

GHL SYSTEMS BERHAD

CORPORATE OVERVIEW

23 June 2021

kenanga



GHL

GHL Systems Berhad
the ASEAN Payment People

Property of GHL Systems Berhad





DISCLAIMER

This presentation contains statements, including “forward-looking statements”. These “forward-looking statements” were made on the date of issuance and are based on reasonable expectations, estimates, forecasts and projections at that time. These “forward-looking statements” may include, without limitation to words such as “expect”, “estimate”, “believe”, “anticipate”, “forecast”, “predict”, “project”, “potential” and similar terms or the negative of such words. Such statements are, by their nature, subject to risks and uncertainties which involve variables and factors beyond the Company’s control, hence causing actual results to differ materially from those expressed in the “forward-looking statements” for any reason whatsoever.

These statements reflect the Company’s current views with respect to future events and are not a guarantee of future performance or developments. You are strongly cautioned that reliance on any forward-looking statements involves known and unknown risks and uncertainties. Any of the information, charts and assumptions contained in these presentation slides may not be reproduced without the prior and express written permission of GHL SYSTEMS BERHAD. All “forward-looking statements” contained herein are qualified by reference to the cautionary statements set forth in this section.

Accelerating the Malaysian Digital Economy

The Malaysia Digital Economy Blueprint is aligned with the WKB 2030, the 2030 Agenda for Sustainable Development and Twelfth Malaysia Plan to ensure structured and coordinated efforts towards a common goal.

SHARED PROSPERITY VISION 2030	2030 AGENDA FOR SUSTAINABLE DEVELOPMENT	TWELFTH MALAYSIA PLAN
 <ul style="list-style-type: none"> • Development for all • Addressing wealth and income disparities • A united, prosperous and dignified nation 	 <ul style="list-style-type: none"> • Ensure economic, social and technological progress occur in harmony with nature • Ensure all <i>rakyat</i> enjoy prosperous and fulfilling lives in dignity and equality • Ensure environmental sustainability to support the needs of present and future generations 	 <ul style="list-style-type: none"> • Resetting the economy • Accelerating technology adoption and innovation • Strengthening security, wellbeing and inclusivity • Advancing environmental sustainability • Strengthening the public sector



VISION	
3	OBJECTIVES
6	THRUSTS
22 STRATEGIES	
48 NATIONAL INITIATIVES	28 SECTORAL INITIATIVES



VISION

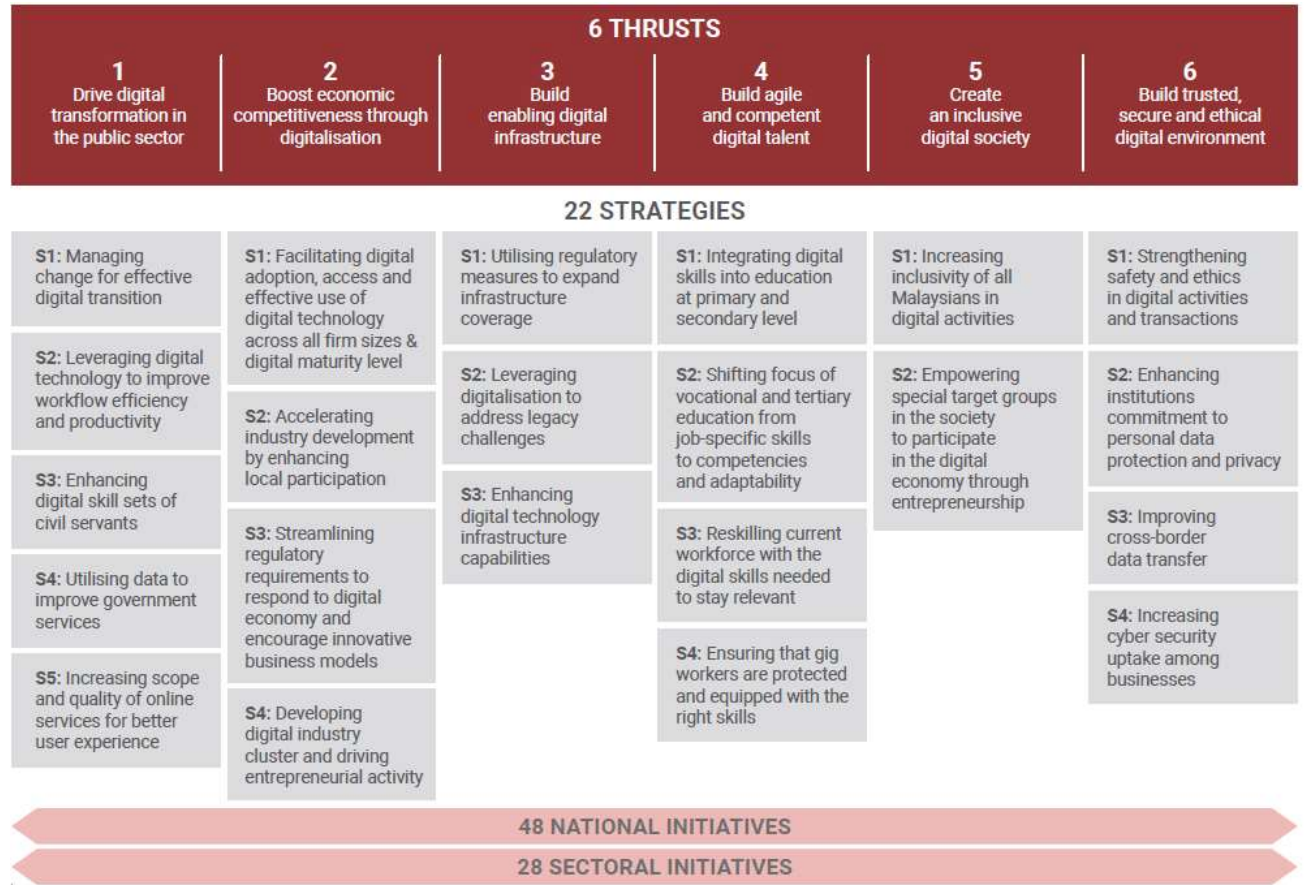
To be a regional leader in the digital economy and achieve inclusive, responsible and sustainable socioeconomic development

OBJECTIVES

1. Encourage industry players to become creators, users and adopters of innovative business models under the digital economy
2. Harness human capital that is able to thrive in the digital economy
3. Nurture an integrated ecosystem that allows society to adopt digital economy



Malaysia Digital Economy Blueprint





Strategic Thrusts and National Initiatives

Thrust 1, Strategy 5, Initiative 9

All payments for govt services to be made on cashless basis by 2022 - Tengku Zafrul

Bernama
Jun 8, 2021 12:19 MYT



Tengku Zafrul said so far direct aids have been done mostly on a cashless basis, where application and payments for Bantuan Prihatin Rakyat and Geran Khas Prihatin are made electronically and online. Filepic/BERNAMA

The preferred method	
OUTCOME <ul style="list-style-type: none"> Increased access to convenient payment options at all government agencies More efficient and transparent public service delivery Reliable and comprehensive data set for evidence-based policy development 	
Timeline: Phase 1 (2021 - 2022)	
LEAD Ministry of Finance (MOF)	TARGET All ministries and agencies to provide cashless payment option by 2022





eKYC and easier onboarding process

Strategic Thrusts and National Initiatives

Thrust 5, Strategy 1, Initiative 3

3 Promote electronic payment onboarding programme for both merchants and consumers towards a cashless society					
<p>OBJECTIVE</p> <ul style="list-style-type: none"> Expand electronic payments adoption by small merchants ✓ Increase electronic payments usage by consumers ✓ <p>DESCRIPTION OF INITIATIVE</p> <ul style="list-style-type: none"> This initiative aims to incentivise both merchants and consumers to go cashless Implement electronic payments on boarding programme by expanding the adoption of electronic payments among merchants, especially MSMEs through subsidising point of sale system setup costs and exempting e-payments transaction costs <u>Incentivise the public to increase the usage of electronic payments</u> 	<p>OUTCOME</p> <ul style="list-style-type: none"> Cashless environment with reduced reliance on cash Widely used electronic payments in the society <p>Timeline: Phase 1 (2021-2022)</p> <table border="1"> <tr> <td>LEAD</td> <td>TARGET</td> </tr> <tr> <td>Bank Negara Malaysia (BNM)</td> <td> <ul style="list-style-type: none"> ✓ 400 electronic payment transaction made per capita by 2022 ✓ 36 EFTPOS terminals per 1,000 inhabitant by 2022 </td> </tr> </table>	LEAD	TARGET	Bank Negara Malaysia (BNM)	<ul style="list-style-type: none"> ✓ 400 electronic payment transaction made per capita by 2022 ✓ 36 EFTPOS terminals per 1,000 inhabitant by 2022
LEAD	TARGET				
Bank Negara Malaysia (BNM)	<ul style="list-style-type: none"> ✓ 400 electronic payment transaction made per capita by 2022 ✓ 36 EFTPOS terminals per 1,000 inhabitant by 2022 				



Laying groundwork for cross border trade and payments

Strategic Thrusts and National Initiatives

Thrust 2, Strategy 4, Initiative 7

7 Incorporate comprehensive digital economy elements in international trade arrangements and cooperation

OBJECTIVE

Establish digital economy arrangements and cooperation to support the productivity and competitiveness of businesses, particularly the MSMEs in regional and global markets

DESCRIPTION OF INITIATIVE

- This initiative aims to accelerate digital integration actions at the regional level, to facilitate cross-border trade and investment and lower the operating barriers for businesses, particularly the MSMEs
- Influencing the process at multilateral and plurilateral levels, to establish a global framework and obligations that enable digital trade in a non-discriminatory and less restrictive manner
- Implementing and exploring enhanced trade arrangements and framework of cooperation in strategic areas of digital economy at the bilateral and regional levels

OUTCOME

- Creation of a digital trade environment with improved stability, lowered risks and reduced compliance costs

Timeline: Phase 1 to Phase 3 (2021-2030)

LEAD

TARGET

MITI

Key and strategic digital economy elements incorporated in all international trade arrangements and cooperation pursued by Malaysia



ASEAN frameworks are also in sync

Adopt
Meeting
INTEC
that ca
integr



PRESS RELEASES

Launch of the Cross-Border QR Payment Linkage between Malaysia and Thailand

Embargo : For immediate release
18 Jun 2021

Bank Negara Malaysia (BNM) and the Bank of Thailand (BOT) today launched a cross-border QR payment linkage between Malaysia and Thailand. Under this linkage, consumers and merchants in both countries will be able to make and receive instant cross-border QR code payments. The project that commenced in June 2020 will be completed in three phases. Today marks the completion of the first phase in linking the real-time retail payment systems of RPP/ DuitNow in Malaysia and PromptPay in Thailand¹.

Under the first phase, users in Thailand are now able to use their mobile payment applications to scan DuitNow QR codes² to make payment to merchants in Malaysia including for online cross-border e-commerce transactions. This service is expected to benefit more users in both countries when international travel resumes, as they can make payment using their mobile payment applications instead of using cash.

June 2021 – Internal use only

g digital
yments

JT
Y

Release
BANK NEGARA MALAYSIA

Mal, Thailand
and, institutions
BNM, Central Bank,
prompt pay, the
cross-border

¹ between central
countries. The

of
ing on Payment
(BNM)

Use on Enterprise
ing on Payment
Thailand Bank and
Real-time Retail Payment
System (RPP) in
Malaysia and PromptPay
in Thailand

(BNM and BOT)

(BNM and BOT)





Government push for cashless

TRENDING NOW SC Annual Report 2020 Economic Recovery Plan The Edge Covid-19 funds

MALAYSIA TECHNOLOGY CORPORATE POLITICS & GOVERNMENT DIGITALEEDGE Select Language

Tech

E-wallet among licensing requirements for market traders, says deputy minister

Bernama / Bernama
April 07, 2021 01:04 am +08

MALAYSIA TECHNOLOGY TOP STORIES POLITICS & GOVERNMENT DIGITALEEDGE Select Language

Highlight

All payments for govt services to be made on cashless basis by 2022, says Tengku Zafrul

Bernama / Bernama
June 08, 2021 12:12 pm +08

Property of GHL Systems Berhad

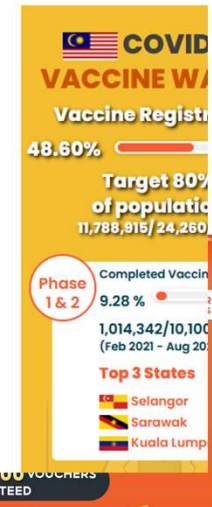
Boost Home About Us Features Promotions Newsroom

DIGITAL LIFE NEWS

eBela: Redeem RM150 credit from one of these 4 eWallets starting 1st June

BY ALEXANDER WONG 7:04 PM, 17 MAY 2021 LEAVE A COMMENT

Guys! Jom Claim RM150 eBela
Up to RM300 Lifestyle Rewards, up to RM1,500 Extra Income & over RM50,000 worth of prizes!



June 2021 – Internal use only

The group's business pillars



Transaction Payment Acquisition



Shared Services



Solutions Services

Merchant acquisition for



- Scheme card payments



- Mobile payments



- Prepaid top-ups and bill collection



- Online payment gateway

Smart all-in-one payment acceptance devices

- Sale
- Rental
- Maintenance
- MPOS

Proprietary payment solutions (hardware and software) for

- Secure payment networks
- Loyalty platforms
- Loan repayments
- Other client specific requirements

DIGITISATION OF COMMERCE and PAYMENTS



Our ASEAN Acceptance Solutions



Android Terminal

Retail P.O.S

Self-service kiosk

E-commerce



E-Wallets

Card Payments





ASEAN's end-to-end payment leader

383,600

*Total ASEAN
payment
touchpoints*

RM19.5b

*12 month TPV
captured in
Jan-Dec 2020*

43%

*FY20 Gross
profit margins*

RM192m

*NET cash and
money market
investments @
31.12.2020*

RM2.1b

*Market
capitalisation
@ 22 June 2021*

* Figures based on 4Q20 financials to
31 December 2020



KEY Attributes Of Asean's Leading Payment Player

- **ROBUST TPV GROWTH**
 - RM19.5b 2020 TPV (41% yoy)
- **Measured TPA FOOTPRINT STRATEGY**
 - 7% yoy growth despite COVID-19 challenges
- **DIVERSIFIED Channels OF TPA DRIVERS**
 - debit/credit, e-wallets, internet, e-pay
- **UNPARALLELED regional PAYMENT Types**
 - TPA map
- **Balance of STABLE recurring income VS GROWTH potential businesses**
 - TPA, rental & maintenance and under develop potential markets/segments
- **HUGE Asean Total Addressable MARKET**
 - USD4 trillion consumer market by 2025





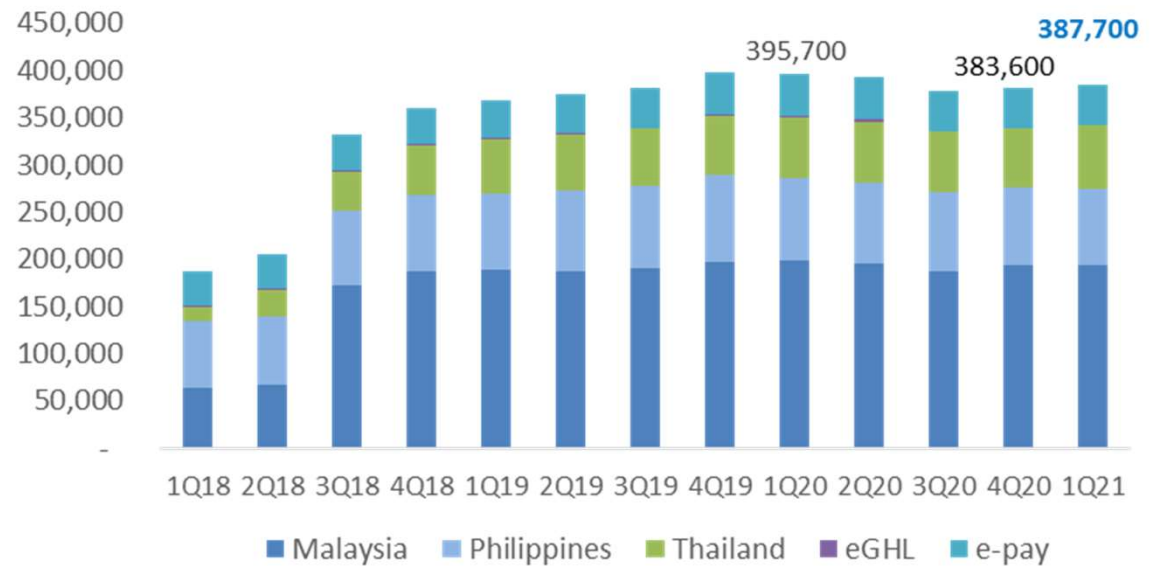
1Q21 regional footprint



GHL - ASEAN Presence
 > 1,000 staff
 > 387,700 acceptance points



Total payment points (ASEAN)

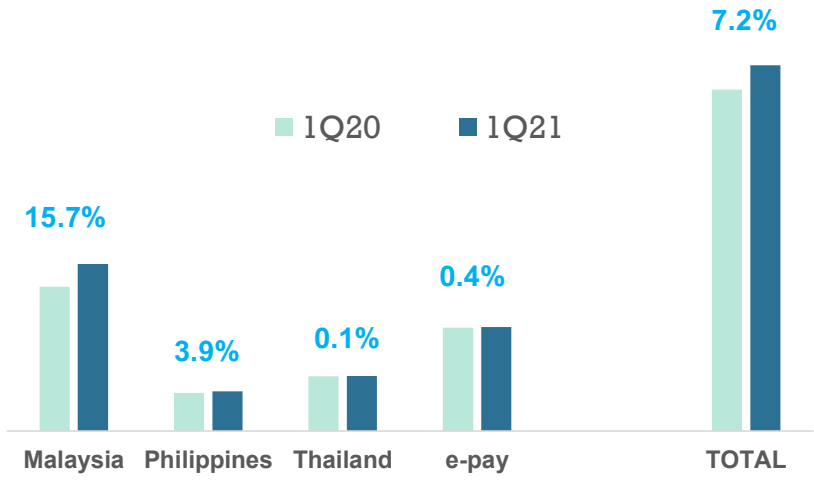
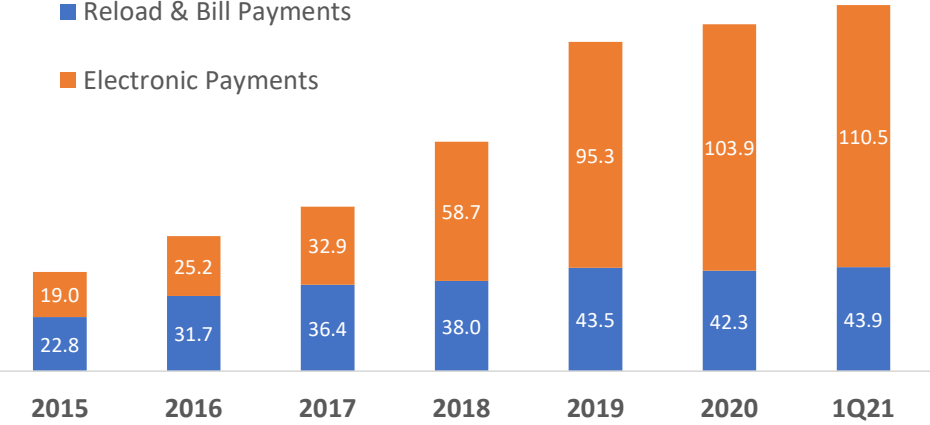




1Q21 TPA acceptance points

TOTAL
Acceptance Points
387,700
1Q20 : 395,700
▼ **-2% yoy**

TPA
Acceptance Points
154,300
1Q20 : 144,000
▲ **7% yoy**



- Total TPA payment touchpoint growth continues despite COVID-19 challenges in 2020.
- Investment in growing payment touchpoint was cautious and measured in 2020 given uncertainties on the rate of recovery and effectiveness of the vaccine.



2020 TPV performance

TPV 2020

RM 19.6b

2019 : RM 13,9b

41% yoy

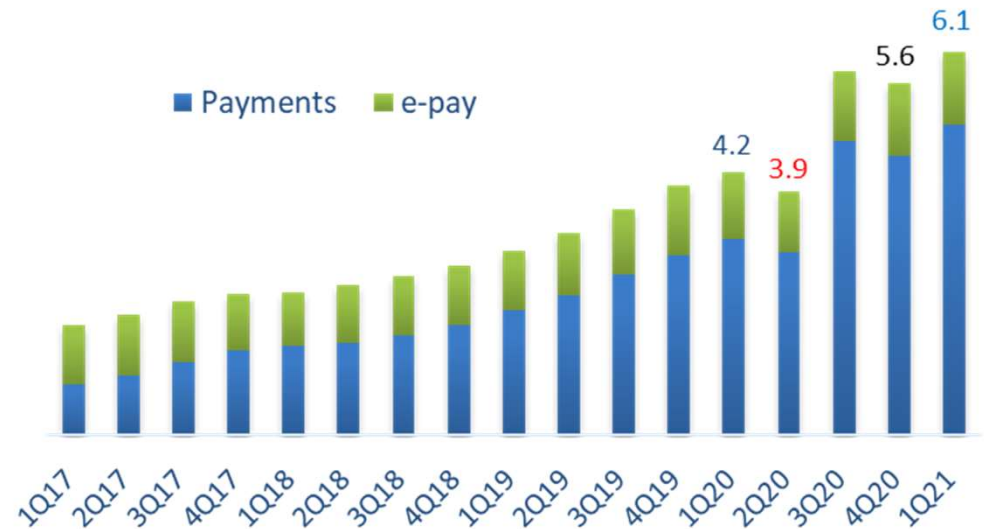
TPA 1Q21 Acceptance Points

154,300

1Q20 : 144,000

7% yoy

TPV by service (RM b)



1Q21 TPV – RM6.113 billion (45.3% yoy)

* TPV – Transaction Payment Value

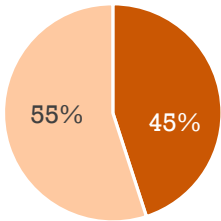


1Q21 TPV performance

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

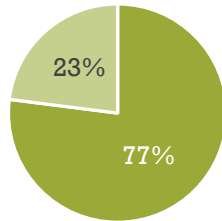
Group TPV

Online Offline



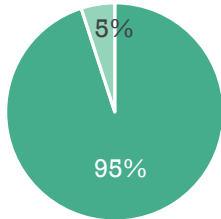
Scheme cards

Debit Credit



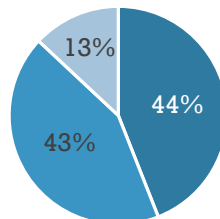
E-wallets

Domestic Cross Border

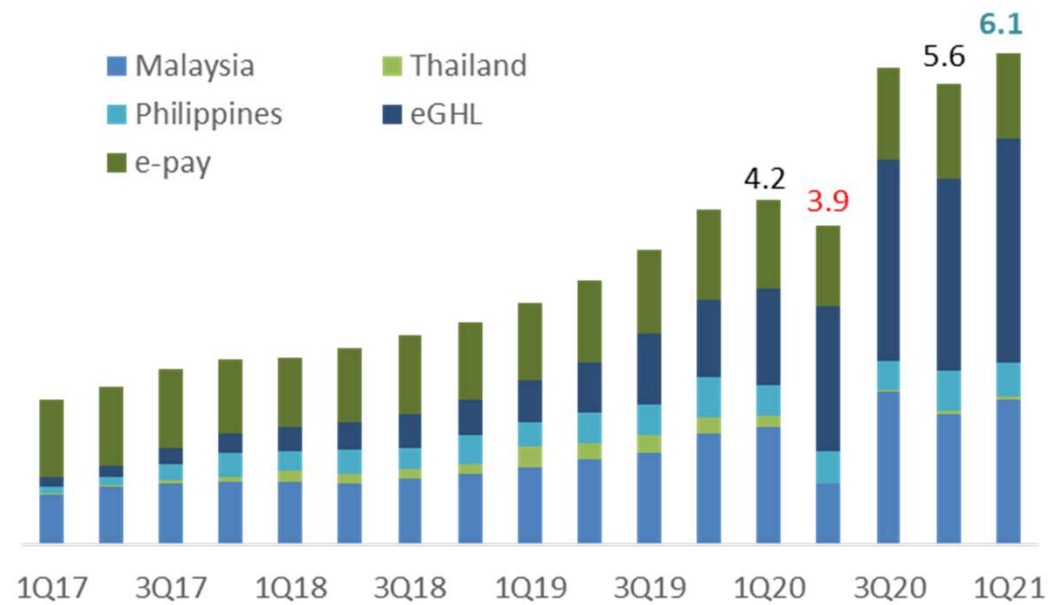


E-pay

Telco Bill collection Others



TPV by Geography (RM m)

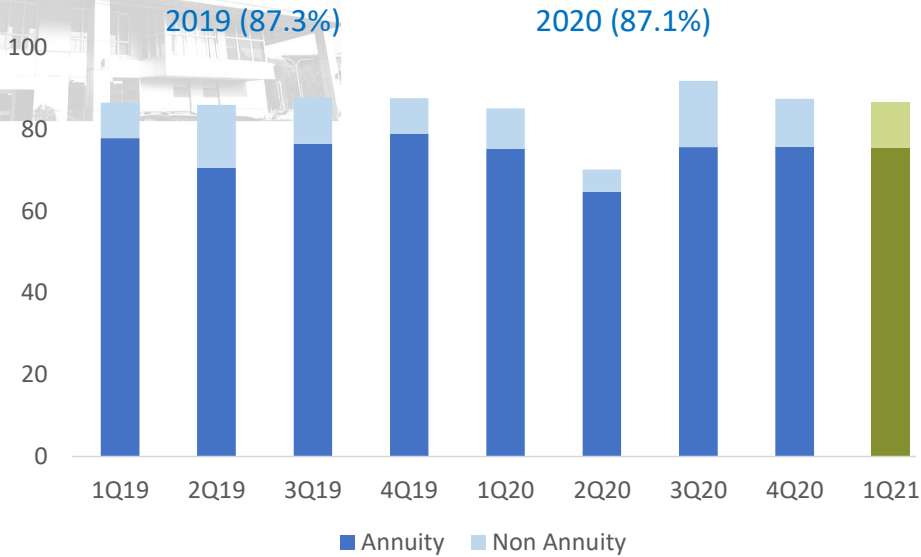


* TPV – Transaction Payment Value



Resilience and recurring

Strong Recurring Group Revenue (RM m)



Recurring transactional driven earnings

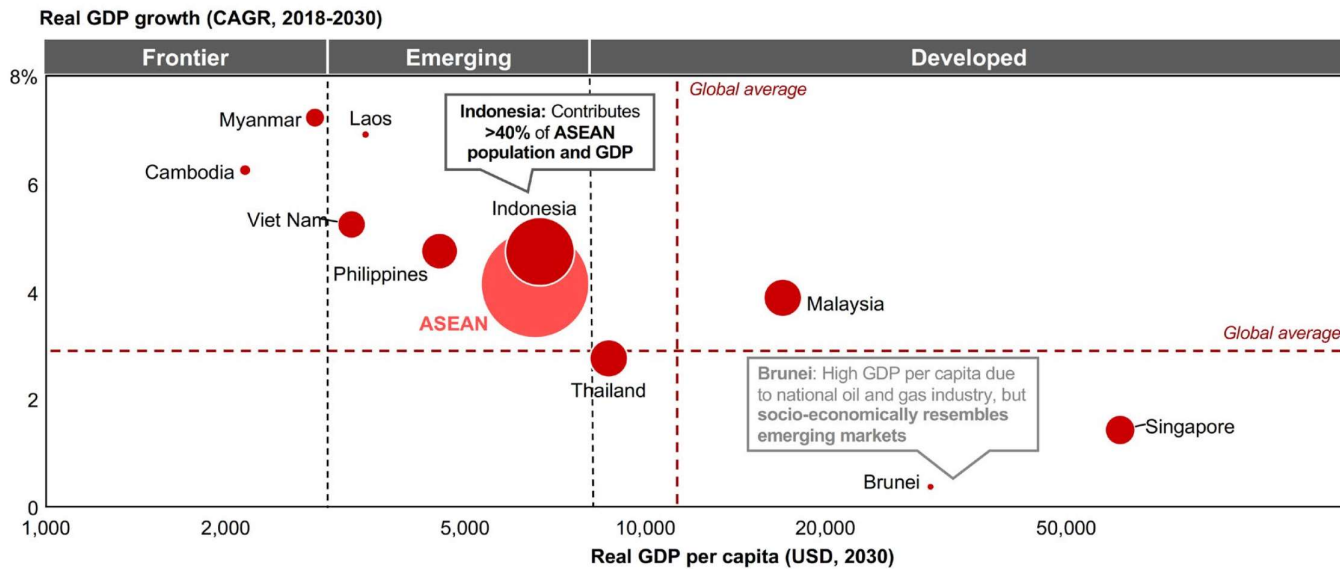
GHL group performance



Stable robust GP margins



2030 ASEAN USD4 trillion consumer market



Demographic Dividends

Young, urban, digital

In 2030, the median age in the Philippines will be 29 while Indonesia's will be 32

Growing middle class

70% of working population will be working middle class consumers

Digitalised and connected

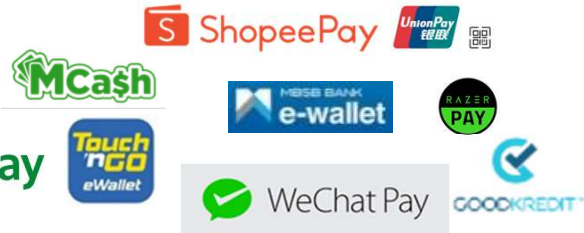
Omnichannel consumers, knowledgeable, not necessary online only, not necessary price sensitive

Source : (June 2020) World Economic Forum- Future of Consumption in Fast-Growth Consumer Markets: ASEAN



TPA e-wallet performance

TPV
2020 e-wallet
RM1.50b
 2019 : RM 1.47b
+1.1% yoy

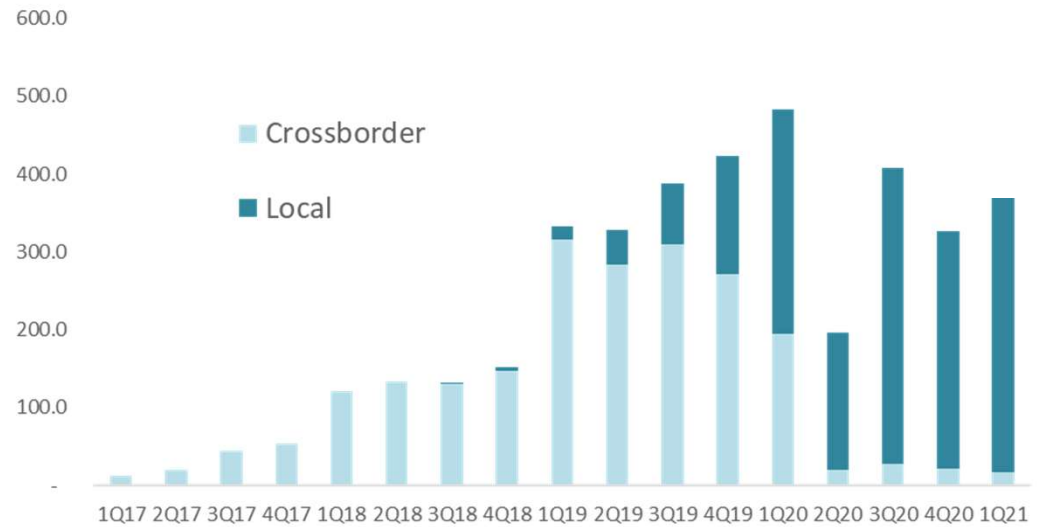


GCash **GrabPay**



Property of GHL Systems Berhad

e-wallet TPV (RM million)

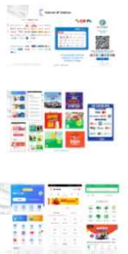




E-wallet growth potential



- Fast growing pool of consumer users – instant and easy sign ups and onboarding
- Strong government and regulatory push, aid and disbursement through e-wallets
- Ongoing promotions and cashbacks from e-wallet players encouraging continued usage
- e-wallets are multi faceted and growing in functionality, will encourage stickiness
- In 2020, COVID-19 has demonstrated consumers' quickness in switching to cashless



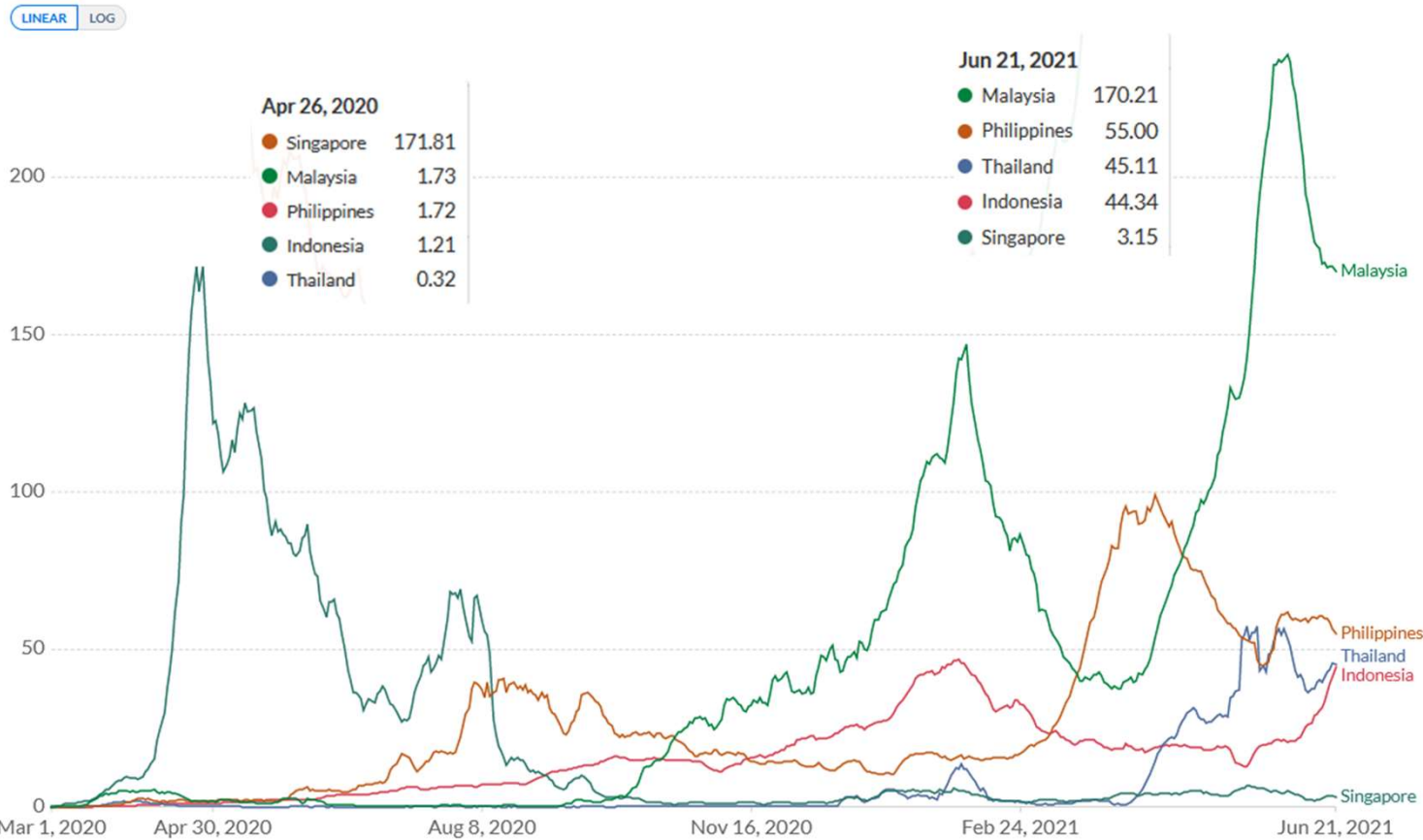
<https://ourworldindata.org/covid-overview>

COVID-19 snapshot in ASEAN



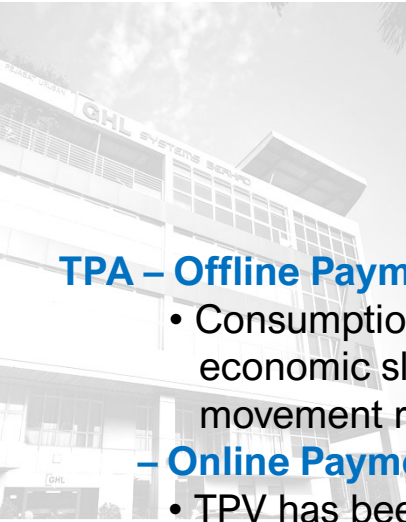
Daily new confirmed COVID-19 cases per million people

Shown is the rolling 7-day average. The number of confirmed cases is lower than the number of actual cases; the main reason for that is limited testing.



COVID-19 measures In 1Q2021

- Movement control lock down in Malaysia and Philippines due to high numbers.
- No interstate travel
- Borders remain closed



COVID-19 impact on the group

TPA – Offline Payment and e-pay

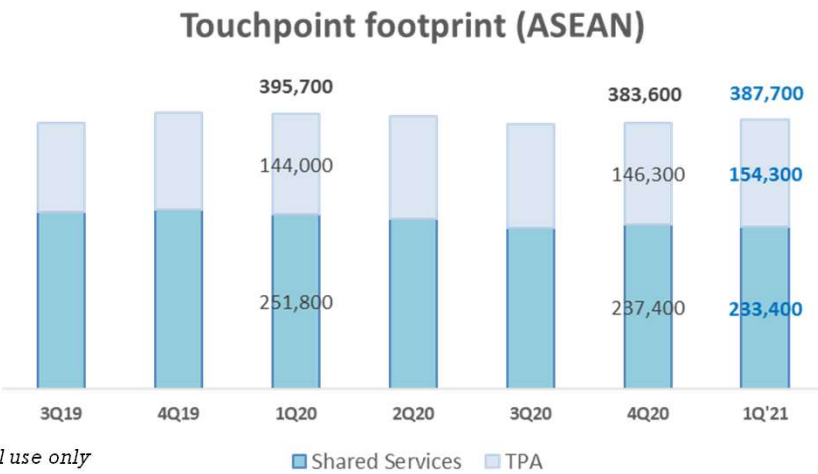
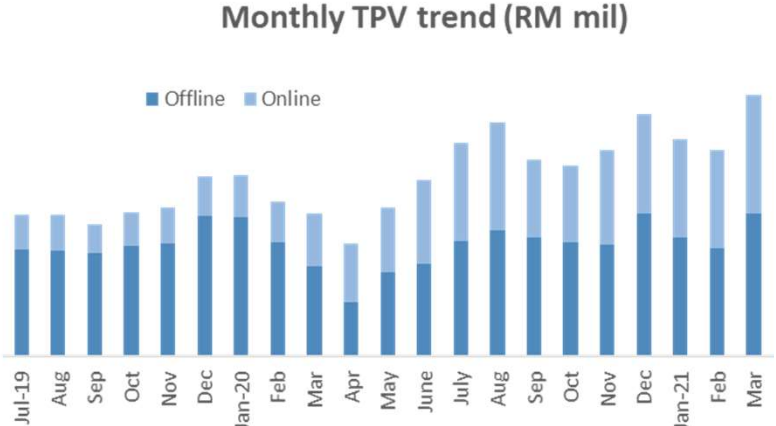
- Consumption dropped during lockdown & economic slowdown but have improved after movement restrictions were eased.

– Online Payment

- TPV has been growing since before COVID-19 but momentum grew as more transactions shift online during lockdown

Shared Services and Solution Services

- Rental and Maintenance – Recurring and defensive but could see pricing pressures
- Banks retrieved EDCs in effort to save cost
- New EDC Sales – Bank capex deferred in 2Q20 but resumed in 2H20
- But not all deployed due to movement restrictions in place and will flow into 2021





1Q21 financial performance

	Note	1Q21 31.03.2021 RM'000	1Q20 31.03.2020 RM'000		1Q21 31.03.2021 RM'000	1Q20 31.03.2020 RM'000
Revenue	A9	86,619	85,098	1.8%		
Cost of sales		(51,475)	(48,484)			
Gross profit		35,144	36,614	- 4.0%		
Other operating income		1,692	1,391			
Administration expenses		(23,011)	(28,974)	} 20% Opex savings		
Distribution costs		(2,926)	(3,346)			
Other operating expenses		(1,294)	(1,727)			
Finance cost		(467)	(649)			
Share of results of associated companies		(149)	2			
Profit before taxation		8,989	3,311	171.5%		
Income tax expense		(3,099)	(2,227)			
Minority Interest		20	230			
PATMI		5,910	1,314	349.8%		
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before taxation					8,989	3,311
Adjustment for:-						
Amortisation of development cost					66	66
Amortisation of contract liabilities					(2,089)	(881)
Depreciation of property, plant and equipment					7,392	7,281
Fair value loss on other investment					184	-
Impairment loss on property, plant and equipment					112	-
Impairment loss on receivables					1,085	425
Impairment loss on inventories					169	-
Interest expense					467	649
Interest income					(709)	(630)
Gain on disposal of property, plant and equipment					(338)	(79)
Fair value loss on contingent consideration					-	3,842
Property, plant and equipment written-off					9	-
Reversal of impairment on trade receivables					(375)	(41)
Share options granted under ESS					-	215
Share of loss/ (gain) from an associate					149	(2)
Unrealised loss/ (gain) on foreign exchange					61	(126)
Operating profit before working capital changes					15,172	14,030

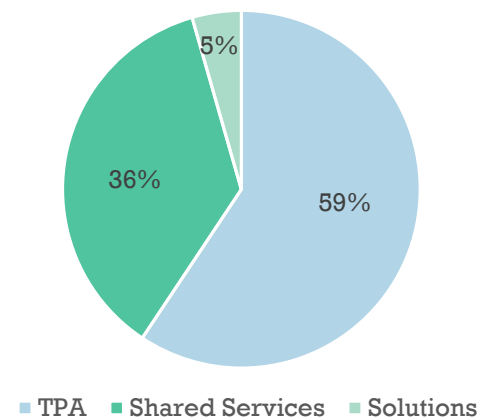
KEY Financial Highlights

FINANCIAL HIGHLIGHTS		Year				
Financial Year Ended 31 December		2016	2017	2018	2019	2020
Revenue	RM'000	245,923	253,681	299,067	347,707	334,514
Gross Profit	RM'000	95,310	105,726	126,876	150,475	144,326
Gross Profit Margin	%	38.76	41.68	42.42	43.28	43.14
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	RM'000	45,532	46,910	55,680	71,920	50,827
Profit/(Loss) For The Year Attributable To Equity Holders	RM'000	18,124	20,451	24,543	28,724	13,549
Shareholders' Equity	RM'000	259,145	274,195	406,225	442,450	481,758
Net Operating Cash Flow	RM'000	32,042	56,372	2,532	91,506	44,350
Net Assets Per Share	RM	0.40	0.42	0.55	0.59	0.42
Basic Earnings Per Share	sen	2.79	3.12	3.49	2.56	1.69
Total Borrowings	RM'000	38,124	34,186	34,668	26,204	22,175
Gearing Ratio	times	0.15	0.12	0.09	0.09	0.06
Net Gearing Ratio		Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

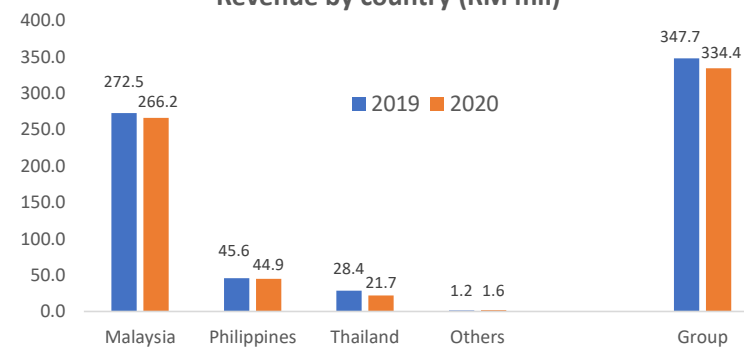
Property of GHL Systems Berhad

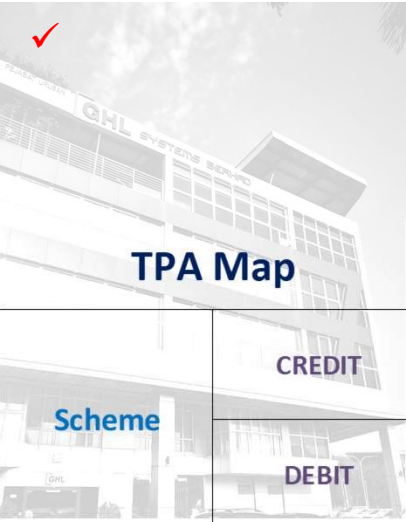
June 2021 – Internal use only

FY12/2020



Revenue by country (RM mil)





GHL ASEAN coverage

		Malaysia	Thailand	Philippines	Indonesia, and others
Scheme	CREDIT				
	DEBIT				
e-Wallets	Cross border				
	Domestic				
Internet					
TPA partners					

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

BNM Annual Report

Online retail sales almost doubled during pandemic, says BNM

Ahmad Naqib Idris / theedgemarkets.com

March 31, 2021 13:33 pm +08

KUALA LUMPUR (March 31): Bank Negara Malaysia (BNM) said online retail sales almost doubled during the Covid-19 pandemic, demonstrating rapid growth of the digital economy as a contributor to the country's growth.

BNM governor Datuk Nor Shamsiah Mohd Yunus said the Department of Statistics Malaysia's (DOSM) online retail sales index averaged at about 33% between March and December last year, versus 22% at the start of 2020.

“While online retail sales were still fairly small at less than 10% of total retail sales, it is expected to trend higher as consumers continue to shift rapidly towards online spending, which encourages more SMEs (small and medium enterprises) to pivot towards online sales,” she said.



Name : Sean Hesh

Designation : Group CEO

Email : sean.hesh@ghl.com

THANK YOU

GHL Systems Berhad
C-G-15, Block C,
Jalan Dataran SD1, Dataran SD,
PJU 9, Bandar Sri Damansara
52200 Kuala Lumpur, Malaysia

www.ghl.com

Property of GHL Systems Berhad

June 2021 – Internal use only

