

REVENUE GROUP BERHAD



ACE Market | Technology

Established in 2003, with more than 15 years of operating history in the electronic payments industry in Malaysia, Revenue Group Berhad (REVENUE) has been servicing different customers including banks, non-bank institutions, physical store merchants, online store merchants and e-money payment scheme.

Stock Code	0200
Market Cap (RM m)	720.93
Share Outstanding (m)	465.12
Current Price (RM)	1.55
52-week range (H)	2.42
52-week range (L)	1.23

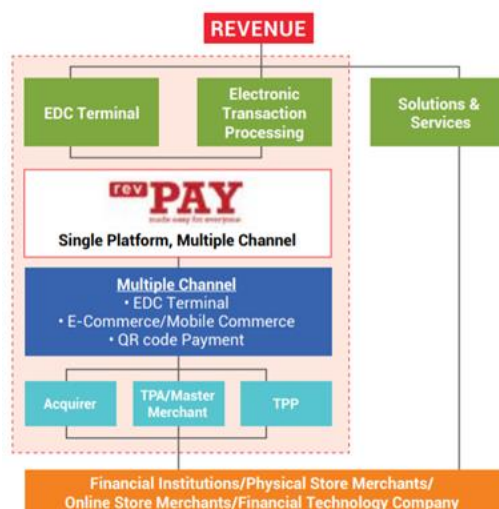
* Data as at 31 December 2021

[Company profile](#)

1. Could you give us a brief introduction to your company and your services?

The journey of REVENUE was inspired when the local economy migrated from magnetic stripe credit cards to multi-purpose Europay, MasterCard and Visa (EMV) chip-based credit cards with higher level of data encryption to counter fraud activities. During this transformation period, our founders noticed an upward trend of consumers adopting cashless method at both brick-and-mortar stores and online. This was when our founders decided to seize the opportunity to venture into cashless payment industry.

We started as an Electronic Data Capture (EDC) terminals vendor serving one bank in the early days and eventually expanded to eight banks. Riding on the experience and know-how garnered from the EDC terminals services, we thereafter moved into the provision of electronic transaction processing services via our revPAY payment processing platform - a single platform that consolidates multiple roles, ranging from acquirers, third party processors, master merchant to payment facilitator, and multiple payment channels from physical EDC terminals to virtual payments (via e-commerce/mobile commerce) to QR Payment. Today, REVENUE works with more than 15 local and international payment schemes at various capacity. Our current service offerings are detailed below.



Segments	Principal Activities and Income Sources
EDC terminals	Distribution, deployment, and maintenance of EDC terminals. We derive monthly rental income, monthly maintenance income and income from sales and spare part from this segment.
Electronic transaction processing	Provision of electronic transaction processing services as Acquirer, Master Merchant (MM) or Third-Party Payment Processor (TPP). We derive our income from Net Merchant Discount Rate (MDR) and pre-determined commission from the transaction processing, as well as share of net MDR earned as a TPP and MM.
Solutions & services	Provision of solutions and services pertaining to payment gateway and its network security and infrastructure, digital payment solutions and procurement services. We derive our income via sales, development, licensing, and maintenance services, as well as commission earned on digital payment and transaction.

REVENUE was listed on the ACE Market of Bursa Malaysia on 18 July 2018. Since the listing, we have grown by leaps and bounds where the number of EDC terminals managed has grown from an average of 15,000 EDC terminals to more than 90,000 EDC terminals, whilst the transaction value processed had grown from RM1.12 billion per annum to RM2.36 billion per annum.

Listed with a market capitalisation of RM82.5 million, today REVENUE is worth over RM720.9 million. To accord the company with greater recognition and acceptance among investors, we have submitted our application to Securities Commission to undertake a transfer listing of the entire share capital to the Main Market.

2. What are your key success factors?

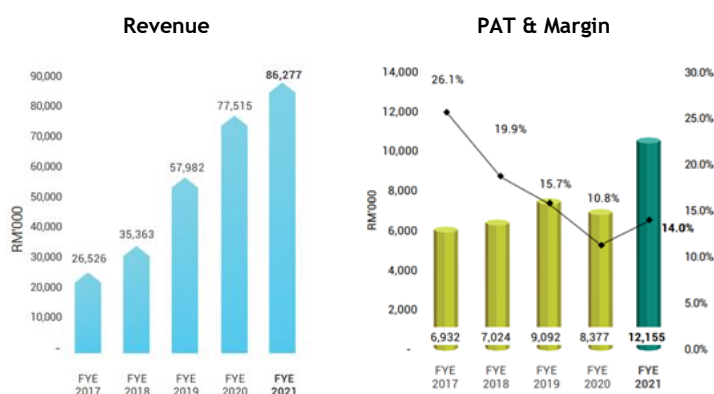
Our success lies in our capability in developing our own proprietary technology platform, revPAY. The flagship platform offers significant benefits in terms of flexibility and scalability to integrate new innovations and changing industry standards and trends without significant cost increment.

Our technology know-how and focus on R&D initiatives have also led to the successful development of our line encryption system, XANZO. With the expertise and experience over the years, we are well positioned to respond to the latest technology changes in the electronic payment landscape.

Our current R&D effort focuses on developing more electronic solutions to be integrated with revPAY. Some of the solutions we are exploring including digitalisation of 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. Furthermore, we are also exploring issuing technology including payment security by leveraging on artificial intelligence to enhance the payment security features.

Aside from our intensive R&D effort, REVENUE's success is also attributed to our group of experienced senior management, whom have over 15 years of valuable experience in the electronic payment industry. Each of them is capable and qualified professionals with extensive management, operating and in-depth industry knowledge and hands-on experience in their respective fields.

3. Describe your recent financial performance.



Our revenue grew at a compound annual growth rate (CAGR) of 63.2% from financial year ended (FYE) 30 June 2018 to FYE 30 June 2021 whilst profit after tax (PAT) expanded at a CAGR of 45.6%.

The strong growth was primarily stemmed from the increasing adoption of digitalisation and cashless payment in the country.

PAT margin improved by 3.2% year-on-year (YoY) in FYE 2021 mainly arising from the higher revenue contribution from the rental and maintenance of EDC terminals, and higher other income recognised.

4. How has the COVID-19 impacted your business?

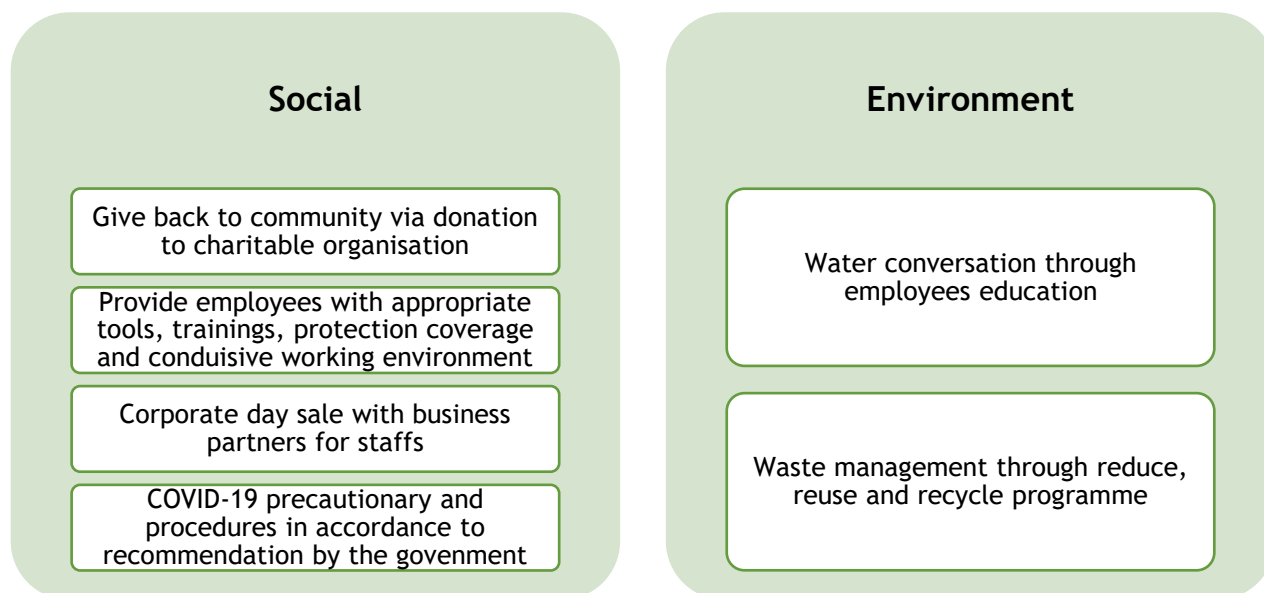
We did not experience any disruption in our day-to-day operations as our business was classified under essential services during pandemic. However, as a precautionary action, we only allow certain critical functions such as operations and IT to operate on weekly rotation basis while the rest to work from home.

Financially, COVID-19 has been a double-edged sword to us. The numerous MCOs that were imposed during FYE 2021 had continued and directly affected numerous inbound payment card schemes (such as Alipay's QR payment, Unionpay, NETS, Diners etc.) and local payment card scheme (such schemes MyDebit), resulting in the drop in the transaction processing value by approximately RM0.13 billion. However, the pandemic has boosted greater adoption of digital payment and cashless transaction,

shifting the consumption pattern towards online marketplace. REVENUE reaped the benefit from the trend as our transaction valued processed for e-wallet and online marketplace edged higher by RM0.93 billion. Overall, revenue contribution from the electronic transaction processing segment improved by 9.6% YoY to RM17.79 million in FYE2021.

5. Tell us more about your efforts in the area of sustainability.

Our sustainability effort can be summarised as follow.



6. How do you think the digital banking would change the financial and payment landscape in Malaysia and how would it impact your business?

Being a market participant of the electronic payment industry, we form an integral part of the larger financial system by working with our partner banks. The similar business model can also be applied on digital banking consortiums via our current service provision. As such, we believe that the digital banking augurs well for the adoption of digital payment and instil greater confidence and convenience in the financial system. REVENUE could benefit from the digital banking initiative by the Malaysian Government.

7. Lastly, what is your growth strategy moving forward? Any new development you are working on?

Our core businesses lie within the provision of payment solutions and services to the partner banks which is predominately Business-to-Business (B2B) in nature. We notice the important of Business-to-Consumer (B2C) environment. By driving users to the merchants through the additional value-added services offered by REVENUE, we hope that it will create stickiness among the merchants beyond the payment services and eventually translate in our sales.

The recent acquisition of our subsidiary companies and associate companies are part of the plan to develop the B2B2C environment as these companies allow us to provide B2C services through the EDC terminals or via e-commerce platform. Our B2C services offerings include bill payment, mobile top-up, online purchases, purchase of on-demand insurance, last mile fulfilment, digital credit scoring platform, as well as engagement with merchants via the social messaging platform. All the services which will be consolidated into a single platform and allow us to drive marketing and promotional campaign through merchants to users, as well as building an alternative credit scoring data and to create a lending profile for both the merchants and users.



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Prepared by Bursa Digital Research

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