

## 7. BUSINESS OVERVIEW

---

### 7.1 OVERVIEW

We are a regional market leader for credit bureaux in the ASEAN region, with presence in Malaysia and Thailand. We are Malaysia's leading CRA, with an estimated market share in terms of revenue of 71.2% for the FYE 31 December 2020 through CTOS Data Systems and Basis, according to the IMR Report. Our associate, Experian, is the second largest CRA in Malaysia, with an estimated market share in terms of revenue of 17.5% for the FYE 31 December 2020, according to the IMR Report. Our associate, BOL, is the largest company information bureau in Thailand, with an estimated market share in terms of revenue of 59.0% for the FYE 31 December 2020, according to the IMR Report.

The credit reporting industry market size in terms of revenue in Malaysia stood at RM216.9 million in 2020 and is expected to continue to grow at a CAGR of 13.2% between 2021 and 2025, according to the IMR Report. We believe that we are well positioned to maintain our leadership position in the industry as it continues to grow. For more information on our competitive strengths, see Section 7.2.1 of this Prospectus.

We provide credit information and analytics digital solutions on companies, businesses and consumers for use by banks and businesses at each stage of the customer lifecycle and provide credit information and analysis to consumers. We serve three types of customers: Key Accounts, Commercial and Direct-to-Consumer. As at the LPD, we provide digital solutions to approximately 430 Key Accounts customers in Malaysia, including Malaysian banks and corporates, and approximately 17,000 Commercial customers primarily in Malaysia, including SMEs in industries such as financial services, telecommunications, wholesale and retail, trade, manufacturing, construction, professional services and insurance.

Our Direct-to-Consumer customers are Malaysian consumers. We provide our Direct-to-Consumer customers with credit scores and detailed information including CCRIS information, directorships and business interests, litigation cases and trade references which helps consumers understand and manage their credit health and improve their financial literacy. As at the LPD, CTOS Data Systems has approximately 1.3 million users registered for a CTOS ID account, which allows users to access and purchase their CTOS Consumer Scores and credit information.

Our digital solutions are based on our extensive databases of consumer and business information. As at the LPD, our databases contained profiles of approximately 15 million consumers and approximately 8 million companies and businesses. Our proprietary information databases include CTOS Data Systems' eTR and eTR Plus databases containing non-bank positive and negative payment information of consumers and businesses and CED for litigation records.

Our strategic partnerships enhance our ability to offer and develop innovative digital solutions using our databases. For example, our CTOS Scores were developed by FICO, one of the leading global consumer credit score providers, in collaboration with us. We also offer CTOS IDGuard fraud bureau, which integrates fraud and compliance management technology from GBG, a United Kingdom-listed global technology provider of identity verification, location intelligence, and fraud and compliance solutions.

## 7. BUSINESS OVERVIEW (Cont'd)

---

We have strategically expanded our business through acquisitions of and investments in complementary businesses and assets.

- In July 2019, we acquired the entire equity interest of two investment holding companies, namely Enfo and CTOS Insights, which resulted in us owning a 26.0% equity interest in Experian, a Malaysian CRA majority-owned by a company associated with Experian plc, a multinational information services company.
- In October 2020, we acquired a 20.0% equity interest in BOL, which was incorporated in Thailand in December 2003. BOL's principal activities are a service provider and developer of local and global financial information system and an online and offline business information service provider as well as a provider of consulting service, debt collection service and database management.
- In January 2021, we acquired the entire equity interest in Basis, a Malaysian CRA. Basis is principally involved in the business of credit reporting, focusing on comprehensive commercial credit reports. The acquisition of Basis has expanded the range of our international business reports and provides us with a complementary base of international customers in industries such as insurance, services and credit reporting who are located primarily in Asia Pacific and Europe. The acquisition also diversifies our customer base as approximately 85.0% of Basis' revenue in each of the FYEs 31 December 2018, 31 December 2019 and 31 December 2020 was generated from its international customers.

In addition, we acquired a 51.0% equity interest in CIBI, a credit bureau in the Philippines, in June 2020 for the purpose of expanding our offerings in the Philippines across the customer lifecycle. Our 51.0% equity interest in CIBI was held by CIBI Holdings, our previously wholly-owned subsidiary, which is principally an investment holding company. On [●] 2021, we completed the Distribution to exclude CIBI from our Group after we, in consultation with our shareholders, determined that CIBI requires further investments in terms of capital and time to better position itself to capture growth opportunities in the Philippines, and taking into account the impact of the COVID-19 pandemic on CIBI's business. The exclusion of CIBI will allow CIBI to focus on building up its sales organisation, risk and compliance functions, internal audit processes, new product development capabilities and data acquisition strategies without distracting us from, and allowing us to focus on, our core business in Malaysia and other regional growth opportunities. As CIBI's business in the Philippines matures, we may evaluate CIBI for future re-investment.

From the FYEs 31 December 2018 to 31 December 2020, our revenue grew at a CAGR of 12.8% from RM110.5 million to RM140.5 million, our PATAMI grew at a CAGR of 15.0% from RM29.7 million to RM39.2 million and our Normalised PATAMI increased at a CAGR of 22.2% from RM30.5 million to RM45.5 million.

For the FYEs 31 December 2018 and 31 December 2019, all of our revenue was generated in Malaysia. For the FYE 31 December 2020, 94.8% of our revenue was generated in Malaysia and 5.2% was generated in the Philippines through CIBI. See Section 12.2.5 of this Prospectus for further information.

7. BUSINESS OVERVIEW (Cont'd)

7.2 COMPETITIVE STRENGTHS, FUTURE PLANS AND STRATEGIES

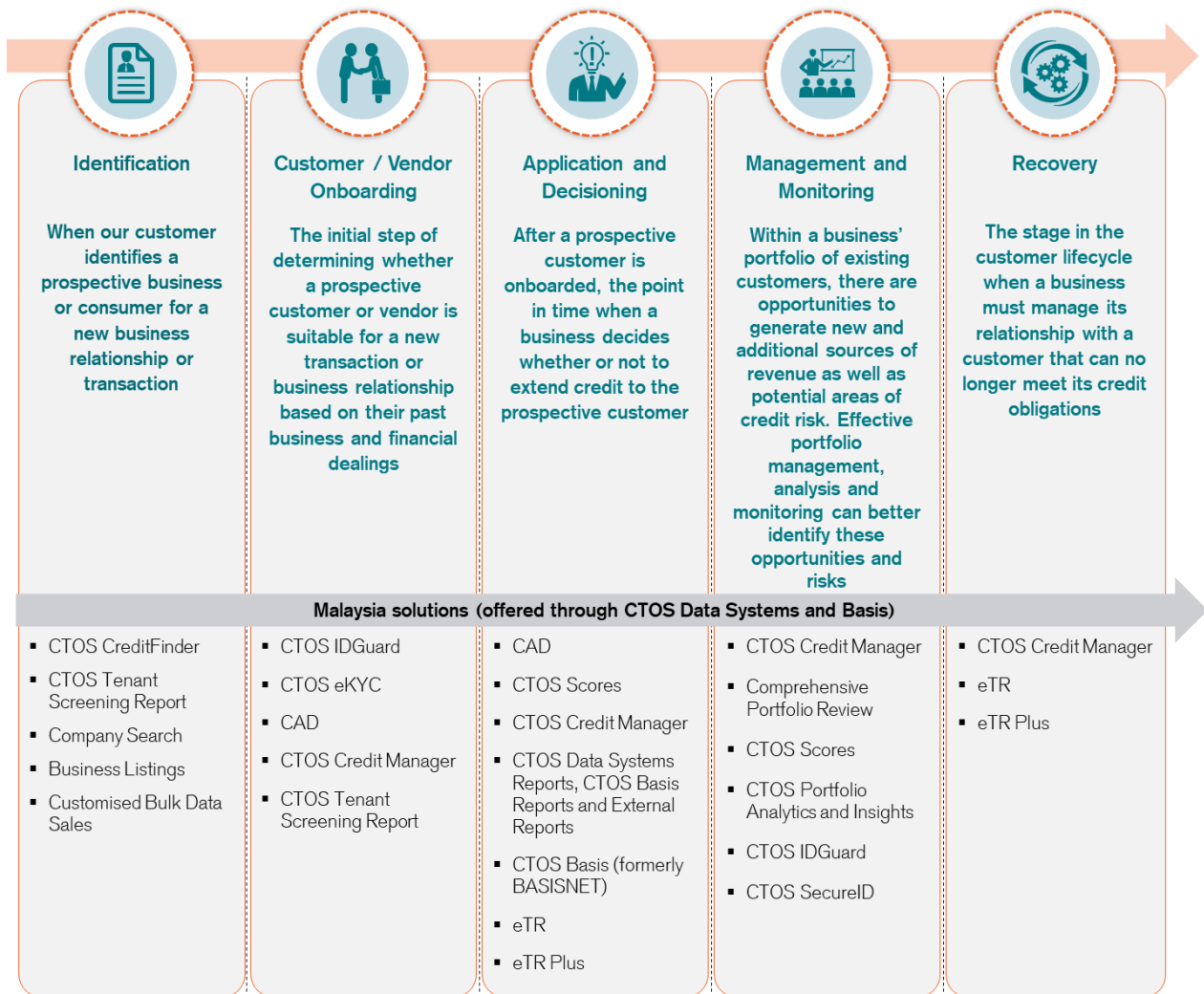
7.2.1 Competitive strengths

Our competitive strengths are as follows:

- (i) **We have developed a fully digital platform for end-to-end credit management that provides our customers with an automated and seamless user experience.**







We have developed a fully-fledged ecosystem of credit management solutions for our customers. This ecosystem provides digital solutions to support our customers' businesses at every stage of the customer lifecycle: from new customer identification to customer onboarding to decisioning to customer management and monitoring to recovery, where required. As these digital solutions support various critical functions of our customers' businesses, we believe our digital solutions have become an integral part of our customers' business processes.

The stages of the customer lifecycle and the digital solutions that we offer at each stage are summarised below:



## 7. BUSINESS OVERVIEW (Cont'd)

According to the IMR Report, there is currently a limited number of CRAs in Malaysia who are able to offer the full suite of digital solutions that we do, as shown below:

	 <sup>(1)</sup> CTOS Digital	 CBM	 <sup>(2)</sup> Experian	 <sup>(1)</sup> CRIF	 D&B	 <sup>(3)</sup> FIS
<b>CORE PRODUCTS</b>	Access to CCRIS	✓	✓	✓		
	Credit Scoring <sup>(4)</sup>	✓	✓	✓		
	Credit Rating <sup>(5)</sup>	✓	✓	✓	✓	✓
	Consumer Credit Report	✓	✓	✓		✓
	Commercial Credit Report	✓	✓	✓	✓	✓
	- Business Information Report	✓	✓	✓	✓	✓
	- Credit Monitoring Service	✓	✓	✓		
	- International Reports	✓		✓	✓	✓
<b>VALUE-ADDED SERVICES</b>	Business Analytics	✓	✓	✓	✓	
	Fraud Prevention	✓				
	Fraud Monitoring	✓		✓		
	Scoring/Rating Validation Services	✓	✓	✓		
	Credit Decisioning & Analytics	✓		✓	✓	
	Digital Onboarding/eKYC	✓		✓	✓	
	Credit Risk Management	✓		✓		✓
	Credit Comparison Site	✓		✓		
	Identity Theft Protection	✓		✓		
Tenant Screening	✓					

### Notes:

- (1) Includes digital solutions and services offered by both entities under the holding company which are CTOS Data Systems and Basis.
- (2) The scope of solutions and services may not have use cases in Malaysia.
- (3) FIS specialises in credit enquiries for individuals and businesses that are specifically for motor vehicles and leasing purposes.
- (4) Credit scores are a numerical summary of the borrower's credit health derived from statistical models.
- (5) Credit ratings are expressed as a letter grade of the creditworthiness of the borrower, also derived from statistical models but are more often used for businesses and governments.

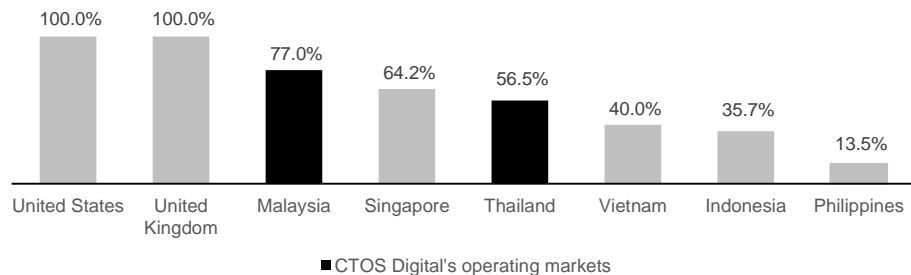
We believe that our ability to provide this automated and seamless user experience further positions us as the leading CRA in Malaysia, not just in terms of market share but also in terms of the quality and range of digital solutions we can offer. For further details of our digital solutions, see Section 7.5 of this Prospectus.

## 7. BUSINESS OVERVIEW (Cont'd)

- (ii) **The penetration of credit reporting and credit management solutions in Malaysia and neighbouring ASEAN markets are a fraction of our developed market peers, presenting us with visible growth upside.**

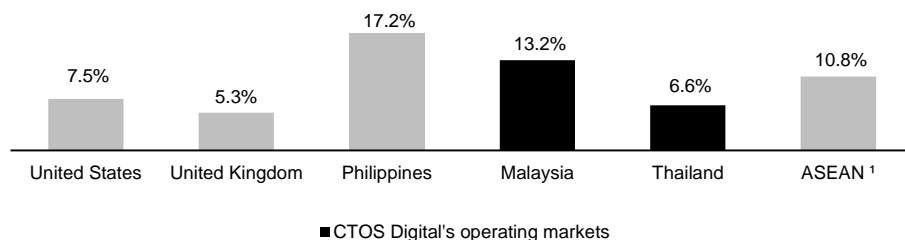
The penetration of credit reporting and credit management solutions, measured by respective countries' credit bureau coverage of the population, remains significantly lower in Malaysia and in regional countries such as Thailand, where we have a presence, when compared to our developed market peers in the United States and the United Kingdom, according to the IMR Report, as shown below:

**Credit bureau's coverage of population, 2019 (%)**



According to the IMR Report, the market size of the ASEAN region for credit reporting amounted to RM990.5 million (USD238.9 million) in 2020. IDC Research forecasts that the credit reporting industry in the ASEAN region will grow at a CAGR of 10.8% between 2021 to 2025, which is relatively higher than the forecast CAGR over the same period of approximately 7.5% and 5.3% in the United States and the United Kingdom, respectively. Growth potential in the ASEAN region comes from greater penetration and usage of credit reporting services and further expansion of other services such as offering analytics (such as industry analysis and benchmarking, and share of wallet analysis), eKYC, application automation and direct-to-consumer digital solutions. We currently offer these value-added digital solutions in Malaysia.

**CAGR of the credit reporting industry market size, 2021E - 2025E (%)**



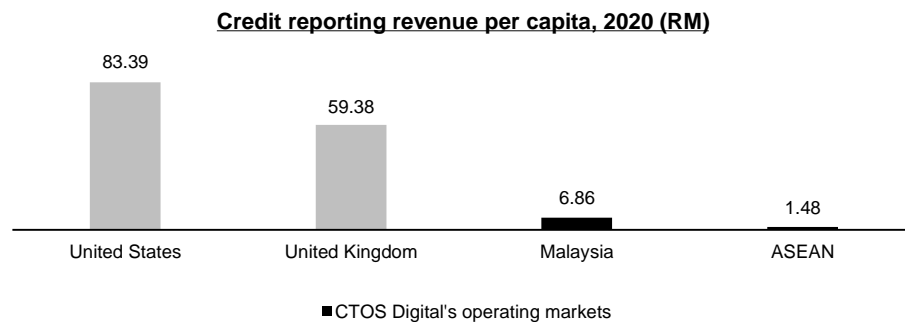
**Note:**

- (1) ASEAN region refers to Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

Source: IMR Report.

## 7. BUSINESS OVERVIEW (Cont'd)

IDC Research forecasts that the credit reporting industry in Malaysia is expected to grow from 2021 to 2025 at a CAGR of 13.2% in Malaysia, 5.7% and 7.9% higher than that of the United States and the United Kingdom, respectively. The forecast growth in Malaysia is expected to be largely driven by increasing financial literacy of the population, the growing SME sector, increasing demand for credit by businesses and consumers as well as the introduction of digital banking via traditional financial institutions or new entrants of fintech companies hailing from a variety of industries.



Source: IMR Report.

Furthermore, in 2020, the credit reporting revenue per capita of the United States and the United Kingdom were at RM83.39 and RM59.38, respectively. In comparison, Malaysia's credit reporting revenue per capita was significantly lower at RM6.86, which is approximately 12 times smaller than that of the United States and nine times smaller than that of the United Kingdom. This also implies that there remains an upside potential for revenue growth in Malaysia.

According to the IMR Report, the credit reporting industry in Malaysia, as well as in the ASEAN region, has significant potential for growth. ASEAN credit reporting revenue is currently over 56 times smaller per capita than that of the United States. Growth within the ASEAN region will largely be focused on increased coverage into current sectors, as well as expansion into new sectors such as health, automotive, software and professional services, media and the public sector. According to the IMR Report, new technologies will play a huge role in driving credit reporting growth, as there will be an increased need for real-time credit decisioning to support the digital banking ecosystem.

Currently, our suite of credit management solutions is already serving many of the P2P lenders in Malaysia and a number of local e-wallet companies. With the increased trend towards digital banking led by banks and fintech companies such as payment companies and P2P lenders, our digital solutions including but not limited to, CTOS eKYC, CAD, CTOS Portfolio Analytics and Insights, will be well placed to cater to the digitalisation of the banking economy.

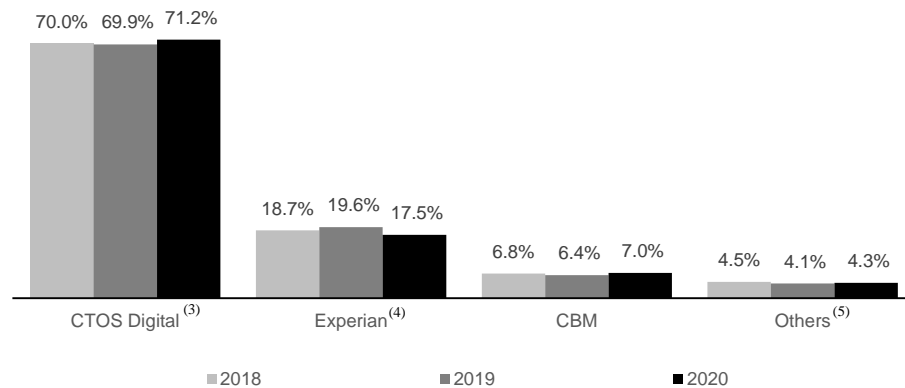
We believe that our current market share leadership position and digital end-to-end portfolio place us in a good position to grow our revenue locally, along with the expected 13.2% CAGR of Malaysia's credit reporting industry from 2021 to 2025, according to the IMR Report. Within the ASEAN region, we can also leverage on our operations and strategic investments in Malaysia and Thailand to grow our market presence across the region.

We enjoy a market share leadership position in the credit reporting industry in Malaysia, further secured by high barriers to entry and strong synergistic effect between our customers and data.

## 7. BUSINESS OVERVIEW (Cont'd)

Founded in 1990, we are one of the pioneers in the credit reporting industry in Malaysia. Today, we are the market leader in Malaysia's credit reporting industry, with market share in terms of revenue of 70.0%, 69.9% and 71.2% in 2018, 2019 and 2020, respectively, according to the IMR Report. We continue to grow our local market share by constantly innovating our capabilities, expanding our database and broadening our digital solution offerings.

Comparison by market shares by revenue of CTOS Digital vs other CRAs in 2018 - 2020 (%)<sup>(1)(2)</sup>



### Notes:

- (1) The information is based on latest financial data reported by the selected companies gathered as at 31 March 2021.
- (2) Market share for CBM and others (which includes FIS, D&B and CRIF) for the financial year ("FY") 2020 are based on IDC Research's projections over the FY 2019 revenue which are the latest publicly available financial data. The market shares are also based on IDC Research's estimates for the FY 2020 for companies with different reporting periods.
- (3) CTOS Digital's market share is combined with Basis on a pro-forma basis since Basis was acquired by CTOS Digital in January 2021.
- (4) Market shares for Experian reflect an apportionment to a 12-month period of January to December 2020 based on latest unaudited management accounts. Historical market shares are also adjusted to account for a change in year end from 31 December 2019 to 31 March 2020.
- (5) Others include FIS, D&B and CRIF. CRIF was incorporated in 2019. The financial data used were of parent company, CRIF Sdn Bhd, who is principally engaged in business information, credit reporting and other services.

Source: IMR Report.

We enjoy the high barriers to entry of the credit reporting industry based on factors such as:

- **Regulations:** CRAs operate in a highly regulated environment, subject to regulatory oversight by the CRA Registrar, which is under the purview of the MOF in Malaysia. The incremental costs related to compliance include technology and IT costs, staff and associated costs for teams associated with business compliance, risks and legal, as well as costs related to third party audits.

## 7. BUSINESS OVERVIEW (Cont'd)

---

- **Security:** As CRAs handle, process and analyse customers' highly confidential information, substantial resources including but not limited to, time, people, money (investment), infrastructure and governance framework are required to establish a cyber-resilient culture.
- **Database:** For a CRA to report on consumer and business credit behaviour, it is necessary to have access to a large database of credit, demographic and other consumer and business information. It is also challenging to obtain access and approval from the necessary governmental agencies and other data sources. For example, CRAs require approval from BNM in order to access CCRIS information. Relative to incumbent players with histories of data collection and working relationships with the necessary stakeholders, it can be difficult to attain a similar size of database.
- **Brand recognition:** As CRAs provide and collect sensitive customer information, customer trust and brand recognition are important.

Due to the high barriers to entry as set out above, it is hard for competitors to penetrate the industry. Evidently, there has only been one new entrant in the industry in Malaysia over the last ten years, according to the IMR Report.

As at the LPD, we provide digital solutions to approximately 17,000 Commercial customers primarily in Malaysia, including SMEs. Our end of year number of subscribers experienced a CAGR of 17% from 2018 to 2020. We provide digital solutions to our Key Accounts customers in a variety of industries, including established financial institutions, business organisations, telecommunications companies, insurance companies and fintech companies such as P2P lenders and e-commerce platforms. In addition, as at the LPD, we had approximately 1.3 million registered users for CTOS ID. Through the ecosystem of users and subscribers that we have established, we are able to enjoy this strong synergistic effect, with data continuously enriched through the addition of each new customer, and the acquisition and retention of customers made easier with the continuous enrichment of our data.

We are currently the market leader of Malaysia's credit reporting industry with an estimated market share in terms of revenue of 71.2% in 2020, according to the IMR Report. Through the industry's high barriers to entry and the strong synergies we enjoy from our subscribers and database ecosystem, we are in an advantageous position to further grow our market share locally and maintain our market share leadership position in Malaysia's credit reporting industry.

- (iii) **We have an extensive distribution network and sales force, supported by a well-trained after sales support team to ensure strong customer acquisition and retention.**

As at the LPD, our Key Accounts and Commercial sales team stand at over 170 employees, which includes account managers and business development officers, and sales to our Direct-to-Consumer customers are predominantly digital and is handled by our marketing team. We have a national presence in Malaysia with ten offices throughout the country, eight of which are also service centres that provide assistance to customers.



## 7. BUSINESS OVERVIEW (Cont'd)

---

We have a centralised marketing team that promotes our various digital solutions and our brand. Our marketing team works in coordination with our sales teams to ensure that our marketing efforts are appropriately targeted and tailored for each of our three types of customers' goals and offerings.

We focus our marketing efforts on the following channels for each of our three types of customers:

- **Key Accounts:** brand and networking events, forums and webinars, as well as public relations initiatives for digital solution launches
- **Commercial:** same channels as Key Accounts, as well as digital and social marketing and partnership programmes
- **Direct-to-Consumer:** engaged through digital and social marketing, webinars, television and radio advertising and branded content placement, roadshows, partnerships and outdoor advertising

Furthermore, we have a well-trained after sales support team to ensure that our customers receive high quality technical support and help desk solutions. Our after-service support platforms include a call centre that operates daily, a 24/7 IT support system and eight service centres across Malaysia. We have also established a client relations team to focus on customer retention and cross-selling to existing customers. Our client relations team commits to our customers, by checking in periodically on our key customers, ensuring that we maintain consistent engagement with them. Furthermore, our service level to sales and subscribers are 94%, 92% and 96% for the FYEs 31 December 2018 to 31 December 2020 respectively, which is indicative of our fast response time and commitment to our customers. Service level to sales and subscribers is calculated based on calls answered within 20 seconds divided by calls in the queue.

We pride ourselves on our strong relationships with our customers. Apart from the large credit database and end-to-end credit management solutions that we provide, our extensive distribution network and sales force, supported by our well-trained sales support team, have been imperative to our customer acquisition tactics and customer retention profile. The strong relationships that we have built with our major customers is evident as each of our top five customers by revenue contribution have at least eight years of working relationship with us. For further details of our major customers, see Section 7.9 of this Prospectus.

**(iv) We have accumulated a large credit database on individuals and businesses in Malaysia with extensive access to key financial databases.**

We have a large credit database on individuals and businesses in Malaysia, having accumulated over 30 years of data in the industry since our establishment in 1990. As at the LPD, our database contained approximately 15 million consumer profiles and approximately 8 million company and business profiles.

We source information for our databases from a wide range of public sources that we have access to, from domestic governmental organisations to other publicly available information such as public court listings, publications and gazettes. Our international data is sourced from Basis' network of global data partners.

## 7. BUSINESS OVERVIEW *(Cont'd)*

---

In addition to the wide range of public sources in Malaysia and internationally, we manage our proprietary databases such as eTR, eTR Plus and CED. According to the IMR Report, we have built a reputation for having one of the largest electronic trade reference databases in Malaysia. These trade reference records are included in our various reports and are used in the calculation of our credit scores, as well as in our insights and analytics solutions. Both our Commercial and Key Accounts customers can upload their trade reference records to the eTR database through our respective digital platforms. Our CED provides us with litigation and bankruptcy information as an additional avenue to assess a consumer's credit worthiness.

Furthermore, we have been developing other non-traditional information sources. We also maintain a database of positive information about a customer's payment history. At present, the eTR Plus database contains payment history information on non-bank consumers loan facilities, rental, telephone and utilities bill payments, including both on-time payments and any missed payments. Our non-traditional information sources further enrich our data sets. Our extensive proprietary databases strongly position us to provide our customers with end-to-end digital solutions.

In addition, we take measured steps to ensure high standard of quality for our data. We conduct regular data accuracy tests and if there is any inaccuracy or inconsistency in our data, we resolve these through our standard compliance resolution process.

Through our extensive track record in the Malaysian credit reporting industry, as well as key working relationships developed with various stakeholders, we now have access to key financial databases from governmental organisations and other data sources.

**(v) We have developed a diversified customer base, with whom we enjoy strong, long-term relationships.**

With over 30 years in operation, we have developed long-standing relationships with a number of our customers, including our banking, telecommunications and other corporate customers who use our digital solutions. Our revenue streams are highly diversified and we are not dependent on any of our top five major customers. For the FYE 31 December 2020, our top five major customers only contributed 14.2% to our revenue. As at the LPD, each of these top five major customers has been our customer for an extended duration of time, ranging from eight to 19 years.

Furthermore, revenue from our Key Accounts customers are generally highly reliable and consistent. Approximately 75% of our Key Accounts customers' revenue are recurring revenue.

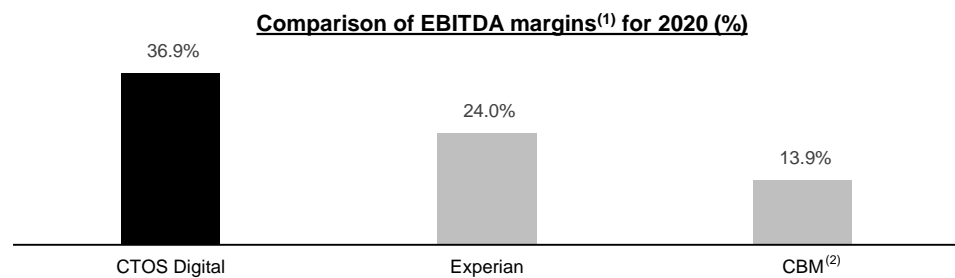
Our customers have largely remained loyal and continue to renew their contracts with us. We believe our fully digital platform and our end-to-end credit management solutions have become an integral part of some of our customers' business processes, with their core business processes having developed a reliance on our digital solutions over time, making it cumbersome for them to switch to digital solutions offered by another CRA as this requires the set-up of necessary technology for a replacing CRA to link to our customers' back-end systems. This is reflected in the length of their relationship with us. Since 2016, we have grown our Key Accounts customers and retained 100% of CTOS Data System's Key Accounts customers since 2017.

## 7. BUSINESS OVERVIEW (Cont'd)

**(vi) We have a strong financial profile – high growth, high margin and consistent return on equity (“ROE”).**

From the FYEs 31 December 2018 to 31 December 2020, we have achieved a revenue CAGR of 12.8%, increasing our market share from 70.0% to 71.2% during the same period, according to the IMR Report.

In addition, we have also achieved a gross profit margin and EBITDA margin of 86.4% and 36.9%, respectively, for the FYE 31 December 2020. Our EBITDA margin was the highest in the industry among the three top players in Malaysia by revenue for the FYE 31 December 2020, according to the IMR Report. These strong margins are driven by our revenue growth, efficient operations and strong operating leverage underpinned by our highly scalable proprietary data and credit management ecosystems.

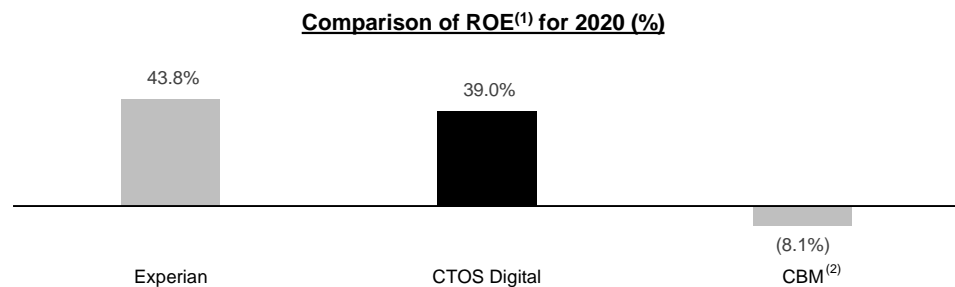


**Notes:**

- (1) Computed based on EBITDA divided by revenue for the period.
- (2) Based on the latest available audited financial statements of CBM for the FYE 31 December 2019.

Source: IMR Report.

Our ROE has consistently been at least 39.0% from the FYEs 31 December 2018 to 31 December 2020.



**Notes:**

- (1) Computed based on profit for the FY divided by the average shareholders' equity as of the beginning and the end of the same financial year.
- (2) Based on the latest available audited financial statements of CBM for the FYE 31 December 2019.

## 7. BUSINESS OVERVIEW (Cont'd)

**(vii) We have an experienced management team and our major shareholder is backed by a Malaysian mid-market private equity fund.**

Our management team has a deep wealth of experience in the credit reporting and related industries globally. Our Group Chief Executive Officer, Dennis Colin Martin, has more than 20 years of experience in the credit reporting industry, including leading roles at Experian Asia Pacific Holdings Pte Ltd and Dun & Bradstreet (New Zealand) Limited. He also previously served in several different roles with Baycorp Advantage (New Zealand) Limited, a credit bureau based in Australia and New Zealand. Prior to his career in the credit reporting industry, he worked for more than 15 years in the banking industry, including with Bank of New Zealand (now part of National Australia Bank).

The Chief Executive Officer of CTOS Data Systems, Chin Kuan Weng, has over 25 years of experience in helping senior leadership roles in business, sales and operational functions for multinationals and local corporates. He joined our Group in 2014 and has since been involved in the management of our Key Accounts customers. He was previously the Chief Operating Officer of CBM.

Our Group Chief Financial Officer (“**CFO**”), Chen Thai Foong, has over 32 years of experience in finance and treasury. Before joining us, she held CFO positions in DHL Express (M) Sdn Bhd and Taylor’s Education Sdn Bhd.

The Chief Operating Officer of CTOS Data Systems, Tracy Gan Jo Lin, has more than 23 years of experience in operations. Prior to joining us, she held various key roles in different companies such as General Manager for Customer Service and Human Resources at e-pay (M) Sdn Bhd, Head of Customer Operations at TIME dotCom Berhad and Head of Distributor and Modern Trade Management at Maxis Berhad.

In 2014, Inodes, which is backed by Creador Group, a Malaysian mid-market private equity fund group, acquired a 70.0% equity interest in our Company, and has been our major shareholder since then. Today, Inodes owns a 80.0% equity interest in our Company. The Creador Group has played a crucial role in propelling the growth and expansion of our digital solutions over the past six years. During this period, we have grown our commercial base, increased our share of wallet in our Key Accounts customers, penetrated new verticals and new capabilities, and expanded our presence into new markets including Thailand.

### 7.2.2 Our future plans and strategies

We intend to pursue the following strategies to grow our business.

**(i) We intend to continue to invest in further developing and extending our ecosystem of end-to-end credit management solutions.**

We are a one-stop, fully integrated credit management service provider offering end-to-end credit management solutions, akin to players from developed markets such as Experian plc, TransUnion LLC and Equifax LLC. According to the IMR Report, there is currently a limited number of players who are able to offer the full suite of digital solutions that we do in Malaysia. Our ability to provide value-added digital solutions beyond traditional credit reporting services has resulted in our larger revenue base. This is a key competitive advantage for us and we intend to continue developing and extending our ecosystem to cement our market share leadership in Malaysia.

## 7. BUSINESS OVERVIEW (Cont'd)

---

To further develop and extend our ecosystem of end-to-end credit management solutions, we intend to continue to invest in new databases and innovate new digital solutions for our customers with a focus on data and analytics as well as digital transformation.

We work closely with our customers to facilitate the digital transformation of their credit management processes, by developing new value-added digital solutions which are customised to customers' needs. This further differentiates us from most of our local and regional peers. Over the past three years, we have launched CTOS eKYC, CTOS SME Score, CTOS IDGuard and CAD, amongst others, and more recently in 2021, CTOS Tenant Screening Report. These new launches span across three customer lifecycle stages and we expect them to further increase revenue contributions from our Key Accounts and Commercial customers. By being close to our customers, we tend to innovate naturally in accordance with the latest industry trends. Our CTOS eKYC and CAD solutions cater to the digitalisation of various economies while our CTOS Portfolio Analytics and Insights solution has grown in its relevance to companies given the increase in availability of traditional and alternative data. Furthermore, CTOS IDGuard helps address customers' needs in tackling the emergence and growing occurrence of fraud cases.

In the next two years, we expect to invest in two main areas, i.e. our IT capabilities and data and analytics. We expect to allocate approximately 50.0% of our capital expenditures into upgrading our IT capabilities and approximately 15.0% of our capital expenditure into data and analytics using our internally generated funds. We recognise technology as the core of our digital solutions. By leveraging on advanced technologies, we are able to provide deeper insights, faster decisioning and increased accuracy of our credit scorings. Our continued investments in data and analytics have also allowed us to better provide customer-driven digital solutions and increase our engagement with any customer across our suite of digital solutions. It has also enabled us to be quicker, more efficient and more cost-effective across the process chain, further positioning ourselves at the forefront of the industry. Today, analytical services form 10% of revenue in the ASEAN credit reporting industry, approximately 15% less than that of the United States, according to the IMR Report. We believe that as our customers become increasingly digitalised and sophisticated, there will be greater demand for credit analytical services and we are currently well-positioned to benefit from the upside in these changing market dynamics.

In the medium to long term, we also intend to increase our investments in artificial intelligence and machine learning, so as to incorporate these technologies into our analytics and decisioning platforms (e.g. CTOS Scores and CAD). These new technologies can also increase our digital solutions' predictability of potential payment defaulters based on historical data points. We believe that these new technologies will define the credit reporting industry in future.

We are well-placed to further develop our ecosystem of end-to-end credit management solutions. With the scalability of our business model and our established branding domestically, we are optimistic that we will be able to develop these capabilities in-house or by forming strategic and synergistic partnerships with other credit management service providers to develop this ecosystem, locally or within the region.

## 7. BUSINESS OVERVIEW *(Cont'd)*

---

### (ii) **We will continue to deepen and broaden our data sources.**

CRAs in Malaysia compete on the extent of their databases and range of value-added services. Over the last 30 years, we have accumulated a large credit database of individuals and businesses in Malaysia. Despite our access to a wide variety of databases from various public and proprietary sources in Malaysia and internationally, we continue to deepen and broaden our data sources to provide unique insights to our customers.

Over the last five years, we have invested in various new databases. These databases include eTR, eTR Plus and CED. According to the IMR Report, we have one of the largest electronic trade reference database in Malaysia. We are also in the process of expanding the information we collect to include alternative data sources such as eTR Plus. Additionally, our CED contains litigation and bankruptcy proceedings information shared by our subscribers such as banks, non-bank financial institutions, telecommunication companies and law firms. Our proactive sourcing of new databases further enhances our proprietary database, forming the groundwork necessary to provide our full suite of digital solutions.

Through eTR Plus, we have been working with telecommunication and utility companies to gain insightful data regarding consumers' payments of utility bills. We intend to leverage on our strong local branding and long-standing working relationships with our key customers, to increase our database network through our Key Accounts and Commercial customers, and partners in a similar fashion as eTR Plus within the next three years. This will open up our access to a significantly greater number of information channels, and can help build a mutually beneficial community between us and our customers. Our customers can help enhance our databases while we can synthesise these data and provide even more insightful digital solutions through our data analytics capabilities.

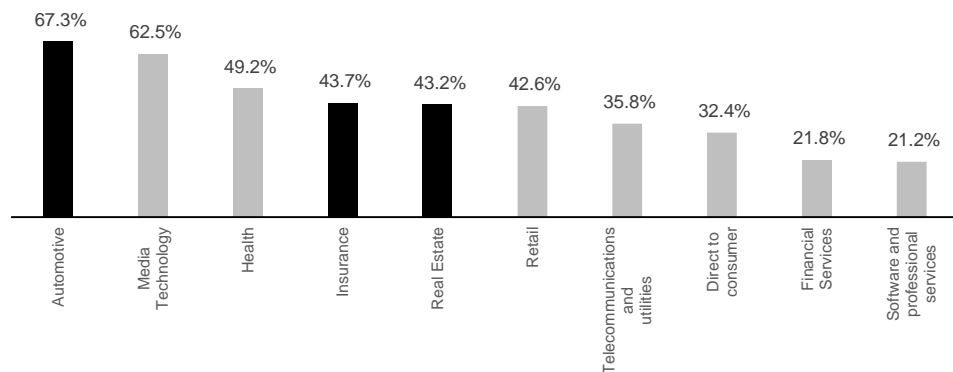
By consistently focusing on the depth and quality of information provision, we believe we can establish an even higher barrier to entry, allowing us access to high quality information and enabling us to provide greater value to customers.

### (iii) **We aim to expand into new verticals including automotive, real estate and insurance sectors.**

We will continue to expand into new sectors that we see strong growth potential. These sectors are typically present in global credit bureaux, but relatively nascent and unique to the Malaysian credit reporting industry. These sectors include automotive, real estate and insurance. According to the IMR Report, the forecast CAGR of the total addressable market of Malaysia's credit reporting industry from 2021 to 2025, by sector, is as follows:

## 7. BUSINESS OVERVIEW (Cont'd)

**Total addressable market for credit reporting industry services and products by sectors in Malaysia, 2021-2025E CAGR (%)**



Collectively, the total addressable market of the automotive, real estate, and insurance sectors is forecast to grow from RM25.1 million in 2021 to RM128.9 million by 2025, implying a 50.6% CAGR during this period, according to the IMR Report. Given our current market leadership in Malaysia, we expect we are best placed to benefit from this growth.

We also intend to continue to expand our digital solutions within new verticals. For example, to leverage on the growth of the real estate sector, we have launched the CTOS Tenant Screening Report, allowing landlords or agents to screen prospective tenants in a hassle-free manner, through a series of ID verification, KYC screening, financial checks, income estimation and historical legal cases or bankruptcies. Currently, we have several digital solutions that are in the pipeline related to motor vehicle checks and collections, which we aim to launch in the next two years based on current development timelines.

More broadly, we plan to continue to seek out opportunities to enhance our scoring models and expand our offerings in new verticals. For example, we believe that there is potential to penetrate the insurance sector by applying our analytics to predict the associated risks of an insurance policy and the probabilities of insurance fraud and likelihood of fatality and accidents. We will carefully evaluate each opportunity that we identify in the future.

Despite being one of the more developed financial markets with the ASEAN region, there exists many growth opportunities within Malaysia's credit reporting industry. As the market leader in Malaysia, we are well-positioned to capitalise on the growth of the automotive, real estate and insurance sectors, as well as expand our presence in digital solutions to increase our revenue base.

**(iv) We aim to maintain our market share leadership for CRA services in Malaysia.**

We are the leading CRA in Malaysia. In terms of revenue, our market share in 2020 was approximately 71.2% of Malaysia's credit reporting industry, according to the IMR Report.

## 7. BUSINESS OVERVIEW (Cont'd)

---

To maintain or grow our leading market share, we will focus on increasing our market penetration, in particular by growing our Key Accounts customer base. We intend to introduce new digital solutions to capture a larger share of wallet of our Key Accounts customers, including banks and financial institutions. In 2019, we launched CTOS eKYC and in 2020, CTOS IDGuard. More recently in 2021, we launched CTOS Tenant Screening Report.

We also intend to launch new digital solutions and increase consumer awareness campaigns to increase our market penetration within the consumer segment. Examples of recent launches include CTOS SecureID, a consumer fraud protection and credit monitoring service with dark web monitoring, which we launched in 2018. CTOS SecureID focuses on the Direct-to-Consumer customers and generates revenue through an annual or monthly subscription fee revenue model.

In the last three years, we have launched at least one digital solution each year. We intend to stay innovative and create high quality value-added digital solutions that cater to our existing customers' requirements as well as venture into new verticals and acquire new customers to increase our revenue base. We take deliberate and prudent steps when planning for each new launch and are confident that our future digital solution launches will further strengthen our current ecosystem and provide greater value to our existing and new customers. The high barriers to entry that we create from our constant innovation and development of new digital solutions, will allow us to maintain our market share leadership in Malaysia.

**(v) We may selectively pursue acquisitions and investments in companies as part of our growth strategy.**

Part of our future plan is to selectively pursue acquisitions and investments in companies as part of our growth strategy. We typically seek acquisitions of digital solutions that complement ours and have direct cost and capability synergies with our digital solutions as well as businesses with significant growth potential, enabling us to expand our digital solutions offering, achieve value chain integration for our existing segments and customers, and facilitate entry into new verticals mentioned above. We are selective about company acquisitions, first assessing if the proposed target business presents a clear value proposition. In light of the above strategy, we are exploring investment and acquisition opportunities in companies with technologies or skills set that are complementary and are expected to add value to our existing business.

In July 2019, we acquired the entire equity interest of two investment holding companies, namely Enfo and CTOS Insights, which resulted in us owning a 26.0% equity interest in Experian, a Malaysian CRA majority-owned by a company associated with Experian plc, a multinational information services company. We intend to maintain our 26.0% equity interest in Experian.



## 7. BUSINESS OVERVIEW (Cont'd)

In June 2020, we acquired a 51.0% equity interest in CIBI, a credit bureau in the Philippines, for the purpose of expanding our offerings in the Philippines across the customer lifecycle. On [●] 2021, we completed the Distribution to exclude CIBI from our Group after we, in consultation with our shareholders, determined that CIBI requires further investments in terms of capital and time to better position itself to capture growth opportunities in the Philippines, and taking into account the impact of the COVID-19 pandemic on CIBI's business. The exclusion of CIBI will allow CIBI to focus on building up its sales organisation, risk and compliance functions, internal audit processes, new product development capabilities and data acquisition strategies without distracting us from, and allowing us to focus on, our core business in Malaysia and other regional growth opportunities. As CIBI's business in the Philippines matures, we may evaluate CIBI for future re-investment.

In 2020, we acquired a 20.0% equity interest in BOL which is incorporated in Thailand. The investment provided us with a foothold in the fast growing Thailand market. BOL offers a comprehensive online business information platform, and various customer lifecycle, risk management, business intelligence and data management solutions. The business offers solutions that are complementary to our digital solutions portfolio. We may consider increasing our equity interest in BOL in the future.

More recently, in January 2021, we acquired the entire equity interest in Basis, a Malaysian CRA, for strategic purposes such as complementary digital solutions, costs synergies as well as to further increase our market share in Malaysia. The acquisition of Basis has expanded the range of our international business reports and provides us with a complementary base of international customers in industries such as insurance, services and credit reporting who are located primarily in Asia Pacific and Europe.

As countries within the Asia Pacific region develop, we foresee additional growth opportunities for us. We are actively seeking opportunities to expand geographically to some of these countries save for Thailand and the Philippines, and we believe that our competitive advantage lies in our deep industry expertise and track record of robust and sustainable domestic growth. We intend to employ a systematic and prudent approach to our geographical expansion. In respect of any potential domestic expansion, we shall take into consideration the risk of increased scrutiny because of our market position in Malaysia as set out in Section 5.1.1(iii) of this Prospectus. As at the LPD, we have identified a target business in the Asia Pacific region but such acquisition plan is still in a preliminary discussion phase.

We intend to remain prudent on leverage to fund our acquisitions and investments and maintain a healthy and sustainable capital structure balanced with business growth, both organically and inorganically.

### 7.3 KEY MILESTONES

The following table summarises the key milestones in the history of our business.

<b>Year</b>	<b>Event</b>
1990	Our founders, Chung Tze Keong and Chung Tze Wen, started the credit reporting business under CTOS Sdn Bhd to provide fax-based enquiries services for banks in Malaysia

## 7. BUSINESS OVERVIEW (Cont'd)

<u>Year</u>	<u>Event</u>
1992	CTOS Data Systems was incorporated with the goal to better serve banks and finance institutions in Malaysia by enabling direct integration of its database with systems of some of the financial institutions which had subscribed to its credit reporting services
1994	CTOS-EMR was incorporated to serve commercial companies <sup>(1)</sup>
2007	CTOS Credit Manager launched
2010	Malaysia enacted the CRA Act
2011	CTOS ID launched
2013	CTOS Mobile Application launched
2014	<ul style="list-style-type: none"> <li>• The CRA Act came into force and CTOS Data Systems was registered as a licensed CRA<sup>(1)</sup></li> <li>• Inodes acquired a 70.0% equity interest in our Company</li> </ul>
2015	CTOS Data Systems first obtained access to CCRIS data
2016	<ul style="list-style-type: none"> <li>• CTOS Consumer Score launched in collaboration with FICO</li> <li>• CTOS FREE Score campaign launched to promote responsible lending and financial literacy</li> </ul>
2018	CTOS SecureID and CAD launched
2019	<ul style="list-style-type: none"> <li>• We acquired a 26.0% equity interest in RAM Credit Information Sdn Bhd (“<b>RAMCI</b>”) through the acquisitions of Enfo and CTOS Insights. RAMCI was subsequently renamed Experian</li> <li>• CTOS SME Score and CTOS eKYC launched</li> </ul>
2020	<ul style="list-style-type: none"> <li>• Expansion of our analytics capabilities for monitoring and insights solutions through CTOS Portfolio Analytics and Insights</li> <li>• CTOS IDGuard launched</li> <li>• We acquired a 20.0% equity interest in BOL</li> </ul>
2021	<ul style="list-style-type: none"> <li>• We acquired the entire equity interest in Basis to expand our range of international business reports</li> <li>• CTOS Tenant Screening Report launched</li> </ul>

**Note:**

- (1) Selected business of CTOS Sdn Bhd and CTOS-EMR were acquired by CTOS Data Systems to form part of CTOS Data Systems' business from 2014 onward.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.4 OUR CUSTOMERS

The table below summarises our revenue by type of customer for the financial years indicated.

	FYE 31 December					
	2018		2019		2020	
	RM' 000	%	RM' 000	%	RM' 000	%
<b>Malaysia</b>						
Key Accounts	41,440	37.5	49,321	38.2	47,335	33.7
Commercial <sup>(1)</sup>	64,391	58.3	74,449	57.6	79,600	56.7
Direct-to-Consumer	4,634	4.2	5,371	4.2	6,290	4.5
<b>Sub-Total</b>	<b>110,465</b>	<b>100.0</b>	<b>129,141</b>	<b>100.0</b>	<b>133,225</b>	<b>94.8</b>
<b>International B2B<sup>(2)</sup></b>	-	-	-	-	7,271	5.2
<b>Total</b>	<b>110,465</b>	<b>100.0</b>	<b>129,141</b>	<b>100.0</b>	<b>140,496</b>	<b>100.0</b>

**Notes:**

- (1) Revenue from our Commercial customers will include revenue from Basis in the FYE 31 December 2021 following our acquisition of the entire equity interest in Basis in January 2021.
- (2) Revenue from our International B2B customers comprised revenue from CIBI following our acquisition of a 51.0% equity interest in CIBI in June 2020. We removed our entire 51.0% equity interest in CIBI from our Group via the Distribution which was completed in [●] 2021.

From the FYEs 31 December 2018 to 31 December 2020, our revenue grew at a CAGR of 12.8%, with revenue from our Key Accounts customers growing at a CAGR of 6.9%, revenue from our Commercial customers growing at a CAGR of 11.2% and revenue from our Direct-to-Consumer customers growing at a CAGR of 16.5%. From the FYEs 31 December 2018 to 31 December 2020, the number of our Key Accounts customers remained consistent as we have existing relationships with a majority of customers who fall within this customer type while the number of our Commercial and Direct-to-Consumer customers grew at a CAGR of 14.4% and 36.6% respectively.

## 7. BUSINESS OVERVIEW (Cont'd)

---

For the FYE 31 December 2020, our revenue from our Key Accounts customers decreased and the increases in our revenue from our Commercial customers and our Direct-to-Consumer customers were partially offset because we reduced our fees charged to customers for our CTOS Data Systems Reports, which was a condition to us receiving a CCRIS fee waiver from BNM. BNM began providing free access to its CCRIS database in June 2020 to help alleviate the impact of the COVID-19 pandemic on businesses. Our receipt of the CCRIS fee waiver and reduction of fees charged to our customers resulted in lower revenue and cost of sales related to sales of CTOS Data Systems Reports, but in turn had no impact on our gross profit and resulted in an improvement in our gross profit margin for the FYE 31 December 2020.

For more information on our results of operations for the FYEs 31 December 2018, 31 December 2019 and 31 December 2020, see Section 12.2.5 of this Prospectus.

### 7.4.1 Key Accounts

Our Key Accounts customers comprises approximately 430 of CTOS Data Systems' highest revenue-generating customers as well as other selected customers, such as those with complex requirements or well-recognised brands as at the LPD. Our Key Accounts customers are all located in Malaysia and include commercial banks, other established financial institutions, telecommunication companies, insurance companies, fintech companies such as P2P lenders and e-commerce platforms, and business organisations.

The digital solutions that CTOS Data Systems provides to our Key Accounts customers include CTOS Scores, CAD, CTOS eKYC, Comprehensive Portfolio Review, CTOS Portfolio Analytics and Insights, and CTOS IDGuard. We often customise these digital solutions to meet our customers' specific requirements and integrate these digital solutions into their technology platforms. CTOS Data Systems generates revenue from our Key Accounts customers primarily by providing digital solutions to our Key Accounts customers, including tailored solutions depending on their unique business requirements. These contracts are generally for a fixed term, typically one to three years, and renewed upon expiry. The payment terms of these contracts range from 30 to 90 days. We have a 100.0% Key Accounts customer retention rate since 2017. Some of our contracts include minimum commitments from customers. We also generate revenue from our Key Accounts customers from various licence, set-up and maintenance fees for our digital solutions.

For the FYEs 31 December 2018, 31 December 2019 and 31 December 2020, revenue from our Key Accounts customers accounted for 37.5%, 38.2% and 33.7% of our revenue, respectively.

### 7.4.2 Commercial

Our Commercial customers comprises all of CTOS Data Systems' commercial customers other than our Key Accounts customers and all of Basis' customers. Our single largest category of Commercial customers is SMEs served by CTOS Data Systems. In line with BNM's classification of SMEs, we consider an SME to be (i) a manufacturing company with annual sales turnover of less than RM50.0 million or less than 200 full-time employees; or (ii) a company in the services and other sector with annual sales turnover of less than RM50.0 million or less than 75 full-time employees. The majority of Basis' customers are located internationally across the Asia Pacific and Europe. Our Commercial customers span nearly every industry, including automotive dealers, legal services and non-bank financial services providers such as fintech companies and e-commerce platforms. We have approximately 17,000 Commercial customers as at the LPD.

## 7. BUSINESS OVERVIEW (Cont'd)

---

We generate revenue from our Commercial customers primarily through subscription fees that customers pay for access to CTOS Credit Manager and to utilise our customer management modules as well as from sales of additional digital solutions and services that our customers purchase from CTOS Credit Manager and CTOS Basis (formerly BASISNET). These additional digital solutions and services include access to our eTR database and trade reference profiles uploading to the eTR database, as well as purchases of our various domestic Malaysian and international business reports. The subscription fees for CTOS Credit Manager are payable within 30 days upon the invoice being uploaded to the account of the customer on CTOS Credit Manager. The fees for additional digital solutions and services are payable within 30 days of purchase.

To serve our Commercial customers, we aim to provide easy-to-use, ready off the shelf, and effective credit insights and risk management tools to help businesses make credit or trade decisions, facilitating broad access and affordable credit for both business-to-business and business-to-consumers. For more information on our digital solutions, see Section 7.5 of this Prospectus.

For the FYEs 31 December 2018, 31 December 2019 and 31 December 2020, revenue from our Commercial customers accounted for 58.3%, 57.6% and 56.7% of our revenue, respectively. CTOS Data Systems' SME customers accounted for 90.0%, 91.4% and 92.4% of our Commercial revenue during the same periods.

### 7.4.3 Direct-to-Consumer

Our Direct-to-Consumer customers are Malaysian consumers. As at the LPD, we have approximately 1.3 million registered users for CTOS ID, which is CTOS Data Systems' entry-point consumer offering that provides consumers with access to basic information about their credit.

We generate revenue from our Direct-to-Consumer customers primarily from the sale of MyCTOS Score Reports through our website and through authorised reseller agents. Consumers who purchase MyCTOS Score Reports receive their CTOS Consumer Score and other information regarding their credit history and financial health, such as CCRIS information, directorship and business interests, litigation cases and trade reference information.

Our Direct-to-Consumer digital solutions are designed to promote financial literacy and credit awareness by helping Malaysians understand their own creditworthiness and educating them of the value of maintaining good credit health, leading to greater access to credit. We also generate revenue from our Direct-to-Consumer customers from CTOS SecureID, our consumer fraud protection and credit monitoring SaaS solution with dark web monitoring, a feature that can alert a consumer if his or her personal information is available on the dark web.

For the FYEs 31 December 2018, 31 December 2019 and 31 December 2020, revenue from our Direct-to-Consumer customers accounted for 4.2%, 4.2% and 4.5% of our revenue, respectively.

### 7.4.4 International B2B

For the FYE 31 December 2020, revenue from our International B2B customers accounted for 5.2% of our revenue. Our International B2B operations comprised the operations of CIBI in the Philippines after our acquisition of a 51.0% equity interest in CIBI in June 2020 until [●] 2021 when we completed the Distribution and no longer have any equity interest in CIBI.

## 7. BUSINESS OVERVIEW *(Cont'd)*

### 7.5 OUR DIGITAL SOLUTIONS

We provide digital solutions to support businesses at every stage of the customer lifecycle from new customer identification to customer onboarding to decisioning to customer management and monitoring to recovery, where required. We also provide digital solutions to our Direct-to-Consumer customers to help them understand and monitor their credit health.

The stages of the customer lifecycle and the primary digital solutions that we offer at each stage are summarised below:

<b>Lifecycle stage</b>	<b>Description</b>	<b>Our digital solutions offered through CTOS Data Systems and Basis</b>
Identification	When our customer identifies a prospective business or consumer for a new business relationship or transaction.	<ul style="list-style-type: none"> <li>• <i>CTOS CreditFinder</i></li> <li>• <i>CTOS Tenant Screening Report</i></li> <li>• <i>Company Search</i></li> <li>• <i>Business Listings</i></li> <li>• <i>Customised Bulk Data Sales</i></li> </ul>
Customer/vendor onboarding	The initial step of determining whether a prospective customer or vendor is suitable for a new transaction or business relationship based on their past business and financial dealings.	<ul style="list-style-type: none"> <li>• <i>CTOS IDGuard</i></li> <li>• <i>CTOS eKYC</i></li> <li>• <i>CAD</i></li> <li>• <i>CTOS Credit Manager</i></li> <li>• <i>CTOS Tenant Screening Report</i></li> </ul>
Application and decisioning	After a prospective customer is onboarded, the point in time when a business decides whether or not to extend credit to the prospective customer.	<ul style="list-style-type: none"> <li>• <i>CAD</i></li> <li>• <i>CTOS Scores</i></li> <li>• <i>CTOS Credit Manager</i></li> <li>• <i>CTOS Data Systems Reports, CTOS Basis Reports and External Reports</i></li> <li>• <i>CTOS Basis (formerly BASISNET)</i></li> <li>• <i>eTR</i></li> <li>• <i>eTR Plus</i></li> </ul>
Management and monitoring	Within a business' portfolio of existing customers, there are opportunities to generate new and additional sources of revenue as well as potential areas of credit risk. Effective portfolio management, analysis and monitoring can better identify these opportunities and risks.	<ul style="list-style-type: none"> <li>• <i>CTOS Credit Manager</i></li> <li>• <i>Comprehensive Portfolio Review</i></li> <li>• <i>CTOS Scores</i></li> <li>• <i>CTOS Portfolio Analytics and Insights</i></li> <li>• <i>CTOS IDGuard</i></li> <li>• <i>CTOS SecureID</i></li> </ul>
Recovery	The stage in the customer lifecycle when a business must manage its relationship with a customer that can no longer meet its credit obligations.	<ul style="list-style-type: none"> <li>• <i>CTOS Credit Manager</i></li> <li>• <i>eTR</i></li> <li>• <i>eTR Plus</i></li> </ul>

## 7. BUSINESS OVERVIEW (Cont'd)

---

### 7.5.1 Credit Scores

#### **CTOS Scores**

CTOS Scores are three-digit numbers that represent an analytical assessment of the credit health of a consumer or business. We have two types of credit scores: our CTOS Consumer Score and our CTOS SME Score.

Our CTOS Consumer Score provides a credit evaluation of consumers to assist our Key Accounts and Commercial customers in their decision to lend, perform account management and collections and recovery. Our CTOS Consumer Score also helps consumers to understand their credit position, promotes financial literacy and enables them to take action to improve their credit.

Our CTOS Consumer Score was developed by FICO, one of the leading global consumer score providers, in collaboration with us, combining FICO's scoring modelling technology with our comprehensive databases. First launched in 2016, our current, second-generation CTOS Consumer Score has been generated based on five categories of predictive characteristics: payment history, outstanding credit, credit mix, pursuit of new credit and credit history length.

Our CTOS SME Score provides a credit evaluation of businesses, similar to our CTOS Consumer Score. Our CTOS SME Score can be used by our Key Accounts and Commercial customers in their account origination and trade credit decisions, account management activities, targeted upselling, cross-selling as well as general risk assessment and management.

Our CTOS Scores are a key component of our digital solutions and are sold both as part of our CTOS Reports and individually. Our CTOS Scores are integrated into our other digital solutions, including CAD, Comprehensive Portfolio Review and CTOS Portfolio Analytics and Insights. Our CTOS Scores are included in a number of our CTOS Reports that are available for purchase by our Key Accounts customers and by our Commercial customers that subscribe for CTOS Credit Manager. We also sell our CTOS Scores to Key Accounts customers for use in their own proprietary decisioning processes. Consumers can access their own CTOS Consumer Score by purchasing a MyCTOS Score Report, which contains a CTOS Consumer Score as well as financial and other information about the consumer.

As at the LPD, we had generated over 6 million CTOS Consumer Scores since it was launched in 2016.

### 7.5.2 CTOS Credit Manager and CTOS Basis

CTOS Credit Manager is our SaaS online credit risk management platform for customers to search, store, monitor and manage their own customers' and/or related business parties' credit and other information. Through CTOS Credit Manager, customers can purchase a range of our credit offerings, including CTOS Data Systems Reports and External Reports and portfolio alerts to monitor changes in their customers' credit profile and litigation, bankruptcy, trade reference and business information. CTOS Credit Manager's subscribers can also upload trade information about their own customers' outstanding credit obligations to eTR, which promotes responsible credit behaviour and discourages delinquencies.

CTOS Credit Manager is primarily intended for our Commercial customers. We charge a subscription fee, which can be paid monthly or annually. Customers can also purchase access to, or use of, our digital solutions through CTOS Credit Manager.

## 7. BUSINESS OVERVIEW *(Cont'd)*

---

Our recently acquired wholly-owned subsidiary, Basis, has in the past operated BASISNET, an online platform for business and credit information. As part of the process of integrating Basis, we have rebranded BASISNET as CTOS Basis. Customers can subscribe to CTOS Basis on an annual basis or purchase prepaid packages to access Basis' international credit and local comprehensive credit reports, litigation check, credit monitoring services and Business Listings.

### 7.5.3 Comprehensive Portfolio Review

CTOS Data Systems performs comprehensive reviews, colloquially referred to as "scrubs", of our customers' portfolios of end-customer data to provide them with more information about their own customer bases. Our portfolio reviews have a wide range of customer applications, including credit decisioning for upselling and cross-selling, fraud prevention, risk management, sales and marketing. To conduct a portfolio review, we compare a customer's portfolio against a selection of our own comprehensive databases. The list of our own databases that we review against is determined based on the types of insights that our customers are seeking. For example, we can compare a customer's database against our own and identify instances of information mismatches, which our customers can then use to investigate end-customer fraud or information withholding. We offer portfolio reviews to both our Key Accounts and Commercial customers. We charge a one-time fee for each review, which varies based on the nature of the review.

### 7.5.4 Portfolio Analytics and Insights

CTOS Data Systems provides customised analytics and insights to customers based on a combination of a customer's portfolio data and our own comprehensive databases. We tailor our analytics and insights to each customer based on their particular goal or need. For example, we are able to analyse a customer's portfolio to identify trends, the drivers behind those trends, appropriate benchmarks and targets, growth opportunities and areas of heightened credit risk. CTOS Data Systems offers CTOS Portfolio Analytics and Insights services to both our Key Accounts customers and our Commercial customers who are larger SMEs. We charge a one-time fee for each project, which varies based on the nature of the project.

### 7.5.5 CAD

CAD is our SaaS solution that automates a customer's credit assessment process using analytics and insights from our proprietary information databases. Our CAD solution is a no-code customer origination and decisioning platform provided by Credisense. The solution comprises drag-and-drop build, customisation of digital application forms and customer portals and a scoring and decisioning workflow engine. This provides a centralised platform for digitisation and automation of customer on-boarding and risk decisioning. When a customer inputs a credit application into our CAD solution, the CAD decision engine analyses the application against internal and external factors (for example information about the applicant based on our databases as well as the business and credit policies of customers) and produces instant application decisions.

CAD is designed to be easy to use and scalable for any business that makes credit decisions, regardless of industry. Our CAD customers currently include banks and corporates, including both our Key Accounts and Commercial customers. CAD is available as a cloud-based service or on-premises application. Customers pay a transactional fee and a one-time set-up fee.



## 7. BUSINESS OVERVIEW *(Cont'd)*

---

### 7.5.6 CTOS eKYC

CTOS eKYC is our digital onboarding solution that provides banks and businesses with digital identity verification via a four-layer authentication process, which is compliant with all applicable regulatory standards. CTOS eKYC solution meets the eligibility criteria under BNM's Financial Technology Regulatory Sandbox Framework. The solution comprises four modules:

- (i) Document Verification – Using OCR technology, information on a government-issued ID is scanned or photographed, temporarily uploaded to our platform and verified for authenticity;
- (ii) Facial Recognition – Still or in-motion facial images are shared to our platform, analysed against the database of our customer's choosing and matched with a facial image that has been extracted from a government-issued ID;
- (iii) Bureau-file Verification – Customer information, such as information extracted from a government-issued ID using OCR technology or information in an existing database, is cross-checked against our proprietary information databases to identify information mismatches and red flags; and
- (iv) Knowledge-Based Authentication – The applicant is given a series of dynamic questions generated from our information database, and correct answers are used to confirm the applicant's identity.

We offer CTOS eKYC as a cloud-based or on-premises solution. Customers can integrate our CTOS eKYC modules into their channel of choice, including mobile or desktop applications and each module can be customised according to customers' needs, making our solution efficient and scalable. CTOS eKYC is available to both our Key Accounts and Commercial customers. Customers pay either monthly subscription fees and/or transactional fees and a one-time set-up / implementation service. Fees vary based on the number of modules that the customer purchases.

### 7.5.7 Our Reports

We produce reports that leverage our insights, digital solutions and information from our databases. We also sell external reports produced by third parties. These reports are delivered digitally to help our customers evaluate prospective or existing customers and to help consumers understand their own credit position.

Our reports can be purchased through CTOS Data Systems' Credit Manager platform and Basis' CTOS Basis. They can also be purchased by accessing CTOS' and Basis' respective websites. Some reports are also sold through third-party vendors. Reports can also be requested through some of our integrated digital solutions, such as CTOS' CAD.

We offer two categories of reports, which are described in detail below: (i) reports on Malaysian businesses and consumers that we offer in Malaysia and (ii) reports on international businesses that we offer in Malaysia.

## 7. BUSINESS OVERVIEW *(Cont'd)*

---

### Malaysia Reports:

Our reports on Malaysian businesses and consumers include:

- CTOS Reports:
  - CTOS Report: contains basic identification, financial, litigation and trade reference information about a business or individual but does not include CTOS Scores. A CTOS Report contains, among others, company profile information from the CCM, banking payment history from CCRIS and trade reference information from our eTR database, as applicable;
  - CTOS LitE Report: CTOS Report excluding banking payment history, dishonoured cheques, CCRIS supplementary information, litigation and bankruptcy information and eTR information;
  - CTOS Score Report and CTOS SME Report: comprises the CTOS Report and a CTOS Consumer Score or CTOS SME Score;
  - MyCTOS Basic Report: contains basic consumer identification, as well as directorship and business interest information, excluding the CTOS Consumer Score, which is available for free for consumers with a CTOS ID; and
  - MyCTOS Score Report: comprises the MyCTOS Basic report and a CTOS Consumer Score;
- Basis Credit Report: contains Basis Overseas Report information on companies in Malaysia;
- Basis Business Report: contains detailed information about the business entity including its history, directors, corporate registry information, banking relationships and encumbrances as well as potential legal suits related to the business entity and forms part of the Basis Overseas Report and Basis Credit Report or can be purchased separately;
- Basis Trade Report: contains Basis Business Report information and the latest three years' financial statements, comparative financial analysis and financial comments on Malaysian companies;
- CTOS Tenant Screening Report: contains identification verification, KYC screening information, financial checks, income estimation and historical legal cases or bankruptcies, which allows landlords or agents to screen prospective tenants;
- External Reports:
  - ROC Report, ROB Report and LLP Report: reports from the CCM that contain basic information about a business, such as the company/LLP number, registration date, status, registered office, directors/officers, partners/shareholders/members and company charges;
  - Idaman Report: contains detailed company information and financial report from the CCM, including corporate documents, annual return and company charges;

## 7. BUSINESS OVERVIEW *(Cont'd)*

---

- MDI Report: contains bankruptcy and insolvency information of individuals and businesses;
- E-Court Search Report: contains information on legal proceedings in Malaysia from public court listings and legal notices; and
- Land Title Report: contains official property ownership information from land offices in Malaysia.

### **International Reports:**

Our reports on international businesses include:

- Basis Overseas Report: contains information on companies outside of Malaysia, including registration information, date of incorporation, legal status, capital structure, encumbrances and legal actions, as well as more extensive information on payment records, clientele, operations, recent developments, industry outlook, Basis' comments on the company's position based on the aforementioned information and Basis' credit risk evaluation; and
- Singapore Comprehensive Report: similar to Basis Credit Report and contains ACRA registry related information, company financials, comparative ratios and industry outlook for Singaporean companies.

### **7.5.8 CTOS IDGuard**

CTOS IDGuard is our proprietary fraud bureau, offering a data sharing platform for our Key Accounts customers, particularly in the banking sector, to detect and prevent application fraud. CTOS IDGuard is hosted by us and powered by a fraud engine from GBG. Our customers submit consumer credit applications to our CTOS IDGuard platform, which screens the application against previously shared applications and information in our various databases to detect anomalies in real-time. CTOS IDGuard can help detect ID theft and impersonation, false and synthetic identities, data and document manipulation, organised fraud rings and syndicates. Customers pay an annual subscription fee for CTOS IDGuard.

According to the IMR Report, our track record for our existing digital solutions, such CTOS IDGuard, for which we are a pioneer in the industry and the only fraud bureau in Malaysia that offers this solution, shows our commitment towards new technology.

### **7.5.9 CTOS SecureID**

CTOS SecureID is our consumer fraud protection and credit monitoring SaaS solution. CTOS SecureID subscribers receive real-time alerts on suspicious activity and potential information data breaches affecting their accounts. Fraud alert coverage includes dark web monitoring and notifications of new credit applications, credit limit changes, account closures, address changes and potential credit scams. The solution is available through a monthly or yearly subscription. Annual CTOS SecureID subscribers receive one MyCTOS Score Report each quarter. CTOS SecureID subscribers also receive Takaful coverage against financial loss from fraudulent transactions and other injuries.

## 7. BUSINESS OVERVIEW *(Cont'd)*

---

### 7.5.10 CTOS CreditFinder

CTOS CreditFinder is our online matching and referral platform where lenders can list their financial products such as credit cards, home loans or personal loans. Consumers can compare product features and receive credit offers based on their CTOS Consumer Score. CTOS CreditFinder is free to consumers, and we charge CTOS CreditFinder customers a monthly subscription fee and marketing fees.

### 7.5.11 Customised Bulk Data Sales

Basis offers customised bulk data sales, which are sales of bulk data sets to a customer. The customer is able to specify the particular subset of information from our database that it wishes to purchase in bulk, including information from our Business Listings. Business Listings is Basis' directory of Malaysian businesses containing basic information such as business description, contact details and hours of operations for prospecting purposes.

### 7.5.12 Company Search

Company Search provides customers with a directory of companies in Malaysia and is available through CTOS Basis.

### 7.5.13 eTR and eTR Plus

While our digital solutions provide data-driven insights and analytics to help businesses effectively evaluate credit risks and make sound business decisions, we recognise that our customers also look to us to encourage timely debt repayment and support their recovery efforts if their customers fall behind on their payments. Our eTR and eTR Plus databases, offered through CTOS Data Systems, are our main recovery solutions. Our eTR database contains electronic trade references which contain non-bank negative payment behaviour information on Malaysian individuals and businesses (i.e. missed payment information). Our eTR Plus database also contains non-bank positive and negative payment behaviour information on Malaysian individuals and businesses (i.e. missed payment information and timely payment information). Thus, eTR Plus provides a more balanced representation of a consumer's credit history, creditworthiness and ability to borrow responsibly. For more information on our data sources and information databases, see Section 7.6 of this Prospectus.

At the beginning of a customer lifecycle, our eTR and eTR Plus databases supplement CCRIS data and serve as tools for our customers to evaluate whether to extend credit to their customers. At the end of the customer lifecycle, negative information added to these databases serve as early indicators that a person or business may default. If the account of our customer's customer becomes delinquent, our customers can add a new trade reference record to our eTR database containing that delinquency information. The new trade reference record in the eTR database is included in our various reports and can adversely impact the end customer's CTOS Score. Owing to our leading market position among Malaysia's CRAs, debtors recognise that creditors are likely to access our reports and credit scores before deciding to extend new credit to the debtor, which encourages the debtor to stay in good standing in our eTR and eTR Plus databases, which encourages timely repayment and helps our customers recover their outstanding debts.

Our Key Accounts and Commercial customers can upload trade reference records to our eTR database through our digital platforms. Customers pay a monthly fee to access and upload trade reference records to our eTR database depending on the amount of uploads they require. eTR Plus database is free for members to contribute, and any eTR Plus contributor may access the database.

## 7. BUSINESS OVERVIEW *(Cont'd)*

---

### 7.6 OUR DATA SOURCES AND INFORMATION DATABASES

Our databases contain data collected for over 30 years. As at the LPD, our databases contained profiles of approximately 15 million consumers and approximately 8 million companies and businesses.

We source information for our databases from various public and proprietary sources in Malaysia and internationally.

In Malaysia, our direct and indirect domestic data sources include the CCM, BNM's CCRIS database, domestic newspapers and media publications, the Federal Government Gazettes, MDI, local land offices and other publicly available information such as public court listings, publications and gazettes. Our international data is sourced from Basis' network of global data partners.

With respect to our eTR and eTR Plus databases, we also obtain data from our customers in the form of trade reference profiles that they upload, as further described below.

Data that we collect and aggregate is checked for duplicitous entries and data are subject to verification or audit. To ensure the validity of the data uploaded and to minimise discrepancies in uploaded data, we conduct periodic data integrity checks on information in our databases and resolve inaccuracies through our standard compliance resolution process with the relevant parties.

Our main proprietary databases are our eTR database, our eTR Plus database and CED, each of which was developed and are maintained by CTOS Data Systems.

#### 7.6.1 eTR

Our eTR database contains the non-bank negative payment histories of Malaysian consumers and businesses. Each trade reference in the eTR database contains a delinquent payment record of a consumer or business, including the debtor's name, creditor's name and contact information, the age of the account, outstanding payment information, past credit terms and limits and history of demands for payment and returned cheques. These trade reference records are included in our various reports and are used in the calculation of our credit scores and in our insights and analytics solutions.

eTR also aids our customers in recovery by encouraging consumers and businesses to make timely payments in order to avoid a negative record and improve their credit scores in order to encourage positive credit decisions from other lenders.

#### 7.6.2 eTR Plus

Our eTR Plus database also contains non-bank payment behaviour information on Malaysian individuals and businesses including information on timely payment history. The eTR Plus database contains the payment history information on non-bank consumer loan facilities, rental, telephone and utilities bill payments, including both on-time payments and any missed payments. eTR Plus improves decisioning by providing a more comprehensive and balanced understanding of a prospective debtor's payment history by allowing businesses to take into account the prospective debtor's positive history of timely payments. Thus, eTR Plus helps to provide a more balanced representation of a consumer's credit history, creditworthiness and ability to borrow responsibly.

## 7. BUSINESS OVERVIEW *(Cont'd)*

---

### 7.6.3 CED

CED contains litigation and bankruptcy proceedings information shared by our subscribers such as banks, non-bank lenders, telecommunication companies and law firms. Each record contains details of the type and severity of the litigation, amounts in dispute and the identities of the plaintiffs and solicitors. These records are then published on the data subject's credit reports and serve as an additional basis to assess a consumer's credit worthiness.

## 7.7 STRATEGIC INVESTMENTS

### 7.7.1 Experian

In July 2019, we acquired the entire equity interest of two investment holding companies, namely Enfo and CTOS Insights, which resulted in us owning a 26.0% equity interest in Experian, a Malaysian CRA majority-owned by a company associated with Experian plc, a multinational information services company. In addition to credit reports and credit monitoring services, Experian offers various decisioning and analytics solutions. Notwithstanding our 26.0% equity interest in Experian and the right of our subsidiaries, CTOS Insights and Enfo, to each appoint a director to the board of Experian, no data is shared between our Group and Experian.

### 7.7.2 BOL

In October 2020, we acquired a 20.0% equity interest in BOL which was incorporated in Thailand in December 2003. BOL's principal activities are a service provider and developer of local and global financial information system and an online and offline business information service provider as well as a provider of consulting service, debt collection service and database management. BOL is listed on the Stock Exchange of Thailand. BOL's main offerings include Corpus, a comprehensive Thailand and international business information online platform that assists customers in evaluating the credit worthiness of their customers and ENLITE, a loan origination system widely used by Thai banks. BOL's offerings also include customer lifecycle and risk management, business intelligence, debt collection service and data management solutions.

## 7.8 TECHNOLOGY

Our IT systems collect, refine, access, process, deliver and store the data that is used to provide our digital solutions and are fundamental to our business. We directly control and manage all of our technology and infrastructure, which allows us to prioritise any changes and control the roll-out of any upgrades or changes.

Our technology systems use a two-tier infrastructure separating computing power and storage capacity to offer the scale and capacity that our operations require. We have the ability to organise and handle high volumes of disparate data and maintain high delivery speeds as our systems run on flash array, or multiple flash memory drives, that enables high read and write speeds. Our technology infrastructure is horizontally and vertically scalable and connects multiple levels of networks, servers, storages and applications through virtualisation, which we believe helps us increase technology productivity and efficiency while optimising costs. We regularly monitor this virtualised system to assess server health and capacity. Through virtualisation, we are able to scale workloads on demand and our two-tiered design allows us to scale areas of deficit.

## 7. BUSINESS OVERVIEW (Cont'd)

---

We have a team of qualified employees that manage our technology infrastructure. Our IT team comprises our IT operations unit and IT security unit which manage the overall performance and security of our IT systems, respectively. The activities of our IT team include conducting regular health checks and risk assessments on any solution or software that is deployed on our systems. Each unit is supported by a team that is responsible for various functions such as security, security audits, quality assurance, software development, system architecture and other related work streams. This team includes our own employees as well as additional resources from third-party providers.

### 7.8.1 Development of our digital solutions

The development and maintenance of CTOS Data Systems' digital solutions is planned, coordinated and managed by our digital solutions design team. Our digital solutions are designed, updated and de-bugged based on our team's assessments of our digital solutions as well as based on the requirements of and feedback from our customers. We use third-party vendors for development implementation under our active oversight.

Our guidelines for the development life cycle to develop, customise or maintain CTOS Data Systems' digital solutions is based on the requirements of international standard ISO 27001:2013. Although we are not ISO-certified at this time, we have voluntarily adopted the standard that is used by our third-party vendors and generally in our industry. These guidelines layout the framework for system design, project accomplishment and system maintenance, along with security and operational considerations. The systems development lifecycle typically includes five phases as set out below:

- (i) *Initiation*: During the initiation phase, the need for the system is expressed and the purpose of the system is documented;
- (ii) *Development and acquisition*: During this phase, the system is designed, purchased, programmed, developed, or otherwise constructed;
- (iii) *Implementation and assessment*: During this phase, the system is tested and installed;
- (iv) *Operation and maintenance*: During this phase, regular operation and maintenance services are performed on the software and modified to be adaptable to other hardware and software; and
- (v) *Disposal*: During this phase, the system is terminated according to the outlined security and safety procedures and the data is safely migrated to the new system.

We do not intend to be ISO-certified at this time but will continue to voluntarily adopt the standard. We do not foresee any risk of not being ISO certified as it is neither essential to our business nor required by our customers.

Following our acquisition of Basis, Basis has adopted CTOS Data Systems' policies and procedures for digital solutions development and maintenance.

## 7. BUSINESS OVERVIEW *(Cont'd)*

---

### 7.8.2 Data centres and business continuity

In order to reduce the impact of certain disruptions, create redundancy and increase resiliency, we use two data centres in Malaysia. Through these data centres we process, store and manage data collected as part of our operations. We generally employ similar technologies and infrastructures in both data centres in Malaysia to enable the optimal sharing of technical resources. Our data centres in Malaysia are fully virtualised and connected through a dedicated line for data transfer between the two sites, known as DWDM. The benefits of DWDM include speed of transfer, security of our data and dedicated point-to-point data transfer. Our data centres also use trusted data back-up solutions which enables us to manage data back-up and restoration of data in the event of system failure. In addition, all our systems are protected using advanced firewall products and solutions that we update regularly.

We maintain a framework for business continuity that includes written policies requiring each business and operating unit to identify critical functions. Our businesses and operating units have processes in place that are designed to maintain such functions and restore services in case there is a disruptive event such as a natural disaster, disease outbreak, system failure or loss of electricity, among others. We conduct annual vulnerability tests and also run data centre risk assessments every three years. We are also enhancing our existing disaster recovery plan to improve our existing data recovery protocols that take effect if critical infrastructure or systems fail or become disabled, which we expect will shorten our current disaster recovery timeframe of between four to 12 hours in the event of a disruption. We expect to finalise our enhanced disaster recovery plan by the end of April 2021, with disaster simulation to be completed by June 2021.

Following our acquisition of Basis, Basis adopted CTOS Data Systems' applicable policies and procedures for operating and maintaining its databases. Our data centres in Malaysia now process, store and manage data from both CTOS Data Systems and Basis. However, CTOS Data Systems and Basis each maintains its own distinct database, and each company uses its own database to provide its own digital solutions to its customers.

### 7.8.3 Security

The security and protection of our consumer and business information is one of our highest priorities. Our security infrastructure and programmes are based on the risk management guidelines established by BNM. In line with these guidelines, our security programmes incorporate continuous improvement methodology by proactively monitoring the security landscape externally and internally and deploying threat intelligence and threat hunting tools to provide us with baseline information to adjust security controls and make appropriate investments to improve our security.

We monitor and develop our IT networks and infrastructure to prevent, detect, address and mitigate the risk of unauthorised access, misuse, computer viruses and other events that could have a business impact. We employ a wide range of physical and technical safeguards that are designed to provide security around the collection, storage, use, access and delivery of information we have in our possession and reduce the risk of data breaches and virus attacks. These safeguards include firewalls, intrusion protection and monitoring, anti-virus and malware protection, vulnerability threat analysis, management and testing, advanced persistent threat monitoring, forensic tools, encryption technologies, data transmission standards, contractual provisions, customer credentialing, identity and access management, data loss, access and anomaly reports and awareness programmes for employees. To ensure our security systems are up to date, we regularly attend security events organised by leading data and technology security providers in the industry and subscribe to related newsletters, based on which we conduct regular internal training programmes for our employees.



## 7. BUSINESS OVERVIEW (Cont'd)

We undergo external IT audits annually to ensure compliance with BNM's RMIIT requirements. These audits assess us based on existing standard operating procedures to establish whether controls are in place and operating effectively and to identify areas for improvements and proper safeguard of access to BNM's data. We also conduct quarterly internal data leakage prevention reviews, analysing and reporting to our management potential weaknesses and compliance with internal data leakage prevention rules. Some of our customers also require us to submit to periodic security controls audits to ensure that our security protocols adhere to their requirements and in some cases, those of their regulator. We engage CREST-certified cybersecurity consultants to conduct CREST Certified Penetration Tests on our web application, internal and external network and the CTOS eKYC mobile application on a yearly basis.

We believe that our IT security systems and protocols are appropriate for the scale our business operations. The security and protection of our consumer and business information will continue to be one of our highest priorities. We intend to continue to make improvements to our IT security systems and protocols as security threats and technologies for security protection evolve.

Following our acquisition of Basis, Basis has adopted CTOS Data Systems' policies and procedures with respect to IT security.

### 7.9 OUR MAJOR CUSTOMERS

Our revenue streams are highly diversified with our largest customer providing less than 4.5% of our revenue for the FYE 31 December 2020. Our top five major customers accounted for RM18.8 million, or 16.8%, RM20.4 million, or 15.7% and RM19.9 million, or 14.2%, of our revenue for the FYEs 31 December 2018, 31 December 2019 and 31 December 2020 respectively. We are not dependent on any of our major customers. Our top five major customers are our Key Accounts customers and their contribution to our revenue in terms of amount and percentage for the financial years indicated are as follows:

FYE	Customer	Length of relationship as at the LPD <sup>(1)</sup>	Revenue	Percentage of revenue
		years	RM millions	%
31 December 2020	Customer A <sup>(2)</sup>	19	6.3	4.5
	Customer B <sup>(3)</sup>	19	5.5	3.9
	Customer C <sup>(4)</sup>	19	3.4	2.4
	Customer D <sup>(5)</sup>	18	2.5	1.8
	Customer E <sup>(6)</sup>	12	2.2	1.6
<b>Total</b>			<b>19.9</b>	<b>14.2</b>
31 December 2019	Customer A <sup>(2)</sup>	19	6.2	4.8
	Customer B <sup>(3)</sup>	19	5.4	4.2
	Customer C <sup>(4)</sup>	19	3.5	2.7
	Customer D <sup>(5)</sup>	18	2.9	2.2
	Customer F <sup>(7)</sup>	8	2.4	1.8
<b>Total</b>			<b>20.4</b>	<b>15.7</b>

**7. BUSINESS OVERVIEW (Cont'd)**

<b>FYE</b>	<b>Customer</b>	<b>Length of relationship as at the LPD<sup>(1)</sup></b>	<b>Revenue</b>	<b>Percentage of revenue</b>
31 December 2018	Customer A <sup>(2)</sup>	19	5.7	5.1
	Customer B <sup>(3)</sup>	19	4.4	3.9
	Customer C <sup>(4)</sup>	19	3.7	3.3
	Customer D <sup>(5)</sup>	18	3.0	2.7
	Customer E <sup>(6)</sup>	12	2.0	1.8
<b>Total</b>			<b>18.8</b>	<b>16.8</b>

**Notes:**

- (1) Rounded up to the nearest whole year if six months or more and vice versa.
- (2) Customer A is involved in the business of commercial banking and the provision of related financial services, and its activities are principally conducted in Malaysia. Customer A is a Malaysian-incorporated subsidiary of an investment holding company incorporated under the laws of Malaysia. The ultimate holding company of Customer A is incorporated under the laws of Malaysia and is listed on the Main Market of Bursa Securities. We believe that the disclosure of the identity of Customer A will allow our competitors to enhance their efforts in targeting our major customers and therefore adversely affect our competitive position. None of our Directors, Promoter and substantial shareholders has any interest in, or undue influence over, Customer A.
- (3) Customer B is involved in the business of commercial banking, finance related business and the provision of related services, and its activities are principally conducted in Malaysia. Customer B is incorporated under the laws of Malaysia and is listed on the Main Market of Bursa Securities. We believe that the disclosure of the identity of Customer B will allow our competitors to enhance their efforts in targeting our major customers and therefore adversely affect our competitive position. None of our Directors, Promoter and substantial shareholders has any interest in, or undue influence over, Customer B.
- (4) Customer C is involved in the business of commercial banking, and its activities are principally conducted in Malaysia. Customer C is a Malaysian-incorporated subsidiary of an investment holding company incorporated under the laws of Malaysia, which is listed on the Main Market of Bursa Securities. We believe that the disclosure of the identity of Customer C will allow our competitors to enhance their efforts in targeting our major customers and therefore adversely affect our competitive position. None of our Directors, Promoter and substantial shareholders has any interest in, or undue influence over, Customer C.
- (5) Customer D is involved in all aspects of banking business and the provision of related financial services, and its activities are principally conducted in Malaysia. Customer D is listed on the Main Market of Bursa Securities. We believe that the disclosure of the identity of Customer D will allow our competitors to enhance their efforts in targeting our major customers and therefore adversely affect our competitive position. None of our Directors, Promoter and substantial shareholders has any interest in, or undue influence over, Customer D.
- (6) Customer E is involved in the sales and lease of household appliances in Malaysia. Customer E is a Malaysian-incorporated subsidiary of a company incorporated under the laws of the Republic of Korea to engage primarily in the manufacture and sales of household appliances which is listed on the Korea Stock Exchange. Customer E maintains a policy of strict confidentiality of information on its suppliers and due to strategic business and competitive reasons, Customer E requested to remain anonymous in its business dealings with us and has informed us that it does not agree to be named in this Prospectus. None of our Directors, Promoter and substantial shareholders has any interest in, or undue influence over, Customer E.

## 7. BUSINESS OVERVIEW (Cont'd)

- (7) Customer F is involved in the provision of easy payment schemes, personal financing schemes and issuance of payment cards under the international brand names of Visa and MasterCard, and its activities are principally conducted in Malaysia. Customer F, which is listed on the Main Market of Bursa Securities, is a Malaysian-incorporated subsidiary of a company incorporated under the laws of Japan which (i) carries out credit card business, payment service / processing business; and (ii) is listed on the Tokyo Stock Exchange. We believe that the disclosure of the identity of Customer F will allow our competitors to enhance their efforts in targeting our major customers and therefore adversely affect our competitive position. None of our Directors, Promoter and substantial shareholders has any interest in, or undue influence over, Customer F.

We have long-standing relationships with a number of our customers. Our customer agreements relating to our core credit reporting service are terminable upon advance written notice (typically ranging from one month to three months for our Key Accounts customers and 30 days for our Commercial customers) by either us or the customer, which provides our customers with the opportunity to renegotiate their contracts with us. Our customer agreements with our Direct-to-Consumer customers are terminable upon request prior to the start of the next subscription period.

### 7.10 OUR MAJOR SUPPLIERS

Our top five major suppliers accounted for RM18.4 million, or 44.8%, RM20.4 million, or 49.4%, and RM18.4 million, or 40.2%, of our purchases for the FYEs 31 December 2018, 31 December 2019 and 31 December 2020, respectively. We are dependent on BNM, the only provider of CCRIS data, which accounted for 19.6%, 20.5% and 9.6% of our purchases for the FYEs 31 December 2018, 31 December 2019 and 31 December 2020, respectively. Our top five major suppliers and their contribution to our purchases in terms of amount and percentage for the financial years indicated are as follows:

FYE	Supplier <sup>(1)</sup>	Details of products/ services supplied	Length of relationship as at the LPD <sup>(2)</sup> years	Purchases RM millions	Percentage of purchases <sup>(3)</sup> %
31 December 2020	Supplier A <sup>(4)</sup>	ROB Reports, ROC Reports and Idaman Reports	4	5.0	11.0
	Raffcomm Sdn Bhd ("Raffcomm")	ROB Reports, ROC Reports and Idaman Reports	11	4.6	10.0
	BNM	CCRIS data	6	4.4	9.6
	Supplier B <sup>(5)</sup>	IT software development	4	2.6	5.8
	Entropia (M) Sdn Bhd	Digital advertising	1	1.8	3.8
<b>Total</b>				<b>18.4</b>	<b>40.2</b>

## 7. BUSINESS OVERVIEW (Cont'd)

FYE	Supplier <sup>(1)</sup>	Details of products/ services supplied	Length of relationship as at the LPD <sup>(2)</sup>	Purchases	Percentage of purchases <sup>(3)</sup>
			years	RM millions	%
31 December 2019	BNM	CCRIS data	6	8.5	20.5
	Supplier A <sup>(4)</sup>	ROB Reports, ROC Reports and Idaman Reports	4	4.7	11.4
	Raffcomm	ROB Reports, ROC Reports and Idaman Reports	11	3.9	9.4
	Supplier B <sup>(5)</sup>	IT software development	4	1.7	4.2
	IPG Mediabrands Sdn Bhd ("IPG Mediabrands")	Digital advertising	3	1.6	3.9
<b>Total</b>				<b>20.4</b>	<b>49.4</b>
31 December 2018	BNM	CCRIS data	6	8.1	19.6
	Raffcomm	ROB Reports, ROC Reports and Idaman Reports	11	4.8	11.7
	Supplier A <sup>(4)</sup>	ROB Reports, ROC Reports and Idaman Reports	4	1.9	4.7
	IPG Mediabrands	Digital advertising	3	1.9	4.7
	CTC Global Sdn Bhd	IT hardware	3	1.7	4.1
<b>Total</b>				<b>18.4</b>	<b>44.8</b>

**Notes:**

- (1) Excludes lessors of our office spaces and fees paid to Creador under the Expense Reimbursement Agreement as we do not deem lessors and Creador as suppliers.
- (2) Rounded up to the nearest whole year if six months or more and vice versa.
- (3) Purchases comprises cost of sales, administrative expenses and property, plant and equipment additions and excludes staff costs, depreciation and amortisation, reversal of /(allowance for) impairment of trade receivables, gain/loss on disposal of property, plant and equipment, bad debts, unrealised (gain)/loss on foreign exchange, rental of buildings and sales commission and incentives and fees paid to Creador under the Expense Reimbursement Agreement.

## 7. BUSINESS OVERVIEW (Cont'd)

---

- (4) Supplier A is principally involved in the business of information service supply, data analytics, software development, documents storage and management services. Supplier A is a subsidiary of a company incorporated under the laws of Malaysia which provides management services. Supplier A's principal market of operation is in ASEAN. Supplier A maintains a policy of strict confidentiality of information on its customers and due to strategic business and competitive reasons, Supplier A requested to remain anonymous in its business dealings with us and has informed us that it does not agree to be named in this Prospectus. None of our Directors, Promoter and substantial shareholders has any interest in, or undue influence over, Supplier A.
- (5) Supplier B is principally involved in the provision of IT consulting and software services and its activities are principally conducted mainly within Malaysia. Supplier B is a subsidiary of a company incorporated under the laws of Singapore which provides IT and management consultancy services. Due to Supplier B's internal policy which regards the transaction amount as confidential, Supplier B requires to remain anonymous in its business dealings with us and has informed us that it does not agree to be named in this Prospectus. None of our Directors, Promoter and substantial shareholders has any interest in, or undue influence over, Supplier B.

### 7.11 SALES

Our Key Accounts sales team secures new accounts by making calls and attending customer meetings with our digital solutions technical team. For existing accounts, our dedicated account managers for Key Accounts customers maintain customer relationships and recommend other solutions to meet their business needs and requirements. Our Commercial sales team engages our customers by making calls, meeting in person and providing demonstrations of our digital solutions. We offer sales commissions to our Commercial sales team to drive productivity and sales generation. Sales to our Direct-to-Consumer customers are predominantly digital and is handled by our marketing team.

Our sales team consists of over 170 employees as at the LPD, including account managers and business development officers.

We have a national presence in Malaysia with ten branch offices throughout the country, eight of which are also service centres that provide assistance to customers. Our sales teams also solicit feedback from our customers and communicate that feedback to our digital solutions design team and our marketing team.

### 7.12 MARKETING

We have a centralised marketing team that promotes our various digital solutions and our brand. Our marketing team works in coordination with our sales teams to ensure that our marketing efforts are appropriately targeted and tailored for each of our three types of customers. We market our digital solutions primarily through electronic direct mail and social media. We engage media advertising agencies as and when required to create our advertising campaigns, promote our brand and conduct special events and digital solution launches.

We market to our Key Accounts customers primarily through brand and networking events, forums and webinars, as well as public relations initiatives for digital solution launches. We market to our Commercial customers through the same channels, as well as digital and social marketing and partnership programmes. Our Direct-to-Consumer customers are engaged through digital and social marketing, webinars, television and radio advertising and branded content placement, roadshows, partnerships and outdoor advertising. We also market our digital solutions through indirect channels, including resellers and marketing campaigns with partners such as banks, fintech companies and technology aggregators.

## 7. BUSINESS OVERVIEW *(Cont'd)*

---

### 7.13 COMPETITION

We compete on the basis of factors such as differentiated digital solutions, quality and scope of our database, analytics capabilities, ease of integration with customers' technology, stability of services, customer relationships, innovation and price. Our competitors vary in size, financial and technical capability and the scope of the products and services they offer. Our competitors vary for each of our various digital solutions. Our primary competitors are the following:

- (i) CTOS Consumer Score, CTOS SME Score and related reports from CTOS Data Systems and Basis – Domestic CRAs in Malaysia such as CBM;
- (ii) CTOS eKYC – domestic CRAs, foreign KYC providers and digital verification vendors;
- (iii) CTOS Credit Manager and CTOS Basis – We compete to some extent with entities such as Experian (our associate that deploy collections platforms, account management systems or recovery solutions). However, we believe that we do not have direct competitors for CTOS Credit Manager as an integrated, end-to-end credit management solution; and
- (iv) Monitoring and recovery solutions, including Comprehensive Portfolio Review, CTOS Portfolio Analytics and Insights, CTOS SecureID and eTR – Competition is similar to that of our consumer credit score solutions.

For further details of barriers to entry and competition, see Section 8 of this Prospectus.

Over the past 30 years, we have developed the breadth and depth of our databases in combination with our insights and analytics in order to enable our customers to develop a current and comprehensive view of consumers and businesses. We believe that we are able to compete effectively because our end-to-end digital solutions allow us to serve customers at every stage of the customer lifecycle, resulting in customer loyalty and higher switching costs for customers whose business processes are integrated with our ecosystem or dependent on our digital solutions. Our diversified digital solutions offering makes us a one-stop digital solutions provider. We believe that there are only a limited number of players who are able to offer the full suite of digital solutions that we do in Malaysia. We believe that we have developed strong, long-term relationships with a number of our customers, supported by our omnichannel customer support system, including call centres and eight service centres across Malaysia. We have built our brand and reputation over our long operating history, resulting in our market leading position in Malaysia. We leverage our brand and market share leadership to create higher differentiation and greater value for customers. We also have an experienced management team and are backed by a Malaysian mid-market private equity fund. We believe that none of our domestic competitors offer the same mix of digital solutions as we do and none of our potential international competitors of comparable or greater scale can match our expertise, experience, brand recognition or footprint in Malaysia.

### 7.14 SEASONALITY

In general, we do not experience any seasonality in our business operations.

### 7.15 MATERIAL TRADEMARKS, BRAND NAMES, AND OTHER INTELLECTUAL PROPERTY RIGHTS

Save as disclosed in Annexure B of this Prospectus, we do not have any material trademarks, brand names and other intellectual property rights.

## 7. BUSINESS OVERVIEW (Cont'd)

### 7.16 EMPLOYEES

The following table sets out our full time employees by function as at the dates indicated.

Function	As at 31 December			As at the LPD <sup>(1)(2)</sup>
	2018	2019	2020 <sup>(1)</sup>	
<b>Malaysia</b>				
Management	12	11	12	13
Administration	116	130	146	151
Sales and Marketing	307	318	307	299
<b>Total</b>	<b>435</b>	<b>459</b>	<b>465</b>	<b>463</b>

**Notes:**

- (1) Excludes CIBI. We acquired a 51.0% equity interest in CIBI in June 2020, and we removed our entire 51.0% equity interest in CIBI from our Group via the Distribution which was completed in [●] 2021. As at 31 December 2020, CIBI had 114 employees comprising six in management, 20 administration employees and 88 sales and marketing employees.
- (2) Includes Basis, in which we acquired the entire equity interest in January 2021.

None of our employees belong to any union nor are they parties to any collective agreements and we have not experienced any strikes or other disruptions due to labour disputes. Our annual employee engagement survey demonstrates overall favourable responses year on year, from approximately 67.0% in 2017 to 70.0% in 2018 and 81.0% in 2019.

#### 7.16.1 Employee training

We recognise that continuous learning and growth is essential to ensure that our workforce does not just remain capable but is also primed for the needs of an increasingly digital business. We deploy learning programmes and new learning infrastructure to grow and nurture employees at all levels, with focus on three key areas – functional upskilling, soft skills enhancement, and leadership progression.

Through focused prioritisation of learning programmes, we strive to ensure employees – both new and tenured – are given relevant and impactful courses that contribute to our Group's business sustainability and achieve individual and professional aspirations.

Our holistic, competency-based learning and development programmes encompasses the following categories:

Functional upskilling	Soft skills enhancement	Leadership progression
<ul style="list-style-type: none"> <li>Accredited courses with certifications</li> <li>Industry-recognised qualifications</li> </ul>	<ul style="list-style-type: none"> <li>Sales and negotiation</li> <li>Service excellence workshops</li> <li>Emotional quotient-based interviewing techniques</li> </ul>	<ul style="list-style-type: none"> <li>Leadership boot camps</li> <li>People management</li> <li>Coaching and developing others</li> <li>Situational leadership seminars</li> </ul>

## **7. BUSINESS OVERVIEW (Cont'd)**

---

### **7.17 INSURANCE**

We maintain insurance policies and coverage for businesses at levels that are customary among companies in our industry and we periodically conduct reviews of our insurance coverage.

We have the following classes of insurance for CTOS Data Systems and Basis: equipment all risks, public liability, professional indemnity and cyber security risks. Our cyber security insurance for CTOS Data Systems mainly covers data liability, data administrative procedures, repair of reputation and extensions (including media content claims, cyber extortion and network interruption).

### **7.18 RESEARCH AND DEVELOPMENT**

Our research and development activities primarily comprise market studies conducted by us to identify and develop new digital solutions to cater for new and evolving customer requirements as well as to enhance our existing digital solutions.

### **7.19 GOVERNING LAWS AND REGULATIONS**

Our business is regulated by, and in some instances required to be licensed under specific laws of Malaysia and other jurisdictions. The relevant laws and regulations governing the business of our Group and associates, which do not purport to be an exhaustive description of all laws and regulations of which our business is subject to are summarised below. Non-compliance with the relevant laws and regulations below may result in monetary and/or custodial penalties and/or any other orders being made.

#### **7.19.1 Governing laws and regulations in Malaysia**

##### **(i) CRA Act**

The CRA Act governs and regulates credit reporting activities carried out by CRAs in Malaysia.

Registered CRAs are restricted from carrying on any business other than the credit reporting business unless a prior written approval from the CRA Registrar is obtained.

CRAs shall not collect any credit information about a searched subject unless (i) such credit information is collected for a specific and lawful purpose directly related to an activity of the CRA and shall not be further processed in any manner incompatible with such purpose, (ii) the collection of credit information is necessary for or directly related to such purpose, and (iii) the credit information is adequate but not excessive in relation to such purpose.



**7. BUSINESS OVERVIEW (Cont'd)**

---

Pursuant to the CRA Act, CRAs are required to provide written notice in both Malay and English languages to searched subjects on the processing of credit information by informing them that (i) such credit information of the searched subject is being processed by or on behalf of the CRA and a description of such credit information to the searched subject; (ii) the purpose such credit information is being processed; (iii) the source of such credit information; (iv) the CRA's contact details and the searched subject's right to request access to and correction of such credit information; (v) that subscribers or other persons may access the said credit information through the CRA; (vi) how the searched subject could limit the processing of credit information; (vii) whether it is obligatory or voluntary for the searched subject to supply the credit information; (viii) consequences for failure to supply such credit information where it is obligatory to supply; and (ix) a summary of the searched subject's rights.

Under Section 24 of the CRA Act, CRAs shall not disclose any credit information for any purpose or to any person unless, (i) the searched subject has given his consent to such disclosure; (ii) such disclosure is necessary for the purpose of prevention or detection of crime or for purpose of investigations; or (iii) such disclosure is required or authorised under any law, or by order of a court of law. In carrying out our credit reporting business and to ensure compliance with such section, we will ensure, and procure that our subscribers also similarly ensure, that consents from searched subjects are obtained for all disclosure of credit information pertaining to the searched subjects to any of our subscribers.

Pursuant to the CRA Act, CRAs shall take steps to protect the credit information they process from any loss, misuse, modification, unauthorised or accidental access or disclosure, alteration or destruction. CRAs are also required to ensure that, to the extent that is reasonable, the credit information they process or use are accurate, up-to-date, complete, relevant and not misleading.

**(ii) PDPA**

The PDPA governs the laws on processing of personal data in commercial transactions to protect personal data of common interest and to ensure information security, network reliability and integrity. The processing of personal data by a data user must comply with the Personal Data Protection Principles as provided under the PDPA.

In respect of our collection and processing of personal data of data subjects for CTOS IDGuard, SecureID or other digital solutions involving the processing of personal data not related to credit information, where the CRA Act does not apply, we are required to comply with the provisions under PDPA.

## 7. BUSINESS OVERVIEW (Cont'd)

---

### 7.19.2 Governing laws and regulations in Thailand

#### (i) Thai PDPA

The Thai PDPA, which will fully take effect on 1 June 2021, is the main legislation regulating a data controller or a data processor who collects, uses, or discloses personal data.

Under the Thai PDPA, any data controller or data processor who is in Thailand, regardless of whether the collection, use, or disclosure of personal data takes place in Thailand or not, must have the proper security measures to record such personal data and must obtain consent from the data subject, unless such collection, use, or disclosure falls within the exceptions provided under Thai laws and regulations. A data controller refers to an individual or a legal entity having the power and duties to make decisions regarding the collection, use, or disclosure of personal data; a data processor is an individual or a legal entity operating in relation to the collection, use, or disclosure of personal data pursuant to the instructions given by a data controller or on behalf of a data controller, whereby such individual or legal entity is not the data controller.

Furthermore, the Thai PDPA also provides the duty of the data controller and data processor to arrange for the data protection officer in order to, include but not limited to, give advice to the data controller or data processor for complying with the Thai PDPA, and coordinate and cooperate with the Office of the Personal Data Protection Committee (“**PDPC**”) in the circumstance where there are problems with respect to the collection, use, or disclosure of the personal data undertaken by the data controller or the data processor for complying with the Thai PDPA if the activities of the data controller and data processor fall within one of the following grounds; (a) the activities of the data controller or data processor in the collection, use, or disclosure of the personal data require a regular monitoring of the personal data or the system, by the reason of having a large volume of personal data as prescribed by the PDPC; or (b) the principal activity of the data controller or data processor is the collection, use, or disclosure of the sensitive data, as defined in the Thai PDPA.

### 7.20 MAJOR CERTIFICATES, LICENCES, PERMITS AND APPROVALS

We have various major certificates, licences, permits and approvals for our operations in Malaysia. Details of our major licences, certificates, permits and approvals are set out in Annexure A of this Prospectus.

**7. BUSINESS OVERVIEW (Cont'd)**

**7.21 MATERIAL PROPERTIES AND EQUIPMENT**

The following table sets out certain information with regards to our material properties that we lease:

No.	Tenant	Address	Description / Existing use	Tenancy period	Land area / gross floor area sq. ft.	CF / CCC issuance date	Rent for the FYE 31 December 2020 RM
1.	CTOS Data Systems	Level 8, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur	Office / Headquarters, Main Office and Service Centre	1 November 2018 – 31 October 2021	12,608	14 July 2015	831,600.00
2.	CTOS Data Systems	Level 9, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur	Office / Headquarters, Main Office and Service Centre	1 November 2018 – 31 October 2021	12,608	14 July 2015	831,600.00

None of the material properties that we lease are in breach of any of the land use conditions or current applicable laws, rules and building regulations.

The following table sets out certain information with regards to material equipment that we own:

No.	Location	Description / Existing use	NBV as at 31 December 2020
1.	Cyberjaya	Servers co-located at third party service provider's location	RM1,331,066
2.	Kuala Lumpur	Servers co-located at third party service provider's location	RM1,317,364

We currently own 32 servers, 28 of which are operating and four of which are partially utilised and are available as spare capacity.

We are not materially dependent on our servers as in the event that excess capacity is required, (a) our physical servers can be partitioned into smaller virtual servers to increase capacity through the use of software; and (b) any dependency is mitigated as we have additional servers that can provide spare capacity as mentioned above. The risk of insufficient storage capacity relating to our servers is also immaterial as we factor in the capacity requirements of all our digital solutions prior to launch to ensure that project costs include the cost of acquiring new servers required for our digital solutions. We are also not dependent on third party service providers for the placement of our servers.

## 7. BUSINESS OVERVIEW *(Cont'd)*

### 7.22 MATERIAL DEPENDENCY ON COMMERCIAL OR FINANCIAL CONTRACTS, INTELLECTUAL PROPERTY RIGHTS, LICENCES AND PERMITS OR PRODUCTION OF BUSINESS PROCESSES

As at the LPD, there are no commercial or financial contracts, intellectual property rights, licences, permits or production of business processes which our Group's business or profitability is materially dependent on save for the following:

#### 7.22.1 CCRIS and DCHEQS Participation Agreement<sup>(1)(2)</sup>

The CCRIS and DCHEQS Participation Agreement dated 30 June 2015 was entered into between BNM and CTOS Data Systems. It sets out how CTOS Data Systems can obtain the credit information of any person from the CCRIS and the DCHEQS (collectively, the "**System**") maintained by BNM for the purposes of providing credit reporting and assessment services to CTOS Data Systems' subscribers and members.

The Participation Agreement commenced on 30 June 2015 and will continue to be valid until termination of the Participation Agreement in accordance with the terms of the Participation Agreement ("**Participation Period**"). Throughout the Participation Period, CTOS Data Systems is allowed to have access to the credit and dishonoured cheques' information of any person who has granted consent for their information to be extracted from the System in accordance with the agreed specifications as set out in the Participation Agreement ("**Credit Information**").

The Participation Agreement provides that BNM agrees to disclose to CTOS Data Systems the Credit Information of any person to enable CTOS Data Systems to provide (a) a credit report to a member or subscriber upon request of such member or subscriber; (b) a credit report to the person concerned in respect of their own Credit Information; and (c) any other services as agreed by both BNM and CTOS Data Systems from time to time. CTOS Data Systems is required to use the Credit Information disclosed by BNM only for these specified purposes. BNM has the right to: (a) impose on CTOS Data Systems any conditions, requirements or directions on the use of the Credit Information as and when BNM deems necessary; (b) request CTOS Data Systems to return or destroy the Credit Information, in accordance with written instructions by BNM at any time; (c) suspend access to or use of the Credit Information by CTOS Data Systems or any particular employees and agents of CTOS Data Systems who are authorised by CTOS Data Systems to have access to the Credit Information under the Participation Agreement and whose particulars have been submitted in writing by CTOS Data Systems to BNM ("**Authorised User**") with or without prior notice as and when BNM deems necessary; and (d) impose any other condition as BNM deems necessary.

CTOS Data Systems is required to pay any fees as may be specified by BNM for the access to the Credit Information.

Among other obligations of CTOS Data Systems under the Participation Agreement, CTOS Data Systems shall:

- (i) ensure that the consent of the person is obtained, whether by CTOS Data Systems or by its members or subscribers, whichever is applicable, prior to accessing, using or disclosing the Credit Information. A "member" means any person who has entered into an agreement with CTOS Data Systems to obtain the credit report of any person from CTOS Data Systems and provide information to CTOS Data Systems, whereas a "subscriber" means any person who has entered into an agreement with CTOS Data Systems to obtain the credit report of any person from CTOS Data Systems;

## 7. BUSINESS OVERVIEW *(Cont'd)*

---

- (ii) have in place framework and processes to ensure consent is obtained;
- (iii) have in place policies and procedures relating to the extraction and handling of the Credit Information including the criteria for the Authorised Users as approved by CTOS Data Systems' Board of Directors;
- (iv) have in place policies and procedures to handle any complaint arising from any inaccurate Credit Information obtained from the System;
- (v) provide BNM with periodical audit report on compliance with conditions for access, including requirement for the persons' or borrowers' consent and security of systems, as may be requested by BNM within such period as may be determined by BNM;
- (vi) ensure that the Credit Information is only used in Malaysia;
- (vii) observe the confidentiality requirements as specified in the Participation Agreement, including taking all necessary steps to maintain the utmost security and confidentiality of information obtained pursuant to the Participation Agreement. The confidentiality requirements survive the termination or expiry of the Participation Agreement;
- (viii) not provide or on-sell the Credit Information in its raw form; and
- (ix) not assign, sub-license, or otherwise transfer the benefit of CTOS Data Systems' rights or obligations under the Participation Agreement without BNM's prior written consent.

BNM has the right to (a) conduct audit checks on all documents and records relating to the Credit Information maintained by CTOS Data Systems; and (b) inspect the internal procedures adopted by CTOS Data Systems for its access to the Credit Information in the System and the use of such Credit Information.

CTOS Data Systems undertakes to indemnify BNM against all actions, proceedings, costs, claims, demands, liabilities and expenses sustained, incurred or paid by BNM in respect of (a) any opinions, recommendations, forecasts or other comments made or actions taken by CTOS Data Systems or any other person based on the Credit Information; or (b) any breach by CTOS Data Systems of any of the provisions of the Participation Agreement.

BNM may, by written notice to CTOS Data Systems, require CTOS Data Systems to provide a performance bond in the form of a banker's guarantee by a banking institution in Malaysia as security for the due performance of CTOS Data Systems' obligations under the Participation Agreement.

BNM may, by giving seven (7) days' written notice terminate the Participation Agreement in the event that CTOS Data Systems, among other reasons:

- (i) is no longer a registered CRA under the CRA Act;
- (ii) fails to comply with any provisions under the CRA Act;
- (iii) commits any breach of any of the terms or conditions of the Participation Agreement and fails to take appropriate steps to remedy such breach (if capable of remedy) within seven (7) days after being given written notice to do so by BNM;

## 7. BUSINESS OVERVIEW *(Cont'd)*

---

- (iv) carries out its operations in a manner which poses reputational and financial risks to BNM or to the stability of the financial system; and
- (v) ceases or threatens to cease carrying on the whole or any substantial part of its business other than in the course of reconstruction or amalgamation.

Notwithstanding the above, BNM may by giving fifteen (15) days' written notice to CTOS Data Systems terminate the Participation Agreement regardless whether it continues to be registered under the CRA Act.

Upon termination of the Participation Agreement, BNM or its agents may without prior notice take possession of all the documentation containing the Credit Information. After the expiry or termination of the Participation Agreement, BNM is entitled to inspect and delete the Credit Information within CTOS Data Systems' possession.

**Notes:**

- (1) This Participation Agreement was executed pursuant to Section 47(2)(c) of the Central Bank of Malaysia Act 2009, which allows BNM to disclose credit information to a CRA registered under the CRA Act, and is in line with CCRIS' purpose to promote financial stability and financial inclusion.
- (2) Access to DCHEQS is no longer available starting from 1 October 2020 in line with the decommissioning of DCHEQS.

### 7.22.2 CRA Certificate

The CRA Certificate issued by the CRA Registrar to CTOS Data Systems allows it to be registered as a CRA and to carry on credit reporting business. For more information regarding the CRA Certificate, see Annexure A of this Prospectus.

## 7.23 HEALTH AND SAFETY

We value the health and safety of our employees. We ensure that new employees are advised of our safety and health policy and we provide them with in-house training. Each employee is briefed and granted access to our employee handbook, which describes our and the employee's responsibilities for employee health and safety.

See also Section 7.24 of this Prospectus.

## 7. BUSINESS OVERVIEW (Cont'd)

---

### 7.24 BUSINESS INTERRUPTIONS

Save as disclosed below, there has not been any material interruption to our business activities and the business activities of our associates during the past 12 months prior to the date of this Prospectus.

#### **COVID-19 pandemic**

We believe that our digital solutions are well-suited to assist businesses to withstand the COVID-19 pandemic and make informed business decisions and assessments in this heightened risk environment. By leveraging our databases and through our analytics and insights, we believe that our digital solutions can identify early warning indicators of loan defaults, provide active monitoring and identify strong customers for collection prioritisation, prospective cross-selling and credit line management. The full impact of the COVID-19 pandemic on our business, financial condition, results of operations and prospects will depend on a number of factors beyond our control and which are difficult to ascertain with certainty, such as the duration of the COVID-19 pandemic and the nature and effectiveness and duration of governmental actions taken in response to COVID-19 and any future developments or movement controls as a result of the pandemic.

#### *Malaysia*

The COVID-19 pandemic has impacted economic activity and financial markets in countries across the world, including Malaysia where our operations are based. In response to an increase in the COVID-19 infection rate in Malaysia, beginning in March 2020, the Government has implemented various measures and restrictions on the conduct of activities in Malaysia, including quarantine measures and restrictions on the movement of persons, interstate travel, and private and public gatherings. These Government actions have been eased and tightened during the course of 2020 and 2021 as the extent of the COVID-19 pandemic has been fluctuating.

In light of the COVID-19 pandemic and in response to various movement control orders implemented throughout the pandemic by the Government, we implemented various measures to protect the health and safety of our employees including a migration of our operations to primarily remote, work-from-home arrangements. Where remote working is not feasible, such as for our data centre management personnel, we have adjusted our employees' working hours to enable our employees to avoid commuting to work during peak hours, adopted a system to reduce the concentration of employees in our facilities at any one time, implemented social distancing measures, installed hand sanitising stations at our facilities and increased the frequency at which we sanitise and disinfect our facilities. Our employees are also required to wear face masks, record their temperatures daily and immediately seek medical attention if they feel unwell. We continue to strive to be compliant with the health and safety procedures prescribed by the Government to contain the COVID-19 outbreak.

We were impacted in the short-term in March to May 2020 by the effects of the MCO on our customers' in-office activities, though our business has rebounded strongly since June 2020. Our operations in Malaysia achieved a 3.2% increase in our revenue for the FYE 31 December 2020 compared to the FYE 31 December 2019 due to increased sales of our digital solutions, in particular from our Comprehensive Portfolio Review, CTOS IDGuard and CTOS Data Systems Reports. We believe that demand for our digital solutions remained strong as our customers have been able to adapt to the new business environment and are looking for upselling and cross-selling opportunities within their existing portfolios and to gain a better understanding of risks in their portfolios.

## 7. BUSINESS OVERVIEW *(Cont'd)*

The increase in our revenue for the FYE 31 December 2020 was partially offset by a temporary decrease in revenue in March to May 2020 during the MCO where many of our Key Accounts customers temporarily reduced their lending activities substantially and churn temporarily increased for our Commercial customers. For the FYE 31 December 2020, we granted customer requests to delay implementation schedules for some of our digital solutions due to movement restrictions and quarantine measures. These projects resumed in the third quarter of 2020 and revenue from these projects continues to gradually increase. From July 2020, we also introduced cost saving measures such as the postponement of advertising campaigns and marketing events for our Key Accounts customers. We expect those campaigns and events to gradually resume beginning in the second quarter of 2021, to the extent permitted under local law. We have not made any reductions to headcount, salary or benefits as a result of the COVID-19 pandemic.

Recognising the impact of the COVID-19 pandemic on consumers, the Government implemented various economic relief measures which impacted our business. The Government implemented a moratorium on loan and financing repayments from 1 April 2020 until 30 September 2020, which led to significant increase in demand for our Comprehensive Portfolio Review and CTOS Portfolio Analytics and Insights solutions, particularly among our Key Accounts customers as many of them were reviewing their portfolios to identify potential risk areas and lending opportunities after the moratorium was lifted.

In June 2020, to help alleviate the impact of the COVID-19 pandemic on businesses, BNM began providing free access to its CCRIS database, which will continue until the end of 2021. As a condition to us receiving the CCRIS fee waiver, BNM required CTOS Data Systems to reduce the fees charged to our customers for our CTOS Data Systems Reports. Our receipt of the CCRIS fee waiver and reduction of fees charged to our customers resulted in lower revenue and cost of sales related to sales of CTOS Data Systems Reports but had no impact on our GP and had resulted in an improvement in our GP margin for the FYE 31 December 2020. We expect this trend to continue through the end of 2021.

The COVID-19 pandemic has most directly impacted our Commercial customers, in particular our SME customers, as their businesses are often more susceptible to major economic shocks compared to our Key Accounts customers. During the MCO, we granted short-term payment deferrals for subscriptions and instalment payment plans to certain of our CTOS Credit Manager customers whose businesses were significantly impacted by the COVID-19 pandemic and the MCO. Our customer churn rate among our Commercial customers was higher in absolute terms by 0.2 percentage points for the FYE 31 December 2020 as compared to the FYE 31 December 2019. Our customer churn rate among our Commercial customers has remained flat from January 2021 through March 2021 despite the re-introduction of the MCO from 13 January 2021 until 4 March 2021.

### *Thailand*

In Thailand, a state of emergency was declared on 26 March 2020, a national curfew and travel restrictions between certain provinces were imposed on 3 April 2020 and all arriving international passenger flights were suspended from 4 April 2020. The Thai government also ordered the temporary closures of shopping malls, businesses, universities and other gathering places in Bangkok and several other provinces in Thailand. As at the LPD, the COVID-19 pandemic has not resulted in any material disruptions to BOL's operations in Thailand.

## 7.25 ENVIRONMENTAL MATTERS

As at the LPD, there are no environmental issues which may materially affect our Group's operations and usage of properties tenanted by our Group.



## 7. BUSINESS OVERVIEW *(Cont'd)*

---

### 7.26 CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility is an integral part of our culture. As Malaysia's leading CRA, we see our role as not just leading the charge on financial literacy education, but also in helping our stakeholders navigate the growing digitalisation of business and financial services.

We actively seek opportunities to improve the ecosystem in which we operate, serving the interests of all our stakeholders such as our shareholders, employees, customers, partners, and vendors, as well as the wider communities in which we do business.

#### 7.26.1 Society and marketplace

We run an all year-round, integrated CTOS Financial Education programme, both online and offline, to drive financial education and inclusion, with CTOS content being carried in newspapers, magazines, e-news and e-magazine platforms, as well as television, radio, YouTube, and other social media channels.

The Knowledge Centre on our CTOS website hosts a variety of educational content related to credit health and scoring, finances, budgeting, and more. Over 700,000 consumers visit the CTOS website every month. Between 1 July 2016 and 31 December 2020, we provided more than 8.7 million free MyCTOS Basic Reports. As at LPD, we have provided over a million MyCTOS Score Reports to consumers.

We have conducted over 200 financial education roadshows for consumers across the country in partnership with BNM, Perbadanan PR1MA Malaysia, the MOF, the Employees Provident Fund, Persatuan Pengguna-Pengguna Islam Malaysia, Star Property, Agensi Kaunselling dan Pengurusan Kredit, the Personal Data Protection Department, Kementerian Perumahan dan Kerajaan Tempatan and many more.

We have an ongoing partnership with the financial literacy platform, Multiply, to carry their financial education content across our social media platforms. This partnership gives our customers and followers access to a wide variety of tips and tools for basic financial management.

We have supported SMEs through our efforts such as participating in various talks and seminars on the different types of financing access for businesses, the most recent being a webinar conducted in collaboration with a P2P platform regulated by the SC on alternative business funding on 8 December 2020. We also sponsor various SME awards, in line with our efforts to recognise and celebrate the success of strong SME performers in Malaysia. As a result of our support efforts, CTOS Data Systems received the "SME Supporter Award" at the Platinum Business Award 2019 by the SME Association of Malaysia.

In 2020, we ran a COVID-19 relief campaign for consumers and SMEs, during which we gave away free CTOS Consumer Scores and free CTOS SecureID subscriptions, as well as free listings on CTOS CreditFinder to SMEs, to help consumers and businesses become digital and navigate the uncertain business environment.

In 2019, we were invited by the Department of Statistics Malaysia to be a partner of the 62<sup>nd</sup> World Statistics Congress, organised by the International Statistical Institute. The goal of the World Statistics Congress is to share insights on the development and applications of statistics and statistical science. 2019 was the first year that Malaysia hosted the World Statistics Congress since the event's inception.

Since 2017, we have held annual CTOS Inter-Financial Institutions Badminton Championships, a two-day event. The 2020 championship was cancelled in 2020 in light of COVID-19.

## 7. BUSINESS OVERVIEW *(Cont'd)*

---

### 7.26.2 Digitalisation

In addition to credit reporting services, we are investing in developing and rolling out a growing suite of business and fintech digital solutions to help digitalise Malaysian businesses, in particular SMEs. These include CTOS eKYC, which was developed to help businesses validate customers quickly, efficiently, and with minimal paperwork. We believe that digitalisation and our digital solutions will help reduce the negative impact on the environment by reducing waste and the carbon footprint from traveling to physical locations.

To fast-track the adoption of digital businesses and fintech digital solutions, we have conducted free briefings, roadshows, webinars, and other educational programmes to actively educate our customers on the financial and environmental benefits of digitalising their businesses. We also have partnerships with different bodies representing SMEs to reach and engage with more businesses.

On the consumer side, we also educate consumers on the benefits of adopting digital solutions to fast-track loan and other applications and to minimise paperwork through our website and social media platforms.