

# EquitiesTracker

## **EQUITIESTRACKER HOLDINGS BERHAD**

(Registration No. 201801018969 (1280985-X))

(Incorporated in Malaysia)

### **ADDITIONAL INFORMATION ACCOMPANYING THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

#### **CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")**

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY EQUITIESTRACKER HOLDINGS BERHAD ("ETH" OR THE "COMPANY"). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

**PART A: ADDITIONAL INFORMATION REQUIRED UNDER PART B OF APPENDIX 6A OF THE LEAP MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**1. Review of performance**

ETH and its subsidiaries (“**Group**”)’s audited revenue by business segments, gross profit (“**GP**”) as well as loss before taxation (“**LBT**”) for the financial years ended (“**FYE**”) 31 December 2019 and 31 December 2020 are as follows:

(i) Income Statements

	Cumulative 12 months ended	
	31/12/2020	31/12/2019
	RM'000	RM'000
Revenue	4,123	4,110
Gross Profit	2,099	2,369
LBT	(1,624)	(1,772)

(ii) Revenue by business segments

	FYE			
	31/12/2020		31/12/2019	
	RM'000	%	RM'000	%
<b>Equity investment research platforms</b>				
- Corporate	339	8.2	401	9.8
- Retail	916	22.2	560	13.6
	1,255	30.4	961	23.4
<b>Investment training services</b>				
- Corporate	325	7.9	1,175	28.5
- Retail	2,535	61.5	1,972	48.0
	2,860	69.4	3,147	76.5
Others	8	0.2	2	0.1
<b>Total</b>	<b>4,123</b>	<b>100.0</b>	<b>4,110</b>	<b>100.0</b>

Despite the difficult condition in 2020, the Group's revenue from equity investment research platforms recorded an increase of RM0.29 million or approximately 30.6% to RM1.26 million in the FYE 31 December 2020 as compared to the previous financial year mainly attributable to higher subscription by retail clients as a result of higher demand for education services from retail clients in the second half of 2020.

The Group's revenue derived from investment training services reduced by RM0.29 million or approximately 9.1% to RM2.86 million in the FYE 31 December 2020 as compared to the previous financial year mainly attributable to lower engagement by corporate clients for education services due to the restrictions imposed on physical events by the Malaysian Government following the Covid-19 pandemic.

- GP

The Group's GP decreased by RM0.27 million or approximately 11.4% to RM2.10 million in the FYE 31 December 2020 as compared to the previous financial year mainly due to lower engagement by corporate clients for the investment training as mentioned above.

- LBT

The Group's LBT decreased by RM0.15 million to RM1.62 million in the FYE 31 December 2020 mainly due to absence of listing expenses amounting to RM0.60 million incurred during the FYE 31 December 2019.

## 2. Prospects

In line with the Group's future plans and strategies, the Group continues to strengthen the core business which are focused in the following areas:

- (i) Enhancement of its existing equity investment research platforms.
  - To provide its customers with greater performance, reliability and stability, some of the infrastructure was successfully migrated onto the Cloud Infrastructure.
  - Additional features to keep up with the launch of new education products are available to increase dependencies from the clients.
- (ii) Upgrading of the back-end systems to accommodate future business expansion.
  - The Group continues to convert more of its existing back-end systems to Cloud-native applications.
  - The Group managed to convert its back-end data entry systems to be the cloud. This is to ensure that staff are able to operate from home in the “new normal” circumstances.
- (iii) Building Next Generation Infrastructure (an online infrastructure)
  - Continual enhancement of security & processes of cloud-native systems.
  - Program of Work (a work system) is now in place to build Next Generation Infrastructure to enable ETH's staff to work in an environment that is Volatility, Uncertainty, Complexity and Ambiguity (VUCA).
  - Program of Work will also allow the Group to scale at speed once Next Generation Infrastructure is successfully put in place.
- (iv) Expand its presence in the investment training services industry in Malaysia

The Group has been having most of its classes online since October 2020 to ensure that retail education can be conducted in the “new normal”.

The Group's online self-serve learning services are also seeing increase in engagement from corporate clients as it is convenient for the users to attend without needing to follow the pre-set schedule and also ease the clients in checking for attendance progress.

To-date, the implementation of these plans and strategies are in progress and are within the management's expectation.

The Board of Directors of ETH (“**Board**”) remains cautious of the prospects of the Group. Nevertheless, the Board is confident that the Group's strategy to enhance market attractiveness through the Group's initiatives which includes digital adoption, efforts to broaden the product and service offerings will be able to mitigate the effects of COVID-19.

## PART B: OTHER INFORMATION

### 1. Status of corporate proposals

There were no corporate proposals announced but pending completion as at the date of this report.

### 2. Utilisation of proceeds

The status of the utilisation of the gross proceeds arising from the excluded issue amounting to RM7.14 million are as follows:

Purpose	Proposed Utilisation RM'000	Reallocation of Proceeds (1) RM'000	Actual Utilisation (2) RM'000	Deviation RM'000	Balance RM'000	Estimated timeframe for utilisation upon listing
Information technology	4,000	(1,630)	792	-	1,578	Within 48 months
Education premises	1,000	-	972	-	28	Within 36 months
Marketing	500	-	500	-	0	Within 24 months
Working capital	640	1,630	2,231	(39)	0	Within 24 months
Estimated listing expenses	1,000	-	1,039	39 <sup>(3)</sup>	0	Immediate
<b>Total</b>	<b>7,140</b>	<b>-</b>	<b>5,534</b>	<b>-</b>	<b>1,606</b>	

*Notes:*

- (1) *Part of the proceeds previously earmarked for information technology was reallocated to the Group's working capital to reimburse for the working capital spent in the use of cloud infrastructure as part of the Group's effort to go cloud-native.*
- (2) *Utilisation of proceeds as at 31 March 2021.*
- (3) *The shortfall of the amount allocated for listing expenses was reallocated from the amount earmarked for working capital.*

Dated 25 May 2021