

SHOPPER360 LIMITED

(Incorporated in the Republic of Singapore on 27 December 2016)
(Company Registration Number: 201634929Z)

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED
30 NOVEMBER 2022**

*This announcement has been prepared by shopper360 Limited (the “**Company**”) and its contents have been reviewed by the Company’s sponsor, ZICO Capital Pte. Ltd. (the “**Sponsor**”), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) Listing Manual Section B: Rules of Catalist.*

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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SHOPPER360 LIMITED AND ITS SUBSIDIARIES

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(A) Condensed interim consolidated statement of comprehensive income

	Note	Group		Inc/ (Dec) %
		1H2023 (Unaudited) RM	1H2022 (Unaudited) RM	
Revenue	4	84,604,888	69,425,091	22
Cost of sales		(66,718,595)	(52,868,977)	26
Gross profit		17,886,293	16,556,114	8
Other income	6	331,063	365,593	(9)
Expenses				
Administrative expenses		(15,984,668)	(13,294,750)	20
Other operating expenses		(636)	(1,695)	(62)
Reversal of impairment on trade receivables and contract assets (net)		-	250,000	NM
Finance costs	7	(151,457)	(61,669)	>100
Share of results of associated companies		(119,815)	(22,237)	>100
Share of results of joint venture		(6,923)	-	NM
Profit before tax	8	1,953,857	3,791,356	(48)
Tax expense	9	(437,298)	(1,296,056)	(66)
Profit for the period		1,516,559	2,495,300	(39)
Other comprehensive loss, net of tax:				
<i>Item that is or may be reclassified subsequently to profit or loss:</i>				
Currency translation differences arising from consolidation		(341,152)	(88,164)	>100
<i>Item that will not be reclassified subsequently to profit or loss:</i>				
Currency translation differences arising from consolidation		(235,107)	(89,786)	>100
Other comprehensive loss for the period, net of tax		(576,259)	(177,950)	>100
Total comprehensive income for the period		940,300	2,317,350	(59)
Profit attributable to:				
Equity holders of the Company		1,401,331	1,874,601	(25)
Non-controlling interest		115,228	620,699	(81)
Profit for the period		1,516,559	2,495,300	(39)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company		1,060,179	1,786,437	(41)
Non-controlling interest		(119,879)	530,913	(>100)
		940,300	2,317,350	(59)
Earnings per share (sen per share):				
Basic and diluted	19	1.29	1.72	(24)

Notes:

- (1) "1H2023": 6 months financial period ended 30 November 2022.
- (2) "1H2022": 6 months financial period ended 30 November 2021.
- (3) NM: Not meaningful

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(B) Condensed interim statements of financial position

	Note	Group		Company	
		As at 30 November 2022 (Unaudited) RM	As at 31 May 2022 (Audited) RM	As at 30 November 2022 (Unaudited) RM	As at 31 May 2022 (Audited) RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	1,895,686	1,909,565	-	-
Right-of-use assets	11	2,782,896	2,294,029	-	-
Intangible assets	12	2,312,513	2,316,127	-	-
Investment in subsidiaries		-	-	37,013,629	37,013,629
Investment in associated companies	13	2,523,559	2,643,374	-	-
Investment in joint venture	14	995,152	1,002,075	1,002,075	1,002,075
Financial assets at fair value through profit or loss	15	2,380,000	2,380,000	-	-
Financial assets at fair value through other comprehensive income	16	4,838,458	4,838,458	-	-
Deferred tax assets		601,912	48,241	-	-
Total non-current assets		18,330,176	17,431,869	38,015,704	38,015,704
Current assets					
Inventories		827,302	796,730	-	-
Financial assets, at fair value through profit or loss	15	50,637	50,020	-	-
Trade and other receivables		42,024,606	35,615,771	7,797,644	9,504,362
Contract assets		9,059,816	12,177,006	-	-
Cash and cash equivalents		17,346,245	24,510,320	1,130,330	1,025,837
Tax recoverable		767,405	720,704	-	-
Total current assets		70,076,011	73,870,551	8,927,974	10,530,199
Total assets		88,406,187	91,302,420	46,943,678	48,545,903
EQUITY AND LIABILITIES					
Equity					
Share capital	17	51,850,444	51,850,444	51,850,444	51,850,444
Treasury shares	18	(1,769,029)	(1,769,029)	(1,769,029)	(1,769,029)
Fair value reserve		2,156,392	2,156,392	-	-
Capital reserve		(1,354,855)	(1,354,855)	-	-
Merger reserve		(17,453,646)	(17,453,646)	-	-
Currency translation reserve		(764,421)	(423,269)	-	-
Retained earnings/(Accumulated losses)		26,989,579	26,812,751	(3,327,824)	(1,829,910)
Equity attributable to equity holders of the Company, total		59,654,464	59,818,788	46,753,591	48,251,505
Non-controlling interest		2,073,193	2,193,072	-	-
Total equity		61,727,657	62,011,860	46,753,591	48,251,505
Non-current liabilities					
Lease liabilities	22	1,236,213	1,025,246	-	-
Deferred tax liabilities		777,390	777,390	-	-
Total non-current liabilities		2,013,603	1,802,636	-	-
Current liabilities					
Trade and other payables		13,920,063	15,701,539	190,087	294,398
Contract liabilities		3,805,622	3,929,931	-	-
Borrowings	22	5,304,942	4,976,688	-	-
Lease liabilities	22	1,311,459	1,074,699	-	-
Tax payable		322,841	1,805,067	-	-
Total current liabilities		24,664,927	27,487,924	190,087	294,398
Total liabilities		26,678,530	29,290,560	190,087	294,398
Total equity and liabilities		88,406,187	91,302,420	46,943,678	48,545,903
Net asset value per share	20	54.83	54.98	42.97	44.35

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(C) Condensed interim consolidated statement of changes in equity

Group	Share capital RM	Capital reserve RM	Fair value reserve RM	Merger reserve RM	Currency translation reserve RM	Treasury shares RM	Retained earnings RM	Equity attributable to equity holders of the Company RM	Non-controlling interest RM	Total equity RM
At 1 June 2022 (audited)	51,850,444	(1,354,855)	2,156,392	(17,453,646)	(423,269)	(1,769,029)	26,812,751	59,818,788	2,193,072	62,011,860
Profit for the period	-	-	-	-	-	-	1,401,331	1,401,331	115,228	1,516,559
Other comprehensive loss, net of tax										
<i>Currency translation differences arising from consolidation</i>	-	-	-	-	(341,152)	-	-	(341,152)	(235,107)	(576,259)
Other comprehensive loss for the financial period, net of tax	-	-	-	-	(341,152)	-	-	(341,152)	(235,107)	(576,259)
Total comprehensive income/(loss) for the period	-	-	-	-	(341,152)	-	1,401,331	1,060,179	(119,879)	940,300
<i>Transactions with owners recognised directly in equity</i>										
Dividends paid	-	-	-	-	-	-	(1,224,503)	(1,224,503)	-	(1,224,503)
At 30 November 2022 (unaudited)	51,850,444	(1,354,855)	2,156,392	(17,453,646)	(764,421)	(1,769,029)	26,989,579	59,654,464	2,073,193	61,727,657

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(C) Condensed interim consolidated statement of changes in equity (cont'd)

Group	Share capital RM	Capital reserve RM	Merger reserve RM	Currency translation reserve RM	Treasury shares RM	Retained earnings RM	Equity attributable to equity holders of the Company RM	Non- controlling interest RM	Total equity RM
At 1 June 2021 (audited)	51,850,444	(1,354,855)	(17,453,646)	(278,299)	(1,769,029)	26,108,982	57,103,597	1,297,644	58,401,241
Profit for the period	-	-	-	-	-	1,874,601	1,874,601	620,699	2,495,300
Other comprehensive loss, net of tax									
<i>Currency translation differences arising from consolidation</i>	-	-	-	(88,164)	-	-	(88,164)	(89,786)	(177,950)
Other comprehensive loss for the financial period, net of tax	-	-	-	(88,164)	-	-	(88,164)	(89,786)	(177,950)
Total comprehensive income/(loss) for the period	-	-	-	(88,164)	-	1,874,601	1,786,437	530,913	2,317,950
<i>Transactions with owners recognised directly in equity</i>									
Dividend paid	-	-	-	-	-	(3,025,045)	(3,025,045)	-	(3,025,045)
At 30 November 2021 (unaudited)	51,850,444	(1,354,855)	(17,453,646)	(366,463)	(1,769,029)	24,958,538	55,864,989	1,828,557	57,693,546

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(C) Condensed interim statements of changes in equity (cont'd)

Company	Share capital RM	Treasury shares RM	Accumulated losses RM	Total equity RM
At 1 June 2021 (audited)	51,850,444	(1,769,029)	(379,193)	49,702,222
Loss and total comprehensive loss for the financial period	-	-	(390,757)	(390,757)
Dividend paid	-	-	(3,025,045)	(3,025,045)
At 30 November 2021 (unaudited)	51,850,444	(1,769,029)	(3,794,995)	46,286,420
Company	Share capital RM	Treasury shares RM	Accumulated losses RM	Total equity RM
At 1 June 2022 (audited)	51,850,444	(1,769,029)	(1,829,910)	48,251,505
Loss and total comprehensive loss for the financial period	-	-	(273,411)	(273,411)
Dividends paid	-	-	(1,224,503)	(1,224,503)
At 30 November 2022 (unaudited)	51,850,444	(1,769,029)	(3,327,824)	46,753,591

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(D) Condensed interim consolidated statement of cash flows

	Group	
	1H2023 (Unaudited) RM	1H2022 (Unaudited) RM
Cash flows from operating activities		
Profit before tax	1,953,857	3,791,356
Adjustments for:-		
Amortisation for club membership	3,614	3,614
Reversal of impairment on trade receivables and contract assets (net)	-	(250,000)
Bad debts written off	1,916	-
Depreciation of property, plant and equipment	477,786	565,388
Depreciation of right-of-use assets	782,818	822,314
Interest income	(35,606)	(98,659)
Interest expenses	151,457	61,669
Inventories written off	36,155	-
Gain on disposal of property, plant and equipment	(1,335)	-
Gain on termination of leases	-	(5,837)
Property, plant and equipment written off	32	1,695
Share of results of associated companies	119,815	22,237
Share of results of joint venture	6,923	-
Unrealised foreign exchange gain	(25,638)	(1,000)
Operating cash flow before working capital changes	<u>3,471,794</u>	<u>4,912,777</u>
Inventories	(66,728)	(388,269)
Trade and other receivables and contract assets	(3,530,531)	1,178,705
Trade and other payables and contract liabilities	(1,910,047)	(946,516)
Currency translation adjustments	(566,306)	(172,998)
Cash (used in)/generated from operations	<u>(2,601,818)</u>	<u>4,583,699</u>
Income tax paid	<u>(2,521,581)</u>	<u>(343,856)</u>
Net cash (used in)/from operating activities	<u>(5,123,399)</u>	<u>4,239,843</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(466,468)	(654,498)
Interest received	34,989	98,659
Proceeds from disposal of property, plant and equipment	1,335	-
Redemption of financial assets at fair value through profit or loss	-	1,989,059
Repayments from an associated company	236,970	-
Investment in associated company	-	(2,000,000)
Net cash used in investing activities	<u>(193,174)</u>	<u>(566,780)</u>
Cash flows from financing activities		
Repayment of lease liabilities	(825,434)	(871,063)
Proceeds from short-term loan	22,668,308	-
Repayments of short-term loan	(22,340,054)	-
Dividends paid to owners of the Company	(1,224,503)	(3,025,045)
Repayment to non-controlling interest	-	(207,835)
Interest paid	(151,457)	(61,669)
Net cash used in financing activities	<u>(1,873,140)</u>	<u>(4,165,612)</u>
Net decrease in cash and cash equivalents	<u>(7,189,713)</u>	<u>(492,549)</u>
Cash and cash equivalents at beginning of the financial period	24,510,320	27,591,564
Effects of exchange rate changes on cash and cash equivalents	25,638	1,000
Cash and cash equivalents at end of the financial period	<u>17,346,245</u>	<u>27,100,015</u>

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(D) Condensed interim consolidated statement of cash flows (cont'd)

Reconciliation of movement of liabilities to cash flows arising from financing activities:

	Amount due to non- controlling interest RM	Borrowings RM	Lease liabilities RM	Total RM
Balance as 1 June 2022	240,944	4,976,688	2,099,945	7,317,577
Change from financing cash flows:				
- Proceeds	-	22,668,308	-	22,668,308
- Repayments	-	(22,340,054)	(825,434)	(23,165,488)
- Interest paid	-	(74,078)	(77,379)	(151,457)
Non-cash changes:				
- Interest expense	-	74,078	77,379	151,457
- Additions of new leases	-	-	1,273,161	1,273,161
Effect of changes in foreign exchange rate	4,263	-	-	4,263
Balance at 30 November 2022	245,207	5,304,942	2,547,672	8,097,821

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(E) Notes to the condensed interim consolidated financial statements

1. Corporate information

shopper360 Limited (the “**Company**”) (Co. Reg. No. 201634929Z) was incorporated in Singapore. The registered office and principal place of business of the Company is at 138 Robinson Road, #26-03 Oxley Tower, Singapore 068906.

The Company’s immediate and ultimate holding company is Rekaweb.Com Sdn. Bhd., a company incorporated in Malaysia which is substantially owned by Chew Sue Ann and her family members whose interest in the Company is held through their shareholdings in the immediate and ultimate holding company.

These unaudited condensed interim consolidated financial statements as at and for the six months ended 30 November 2022 comprise the Company and its subsidiaries (together referred to as the “**Group**”).

The principal activity of the Company is that of an investment holding company. The principal activities of the Group are:

- (i) Advertising and Marketing; and
- (ii) Sales Execution and Distribution.

2. Basis of preparation

The unaudited condensed interim consolidated financial statements for the six months ended 30 November 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The unaudited condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual consolidated financial statements for the financial year ended 31 May 2022 (“**FY2022**”).

The accounting policies adopted are consistent with those adopted by the Company in its most recently audited consolidated financial statements for FY2022, which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The unaudited condensed interim consolidated financial statements are presented in Ringgit Malaysia (“**RM**”) which is the Company’s functional currency.

2.1 New and revised standards adopted by the Group

In the current financial year, the Group has adopted all the new and revised SFRS(I) and Interpretations of SFRS(I) (“**SFRS(I) INT**”) that are relevant to its operations and effective for the current financial year. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and SFRS(I) INT.

The adoption of these new and revised SFRS(I) and SFRS(I) INT did not have any material effect on the financial results or position of the Group and the Company.

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2. Basis of preparation (cont'd)

2.2 Use of judgements and estimates

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 May 2022.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

Management has reviewed the segmentation considering the nature of services, go-to-market model and cross-collaboration of our various services, economic characteristics and internal operational management. The Group is organised into the following main business segments:

(i) Advertising and Marketing ("**A&M**")

Advertising and Marketing provides our customers with services to raise brand awareness, visibility and engagement to advertise and market their products and brands to consumers. These services include digital and non-digital in-store advertising mediums in retail chains and in-store promoter services such as sampling and events management for product launches, roadshows, seminars and annual dinners. This segment also provides marketing programs, marketing intelligence and analysis, contest management and gamification.

(ii) Sales Execution and Distribution ("**SE&D**")

Sales Execution and Distribution segment provides merchandiser, sales force and supervisory, and talent management services in retail and grocery outlets covering supermarkets, hypermarkets, convenience stores and also shopping malls. In addition, this segment includes the distribution of products into various retail channels with a focus on general trade, supermarkets, hypermarkets and convenience stores.

(iii) Investment Holding and Others segment ("**Others**")

Investment Holding and Others segment provides management and corporate services to its subsidiaries and others. It also derives dividend from its subsidiaries.

The Group's Managing Director ("**MD**") monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, is as explained in the table below.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit or loss before tax, as included in the internal management reports that are reviewed by the Group's MD. Segment profit or loss is used to assess 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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4. Segment and revenue information (cont'd)

a. Reportable segments

The following is an analysis of the Group's revenue and results by reportable segment:

	Advertising and Marketing RM	Sales Execution and Distribution RM	Others RM	Elimination RM	Total RM
1H2023 (unaudited)					
Group					
Segment revenue					
Sales to external customers	21,035,764	63,560,424	8,700	-	84,604,888
Intersegment sales	307,192	69,144	4,292,311	(4,668,647)	-
Total revenue	<u>21,342,956</u>	<u>63,629,568</u>	<u>4,301,011</u>	<u>(4,668,647)</u>	<u>84,604,888</u>
Tax expense	216,952	220,346	-	-	437,298
Segment profit/(loss)	810,827	1,454,257	(748,525)	-	<u>1,516,559</u>
Depreciation and amortisation	322,638	676,960	264,620	-	1,264,218
Property, plant and equipment written off	18	-	14	-	32
Bad debts written off	-	1,916	-	-	1,916
Interest income	(161,722)	(33,469)	(107,846)	267,431	(35,606)
Interest expenses	92,780	228,757	97,351	(267,431)	151,457
Inventories written off	-	36,155	-	-	36,155
Gain on disposal of property, plant and equipment	(1,335)	-	-	-	(1,335)
Share of results of associated companies	-	-	119,815	-	119,815
Share of results of joint venture	-	-	6,923	-	6,923
Assets and liabilities					
Total segment assets	40,548,171	44,945,793	104,802,401	(101,890,178)	<u>88,406,187</u>
Segment assets include:					
Additions to non-current assets	227,950	462,479	1,049,200	-	1,739,629
Investment in associated companies	-	-	2,523,559	-	2,523,559
Investment in joint venture	-	-	995,152	-	995,152
Total segment liabilities	(19,060,831)	(24,226,491)	(9,515,337)	26,124,129	<u>(26,678,530)</u>

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4. Segment and revenue information (cont'd)

a. Reportable segments (cont'd)

	Advertising and Marketing RM	Sales Execution and Distribution RM	Others RM	Elimination RM	Total RM
1H2022 (unaudited)					
Group					
Segment revenue					
Sales to external customers	21,504,004	47,921,087	-	-	69,425,091
Intersegment sales	263,849	7,954	3,431,224	(3,703,027)	-
Total revenue	<u>21,767,853</u>	<u>47,929,041</u>	<u>3,431,224</u>	<u>(3,703,027)</u>	<u>69,425,091</u>
Tax expense	762,720	533,336	-	-	<u>1,296,056</u>
Segment profit/(loss)	<u>2,256,239</u>	<u>1,050,840</u>	<u>(811,779)</u>	<u>-</u>	<u>2,495,300</u>
Depreciation and amortisation	571,957	501,414	317,945	-	1,391,316
Property, plant and equipment written off	1,318	-	377	-	1,695
Reversal of impairment losses on trade receivables and contract assets	-	(250,000)	-	-	(250,000)
Interest income	(118,083)	(63,296)	(35,912)	118,632	(98,659)
Interest expenses	75,170	65,650	39,481	(118,632)	61,669
Gain on termination of leases	(927)	(4,910)	-	-	(5,827)
Share of results of associated companies	-	-	22,237	-	22,237
Assets and liabilities					
Total segment assets	<u>39,918,219</u>	<u>36,996,327</u>	<u>95,598,141</u>	<u>(94,683,039)</u>	<u>77,829,648</u>
Segment assets include:					
Additions to non-current assets	72,466	611,556	29,107	-	713,129
Investment in associated companies	-	-	2,897,584	-	2,897,584
Total segment liabilities	<u>(17,888,035)</u>	<u>(12,709,668)</u>	<u>(8,149,957)</u>	<u>18,611,558</u>	<u>(20,136,102)</u>

b. Geographical segments

The Group operates mainly in Malaysia with revenue generated from customers in Malaysia. Only marginal 6.3% of the Group's revenue was generated from outside Malaysia in 1H2023. Therefore, an analysis of assets and profits of the Group by geographical distribution has not been included.

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4. Segment and revenue information (cont'd)

	Group	
	1H2023 (Unaudited) RM	1H2022 (Unaudited) RM
Advertising and Marketing	21,035,764	21,504,004
Sales Execution and Distribution	63,560,424	47,921,087
Others	8,700	-
	84,604,888	69,425,091
<i>Timing of revenue recognition</i>		
At a point in time	5,370,293	4,274,715
Over time	79,234,595	65,150,376
	84,604,888	69,425,091

5. Financial assets and financial liabilities

Fair value measurement

The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The carrying amounts and fair values of financial assets and financial liabilities of the Group as at 30 November 2022 and 31 May 2022, including their levels in the fair value hierarchy are as follows:

	Amortised cost RM	Fair value through profit or loss RM	Carrying amount Fair value through other comprehensive income RM	Derivatives at fair value RM	Total RM
Group					
30.11.2022 (unaudited)					
Financial assets					
Investment in joint venture	-	-	-	750,000	750,000
Unquoted equity investments	-	2,380,000	4,838,458	-	7,218,458
Investment in short-term fund	-	50,637	-	-	50,637
Trade and other receivables	38,726,582	-	-	-	38,726,582
Cash and cash equivalents	17,346,245	-	-	-	17,346,245
	56,072,827	2,430,637	4,838,458	750,000	64,091,922
Financial liabilities					
Trade and other payables	13,102,650	-	-	-	13,102,650
Borrowings	5,304,942	-	-	-	5,304,942
Lease liabilities	2,547,672	-	-	-	2,547,672
	20,955,264	-	-	-	20,955,264
31.5.2022 (audited)					
Financial assets					
Investment in joint venture	-	-	-	750,000	750,000
Unquoted equity investments	-	2,380,000	4,838,458	-	7,218,458
Investment in short-term fund	-	50,020	-	-	50,020
Trade and other receivables	33,708,969	-	-	-	33,708,969
Cash and cash equivalents	24,510,320	-	-	-	24,510,320
	58,219,289	2,430,020	4,838,458	750,000	66,237,767

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5. Financial assets and financial liabilities (cont'd)

	Amortised cost RM	Fair value through profit or loss RM	Carrying amount Fair value through other comprehensive income RM	Derivatives at fair value RM	Total RM
Group					
31.5.2022 (audited)					
(cont'd)					
Financial liabilities					
Trade and other payables	15,031,600	-	-	-	15,031,600
Borrowings	4,976,688	-	-	-	4,976,688
Lease liabilities	2,099,945	-	-	-	2,099,945
	22,108,233	-	-	-	22,108,233
Company					
30.11.2022 (unaudited)					
Financial assets					
Investment in joint venture	-	-	-	750,000	750,000
Trade and other receivables	7,762,969	-	-	-	7,762,969
Cash and cash equivalents	1,130,330	-	-	-	1,130,330
	8,893,299	-	-	750,000	9,643,299
Financial liabilities					
Trade and other payables	190,086	-	-	-	190,086
31.5.2022 (audited)					
Financial assets					
Investment in joint venture	-	-	-	750,000	750,000
Trade and other receivables	9,428,697	-	-	-	9,428,697
Cash and cash equivalents	1,025,837	-	-	-	1,025,837
	10,454,534	-	-	750,000	11,204,534
Financial liabilities					
Trade and other payables	294,398	-	-	-	294,398

Unquoted equity investments

The fair value of the unquoted equity investment that is designated at fair value through profit or loss is determined based on the discounted cash flow method using a suitable discount rate. The cash flow forecasts were estimated by investee companies' management based on prevailing market, economic and other conditions at the end of the reporting period. This fair value measurement is categorised under Level 3 of the fair value hierarchy.

The fair value of the unquoted equity investment that is designated at fair value through other comprehensive income is determined based on recent transacted prices of the investee company's equity as well as consideration of internal and external changes in the business and market environment that the investee company operates in. This fair value measurement is categorised under Level 3 of the fair value hierarchy.

Short-term fund investments

The fair values of financial instruments traded in active markets (such as investments in short-term fund) are based on quoted prices at the end of the reporting period. These instruments are included in Level 1.

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6. Other income

	Group	
	1H2023 (Unaudited) RM	1H2022 (Unaudited) RM
Gain on foreign exchange	36,298	83,251
Gain on disposal of property, plant and equipment	1,335	-
Gain on termination of leases	-	5,837
Interest income	35,606	98,659
Rental income	13,414	10,800
Government grant	34,582	71,904
Miscellaneous income	209,828	95,142
	331,063	365,593

7. Finance costs

	Group	
	1H2023 (Unaudited) RM	1H2022 (Unaudited) RM
Interest expense		
- Lease liabilities	77,379	61,669
- Short term loan	74,078	-
	151,457	61,669

8. Profit before tax

8.1 Significant items

	Group	
Income/(expenses)	1H2023 (Unaudited) RM	1H2022 (Unaudited) RM
Interest income	35,606	98,659
Bad debts written off ⁽¹⁾	(1,916)	-
Reversal of impairment on trade receivables and contract assets (net) ⁽²⁾	-	250,000
Gain on disposal of property, plant and equipment	1,335	-
Gain/(Loss) on foreign exchange		
- Realised ⁽³⁾	(104,950)	82,251
- Unrealised	25,638	1,000
Amortisation for club membership	(3,614)	(3,614)
Depreciation of property, plant and equipment ⁽⁴⁾	(477,786)	(565,388)
Depreciation of right-of-use assets ⁽⁵⁾	(782,818)	(822,314)
Inventories written off ⁽⁶⁾	(36,155)	-

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8. Profit before tax (cont'd)

8.1 Significant items (cont'd)

	Group	
	1H2023 (Unaudited) RM	1H2022 (Unaudited) RM
Rental expense		
- third parties ⁽⁷⁾	(157,901)	(120,356)
- vehicle and equipment	(34,538)	(33,147)
Staff costs ⁽⁸⁾	(62,726,333)	(48,955,333)
Property, plant and equipment written off	(32)	(1,695)

Notes:

- (1) Bad debts written off mainly relates to the uncollectible doubtful debts due to client's financial difficulties.
- (2) Reversal of impairment on trade receivables and contract assets relates to impairment of trade receivables no longer required arising from the recovery of debts from customers.
- (3) The realised loss on foreign exchange was mainly resulted from the weakening of Myanmar Kyat against United States Dollar ("USD") and was incurred when ShopperPlus Myanmar Co Ltd paid its suppliers in USD.
- (4) The decrease in depreciation of property, plant and equipment was mainly due to certain furniture and fittings and office renovation that were fully depreciated in the financial period.
- (5) The decrease in depreciation of right-of-use assets was in line with the discontinuation of certain lease arrangements upon the expiry of the lease term.
- (6) The inventories written off relates to the expired and damaged stocks that had been written off in the financial period.
- (7) The increase in rental expense in 1H2023 was mainly due to the new short term leases entered into by the Group.
- (8) The increase in staff costs was mainly due to an increase in number of sales forces to accommodate the new customers in the Sales Execution & Distribution segment, and an increase in minimum monthly wages from RM1,200 to RM1,500 by the Malaysian Government with effect from 1 May 2022.

8.2 Related party transactions

	Group	
	1H2023 (Unaudited) RM	1H2022 (Unaudited) RM
With immediate and ultimate holding company:		
Payment of lease liabilities and interest expense	(193,200)	(246,536)
Additions of new leases contracted	1,071,257	-
Dividends paid	(486,580)	(1,202,061)
With associated companies:		
Rental income	10,000	-
Interest income on advances to an associated company	13,030	-
With joint venture:		
IT service retainer fees expenses	(76,320)	-

9. Income tax expenses

The Group calculates the income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of comprehensive income are:

	Group	
	1H2023 (Unaudited) RM	1H2022 (Unaudited) RM
Current income tax		
- Current year	992,654	1,296,056
Deferred tax		
- Current year	(555,356)	-
	<u>437,298</u>	<u>1,296,056</u>

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10. Property, plant and equipment

During 1H2023, the Group acquired assets amounting to RM0.5 million (1H2022: RM0.7 million). No impairment is charged for 1H2023 and 1H2022.

11. Right-of-use assets

Group as lessee

Nature of the Group's leasing activities

The Group's leasing activities comprise the following:

- (i) The Group leases various office spaces and stores, warehouses and motor vehicles from the immediate and ultimate holding company and non-related parties. The leases have an average tenure of between one and five years;
- (ii) In addition, the Group leases certain office spaces and vehicles with contractual terms of up to one year. These leases are short-term. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

During 1H2023, the Group recognised an addition of right-of-use assets in office spaces amounting to RM1.3 million (1H2022: RM59,000).

12. Intangible assets

During 1H2023 and 1H2022, the Group did not have additions to intangible assets.

The Group's intangible assets mainly comprise goodwill on consolidation with a carrying amount of RM2.0 million (31 May 2022: RM2.0 million).

13. Investment in associated companies

During 1H2023, the Group did not have additions to investment in associated companies (During 1H2022, the Group recognised investment in an associated company, namely Troopers Innovation Sdn. Bhd., of RM2.0 million, which is 21.5% owned by the Company).

The associated companies are measured using the equity method.

14. Investment in joint venture

During 1H2023 and 1H2022, the Group did not have additions to investment in joint venture. The Group's investment in joint venture represents the Group's interest in a company in Singapore, namely Avinity Analytics Pte. Ltd., which is 40.0% owned by the Company. Avinity Analytics Pte. Ltd. is primarily engaged in data analytics, data science, machine learning and artificial intelligence for retail, e-commerce and marketing related businesses. The Group made this investment in January 2022.

The joint venture is measured using the equity method.

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15. Financial assets at fair value through profit or loss

	Group	
	As at 30.11.2022 (Unaudited) RM	As at 31.5.2022 (Audited) RM
Non-current		
(a) Unquoted equity investment	2,380,000	2,380,000
Current		
(b) Investments in short-term fund	50,637	50,020

(a) Unquoted equity investment represents the Group's interest in a company in Malaysia, namely PB Grocery Capital Sdn. Bhd., which is engaged in online groceries related activities.

(b) Investments in short-term fund are short-term fixed income funds issued by a licensed financial institution in Malaysia.

16. Financial assets at fair value through other comprehensive income ("FVOCI")

	Group	
	As at 30.11.2022 (Unaudited) RM	As at 31.5.2022 (Audited) RM
Equity investments designated at FVOCI		
Unquoted equity investments	4,838,458	4,838,458

Unquoted equity investments represent interests in companies in Malaysia, namely Lapasar Sdn. Bhd. and Mango Fintech Sdn. Bhd., which are engaged in business-to-business e-commerce/e-procurement and trading related activities. These investments in equity shares made by the Group in May 2021 are not held for trading.

17. Share capital

	Group and Company			
	As at 30.11.2022 (Unaudited) No. of shares	As at 30.11.2022 (Unaudited) RM	As at 31.5.2022 (Audited) No. of shares	As at 31.5.2022 (Audited) RM
Issued and paid up:				
At the beginning/end of the period/ year	108,803,600	51,850,444	108,803,600	51,850,444

The Company did not have any outstanding options, convertibles and subsidiary holdings as at 30 November 2022, 31 May 2022 and 30 November 2021.

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18. Treasury shares

	Group and Company		
	As at 30.11.2022 (Unaudited) RM	As at 31.5.2022 (Audited) RM	As at 30.11.2021 (Unaudited) RM
	Issued and paid up: At the beginning/end of the period/year	1,769,029	1,769,029
	Number of shares		
	As at 30.11.2022 (Unaudited)	As at 31.5.2022 (Audited)	As at 30.11.2021 (Unaudited)
Issued and paid up: At the beginning/end of the period/year	5,596,400	5,596,400	5,596,400
Percentage of the aggregate number of treasury shares held against the total number of shares outstanding (excluding treasury shares and subsidiary holdings)	5.14%	5.14%	5.14%

The Company did not have any subsidiary holdings during and as at 30 November 2022, 31 May 2022 and 30 November 2021.

There was no sales, transfers, cancellation and/or use of treasury shares during and as at 30 November 2022, 31 May 2022 and 30 November 2021.

19. Earnings per share

	1H2023 (Unaudited)	1H2022 (Unaudited)
Profit attributable to equity holders of the Company (RM)	1,401,331	1,874,601
Weighted average number of ordinary shares on issue during the period	108,803,600	108,803,600
Basic and diluted earnings per ordinary share (sen)	1.29	1.72

20. Net asset value per share

	Group		Company	
	As at 30.11.2022 (Unaudited)	As at 31.5.2022 (Audited)	As at 30.11.2022 (Unaudited)	As at 31.5.2022 (Audited)
Net asset value attributable to equity holders of the Company (RM)	59,654,464	59,818,788	46,753,591	48,251,505
Number of ordinary shares in issue (excluding treasury shares)	108,803,600	108,803,600	108,803,600	108,803,600
Net asset value per ordinary share (sen)	54.83	54.98	42.97	44.35

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21. Dividends paid

	Group	
	1H2023 (Unaudited) RM	1H2022 (Unaudited) RM
Ordinary dividends paid:		
Final single tier tax exempted dividend of SGD0.0035 per share, on the 108,803,600 ordinary shares, was declared on 28 September 2022 and paid on 17 October 2022 in respect of the financial year ended 31 May 2022	1,224,503	-
Final single tier tax exempted dividend of SGD0.009 per share, on the 108,803,600 ordinary shares, was declared on 28 September 2021 and paid on 22 October 2021 in respect of the financial year ended 31 May 2021	-	3,025,045
	<u>1,224,503</u>	<u>3,025,045</u>

22. Borrowings and lease liabilities

The accompanying notes to the statement of financial position:

	Group	
	As at 30.11.2022 (Unaudited) RM	As at 31.5.2022 (Audited) RM
<i>Aggregate amount of borrowings and debt securities:</i>		
Repayable on demand or within 1 year		
- Secured	5,699,446	393,107
- Unsecured	916,955	5,658,280
Repayable within 2 to 5 years		
- Secured	166,490	361,682
- Unsecured	1,069,723	663,564
	<u>7,852,614</u>	<u>7,076,633</u>

The Group's borrowings are in relation to:

- (i) motor vehicles acquired under finance lease agreements, and the liabilities are recorded as lease liabilities due to the adoption of SFRS(I) 16 Leases; and
- (ii) short-term loan and revolving credit facilities obtained from a financial institution for the purpose of financing the working capital of the Group.

Details of any collateral

An amount of RM560,994 (31 May 2022: RM754,789) included in lease liabilities is secured against motor vehicles under right-of-use assets with a net carrying value of approximately RM840,813 as at 30 November 2022. (31 May 2022: RM982,270).

The Group has a short-term loan facility and a revolving credit facility from a bank of RM3,304,942 and RM1,000,000, respectively. Both facilities are secured by way of the following:

- (i) guarantees executed by Shopper360 Sdn. Bhd. for RM5,000,000; and
- (ii) guarantees executed by Pos Ad Sdn. Bhd. for RM5,000,000.

The Group has a separate short-term loan facility from a bank of RM1,000,000. The facility is secured by way of the following:

- (iii) guarantees executed by Shopper360 Sdn. Bhd. for RM3,000,000; and
- (iv) guarantees executed by Pos Ad Sdn. Bhd. for RM3,000,000.

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23. Subsequent events

There are no known subsequent events which have led to adjustments to this set of condensed financial statements.

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(F) Other information required pursuant to Appendix 7C of the Catalist Rules

1. Review

The condensed interim consolidated statement of financial position of the Group as at 30 November 2022 and the related condensed interim consolidated statement of comprehensive income for 1H2023 and 1H2022, condensed interim consolidated statement of changes in equity as at 30 November 2022 and condensed interim consolidated statement of cash flows for 1H2023 and certain explanatory notes have not been audited or reviewed.

1.1 Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable. The latest audited financial statements of the Company and the Group for FY2022 was not subject to any adverse opinion, qualified opinion or disclaimer of opinion.

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

(A) REVIEW OF THE GROUP'S PERFORMANCE

Revenue

Revenue increased by 22% or RM15.2 million, from RM69.4 million in 1H2022 to RM84.6 million in 1H2023 mainly due to an increase in revenue from the Sales Execution and Distribution segment of RM15.7 million and partially offset by a decrease in revenue from the Advertising and Marketing segment of RM0.4 million in 1H2023.

Revenue from the Sales Execution and Distribution segment increased by approximately RM15.7 million or 33% in 1H2023 as compared to 1H2022, mainly due to new customers.

Revenue from the Advertising and Marketing segment decreased by approximately RM0.4 million or 2% in 1H2023 as compared to 1H2022, mainly attributable to a decline in business derived from the Malaysia market due to more cautious advertising expenditure by customers. The Myanmar market is also facing challenges in maintaining constant imported goods due to importation license requirements in the country which has resulted in lower stocks and thus a lesser need for customers to spend on advertising. However, the decrease is partially offset by revenue growth in the event management business.

Cost of sales

Cost of sales increased by 26% or RM13.8 million, from RM52.9 million in 1H2022 to RM66.7 million in 1H2023.

Gross Profit and Gross Profit Margin

Gross profit increased by approximately RM1.3 million or 8%, from RM16.6 million in 1H2022 to RM17.9 million in 1H2023. Gross profit margin decreased from 23.8% in 1H2022 to 21.1% in 1H2023 mainly due to an increase in revenue from the Sales Execution and Distribution segment which contributed to a lower gross margin, and a decrease in revenue from the Advertising and Marketing segment that contributed to a higher gross profit margin.

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Other Income

Other income decreased by approximately RM35,000 or 9%, from RM0.4 million in 1H2022 to RM0.3 million in 1H2023, mainly due to a decrease in interest income, gain on foreign exchange and wage support from the Singapore government under the job support scheme, and partially offset by an increase in miscellaneous income.

Administrative Expenses

Administrative expenses increased by approximately RM2.7 million or 20%, from RM13.3 million in 1H2022 to RM16.0 million in 1H2023, mainly due to an increase in staff costs, staff training, travelling and accommodation expenses as a result of the business environment gradually opening up in the second half of FY2022 where the Covid-19 pandemic restrictions implemented during FY2021 were gradually lifted.

Reversal of Impairment on Trade Receivables and Contract Assets (Net)

No allowance or reversal of impairment on trade receivables and contract assets was provided in 1H2023. Net reversal of impairment of trade receivables and contract assets was RM250,000 million in 1H2022 mainly due to the reversal of prior year impairment losses on overdue trade receivables and contract assets, arising from debtor repayments.

Finance Costs

Finance costs increased by RM89,000, from approximately RM62,000 in 1H2022 to approximately RM151,000 in 1H2023, mainly due to an increase in interest expenses arising from an increase in trade facilities.

Share of Results of Associated Companies

Share of results of equity-accounted associate mainly relates to losses incurred by Instanture Holdings Sdn. Bhd. and its subsidiary, Boostorder Sdn. Bhd., which is 10.18% owned by the Company. It incurred a loss of RM0.9 million in 1H2023, due to higher salaries and wages despite being offset by stable revenue growth over the last six months.

Besides that, there is a further share of loss of approximately RM28,000 from Troopers Innovation Sdn. Bhd. The losses incurred mainly resulted from higher salaries and computer license subscription expenses.

Share of Results of Joint Venture

Share of results of joint venture of approximately RM7,000 in 1H2023 mainly relates to loss incurred by Avinity Analytics Pte. Ltd. and its subsidiary, Avinity Analytics Sdn. Bhd.. The joint venture started its business operations in February 2022 and is currently focusing on the Malaysia market.

Profit Before Tax

As a result of the above, profit before tax decreased by approximately RM1.8 million or 48%, from RM3.8 million in 1H2022 to RM2.0 million in 1H2023.

Tax Expense

Tax expense decreased by approximately RM0.9 million or 66%, from RM1.3 million in 1H2022 to RM0.4 million in 1H2023, mainly due to the decrease in income tax provision of RM0.3 million and deferred tax provision of RM0.6 million.

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(B) REVIEW OF THE GROUP'S FINANCIAL POSITION

Non-current Assets

The Group's non-current assets increased by RM0.9 million, from RM17.4 million as at 31 May 2022 to RM18.3 million as at 30 November 2022. The increase was mainly due to an increase in right-of-use assets of RM0.5 million and deferred tax assets of RM0.6 million, and partially offset by a decrease in investment in associated companies of RM0.1 million.

Right-of-use assets increased by RM0.5 million, mainly due to additions in right-of-use assets from leased premises of RM1.3 million, partially offset by depreciation charge of RM0.8 million.

Deferred tax assets increased by RM0.6 million, mainly due to the increase in future deductible expenditure derived from the accrued expenditures and bonus provision.

Investment in associated companies decreased by RM0.1 million, mainly due to the share of loss from associated companies.

Current Assets

The Group's current assets decreased by RM3.8 million, from RM73.9 million as at 31 May 2022 to RM70.1 million as at 30 November 2022, mainly due to a decrease in contract assets of RM3.1 million and cash and cash equivalents of RM7.2 million, partially offset by an increase in trade and other receivables of RM6.4 million.

Contract assets decreased by RM3.1 million as at 30 November 2022 (as compared to 31 May 2022), mainly due to an increase in the billings of previously unbilled services rendered in the second half of FY2022.

Trade and other receivables increased by RM6.4 million as at 30 November 2022 (as compared to 31 May 2022), which was mainly in line with the revenue growth.

Please refer to the section on review of the Group's cash flow statement for explanations on the decrease in cash and cash equivalents of the Group.

Equity

The Group's equity decreased by RM0.3 million from RM62.0 million as at 31 May 2022 to RM61.7 million as at 30 November 2022, mainly due to an increase of losses arising from translation reserves of RM0.3 million and decrease in non-controlling interest of RM0.1million.

Non-current Liabilities

The Group's non-current liabilities increased by RM0.2 million, from RM1.8 million as at 31 May 2022 to RM2.0 million as at 30 November 2022, mainly due to addition of lease liabilities (which mainly relates to rental of office and warehouse) and partially offset by repayment of lease liabilities.

Current Liabilities

The Group's current liabilities decreased by RM2.8 million, from RM27.5 million as at 31 May 2022 to RM24.7 million as at 30 November 2022, mainly due to a decrease in trade and other payables of RM1.8 million and tax payable of RM1.5 million, and partially offset by an increase in borrowings of RM0.3 million and lease liabilities of RM0.2 million.

Trade and other payables decreased by RM1.8 million as at 30 November 2022 (as compared to 31 May 2022), mainly due to a reduction in reimbursement of expenses payable to sales force staff and payment of bonuses in relation to FY2022.

Tax payable decreased by RM1.5 million, mainly due to payment of tax liabilities by ShopperPlus Myanmar Co. Ltd..

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Borrowings increased by RM0.3 million as at 30 November 2022 (as compared to 31 May 2022), due to an increase in short-term loan facilities obtained by the Group's subsidiaries, Jump Retail Sdn Bhd and Retail Galaxy Sdn Bhd.

Lease liabilities increased by RM0.2 million as at 30 November 2022 (as compared to 31 May 2022), mainly due to addition of lease liabilities (which mainly relates to the rental of office and warehouse) and partially offset by repayment of lease liabilities.

Working Capital

The Group reported a positive net working capital of RM45.4 million as at 30 November 2022, as compared to RM46.4 million as at 31 May 2022.

(C) REVIEW OF THE GROUP'S CASH FLOW STATEMENT

Net cash used in operating activities in 1H2023 was RM5.1 million, due to operating cash flow before changes in working capital of RM3.5 million, changes in working capital of RM6.1 million, and payment of income tax expense of RM2.5 million. Changes in working capital were due to increase in inventories of RM67,000, increase in trade and other receivables and contract assets of RM3.5 million, decrease in trade and other payables and contract liabilities of RM1.9 million and losses in currency translation adjustments of RM0.6 million.

Net cash used in investing activities in 1H2023 was RM0.2 million, mainly due to purchases of property, plant and equipment of RM0.5 million, partially offset by interest received from banks of approximately RM35,000 and repayment of loan from an associated company of RM0.2 million.

Net cash used in financing activities of RM1.9 million in 1H2023 mainly relates to repayment of lease liabilities of RM0.8 million, dividends paid to owners of the Company of RM1.2 million, interest paid of RM0.2 million, and partially offset by net proceeds from short-term loan of RM0.3 million.

As a result of the above, net cash and cash equivalents decreased by RM7.2 million in 1H2023.

Material increases in cash obtained from financing activities

During 1H2023, Jump Retail Sdn. Bhd. a subsidiary of the Group, had utilised its short-term loan to finance its working capital.

Material deficit in cash from operation

Material deficit in cash from operation in 1H2023 is mainly resulted from higher trade receivables in line with the revenue growth and income tax paid.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

2022 has been a tough year but many people expect 2023 to be even tougher¹, as companies brace themselves for recession, conserve cash and are more mindful of spending on both short term and long-term initiatives.

¹ <https://www.cnn.com/2022/10/11/imf-cuts-global-growth-forecast-for-2023-warns-worst-is-yet-to-come.html> and <https://www.ipsos.com/en/ipsos-global-predictions-2023>

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Malaysia

Analysts and economists² are optimistic towards the future of Malaysia as the recent unity government was formed and its new premier, Datuk Seri Anwar Ibrahim, who is also the finance minister, is expected to stimulate the economy with fiscal discipline. Economy minister Rafizi Ramli said drastic measures will not be implemented abruptly and it would take some time as the government is looking towards measures that will ensure that the country's revenue would be more robust³. Malaysia's Socio-Economic Research Centre (SERC) projects a GDP growth of 4.1% in 2023³ (4.4% lower than the year before) due to the higher base in 2022, continued impact of inflation and higher costs of living, moderate exports, and normalisation of domestic demand.

Retail environment

The retail industry is forecasted to grow at 3.5% in 2023⁴ but the biggest challenge for Malaysia is the rising cost of living since prices of necessities have risen by double digits within a short period of time. Fast moving consumer goods ("FMCG") companies have introduced several rounds of price hikes in 2022 alone, passing on the rising costs of business back to the consumers. All subgroups in the Food and Non-Alcoholic Beverages sector recorded increases between 2.6% and 8.8%. The subgroup of milk, cheese and eggs showed the highest increase among all subgroups of the Food and Non-Alcoholic Beverages sector at 8.8% in October 2022⁵. This has impacted shopping behaviour and patterns for the B40 and M40⁶ households whereby many people in such households cook more at home and delay purchases of high-value goods, and would often pay attention to offers and discounts by retailers. This temperate climate of consumption will encourage FMCG companies to spend more on events and activation to encourage shoppers to spend more and also enjoy savings with greater spending.

In-store Advertising

In-store advertising is still experiencing challenges from a demand perspective. For Malaysia, Singapore and Myanmar, we see a collective decline in media budgets for in-store advertising as brands are diversifying their spending to include a mixture of online, offline, physical and phygital⁷ engagements. Brands are able to choose targeted ways of reaching their audience through digital marketing⁸, which ranges from social media listings, influencer marketing, programmatic media buys, affiliate marketing programmes, and using budgets to dabble in non-fungible tokens and metaverse. In order for in-store advertising to stay relevant, shopper360 will need to have stronger cooperation with retailers to provide data on the impact of the in-store advertising, as well as, reduce cost for delivering in-store advertising. Pos Ad is working with Smart Retail Sdn. Bhd. and a few key retailers to deliver phygital engagements in-store that is expected to drive immediate sales and with a shorter lead time to execute. Shopperplus Malaysia continues to gain good traction with its digital contest executions, with the recent wins with P&G, Ferrero Rocher, Nestle and FairPrice.

Events

October to December 2022 saw a crazy frenzy of activities in the concourse space of malls, event spaces, exhibition halls and unique meeting spaces such as heritage mansions and property developers' grounds. There is a definite demand for event agencies to manage brand activation, from tasting events, new product launches to company annual dinners. The focus will be to balance cash flow and taking on new event businesses. The other concern would be to manage talent retention of staff and manage outsourced workers to cater to last minute increases in workload in order to manage costs and profit margins derived from managing an event.

Sales Distribution & Execution

FMCG companies continue to invest in merchandisers to grant them world class displays in-store, whilst giving them on-ground visibility on out-of-stock issues so that they can take action very quickly on their supply and fulfilment. Jump Retail and Retail Galaxy can comfortably grow and sustain due to an increasing number of retail stores in Malaysia that require merchandising

² <https://themalaysianreserve.com/2022/11/28/market-stakeholders-confident-unity-government-malaysia-will-bring-forward/>

³ <https://www.theedgemarkets.com/article/state-nation-delicate-balance-needed-revised-budget-2023>

⁴ Retail Industry Expected to grow 3.5% in 2023, says RGM. The Edge Malaysia, City & Country Pullout, December 12, 2022

⁵ Consumer Price Index Malaysia October 2022

⁶ <https://www.businesstoday.com.my/2022/10/03/anwar-what-are-the-latest-classifications-in-household-incomes-in-malaysia/>

⁷ <https://datagraphic.co.uk/news/how-phygital-marketing-improves-customer-experience/#:~:text=So%2C%20what%20is%20phygital%3F.part%20of%20a%20cohesive%20strategy> and <https://smefutures.com/the-new-normal-the-phygital-customer-engagement/>

⁸ <https://www.investopedia.com/terms/d/digital-marketing.asp>

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coverage, but the need is still very much on talent retention and recruitment to meet the demands of their growing retail networks. They would also require more merchandisers to service the growing network. Sales distribution was impacted in 1H2023 due to supply chain issues. Hot selling products were unavailable and imported products were delayed due to supply chain issues arising from the lockdown in China and the Russia-Ukraine war. Marvel Distribution also lost a key brand due to the brand being sold to another company, which had impacted the sales contribution for the year. Collection from debtors were challenging and slow, forcing Marvel Distribution to move away from traditional mom-and-pop shops as customers to work with local chains and modern trade.

Myanmar

It has been extremely challenging for all businesses in Myanmar in the last 12 months. We cannot predict the future with the state of the country that it is in, but the Group has had constant reviews and discussions with shopper360's business partners in Myanmar on how to navigate the impact of the government's policies such as the importation license requirement, which it makes it very difficult to maintain a constant supply of goods into the country, particularly if the goods are imported into Myanmar. Several International brands have pulled out their expatriate team from Myanmar and have passed on their day-to-day business activities to local distributors to manage. This move indicates that there will be little investment in marketing until there is a change in the political, socio and economic environment in Myanmar. The country is expected to hold an election in 2023⁹, but political uncertainties will remain, hence, many local talents are leaving Myanmar for better opportunities in Malaysia and Singapore. We will continue to monitor the situation in the country to see how we can optimise business opportunities in the short term.

Singapore

Singapore continues to be a focus for growth with the intention to start building merchandising solutions for our regional clients that manage both the Malaysia and Singapore market. Singapore's currency strength is an advantage for the Group and we will continue to build strong relationships with our clients and retailers in Singapore.

Future

Our cost has significantly increased as a Group and there will be greater focus to find ways to reduce redundancies and further digitalise our operations and processes. We will look for new avenues to generate new revenue streams via partnerships.

5. Dividend

(a) Any dividend recommended/declared for the current financial period reported on?

No dividend has been declared or recommended for 1H2023.

(b) Any dividend recommended/declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

⁹ <https://www.usip.org/publications/2022/10/myanmar-sham-elections-arent-path-stability>

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6. If no dividend has been declared/recommended, a statement to the effect and reason(s) for the decision.

No dividend has been declared/recommended for the financial period ended 30 November 2022, as the Board of Directors deems it appropriate to retain the cash for the Group's working capital, capital expenditure and future growth.

7. If the group has obtained a general mandate from shareholders for interested person transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

The Group does not have a general mandate for interested person transactions.

8. Confirmation pursuant to Rule 705(5) of the SGX-ST Listing Manual Section B: Rules Of Catalist

The Board of Directors confirms that, to the best of their knowledge, nothing has come to their attention, which may render the unaudited consolidated financial results of the Group for the half year ended 30 November 2022 to be false or misleading in any material aspects.

9. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that all the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

10. Disclosure of acquisition (including incorporations) and sale of shares since the end of the previous reporting period pursuant to Rule 706A of the Catalist Rules

Not applicable. The Group does not have any acquisitions (including incorporations) and realisations of shares in subsidiaries and/or associated companies since 31 May 2022.

BY ORDER OF THE BOARD

Chew Sue Ann
Executive Chairman and Group Managing Director
12 January 2023