutions services were however partly offset by higher maintenance revenue recorded in its Shared Solutions division. TPA revenue remain subdued but recorded a very marginal growth as the tourism sector remained closed in 4Q21.

The group's other geographical operations recorded 4Q21 revenue of RM0.4 million (3Q20 – RM0.7 million) on an ongoing maintenance project in Australia in its Solutions service division. There were no Shared solutions and TPA revenue recorded by our Australian operations for the quarter under review.

Performance of current quarter (4Q21) vs preceding quarter (3Q21) by business segment

Table 3

Revenue (RM million)	3Q21	4Q21
TPA	54.6	65.4
Shared Services	27.9	26.5
Solutions Services	3.1	3.4
Group revenue	85.6	95.3
Profit Before Tax	8.2	11.8

For the quarter ended 31 December 2021, the group recorded revenue of RM95.3 million, up +11.3% qoq over RM85.6 million recorded in 3Q21. The main contributing factors were higher TPA revenues from higher transaction volumes due to the easing of movement restrictions resulting from high vaccination rates. The performance of Shared and Solutions



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services remained flat qoq as activities remained unchanged for these two segments. In tandem with the improved top-line revenue, bottom-line profitability in 4Q21 was similarly higher qoq.

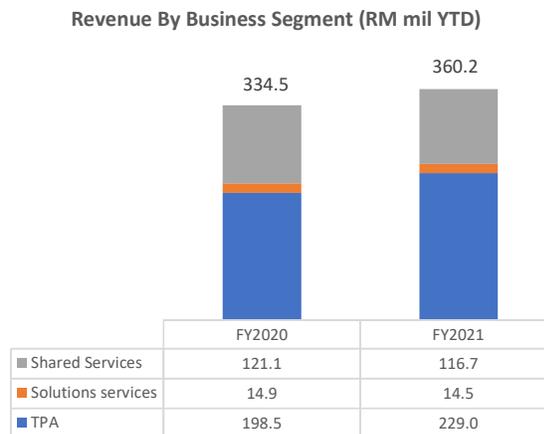
Performance of FY2021 vs FY2020 by business segment

Group revenue for FY2021 was up 7.7% YoY to RM360.2 million (FY2020 – RM334.5 million) with growth driven by TPA but was reduce by decline in revenues in the Shared and Solution service business pillars. Malaysia and Philippine markets recorded growth but the Thailand market registered a decline due to the pandemic impact on its TPA and Shared services segments.

The segment revenue growth for TPA was 15.4% YoY; but Shared Services was down -3.6% YoY; and Solutions Services also down -2.7% YoY. Despite the improvement in top-line revenues, the group’s gross profit margins declined to 38.9% (FY2020 – 43.1%) due to the changes in the group revenue and segment mix. FY2021 registered a pre-tax profit of RM38.3 million compared to RM21.3 million in the same 12-month period a year ago. In the first 6 months of 2020, there were two key non-cash expenses included in the financials, namely, fair value loss on the 2018 Paysys acquisition consideration shares (RM6.1 million) and write-down of the group’s Cambodia investment (RM11.9 million). Adjusting for these two non-cash items in 2Q20, the Group registered a 10.4% improvement in PATMI profitability despite the decline in GP margins, in 2021.

Net profit after tax and minority interest in FY2021 was RM28.2 million compared to RM13.6 million in FY2020.

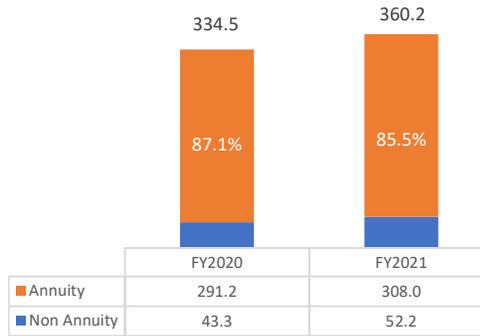
Table 4



TPA recorded improved revenue performance (15.4% yoy) due to higher TPV recorded in both the offline and offline segment compared to FY2020. Shared Services recorded a small decline of -3.6% YoY due to lower rental revenue as the result of terminal retrievals by the banks but this was offset by higher terminal sales and installations. Solutions Services performance was similarly lower at -2.7% yoy as compared to FY2020 mainly due to lower hardware sales were offset by higher software sales during FY2021.

Table 5

Annuity vs Non annuity revenue (RM mil YTD)



The annuity-based revenue component within the group’s total revenue remains high at 85.5% and this compared to 87.1% achieved in FY2020 due to higher hardware and software sales recognised in 2021 compared to FY2020. Although the annuity based revenue was lower in percentage terms, in absolute terms, it was higher due to higher recurring TPA transactions captured. The group’s strategy is to grow the TPA and other businesses that have a strong recurring annuity-based revenue and at the same time to continue to support our main bank customers with their hardware and software requirements. As TPA recovery gathers momentum in all three geographical markets, we expect the annuity revenue to remain strong and recover in the coming quarters.

Performance of FY2021 vs FY2020 by country



Group revenue for FY2021 was up 7.7% yoy to RM360.2 million (FY2020– RM334.5 million) with overall growth driven by TPA but tempered by minor yoy declines in Shared services and Solution services business pillars. Malaysia and Philippine markets registered growth during this period but Thailand continue to be impacted by lower TPA transactions and higher Solutions services revenue in the comparative FY2020 period.

Malaysian operations contributed 81.2% (FY2020 – 79.6%) of group revenue and registered a 9.8% yoy growth due to improvements in TPA and Solutions Services with a flat performance in Shared Services as lockdown measures eased in 4Q21.



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Philippines' revenue was 7.4% yoy higher at RM48.1 million (FY2020 – RM44.8 million) driven by better TPA performance but dragged by lower Shared Services due to lower rental revenue collected. Solutions Services registered a flat performance. The lockdown situation in the Philippines remained tight but with daily cases trending down and vaccination rate improving.

Thailand recorded a decline in revenue of -16.9% to RM18.2 million from RM21.9 million in FY2020 dragged by lower TPA transactions due to COVID-19 lockdown and lower Solutions Services revenue resulted from higher hardware sales captured in 3Q20 and 4Q20 which were not repeated in 2021. However, in 4Q21 shared services recorded better EDC hardware sales which were deferred from earlier quarters. The TPA segment continued to be affected by the contraction due to the border closures which impacted tourist arrivals and hence the group's cross border e-wallet segment.

Other countries remain the smallest contributor to group operations at RM1.5 million of group turnover compared to FY2020 turnover of RM1.6 million. The EBITDA level however recorded a RM0.12 million loss compared to RM1.18 million profit in FY2020 was due to adjustment of loss from discontinued operation in Cambodia.

As at end December 2021, the group's payment touchpoints stood at 398,024 points, a 3.8% yoy growth overall whereas TPA touchpoints grew 16.9% but this was negated by the rental terminal retrievals by certain banks. This large merchant touchpoint base has enabled the group to process a TPV of RM23.2 billion in payment transactions (18.7% yoy growth).

During FY2021, whilst the group maintained its regional footprint growth strategy, the group scaled back its footprint investment to RM2.2 million due to the uncertainty in the COVID-19 situation. This investment figure is lower than previous quarters due to the movement restrictions imposed in our key markets. The group has also intentionally scaled back this investment to conserve cash as the group closely monitors the impact of the COVID-19 pandemic.

The group strives to maintain its strategy of a sustainable growth in its financial performance whilst maintaining the same growth trajectory in strengthening its ASEAN presence.

B2. Current Year's Prospects (FY 2022)

2022 started relatively unchanged compared to the last quarter of 2021 as the COVID-19 pandemic remain the main concern. Different countries are implementing commensurate measures to contain the spread whilst juggling and keeping their economies as open as possible. Cross border travel remains nascent but vaccination efforts are being intensified by most countries and hopefully the various economies will experience a more meaningful recovery and reopening in first quarter of 2022.

Given our Group's diverse range of merchant base, some of our payment touchpoints such as convenience stores, pharmacies, medical facilities, supermarkets and petrol stations are still functioning throughout the movement control period. However, as most of the businesses in the retail, leisure, tourism and other non-essential sectors are closed, our Group's TPA business remains affected and hence we saw improvement in 4Q2021 compared to a year ago in 4Q2020 where the group recorded a revenue improvement but margins were impacted due to merchant and revenue type mix.

As COVID-19 vaccines were deployed in stages and intensified in the second half of 2021, there is now a cautious optimism on the gradual recovery in the global economies, and with it, the opening of borders and hence travel and trade. The improving rate of vaccinations has led to most countries slowly relaxing their SOPs and border closures beginning October 2021. The reopening of businesses and borders bodes well for consumption and hence cashless payments to further improve in the coming quarters barring any unforeseen resurgence of COVID-19 cases.

The emergence of the Omicron variant of the COVID-19 pandemic towards the end of 2021 had caused concerns but most countries did not revert to previous strict lockdown measures as vaccination rates are now significantly higher and booster shots are being administered. 2022 still looks poised for a gradual recovery in the global economy and this, again, bodes well for consumer spending to recover further.



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The group remains positive in the long-term potential of the ASEAN e-payments industry and believes the trends of switching to e-payments and cashless channels will continue going forward.

B3. Profit before Taxation

Profit before tax is arrived at after charging/(crediting) the following items:

	Current Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible asset	66	66	265	265
Bad debts written off	140	2,253	171	2,285
Depreciation of property, plant and equipment	7,631	7,804	29,418	32,079
Fixed assets written off/ (back)	20	(240)	20	329
(Gain)/Loss on foreign exchange:				
Realised	197	88	54	43
Unrealised	(492)	169	21	118
Loss/(gain) on disposal of fixed assets	384	(720)	552	(605)
Fair value loss/(gain) on other investments	480	336	855	96
Fair value loss on contingent consideration	-	-	-	6,141
Impairment loss on inventories	(1)	(131)	168	-
Impairment loss on goodwill	-	-	-	11,332
Impairment loss on property, plant and equipment	160	1,202	637	3,828
Impairment loss on receivables	3,592	4,676	6,043	8,450
Interest income	(1,070)	(1,001)	(3,275)	(3,059)
Interest expenses	543	337	2,225	2,065
Inventories written (back)/off	-	1,138	(1,266)	1,353
Rental expenses	62	113	314	474
Reversal of allowance for doubtful debts	(3,030)	(7,315)	(4,311)	(9,496)
Reversal of impairment loss on inventories	(2)	-	(2)	-
Share based payment	-	-	-	287

B4. Tax expense

	Current Quarter	Year To Date
	31.12.2021	31.12.2021
	RM'000	RM'000
Current tax expenses based on profit for the financial quarter:		
Malaysian income tax	(2,619)	(10,143)
Foreign income tax	(624)	(2,068)
Relating to origination and reversal of temporary differences	120	(330)
Total	(3,123)	(12,541)

The Group's effective tax rate for the current quarter and for the year to date ended 31 December 2021 was higher than the statutory tax rate mainly due to certain disallowable expenses for tax purposes.



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B5. Status of Corporate Proposals

There were no corporate proposals announced but not completed during the quarter under review as at the date of this report.

B6. Group Borrowings and Debt Securities

The Group's borrowings and debt securities as at 31 December 2021 are as follows:

	Long-term Borrowings		Short-term Borrowings		Total Borrowings	
	Foreign '000	RM'000	Foreign '000	RM'000	Foreign '000	RM'000
Secured						
<i>Bank borrowings</i>						
- Ringgit Malaysia	-	6,181	-	31,965	-	38,146
- Philippine Peso	733	60	742	61	1,652	121
Unsecured						
<i>Bank borrowings</i>						
- Ringgit Malaysia	-	9,152	-	5,311	-	14,463
		15,393		37,337		52,730

B7. Material Litigation

**KUALA LUMPUR HIGH COURT NO. WA-22NCvC-692-09/2019
BESTINET SDN BHD v GHL EPAYMENTS SDN BHD**

On 5 September 2019, GHL Epayments Sdn. Bhd. ("Defendant"), a wholly-owned subsidiary of GHL Systems Berhad was served with a Writ and Statement of Claim from Bestinet Sdn. Bhd. ("Plaintiff") for claims arising from alleged misrepresentation and breach of the contract in respect to the development, management and maintenance of digital wallet.

On 30 October 2019, the Defendant has filed Statement of Defense and Counterclaim against the Plaintiff by averring, amongst others, that:

- (a) there was no misrepresentation made by the Defendant to the Plaintiff that it is an e-wallet issuer;
- (b) there was no delay on the part of the Defendant in completing the project under the contract;
- (c) the Plaintiff breached the contract by way of non-payment or failure of payment to the Defendant.

The Defendant has counterclaimed against the Plaintiff for the following:

- (a) A declaration that the termination of the contract between the Plaintiff and the Defendant (through the fee quotation dated 5.4.2017 which was accepted by the Plaintiff dated 18.4.2017) by the Plaintiff was unlawful;
- (b) The outstanding invoice no. 10000867 dated 31.12.2018 and invoice no. 2019000225 dated 31.5.2019 be paid by the Plaintiff to the Defendant;
- (c) Interest on the sum of RM92,750.00 at the rate of 2% per month from 30.1.2019 to the date of judgment;
- (d) Interest on the sum of RM92,750.00 at the rate of 2% per month from 30.6.2019 to the date of judgment;
- (e) Loss of profits in the sum of RM1,855,000.00 or alternatively loss of profits and/or loss of future profits and/or loss of opportunity to be assessed by this Honourable Court;
- (f) Post judgment interest;
- (g) Costs;
- (h) Such further and/or other reliefs deemed just and proper by this Honourable Court.



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On 20 November 2019, the Plaintiff has served on eGHL with its Reply and Defense to Counterclaim. On 21 November 2019, the matter was fixed for case management before the Registrar. The Registrar had directed the parties to file the following by 23 December 2019:

- (1) Summary of Case;
- (2) Bundle of Pleadings;
- (3) Common Bundle of Documents;
- (4) Statement of Agreed facts;
- (5) Statement of Issues to be Tried; and
- (6) List of Witnesses.

The trial resumed on 26th November 2021, 20th and 21st December 2021 as well as on 28th December 2021. The trial finally ended on the 28th January 2022 and the Court has now fixed 30th May 2022 for the parties to file their respective written submissions.

As at the date of this report, there is no material financial and operational impact arising from the Suit on the Defendant and the Company.

Save as disclosed above, there are no other material litigations against the Company and its subsidiaries as at the date of this report.

B8. Dividend

No dividend has been declared for the financial quarter ended 31 December 2021.

B9. Earnings Per Share

a) Basic earnings per share

Basic earnings per ordinary share for the financial period is calculated by dividing the profit/(loss) for the financial period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial period.

b) Diluted earnings per share

Diluted earnings per ordinary share for the financial period is calculated by dividing the profit/(loss) for the financial period attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial period adjusted for the effects of dilutive potential ordinary shares.

	Current Quarter 31.12.2021	Preceding Year Corresponding Quarter 31.12.2020	Current Year To Date 31.12.2021	Preceding Year To Date 31.12.2020
Basic				
Profit attributable to owners of the Company (RM'000)	8,671	5,999	28,159	13,549
Weighted average number of ordinary shares in issue and issuable (Unit'000)	1,141,500	994,937	1,141,403	803,179
Basic earnings per ordinary share (Sen)	0.76	0.60	2.47	1.68
Diluted				
Profit attributable to owners of the Company (RM'000)	8,671	5,999	28,159	13,549
Weighted average number of ordinary shares in issue and issuable (Unit'000)	1,141,500	995,415	1,141,403	803,641
Diluted earnings per ordinary share (Sen)	0.76	0.60	2.47	1.68