



MYKRIS INTERNATIONAL BERHAD

200801009751 (811039-T)
(Incorporated in Malaysia)

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

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

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



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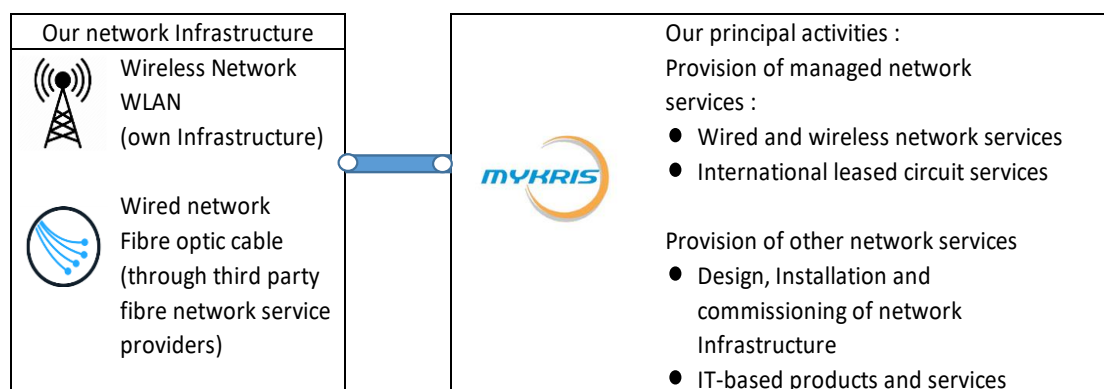
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PART A: ADDITIONAL INFORMATION

(APPENDIX 6A, PART B OF THE LEAP MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD)

1. Overview

MyKRIS International Berhad ("MyKRIS") and its subsidiaries (the "Group") are primarily a managed network service provider, specialising in the provision and management of Internet and Intranet network services to enterprises. A brief illustration of the Group's business is set out below:-



The Group's revenue is derived from its subsidiaries, namely MyKRIS Asia Sdn Bhd ("MyKRIS Asia") and MyKRIS Net (MSC) Sdn Bhd ("MyKRIS Net"). MyKRIS Asia contributed nearly the entire Group's revenue. Revenue from MyKRIS Net which was in the form of royalty fee charged to MyKRIS Asia, was eliminated on consolidation.

2. Review of Financial Performance

(i) Revenue by business activities

The Group's revenue based on its activities are presented below:-

	Audited FYE			
	31.3.2020		31.3.2019	
	RM'000	%	RM'000	%
Managed network services	39,279	87.90	35,440	90.90
IT-based products and services	5,405	12.10	3,549	9.10
	<u>44,684</u>	<u>100.00</u>	<u>38,989</u>	<u>100.00</u>



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2. Review of Financial Performance (continue)

(ii) Revenue by geographical markets

The Group's revenue based on geographical location is presented as follows:

	FYE 31 March			
	2020		2019	
	RM'000	%	RM'000	%
Local				
- Klang Valley	37,171	83.2	34,323	88.0
- Penang	2,749	6.2	2,469	6.3
- Johor	867	1.9	387	1.0
- Others	3071	6.9	1333	3.4
	43,858	98.2	38,512	98.7
Overseas	826	1.8	477	1.3
Total Revenue	44,684	100.0	38,989	100.0

(iii) Commentary on financial performance

The Group's revenue increased by 14.59% from RM38.99 million in FYE 31 March 2019 ("FYE 2019") to RM44.68 million in FYE 31 March 2020 ("FYE 2020") which was contributed from the increase in revenue from managed networks services as well as IT- based products and services.

Revenue from managed networks services increased from RM35.44 million in FYE 2019 to RM39.28 million in FYE 2020, was mainly due to an increasing demand for service from new customers, upgrade of packages by its existing customers and continuing support from the existing customers to renew their service agreement. However, the Group recorded service terminations amounting to approximately RM3.22 million contract value during FYE 2020.

On the segment of IT-based products and services, revenue increased from RM3.55 million in FYE 2019 to RM5.41 million in FYE 2020. The improvement is mainly due to configuration and deployment services on the cloud infrastructure for customer, increase in supplying hardware and IT base services, manage WAN optimization for customer and manage support services for customer's site.

The Group's revenue was primarily generated from the local market which consistently contributed more than 98.0% of the Group's revenue over the past 2 FYE 2019 and FYE 2020.



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2. Review of Financial Performance (continue)

(iii) Commentary on financial performance (continue)

In line with the increase in revenue, the Group recorded a gross profit of RM27.43 million as compared to RM23.30 million recorded in FYE 2019, representing an increase of 17.73%.

The Group recorded a higher profit before tax of RM13.88 million in FYE 2020 as compared to RM9.52 million recorded in FYE 2019, representing an increase of 45.78%. The improvement of result is mainly due to higher gross profit generated during the FYE 2020, lower selling and distribution expenses and lower administrative expenses incurred due to cost saving in rental from the relocation of the Group's headquarter. However, this was partially offset by other operating expenses due to additional depreciation charges on the Group's own building.

3. Prospects

The Group has put in place a series of future plans to enhance our service package offerings, intensify our marketing and promotional activities and grow our managed network service business through the expansion of our network coverage. Since our Listing, we had focused on the marketing and implementation of our MyKRIS 360 service offering, which focuses on cyber security, hybrid infrastructure and network visibility. We are of the view that our focus on MyKRIS 360 would enhance our competitive edge and market positioning, and would contribute positively to our future growth and financial results.

Further, we have also taken steps to expand and strengthen our wireless network coverage, such as working with various telecommunication service providers to incorporate diversity of infrastructure ranging from fiber, mobile wireless, and microwave to satellite in our managed network services offering. We are of the view that this would enable us to broaden our service offering profile, and tap into the enormous market potential in managed data services.

We remain focused on our main customer base, comprising niche high value enterprises, and will continue to enhance our product offerings and value added services to grow and maintain our market position in the highly competitive industry in which we operate.

Since the onset of the Covid-19 pandemic, there had been an increase in demand for e-commerce and other digital services. On the flip side, we see that customers will take a more prudent approach to deal with their long term commitment in operating expenses as they will be fighting hard to sustain their business and cost cutting is inevitable. The net impact on our business as a result therefrom for financial year ending 31 March 2021 and beyond is too early to be assessed. Other than the possible impact arising from the Covid-19 pandemic and barring unforeseen circumstances, the Board of Directors of the Company ("Board") is of the opinion that the prospects of the Group's for the financial year ending 31 March 2021 will remain favourable.



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PART B: OTHER INFORMATION

1. Status of corporate proposals

No corporate proposal was announced of pending completion as at the date of this report.

2. Utilisation of proceeds

The proposed and actual utilization of proceeds (approximately RM8.0 million) raised from the Excluded Issue, is as follows:

Details of use	Proposed utilisation RM'000	Actual utilisation * RM'000	Proceeds balance RM'000	Estimated timeframe for use upon listing
Expansion of business and operational facilities	2,600	288	2,312	Within 24 months (before 2.10.2020)
Working capital	3,399	3,399	-	Within 18 months
Relocation and renovation of our headquarters	1,000	1,000	-	Within 12 months
Estimated listing expenses	1,000	1,000	-	Within 3 months
Total	7,999	5,687	2,312	

* Utilisation as at 29 June 2020

Dated: 30 July 2020