

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 AND
FULL YEAR ENDED 31 MAY 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

(Company Registration Number: 201634929Z)

(A) Condensed interim consolidated statement of comprehensive income

		Group					
	Note	2H2022 (Unaudited) RM	2H2021 (Unaudited) RM	Inc/ (Dec) %	FY2022 (Unaudited) RM	FY2021 (Audited) RM	Inc/ (Dec) %
Revenue	4	82,732,686	77,197,174	7	152,157,777	153,133,232	(1)
Cost of sales		<u>(64,406,087)</u>	<u>(58,278,466)</u>	11	<u>(117,275,064)</u>	<u>(115,034,362)</u>	2
Gross profit		18,326,599	18,918,708	(3)	34,882,713	38,098,870	(8)
Other income	6	485,487	683,170	(29)	851,080	894,384	(5)
Expenses							
Administrative expenses		(14,679,982)	(14,562,744)	1	(27,974,732)	(28,915,832)	(3)
Other operating expenses (Allowance)/Reversal of impairment on trade receivables and contract assets (net)		(23,593)	(81,597)	(71)	(25,288)	(82,416)	(69)
Finance costs	7	(103,048)	232,375	NM	146,952	232,375	(37)
Share of results of associated companies		(85,070)	(62,748)	36	(146,739)	(118,699)	24
Profit before tax	8	<u>3,666,183</u>	<u>5,084,533</u>	>100	<u>(276,447)</u>	<u>(39,533)</u>	>100
Tax expense	9	(1,502,942)	(1,938,855)	(22)	(2,798,998)	(3,506,321)	(20)
Profit for the period/year		<u>2,163,241</u>	<u>3,145,678</u>	(31)	<u>4,658,541</u>	<u>6,562,828</u>	(29)
Other comprehensive income/(loss), net of tax:							
<i>Item that is or may be reclassified subsequently to profit or loss:</i>							
Currency translation differences arising from consolidation		(56,806)	(419,009)	(86)	(144,970)	(389,568)	(63)
<i>Items that will not be reclassified subsequently to profit or loss:</i>							
Currency translation differences arising from consolidation		(2,281)	(292,822)	(99)	(92,067)	(272,283)	(66)
Financial assets at fair value through other comprehensive income - fair value gain from equity instruments		2,156,392	-	NM	2,156,392	-	NM
Other comprehensive income/(loss) for the period/year, net of tax		<u>2,097,305</u>	<u>(711,831)</u>	NM	<u>1,919,355</u>	<u>(661,851)</u>	NM
Total comprehensive income for the period/year		<u>4,260,546</u>	<u>2,433,847</u>	75	<u>6,577,896</u>	<u>5,900,977</u>	11
Profit attributable to:							
Equity holders of the Company		1,796,445	2,851,008	(37)	3,671,046	5,815,826	(37)
Non-controlling interest		366,796	294,670	24	987,495	747,002	32
Profit for the period/year		<u>2,163,241</u>	<u>3,145,678</u>	(31)	<u>4,658,541</u>	<u>6,562,828</u>	(29)
Total comprehensive income attributable to:							
Equity holders of the Company		3,896,031	2,431,999	60	5,682,468	5,426,258	5
Non-controlling interest		364,515	1,848	>100	895,428	474,719	89
		<u>4,260,546</u>	<u>2,433,847</u>	75	<u>6,577,896</u>	<u>5,900,977</u>	11
Earnings per share (sen per share):							
Basic and diluted	19	1.65	2.62	(37)	3.37	5.29	(36)

Notes:

(1) "2H2022" 6 months financial period ended 31 May 2022.

(2) "2H2021" 6 months financial period ended 31 May 2021.

(3) "FY2022": 12 months financial year ended 31 May 2022.

(4) "FY2021": 12 months financial year ended 31 May 2021.

(5) NM: Not meaningful.

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(B) Condensed interim statements of financial position

		Group		Company	
	Note	As at 31 May 2022 (Unaudited) RM	As at 31 May 2021 (Audited) RM	As at 31 May 2022 (Unaudited) RM	As at 31 May 2021 (Audited) RM
ASSETS					
Non-current assets					
Property, plant and equipment	10	1,909,565	1,576,373	-	-
Right-of-use assets	11	2,294,029	2,713,049	-	-
Intangible assets	12	2,316,127	2,323,353	-	-
Investment in subsidiaries		-	-	37,013,629	37,013,629
Investment in associated companies	13	2,643,374	919,821	-	-
Investment in joint venture	14	1,002,075	-	1,002,075	-
Financial assets at fair value through profit or loss	15	2,380,000	1,380,000	-	-
Financial assets at fair value through other comprehensive income	16	4,838,458	2,001,100	-	-
Deferred tax assets		48,241	14,889	-	-
Total non-current assets		17,431,869	10,928,585	38,015,704	37,013,629
Current assets					
Inventories		796,730	296,814	-	-
Financial assets, at fair value through profit or loss	15	50,020	2,125,335	-	-
Trade and other receivables		35,615,771	32,011,084	9,504,362	12,423,406
Contract assets		12,177,006	6,496,897	-	-
Cash and cash equivalents		24,510,320	27,591,564	1,025,837	538,515
Tax recoverable		720,704	1,052,757	-	-
Total current assets		73,870,551	69,574,451	10,530,199	12,961,921
Total assets		91,302,420	80,503,036	48,545,903	49,975,550
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	-	-	-
Capital reserve		(1,354,855)	(1,354,855)	-	-
Merger reserve		(17,453,646)	(17,453,646)	-	-
Currency translation reserve		(423,269)	(278,299)	-	-
Retained earnings/(Accumulated losses)		26,754,983	26,108,982	(1,829,910)	(379,193)
Equity attributable to equity holders of the Company, total		59,761,020	57,103,597	48,251,505	49,702,222
Non-controlling interest		2,193,072	1,297,644	-	-
Total equity		61,954,092	58,401,241	48,251,505	49,702,222
Non-current liabilities					
Lease liabilities	22	1,025,246	1,026,011	-	-
Deferred tax liabilities		777,390	27,111	-	-
Total non-current liabilities		1,802,636	1,053,122	-	-
Current liabilities					
Trade and other payables		15,759,307	14,265,862	294,398	273,328
Contract liabilities		3,929,931	3,591,226	-	-
Borrowings	22	4,976,688	-	-	-
Lease liabilities	22	1,074,699	1,636,294	-	-
Tax payable		1,805,067	1,555,291	-	-
Total current liabilities		27,545,692	21,048,673	294,398	273,328
Total liabilities		29,348,328	22,101,795	294,398	273,328
Total equity and liabilities		91,302,420	80,503,036	48,545,903	49,975,550
Net asset value per ordinary share	20	54.93	52.48	44.35	45.68

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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 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 year	-	-	-	-	-	-	3,671,046	3,671,046	987,495	4,658,541
Other comprehensive income/(loss), net of tax										
<i>Currency translation differences arising from consolidation</i>	-	-	-	-	(144,970)	-	-	(144,970)	(92,067)	(237,037)
<i>Fair value gain on financial assets at fair value through other comprehensive income</i>	-	-	2,156,392	-	-	-	-	2,156,392	-	2,156,392
Other comprehensive income/(loss) for the financial year, net of tax	-	-	2,156,392	-	(144,970)	-	-	2,011,422	(92,067)	1,919,355
Total comprehensive income/(loss) for the year	-	-	2,156,392	-	(144,970)	-	3,671,046	5,682,468	895,428	6,577,896
<i>Transactions with owners recognised directly in equity</i>										
Dividends paid	-	-	-	-	-	-	(3,025,045)	(3,025,045)	-	(3,025,045)
At 31 May 2022 (unaudited)	51,850,444	(1,354,855)	2,156,392	(17,453,646)	(423,269)	(1,769,029)	26,754,983	59,761,020	2,193,072	61,954,092

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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 2020 (audited)	51,850,444	(1,354,855)	(17,453,646)	111,269	(910,382)	20,293,156	52,535,986	822,925	53,358,911
Profit for the year	-	-	-	-	-	5,815,826	5,815,826	747,002	6,562,828
Other comprehensive loss									
<i>Currency translation differences arising from consolidation</i>	-	-	-	(398,568)	-	-	(389,568)	(272,283)	(661,851)
Other comprehensive loss for the financial year, net of tax	-	-	-	(398,568)	-	-	(389,568)	(272,283)	(661,851)
Total comprehensive income/(loss) for the year	-	-	-	(398,568)	-	5,815,826	5,426,258	474,719	5,900,977
<i>Transactions with owners recognised directly in equity</i>									
Share purchased	-	-	-	-	(858,647)	-	(858,647)	-	(858,647)
At 31 May 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

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

Company	Share capital RM	Treasury shares RM	Accumulated losses RM	Total equity RM
At 1 June 2020 (audited)	51,850,444	(910,382)	(3,840,118)	47,099,944
Profit and total comprehensive income for the financial year	-	-	3,460,925	3,460,925
Shares purchased	-	(858,647)	-	(858,647)
At 31 May 2021 (audited)	51,850,444	(1,769,029)	(379,193)	49,702,222
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
Profit and total comprehensive income for the financial year	-	-	1,574,328	1,574,328
Dividends paid	-	-	(3,025,045)	(3,025,045)
At 31 May 2022 (unaudited)	51,850,444	(1,769,029)	(1,829,910)	48,251,505

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(D) Condensed interim consolidated statement of cash flows

	Group	
	FY2022 (Unaudited)	FY2021 (Audited)
	RM	RM
Cash flows from operating activities		
Profit before tax	7,457,539	10,069,149
Adjustments for:-		
Amortisation for club membership	7,226	7,315
Reversal of impairment on trade receivables and contract assets (net)	(146,952)	(232,375)
Depreciation of property, plant and equipment	1,025,117	1,821,284
Depreciation of right-of-use assets	1,743,136	1,475,783
Impairment loss on intangible asset	-	80,278
Interest income	(158,986)	(167,846)
Interest expenses	146,739	118,699
Inventories written off	176,581	-
Gain on disposal of property, plant and equipment	-	(67,447)
Gain on disposal of intangible asset	-	(23,558)
Gain on termination of leases	(10,732)	(33,879)
Property, plant and equipment written off	7,917	2,138
Share of results of associated companies	276,447	39,533
Unrealised foreign exchange gain	(127,021)	(294,576)
Operating cash flow before working capital changes	<u>10,397,011</u>	<u>12,794,498</u>
Inventories	(676,497)	(296,814)
Trade and other receivables and contract assets	(8,137,844)	913,845
Trade and other payables and contract liabilities	1,991,735	1,501,624
Currency translation adjustments	(234,227)	(644,566)
Cash generated from operations	<u>3,340,178</u>	<u>14,268,587</u>
Income tax paid	<u>(2,181,208)</u>	<u>(1,436,663)</u>
Net cash from operating activities	<u>1,158,970</u>	<u>12,831,924</u>
Cash flows from investing activities		
Purchases of property, plant and equipment	(1,370,721)	(842,050)
Addition of right-of-use assets	(33,710)	(119,091)
Advance to an associated company	(1,000,000)	-
Interest received	158,986	167,846
Investment in associated companies	(2,000,000)	-
Investment in joint venture	(1,002,075)	-
Proceeds from disposal of property, plant and equipment	1,291	90,450
Proceeds from disposal of intangible asset	-	94,000
Redemption/(Placement) of financial assets at fair value through profit or loss	2,075,315	(1,057,745)
Purchase of financial asset at fair value through profit or loss	(1,000,000)	(1,380,000)
Purchase of financial assets at fair value through other comprehensive income	-	(2,001,100)
Net cash used in investing activities	<u>(4,170,914)</u>	<u>(5,047,690)</u>
Cash flows from financing activities		
Repayment of lease liabilities	(1,841,640)	(1,478,583)
Proceeds from short-term loan	12,039,764	-
Repayments of short-term loan	(7,063,076)	-
Dividends paid to owners of the Company	(3,025,045)	-
Purchase of treasury shares	-	(858,647)
Repayment to non-controlling interest	(159,585)	(85,714)
Interest paid	(146,739)	(118,699)
Net cash used in financing activities	<u>(196,321)</u>	<u>(2,541,643)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(3,208,265)</u>	<u>5,242,591</u>
Cash and cash equivalents at beginning of the financial year	27,591,564	22,054,397
Effects of exchange rate changes on cash and cash equivalents	127,021	294,576
Cash and cash equivalents at end of the financial year	<u>24,510,320</u>	<u>27,591,564</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 2021	400,529	-	2,662,305	3,062,834
Change from financing cash flow:				
- Proceeds	-	12,039,764	-	12,039,764
- Repayments	(159,585)	(7,063,076)	(1,841,640)	(9,064,301)
- Interest paid	-	(18,955)	(127,784)	(146,739)
Non-cash changes:				
- Interest expense	-	18,955	127,784	146,739
- Termination of leases	-	-	(114,296)	(114,296)
- Additions of new leases	-	-	1,393,576	1,393,576
Balance at 31 May 2022	240,944	4,976,688	2,099,945	7,317,577
Balance as 1 June 2020	524,030	-	2,061,538	2,585,568
Change from financing cash flow:				
- Repayments	(85,714)	-	(1,478,583)	(1,564,297)
- Interest paid	-	-	(118,699)	(118,699)
Non-cash changes:				
- Interest expense	-	-	118,699	118,699
- Termination of leases	-	-	(577,926)	(577,926)
- Additions of new leases	-	-	2,657,276	2,657,276
Effect of changes in foreign exchange rate	(37,787)	-	-	(37,787)
Balance at 31 May 2021	400,529	-	2,662,305	3,062,834

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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 and full year consolidated financial statements as at and for the six months and twelve months ended 31 May 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 and full year financial statements for the six months and twelve months ended 31 May 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The unaudited condensed 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 financial statements for the financial year ended 31 May 2021 (“**FY2021**”).

The accounting policies adopted are consistent with those adopted by the Company in its most recently audited consolidated financial statements FY2021, 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 and full year 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. In addition, the Group has also early adopted the Amendment to FRS 116 COVID-19-Related Rent Concessions beyond 30 June 2021. 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 and full year 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 2021.

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 year.

4. Segment and revenue information

During the financial year, the reportable segments have changed to the business segments which are described below (Reportable segments of FY2021: (i) in-store advertising and digital marketing, (ii) field force management, (iii) sampling activities and events management and (iv) investment holding.)

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 also includes the distribution of products into various retail channels with 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.

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4. Segment and revenue information (cont'd)

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, 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
2H2022 (unaudited)					
Group					
Segment revenue					
Sales to external customers	20,116,136	62,616,550	-	-	82,732,686
Intersegment sales	453,656	217,062	4,085,835	(4,756,553)	-
Total revenue	<u>20,569,792</u>	<u>62,833,612</u>	<u>4,085,835</u>	<u>(4,756,553)</u>	<u>82,732,686</u>
Tax expense	316,934	784,456	401,552	-	1,502,942
Segment profit/(loss)	2,045,983	826,144	(708,886)	-	<u>2,163,241</u>
Depreciation and amortisation	383,523	721,253	279,387	-	1,384,163
Property, plant and equipment written off	5,857	-	365	-	6,222
Bad debts written off	7,710	16,254	-	-	23,964
(Reversal)/Allowance of impairment losses on trade receivables and contract assets	(48,901)	127,985	-	-	79,084
Interest income	(129,769)	(47,197)	(35,653)	152,292	(60,327)
Interest expenses	70,238	116,224	50,900	(152,292)	85,070
Inventories written off	-	176,581	-	-	176,581
Gain on termination of leases	-	(4,895)	-	-	(4,895)
Share of results of associated companies	-	-	254,210	-	254,210

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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
2H2021 (unaudited)					
Group					
Segment revenue					
Sales to external customers	25,079,358	52,109,869	7,947	-	77,197,174
Intersegment sales	(46,649)	9,626	3,797,449	(3,760,426)	-
Total revenue	<u>25,032,709</u>	<u>52,119,495</u>	<u>3,805,396</u>	<u>(3,760,426)</u>	<u>77,197,174</u>
Tax expense	847,119	825,762	265,974	-	1,938,855
Segment profit/(loss)	2,492,998	1,413,912	(761,232)	-	<u>3,145,678</u>
Depreciation and amortisation	661,352	585,665	517,397	-	1,764,414
Property, plant and equipment written off	1,319	-	1	-	1,320
Bad debts written off	42,002	-	-	-	42,002
Reversal of impairment losses on trade receivables and contract assets	(99,871)	(174,506)	-	-	(274,377)
Interest income	(101,650)	(19,690)	(36,719)	67,392	(90,667)
Interest expenses	76,115	28,773	25,252	(67,392)	62,748
Gain on disposal of property, plant and equipment	12,882	-	-	-	12,882
Impairment loss on intangible asset	80,278	-	-	-	80,278
Gain on termination of leases	(29,579)	(4,300)	-	-	(33,879)
Share of results of associated companies	-	-	42,631	-	42,631

SHOPPER360 LIMITED AND ITS SUBSIDIARIES

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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
FY2022 (unaudited)					
Group					
Segment revenue					
Sales to external customers	41,620,140	110,537,637	-	-	152,157,777
Intersegment sales	717,505	225,016	7,517,059	(8,459,580)	-
Total revenue	<u>42,337,645</u>	<u>110,762,653</u>	<u>7,517,059</u>	<u>(8,459,580)</u>	<u>152,157,777</u>
Tax expense	1,079,654	1,317,792	401,552	-	2,798,998
Segment profit/(loss)	4,302,222	1,876,984	(1,520,665)	-	<u>4,658,541</u>
Depreciation and amortisation	955,480	1,222,667	597,332	-	2,775,479
Property, plant and equipment written off	7,175	-	742	-	7,917
Bad debts written off	7,710	16,254	-	-	23,964
Reversal of impairment losses on trade receivables and contract assets	(48,901)	(122,015)	-	-	(170,916)
Interest income	(247,852)	(110,493)	(71,565)	270,924	(158,986)
Interest expenses	145,408	181,874	90,381	(270,924)	146,739
Inventories written off	-	176,581	-	-	176,581
Gain on termination of leases	(927)	(9,805)	-	-	(10,732)
Share of results of associated companies	-	-	276,447	-	276,447
Assets and liabilities					
Total segment assets	41,565,371	47,800,460	107,626,609	(105,690,020)	<u>91,302,420</u>
Segment assets include:					
Additions to non-current assets	195,223	2,386,633	216,150	-	2,798,006
Investment in joint venture	-	-	1,002,075	-	1,002,075
Investment in associated companies	-	-	2,643,374	-	2,643,374
Total segment liabilities	(20,514,051)	(27,923,216)	(10,937,784)	30,026,723	<u>(29,348,328)</u>

SHOPPER360 LIMITED AND ITS SUBSIDIARIES

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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
FY2021					
Group					
Segment revenue					
Sales to external customers	48,928,266	104,197,019	7,947	-	153,133,232
Intersegment sales	360,726	12,879	9,193,889	(9,567,494)	-
Total revenue	<u>49,288,992</u>	<u>104,209,898</u>	<u>9,201,836</u>	<u>(9,567,494)</u>	<u>153,133,232</u>
Tax expense	1,738,469	1,518,424	249,428	-	3,506,321
Segment profit/(loss)	3,735,058	3,875,982	(1,048,212)	-	<u>6,562,828</u>
Depreciation and amortisation	1,501,860	1,017,549	784,973	-	3,304,382
Property, plant and equipment written off	2,137	-	1	-	2,138
Bad debts written off	42,002	-	-	-	42,002
Reversal of impairment losses on trade receivables and contract assets	(99,871)	(174,506)	-	-	(274,377)
Interest income	(207,349)	(40,347)	(69,864)	149,714	(167,846)
Interest expenses	162,921	73,418	32,074	(149,714)	118,699
Gain on disposal of property, plant and equipment	(67,447)	-	-	-	(67,447)
Gain on disposal of intangible asset	(23,558)	-	-	-	(23,558)
Impairment loss on intangible asset	80,278	-	-	-	80,278
Gain on termination of leases	(29,579)	(4,300)	-	-	(33,879)
Share of results of associated companies	-	-	39,533	-	39,533
Assets and liabilities					
Total segment assets	41,377,871	36,367,164	103,655,913	(100,897,912)	<u>80,503,036</u>
Segment assets include:					
Additions to non-current assets	1,054,399	2,015,172	548,846	-	3,618,417
Investment in associated companies	-	-	919,921	-	<u>919,821</u>
Total segment liabilities	(21,561,620)	(13,302,942)	(12,848,233)	25,611,000	<u>(22,101,795)</u>

SHOPPER360 LIMITED AND ITS SUBSIDIARIES

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4. Segment and Revenue Information (cont'd)**b. Geographical segments**

The Group operates mainly in Malaysia with revenue generated from customers in Malaysia. Only marginal 7.7% of the Group's revenue was generated from outside Malaysia. Therefore, an analysis of assets and profits of the Group by geographical distribution has not been included.

SHOPPER360 LIMITED AND ITS SUBSIDIARIES

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4. Segment and revenue information (cont'd)

	Group			
	2H2022 (Unaudited) RM	2H2021 (Unaudited) RM	FY2022 (Unaudited) RM	FY2021 (Audited) RM
Advertising and Marketing	20,116,136	25,079,358	41,620,140	48,928,266
Sales Execution and Distribution	62,616,550	52,109,869	110,537,637	104,197,019
Others	-	7,947	-	7,947
	<u>82,732,686</u>	<u>77,197,174</u>	<u>152,157,777</u>	<u>153,133,232</u>
<i>Timing of revenue recognition</i>				
At a point in time	5,165,747	4,842,613	9,440,462	7,347,402
Over time	77,566,939	72,354,561	142,717,315	145,785,830
	<u>82,732,686</u>	<u>77,197,174</u>	<u>152,157,777</u>	<u>153,133,232</u>

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 31 May 2022 and 31 May 2021, including their levels in the fair value hierarchy are as follows:

	Carrying amount			Total RM
	Amortised cost RM	Fair value through profit or loss RM	Fair value through other comprehensive income RM	
Group				
31.5.2022 (unaudited)				
Financial assets				
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	33,708,968	-	-	33,708,968
Cash and cash equivalents	24,510,320	-	-	24,510,320
	<u>58,219,288</u>	<u>2,430,020</u>	<u>4,838,458</u>	<u>65,487,766</u>
Financial liabilities				
Trade and other payables	15,089,369	-	-	15,089,369
Borrowings	4,976,688	-	-	4,976,688
Lease liabilities	2,099,945	-	-	2,099,945
	<u>22,166,002</u>	<u>-</u>	<u>-</u>	<u>22,166,002</u>
31.05.2021 (audited)				
Financial assets				
Unquoted equity investments	-	1,380,000	2,001,100	3,381,100
Investment in short-term fund	-	2,125,335	-	2,125,335
Trade and other receivables	30,046,742	-	-	30,046,742
Cash and cash equivalents	27,591,564	-	-	27,591,564
	<u>57,638,306</u>	<u>3,505,335</u>	<u>2,001,100</u>	<u>63,144,741</u>
Financial liabilities				
Trade and other payables	13,589,450	-	-	13,589,450
Lease liabilities	2,662,305	-	-	2,662,305
	<u>16,251,755</u>	<u>-</u>	<u>-</u>	<u>16,251,755</u>

SHOPPER360 LIMITED AND ITS SUBSIDIARIES

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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	Total RM
Company				
31.5.2022 (unaudited)				
Financial assets				
Trade and other receivables	7,278,697	-	-	7,278,697
Cash and cash equivalents	1,025,837	-	-	1,025,837
	8,304,534	-	-	8,304,534
Financial liabilities				
Trade and other payables	294,398	-	-	294,398
31.05.2021 (audited)				
Financial assets				
Trade and other receivables	12,386,654	-	-	12,386,654
Cash and cash equivalents	538,515	-	-	538,515
	12,925,169	-	-	12,925,169
Financial liabilities				
Trade and other payables	273,328	-	-	273,328

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's 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 operate 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			
	2H2022 (Unaudited) RM	2H2021 (Unaudited) RM	FY2022 (Unaudited) RM	FY2021 (Audited) RM
Gain on foreign exchange				
- realised	50,744	-	132,995	-
- unrealised	126,021	294,576	127,021	294,576
Gain on disposal of property, plant and equipment	-	(12,882)	-	67,447
Gain on disposal of intangible assets	-	-	-	23,558
Gain on termination of leases	4,895	33,879	10,732	33,879
Interest income	60,327	90,667	158,986	167,846
Rental income	5,200	22,500	16,000	22,500
Government grant	167,945	217,956	239,849	217,956
Miscellaneous income	70,355	36,474	165,497	66,622
	485,487	683,170	851,080	894,384

7. Finance costs

	Group			
	2H2022 (Unaudited) RM	2H2021 (Unaudited) RM	FY2022 (Unaudited) RM	FY2021 (Audited) RM
Interest expense				
- Lease liabilities	66,115	62,748	127,784	118,699
- Short term loan	18,955	-	18,955	-
	85,070	62,748	146,739	118,699

8. Profit before tax**8.1 Significant items**

	Group			
Income/(expenses)	2H2022 (Unaudited) RM	2H2021 (Unaudited) RM	FY2022 (Unaudited) RM	FY2021 (Audited) RM
Interest income	60,327	90,667	158,986	167,846
Bad debts written off ⁽¹⁾	(23,964)	(42,002)	(23,964)	(42,002)
(Allowance)/Reversal of impairment on trade receivables and contract assets (net) ⁽²⁾	(79,084)	274,377	170,916	274,377
Gain on disposal of intangible asset ⁽³⁾	-	-	-	23,558
Gain/(Loss) on foreign exchange				
- Realised	50,744	(38,421)	132,995	(120,262)
- Unrealised	126,021	322,278	127,021	294,576

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8. Profit before tax (cont'd)**8.1 Significant items (cont'd)**

	Group			
	2H2022 (Unaudited) RM	2H2021 (Unaudited) RM	FY2022 (Unaudited) RM	FY2021 (Audited) RM
Amortisation for club membership	(3,612)	(3,614)	(7,226)	(7,315)
Depreciation of property, plant and equipment ⁽⁴⁾	(459,729)	(919,960)	(1,025,117)	(1,821,284)
Depreciation of right-of-use assets ⁽⁵⁾	(920,822)	(840,840)	(1,743,136)	(1,475,783)
Inventories written off ⁽⁶⁾	(176,581)	-	(176,581)	-
Rental expense				
- third parties ⁽⁷⁾	(66,305)	(17,306)	(186,661)	(218,582)
- vehicle and equipment	(31,925)	(37,238)	(65,062)	(83,854)
Staff costs	(60,942,829)	(57,678,179)	(109,898,162)	(111,688,517)
Property, plant and equipment written off	(6,222)	(1,320)	(7,917)	(2,138)

Notes:

- (1) Bad debts written off mainly relates to the uncollectible doubtful debts due to outlet closures and client's financial difficulties.
- (2) Allowance of impairment on overdue trade receivables relates to a trade receivable with outstanding debts and slower repayment over the years. Reversal of impairment on trade receivables and contract assets relates to impairment of trade receivable no longer required arising from the recovery of debts from customers.
- (3) Gain on disposal of intangible assets in FY2021 relates to the disposal of club membership.
- (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/year.
- (5) The increase in depreciation of right-of-use assets was in line with the additions of right-of-use assets relating to motor vehicles and office premises in 2H2022 and FY2022.
- (6) The inventories written off relates to the expired and damaged stock that had been written off in the financial period/year.
- (7) The decrease in rental expense in FY2022 was mainly due to the reduction of office building premises leased by the Group. The increase in rental expense in 2H2022 was mainly due to new short term lease entered by the Group and increment of the rental of the existing short term lease upon the renewal of lease term.

8.2 Related party transactions

	Group			
	2H2022 (Unaudited) RM	2H2021 (Unaudited) RM	FY2022 (Unaudited) RM	FY2021 (Audited) RM
With immediate and ultimate holding company:				
Payment of lease liabilities and interest expense	(278,930)	(307,200)	(525,466)	(614,400)
Additions of new leases contracted	154,786	371,269	154,786	371,269
Dividends paid	(1,202,061)	-	(1,202,061)	-
With associated companies:				
Rental income	16,000	-	16,000	-
Service fee expenses	(124,714)	-	(124,714)	-
Advance to an associated company	(1,000,000)	-	(1,000,000)	-
Interest income on advances to an associated company	19,726	-	19,726	-
With joint venture:				
IT service retainer fees expenses	(12,720)	-	(12,720)	-

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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			
	2H2022 (Unaudited) RM	2H2021 (Unaudited) RM	FY2022 (Unaudited) RM	FY2021 (Audited) RM
Current income tax				
- Current year	1,396,275	1,695,971	2,692,331	3,263,437
- Under provision in respect of previous financial period/years	260,927	159,457	260,927	159,457
Deferred tax				
- Current year	(27,459)	64,363	(27,459)	64,363
- (Over)/Under provision in respect of previous financial period/years	(126,801)	19,064	(126,801)	19,064
	<u>1,502,942</u>	<u>1,938,855</u>	<u>2,798,998</u>	<u>3,506,321</u>

10. Property, plant and equipment

During the FY2022, the Group acquired assets amounting to RM1.4 million (FY2021: RM0.8 million) and disposed of assets for RM1,291 in FY2022 (FY2021: RM 23,000). No impairment is charged for FY2022 and FY2021.

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 to five years;
- (ii) In addition, the Group leases certain office spaces and vehicles with contractual terms 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 FY2022, the Group recognised an addition of right-of-use assets in office spaces and motor vehicles amounting to RM1.2 million and RM0.2 million (FY2021: RM1.8 million and RM1.0 million) respectively.

12. Intangible assets

During FY2022 and FY2021, 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 2021: RM2.0 million).

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13. Investment in associated companies

During FY2022, the Group acquired investment in an associated company, namely Troopers Innovation Sdn. Bhd., of RM2.0 million (31 May 2021: Nil), which is 21.5% owned by the Company.

The associated companies are measured using the equity method.

14. Investment in joint venture

During FY2022, the Group invested in a joint venture, namely Avinity Analytics Pte Ltd, of RM1.0 million (31 May 2021: Nil), which is 40% owned by the Company.

The joint venture is measured using the equity method.

15. Financial assets at fair value through profit or loss

	Group	
	As at 31.5.2022 (Unaudited) RM	As at 31.5.2021 (Audited) RM
Non-current		
(a) Unquoted equity investment	2,380,000	1,380,000
Current		
(b) Investments in short-term fund	50,020	2,125,335

(a) Unquoted equity investment represents the Group's interest in a company in Malaysia, namely PB Grocery Group Sdn. Bhd., which is engaged in online groceries related activities. The Group acquired this investment in April 2021.

(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 31.5.2022 (Unaudited) RM	As at 31.5.2021 (Audited) RM
Equity investments designated at FVOCI		
Unquoted equity investments	4,838,458	2,001,100

Unquoted equity investments represent interests in companies in Malaysia, namely Lapasar Sdn. Bhd. (formerly known as Tenderin 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.

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17. Share capital

	Group and Company			
	As at 31.5.2022 (Unaudited) No. of shares	As at 31.5.2022 (Unaudited) RM	As at 31.5.2021 (Audited) No. of shares	As at 31.5.2021 (Audited) RM
Issued and paid up:				
At the beginning of the year	108,803,600	51,850,444	111,682,300	51,850,444
Less: Treasury shares purchased	-	-	(2,878,700)	-
At the end of the year	<u>108,803,600</u>	<u>51,850,444</u>	<u>108,803,600</u>	<u>51,850,444</u>

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

18. Treasury shares

	Group and Company			
	As at 31.5.2022 (Unaudited) No. of shares	As at 31.5.2022 (Unaudited) RM	As at 31.5.2021 (Audited) No. of shares	As at 31.5.2021 (Audited) RM
Issued and paid up:				
At the beginning of the year	5,596,400	1,769,029	2,717,700	910,382
Less: Treasury shares purchased	-	-	2,878,700	858,647
At the end of the year	<u>5,596,400</u>	<u>1,769,029</u>	<u>5,596,400</u>	<u>1,769,029</u>

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%

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

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

19. Earnings per ordinary share

	2H2022 (Unaudited)	2H2021 (Unaudited)	FY2022 (Unaudited)	FY2021 (Audited)
Profit attributable to equity holders of the Company (RM)	<u>1,796,445</u>	<u>2,851,008</u>	<u>3,671,046</u>	<u>5,815,826</u>
Weighted average number of ordinary shares				
Issued ordinary share at beginning of period/year	108,803,600	108,892,600	108,803,600	111,682,300
Effect of treasury shares held	-	(38,467)	-	(1,700,411)
Weighted average number of ordinary shares during the period/year	<u>108,803,600</u>	<u>108,854,133</u>	<u>108,803,600</u>	<u>109,981,889</u>
Basic and diluted earnings per ordinary share (RM sen)	<u>1.65</u>	<u>2.62</u>	<u>3.37</u>	<u>5.29</u>

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20. Net asset value per ordinary share

	Group		Company	
	As at 31.5.2022 (Unaudited)	As at 31.5.2021 (Audited)	As at 31.5.2022 (Unaudited)	As at 31.5.2021 (Audited)
Net asset value attributable to equity holders of the Company (RM)	59,761,020	57,103,597	48,251,505	49,702,222
Number of shares in issue (excluding treasury shares)	108,803,600	108,803,600	108,803,600	108,803,600
Net asset value per ordinary share (RM sen)	54.93	52.48	44.35	45.68

21. Dividends paid

	Group	
	FY2022 (Unaudited) RM	FY2021 (Audited) RM
Ordinary dividends paid:		
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	-

22. Borrowings and lease liabilities

The accompanying notes to the statement of financial position:

	Group	
	As at 31.5.2022 (Unaudited) RM	As at 31.5.2021 (Audited) RM
<i>Aggregate amount of borrowings and debt securities:</i>		
Repayable on demand or within 1 year		
- Secured	393,107	312,628
- Unsecured	5,658,280	-
Repayable within 2 to 5 years		
- Secured	361,682	587,482
- Unsecured	663,564	-
	7,076,633	900,110

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 Lease; and
- (ii) short term loan and revolving credit facilities obtained from a financial institution for the purpose of financing the working capital of a subsidiary.

Details of any collateral

An amount of RM754,789 (31 May 2021: RM900,110) included in lease liabilities is secured against motor vehicles under right-of-use assets with net carrying value of approximately RM982,270 as at 31 May 2022. (31 May 2021: RM1,016,904).

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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 statement of financial position of the Group as at 31 May 2022 and the related condensed interim statement of comprehensive income for 2H2022 and FY2022, condensed interim consolidated statement of changes in equity as at 31 May 2022 and condensed interim consolidated statement of cash flows FY2022 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 FY2021 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

2H2022 vs 2H2021

Revenue

Revenue increased by 7% or RM5.5 million, from RM77.2 million in 2H2021 to RM82.7 million in 2H2022 mainly due to an increase in revenue from the Sales and Distribution segment of RM10.7 million and partially offset by a decrease in revenue from the Advertising and Marketing segment of RM4.4 million.

Revenue from the Sales Execution and Distribution segment increased by approximately RM10.7 million or 21% in 2H2022 as compared to 2H2021, mainly due to new customers and expansion of existing services for existing customers as they expanded their business scope and coverage.

Revenue from the Advertising and Marketing segment decreased by approximately RM4.4 million or 18% in 2H2022 as compared to 2H2021, mainly attributable to a decline in business derived from the Malaysia market due to the Covid-19 pandemic lockdown and more cautious advertising expenditure by customers, which also includes the Singapore market. This is partially offset by revenue growth from the Myanmar market.

Cost of sales

Cost of sales increased by 11% or RM6.1 million, from RM58.3 million in 2H2021 to RM64.4 million in 2H2022.

Gross Profit and Gross Profit Margin

Gross profit decreased by approximately RM0.6 million or 3%, from RM18.9 million in 2H2021 to RM18.3 million in 2H2022. Gross profit margin decreased from 24.5% in 2H2021 to 22.2% in 2H2022 mainly due to an increase in revenue from the Sales Execution and Distribution segment, which has a lower gross margin, and was offset by a decrease in revenue from the Advertising and Marketing segment, that contributed higher gross profit margin.

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Other Income

Other income decreased by approximately RM0.2 million or 29%, from RM0.7 million in 2H2021 to RM0.5 million in 2H2022, mainly due to a decrease in gain on unrealised foreign exchange and wage support from the Singapore government under the job support scheme, and partially offset by the hiring incentive and training programme from Malaysian government.

Administrative Expenses

Administrative expenses increased by approximately RM0.1 million or 1%, from RM14.6 million in 2H2021 to RM14.7 million in 2H2022. The slight increase was due to incremental expenditure for business development, staff hiring and staff expenditure as a result of the business environment gradually opening up in 2H2022 after the Covid-19 pandemic restrictions implemented during FY2021.

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

Net allowance of impairment of trade receivables and contract assets was approximately RM0.1 million in 2H2022 (2H2021: Net reversal of impairment of RM0.2 million) mainly due to allowance of impairment of approximately RM127,000 on an overdue trade receivable arising from slower repayment and bad debts written off of approximately RM24,000 in 2H2022, and partially offset by reversal of prior year impairment losses of approximately RM49,000 on overdue trade receivables and contract assets, conforming with debtor repayments.

Finance Costs

Finance costs increased by RM22,000, from approximately RM63,000 in 2H2021 to approximately RM85,000 in 2H2022, mainly due to an increase in interest expenses on 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 increased from approximately RM43,000 in 2H2021 to RM0.3 million in 2H2022, due to the combination of lower revenue and higher salaries and wages.

Profit Before Tax

As a result of the above, profit before tax decreased by approximately RM1.4 million or 28%, from RM5.1 million in 2H2021 to RM3.7 million in 2H2022.

Tax Expense

Tax expense decreased by approximately RM0.4 million or 22%, from RM1.9 million in 2H2021 to RM1.5 million in 2H2022, mainly due to the decrease in income tax provision of RM0.2 million and deferred tax provision of RM0.2 million.

FY2022 vs FY2021

Revenue

Revenue decreased by 1% or RM0.9 million, from RM153.1 million in FY2021 to RM152.2 million in FY2022 due mainly to a decrease in revenue from the Advertising and Marketing segment of RM7.3 million and partially offset by an increase in revenue from the Sales Execution and Distribution segment of RM6.3 million.

Revenue from the Advertising and Marketing segment decreased by approximately RM7.3 million or 15% in FY2022, mainly attributable to a decline in business derived from the Malaysia market due to the Covid-19 pandemic lockdown and more cautious advertising expenditure by customers, which also includes the Singapore market. This is partially offset by revenue growth from the Myanmar market.

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Revenue from the Sales Execution and Distribution segment increased by approximately RM6.3 million or 6% in FY2022, mainly due to new customers, and expansion of scope and coverage of existing customers.

Cost of sales

Cost of sales increased by 2% or RM2.2 million, from RM115.0 million in FY2021 to RM117.2 million in FY2022.

Gross Profit and Gross Profit Margin

Gross profit decreased by approximately RM3.2 million or 8%, from RM38.1 million in FY2021 to RM34.9 million in FY2022. Gross profit margin decreased slightly from 24.9% in FY2021 to 22.9% in FY2022 mainly due to an increase in revenue from the Sales Execution and Distribution segment, which has a lower gross margin, and was offset by a decrease in the revenue from the Advertising and Marketing segment that contributed higher gross profit margin.

Other Income

Other income decreased by approximately RM43,000 or 5%, from approximately RM894,000 in FY2021 to approximately RM851,000 in FY2022.

Administrative Expenses

Administrative expenses decreased by approximately RM0.9 million or 3%, from RM28.9 million in FY2021 to RM28.0 million in FY2022. The decrease was mainly attributable to the Group implementing tighter costs control measures, considering the difficult environment caused by the Covid-19 pandemic during FY2021, as the Group optimised overhead expenses either through reducing or delaying expenses including business development, staff hiring and other overhead expenses.

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

Net reversal of impairment of trade receivables and contract assets was approximately RM0.1 million in FY2022 (FY2021: Reversal of impairment of RM0.2 million) mainly due to reversal of prior year impairment loss of approximately RM0.3 million on overdue trade receivables and contract assets, conforming with debtor repayments in FY2022, and partially offset by allowance of impairment of approximately RM0.1 million on an overdue trade receivable due to slower repayment and bad debts written off of approximately RM24,000.

Finance Costs

Finance costs increased by RM28,000, from approximately RM119,000 in FY2021 to approximately RM147,000 in FY2022, mainly due to an increase in interest expenses on 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 increased from approximately RM40,000 in FY2021 to RM0.3 million in FY2022, due to the combination of lower revenue and higher salaries and wages.

Profit Before Tax

As a result of the above, profit before tax decreased by approximately RM2.6 million or 26%, from RM10.1 million in FY2021 to RM7.5 million in FY2022.

Tax Expense

Tax expense decreased by approximately RM0.7 million or 20%, from RM3.5 million in FY2021 to RM2.8 million in FY2022, mainly due to a decrease in income tax provision of RM0.5 million and deferred tax provision of RM0.2 million.

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(B) REVIEW OF THE GROUP'S FINANCIAL POSITION

Non-current Assets

The Group's non-current assets increased by RM6.5 million, from RM10.9 million as at 31 May 2021 to RM17.4 million as at 31 May 2022. The increase was mainly due to an increase in (i) property, plant and equipment of RM0.3 million, (ii) investment in associated companies of RM1.7 million, (iii) investment in joint venture of RM1.0 million, (iv) financial assets at fair value through profit or loss of RM1.0 million, (v) financial assets at fair value through other comprehensive income of RM2.8 million, and partially offset by decrease in right-of-use assets of RM0.4 million.

Property, plant and equipment increased by RM0.3 million, mainly due to additions in property, plant and equipment of RM1.3 million, partially offset by depreciation charge of RM1.0 million.

Investment in associated companies increased by RM1.7 million, mainly due to an investment in a new associated company, Trooper Innovations Sdn. Bhd. of RM2.0 million (which the Group completed the acquisition on 27 August 2021), and partially offset by the share of loss from associated companies of RM0.3 million.

Investment in joint venture of RM1.0 million as at 31 May 2022 relates to the investment in Avinity Analytics Pte. Ltd., a joint venture formed with Surge Ventures Sdn. Bhd., to provide data analytics, data science, machine learning and artificial intelligence to retail, e-commerce and marketing-related businesses and brands. The Group completed the acquisition on 19 January 2022.

Financial assets at fair value through profit or loss increased by RM1.0 million, due to an addition of investments in unquoted shares of PB Grocery Group Sdn. Bhd., which the Group placed for the remaining subscription share price.

Financial assets at fair value through other comprehensive income increased by RM2.8 million due to the fair value gain derived from the recent transacted price of the unquoted equity instruments.

Right-of-use assets decreased by RM0.4 million, mainly due to termination of leases of RM0.1 million and depreciation charge of RM1.7 million, partially offset by additions in right-of-use assets of RM1.4 million.

Current Assets

The Group's current assets increased by RM4.3 million, from RM69.6 million as at 31 May 2021 to RM73.9 million as at 31 May 2022, mainly due to an increase in (i) inventories of RM0.5 million, (ii) trade and other receivables of RM3.6 million, (iii) contract assets of RM5.7 million, partially offset by a decrease in (i) financial assets at fair value through profit or loss of RM2.1 million, (ii) cash and cash equivalents of RM3.1 million and (iii) tax recoverable of RM0.3 million.

Inventories increased by RM0.5 million as at 31 May 2022 (as compared to 31 May 2021), mainly due to an increase in trading goods, consisting of fast-moving consumer products of RM0.7 million under the operation of Marvel Distribution Sdn. Bhd. and partially offset by the inventories written off of RM0.2 million.

Trade and other receivables increased by RM3.6 million as at 31 May 2022 (as compared to 31 May 2021), mainly due to slightly longer payment terms granted to trade debtors and delay in collection from trade debtors.

Contract assets increased by RM5.7 million as at 31 May 2022 (as compared to 31 May 2021), mainly due to an increase in provision of revenue relating to unbilled services rendered.

Financials asset at fair value through profit or loss decreased by RM2.1 million as at 31 May 2022 (as compared to 31 May 2021), due to withdrawal of short-term cash investments from financial institutions.

Tax recoverable decreased by RM0.3 million as at 31 May 2022 (as compared to 31 May 2021), mainly due to refund of tax installments overpaid in prior years.

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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 increased by RM3.6 million or 6%, from RM58.4 million as at 31 May 2021 to RM62.0 million as at 31 May 2022, mainly due to an increase in (i) retained earnings of RM0.6 million, (ii) fair value reserve of RM2.2 million and (iii) non-controlling interest of RM0.9 million.

Non-current Liabilities

The Group's non-current liabilities increased by RM0.7 million, from RM1.1 million as at 31 May 2021 to RM1.8 million as at 31 May 2022, mainly due to an increase in deferred tax liabilities of RM0.75 million.

Current Liabilities

The Group's current liabilities increased by RM6.5 million, from RM21.0 million as at 31 May 2021 to RM27.5 million as at 31 May 2022, due to an increase in (i) trade and other payables of RM1.5 million, (ii) contract liabilities of RM0.3 million, (iii) borrowings of RM5.0 million, and (iv) tax payable of RM0.3 million, and partially offset by a decrease in lease liabilities of RM0.6 million.

Trade and other payables increased by RM1.5 million (as compared to 31 May 2021), mainly due to provision of bonuses in May 2022.

Contract liabilities increased by RM0.3 million as of 31 May 2022 (as compared to 31 May 2021), mainly due to higher advance billings from the Group to its clients.

Borrowings increased by RM5.0 million as at 31 May 2022 (Nil as at 31 May 2021), which relates to the short term loan obtained by a subsidiary, Jump Retail Sdn Bhd.

Tax payable increased by RM0.3 million, mainly due to an increase in taxable profits generated by subsidiaries in FY2022.

Lease liabilities decreased by RM0.6 million as at 31 May 2022 (as compared to 31 May 2021), mainly due to repayment of lease liabilities of RM1.8 million and partially offset by addition of lease liabilities of RM1.4 million (which mainly relates to motor vehicles under hire purchase facilities, and rental of office and warehouse).

Working Capital

The Group reported a positive net working capital of RM46.3 million as at 31 May 2022, as compared to RM48.5 million as at 31 May 2021.

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

Net cash generated from operating activities in FY2022 was RM1.2 million, due to operating cash flow before changes in working capital of RM10.4 million, changes in working capital of RM7.0 million, and payment of income tax expense of RM2.2 million. Changes in working capital were due to (i) increase in inventories of RM0.7 million, (ii) increase in trade and other receivables and contract assets of RM8.1 million, (iii) increase in currency translation adjustments of RM0.2 million, and partially offset by an increase in trade and other payables and contract liabilities of RM2.0 million.

Net cash used in investing activities in FY2022 was RM4.2 million, mainly due to purchase of property, plant and equipment of RM1.4 million, addition of right-of-use assets of approximately RM34,000, advances and investment in associated company of RM1.0 million and RM2.0 million respectively, investment in joint venture of RM1.0 million, purchase of financial assets at fair value through profit or loss of RM1.0 million, partially offset by interest received from banks of RM0.2 million and redemption of financial assets at fair value through profit or loss of RM2.1 million.

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Net cash used in financing activities of RM0.2 million in FY2022 mainly relates to repayment of lease liabilities of RM1.8 million, dividends paid of RM3.0 million, repayments to non-controlling interest of RM0.2 million, interest paid of RM0.1 million, partially offset by net proceeds from short term loan of RM5.0 million.

As a result of the above, net cash and cash equivalents decreased by RM3.2 million in FY2022.

Material increases in cash obtained from financing activities

During FY2022, Jump Retail Sdn. Bhd. a subsidiary of the Group, has utilized its short term loan to finance its working capital.

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.

Malaysia has already implemented the minimum wage of RM1,500 per month, a 25% increase from RM1,200 as of 31st May 2022, and we have had to work with our customers (large-multinational companies) to find cost efficiencies within their investment with us such as in-store advertising, sampling activities in-store and merchandising services. The net increase in our revenue (fees paid to us by clients) is marginal as our clients find ways to reduce investment within the Group in order to harmonise the rising costs within their businesses. These rising costs include increase in raw materials (such as wheat, sugar, oil), logistics and salaries to prevent talent poaching and talent hopping.

The resumption to normality is aggressive in certain industries such as food and beverage, and travel. However, some consumers are still holding back in terms of spending due to uncertainties in the looming months. There are predictions of recession, current experiences of inflation¹ and weakening of the Ringgit against the US and Singapore dollar. The ongoing Russia-Ukraine war and China's closing of their borders has impacted economies regionally. All these factors have contributed to a tempered confidence amongst CEOs in Malaysia.² This may impact both positively and negatively how businesses drive spending in services such as advertising, manpower management and events.

Interestingly, there seems to be a frenzy of returning patrons to major shopping malls³ and some brands are investing heavily in consumer experiences as they see this as a window of opportunity to increase brand loyalty and spending, as in the case of Guinness (an alcohol brand) running an 8-week consumer event in Kuala Lumpur⁴. There are plenty of automobile sales showcases and various industry expos (such as food and beverage, retail solutions, retail chain and franchise, career fair and home improvement) being organised in recent months and beyond the next 6 months. It is crucial for shopper360 to work very closely with brands and retailers to roll out their consumer events and roadshows.

Retaining talent has become a priority for shopper360, hence, salary benchmarking and adjustments, and upskilling of talent within the company will be a focus in the next 12 months. All these efforts will add to the rising cost of doing business. Thus, shopper360 will continue to digitalise and build upon the shopper360 ecosystem, offering complementary services to brands and retailers such as shopper communication (retail consultancy), shopper marketing execution (design, printing and installation at retail stores) and digital contests and rewards to help increase shopper spending.

¹ [Why CPI is low even as rising costs bite, The Edge June 13, 2022](#)

² [Tempered Confidence: Q22022 Vistage-Mier CEO Confidence Index, The Edge Malaysia June 13, 2022](#)

³ [Retail sales up 18.3% y-o-y in 1Q2022, projected to see 25.7% for next three months, The Edge June 20, 2022](#)

⁴ [House of Guinness, July – Sept 2022 at APW Bangsar, Kuala Lumpur](#)

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There is a race to build more convenient channels with the advent of new brands in the market, such as CU Mart, Emart24, Giant Mini, Potboy Mart, KK Super Mart and Baloy. KK Mart has recently joined hands with South Korean retailer GS25 and have plans to build 500 stores over the next five years⁵, whilst Emart24, as at June 2021, has plans to build 300 stores in the next five years⁶. Shopper360 intends to ride on the growth of these chains as shopper marketing services become more needed and relevant.

Myanmar has remained politically unstable, and the military junta continues to fight the armed resistance while underestimating the youth's resistance to uphold the revolution aimed at overturning the military-controlled order since 1958⁷. Business continues to be strained with the Myanmar's State Administration Council imposing a slew of import substitution policies. This has slowed down the growth of International fast moving consumer goods brands as the country moves into import restrictions to promote local businesses and domestic industrialisation.

Since the February 2021 coup, Myanmar has experienced more than 1.2 million job losses and face severe food insecurity. Myanmar's excitement over their current trade surplus is not caused directly by a rise in exports but an actual decrease in total trade by US\$7.4 billion as foreign capital and investments have been declining since the coup⁸. Shopper360 will continue to work closely with its JV partner, City Holdings Limited (parent company of Pahtama Group and City Mart) to ensure business continuity. Frequent interactions with City Holdings Limited allow shopper360 to anticipate issues and pre-empt positive consumer trends that can improve in-store advertising investments by brands.

5. Dividend

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

Name of dividend	Final
Dividend type	Cash
Dividend amount per share (S\$' cents)	0.35
Tax rate	Tax exempt

The final dividend is subject to shareholders' approval at the forthcoming annual general meeting of the Company.

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

Name of dividend	Final
Dividend type	Cash
Dividend amount per share (S\$' cents)	0.90
Tax rate	Tax exempt

(c) Date payable

The date payable is to be advised, subject to shareholders' approval at the Company's annual general meeting for the financial year ended 31 May 2022, to be convened on or before 30 September 2022.

(d) Books closure date

To be announced by the Company in due course.

⁵ <https://www.freemalaysiatoday.com/category/highlight/2022/07/11/s-koreas-gs25-to-team-up-with-kk-mart-in-malaysia/>

⁶ <https://www.marketing-interactive.com/korean-convenience-chain-emart24-enters-malaysia-plans-300-stores-in-5-years>

⁷ <https://www.irrawaddy.com/in-person/interview/myanmar-junta-in-political-and-military-cul-de-sac-security-expert.html>

⁸ <https://fulcrum.sg/myanmar-returns-to-import-substitution-primed-to-fail/>

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

Not applicable

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 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.

9. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Please refer to Section (E) Note 4 for details.

10. A breakdown of sales

	Group		
	FY2022 RM	FY2021 RM	Increase/ (Decrease) %
Sales reported for:			
(a) First half of the financial year	69,425,091	75,936,058	(9)
(b) Second half of the financial year	82,732,686	77,197,174	7
	<u>152,157,777</u>	<u>153,133,232</u>	(1)
Operating profit after tax before deducting non-controlling interests reported for:			
(a) First half of the financial year	2,495,300	3,417,150	(27)
(b) Second half of the financial year	2,163,241	3,145,678	(31)
	<u>4,658,541</u>	<u>6,562,828</u>	(29)

11. **A breakdown of the total annual dividend (in dollar value) for the issuer’s latest full year and its previous full year as follows:**

	FY2022 RM	FY2021 RM
(a) Ordinary (Final)	1,230,025	3,025,045
(b) Preference	-	-
	<u>1,230,025</u>	<u>3,025,045</u>

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- 12. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director or CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Chew Sue Ann	43	Daughter of Yap Phaik Kwai, the controlling shareholder of the Company, and spouse of James Ling Wan Chye, Executive Director of the Company	Executive Chairman and Group Managing Director since date of incorporation of the Company. Responsible for overseeing operations of the Group.	-
James Ling Wan Chye	44	Son-in-law of Yap Phaik Kwai, the controlling shareholder of the Company, and spouse of Chew Sue Ann, Executive Chairman and Group Managing Director	Executive Director (Since year 2021) Director of Corporate Finance and Strategy (Since year 2018) Responsible for overseeing corporate finance and human resource functions of the Group, as well as executing key strategic initiative of the Group.	-

- 13. 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 30 November 2021.

BY ORDER OF THE BOARD

Chew Sue Ann
Executive Chairman and Group Managing Director
29 July 2022