
8. INDEPENDENT MARKET RESEARCH REPORT

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SMITH ZANDER

Date:

The Board of Directors

Agmo Holdings Berhad
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47820 Petaling Jaya
Selangor Darul Ehsan

Dear Sirs / Madams,

Independent Market Research Report on the Mobile and Web Application (“App”) Development Industry in Malaysia and Singapore (“IMR Report”)

This IMR Report has been prepared by SMITH ZANDER INTERNATIONAL SDN BHD (“SMITH ZANDER”) for inclusion in the Prospectus in conjunction with the listing of Agmo Holdings Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

The objective of this IMR Report is to provide an independent view of the industry in which Agmo Holdings Berhad and its subsidiaries (“Agmo Group”) operate and to offer a clear understanding of the industry dynamics. As Agmo Group is principally involved in digitalising its customers business operations through the development of mobile and web apps, the scope of work for this IMR Report will thus address the following areas:

- (i) Mobile and web app development industry in Malaysia;
- (ii) Key industry drivers, risks and challenges of the mobile and web app development industry in Malaysia;
- (iii) Competitive overview of the mobile and web app development industry in Malaysia;
- (iv) Mobile and web app development industry in Singapore; and
- (v) Outlook and prospects.

The research process for this study has been undertaken through secondary or desktop research, as well as detailed primary research when required, which involves discussing the status of the industry with leading industry participants. Quantitative market information could be sourced from interviews by way of primary research and therefore, the information is subject to fluctuations due to possible changes in business, industry and economic conditions.

SMITH ZANDER has prepared this IMR Report in an independent and objective manner and has taken adequate care to ensure the accuracy and completeness of the report. We believe that this IMR Report presents a balanced view of the industry within the limitations of, among others, secondary statistics and primary research, and does not purport to be exhaustive. Our research has been conducted with an “overall industry” perspective and may not necessarily reflect the performance of individual companies in this IMR Report. SMITH ZANDER shall not be held responsible for the decisions and / or actions of the readers of this report. This report should also not be considered as a recommendation to buy or not to buy the shares of any company or companies mentioned in this report or otherwise.

For and on behalf of SMITH ZANDER:

DENNIS TAN TZE WEN
MANAGING PARTNER

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The research for this IMR Report was completed on 23 May 2022.

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About SMITH ZANDER INTERNATIONAL SDN BHD

SMITH ZANDER is a professional independent market research company based in Kuala Lumpur, Malaysia, offering market research, industry intelligence and strategy consulting solutions. SMITH ZANDER is involved in the preparation of independent market research reports for capital market exercises, including initial public offerings, reverse takeovers, mergers and acquisitions, and other fund-raising and corporate exercises.

Profile of the signing partner, Dennis Tan Tze Wen

Dennis Tan is the Managing Partner of SMITH ZANDER. Dennis Tan has 24 years of experience in market research and strategy consulting, including over 19 years in independent market research and due diligence studies for capital markets throughout the Asia Pacific region. Dennis Tan has a Bachelor of Science (major in Computer Science and minor in Business Administration) from Memorial University of Newfoundland, Canada.

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1 MOBILE AND WEB APP DEVELOPMENT INDUSTRY IN MALAYSIA

With the growing proliferation and continuous innovation of computing devices (e.g. desktops, laptops, smartphones and tablets) together with the increasing usage of the internet, many individuals have been increasingly relying on these computing devices and the internet to perform daily tasks. Businesses and organisations are also required to adapt and keep up with the changing business environment along with the advancement of technology, to continuously improve their operational efficiency and to remain competitive. This has urged businesses and organisations to embark on digitalisation efforts through various means, including the utilisation of mobile and web apps in their business operations.

Mobile apps are software apps that are developed specifically for use on portable and wireless computing devices, such as smartphones and tablets. The usage of mobile apps requires users to download from app stores (e.g. Apple App Store, Google Play Store and Huawei AppGallery) and install in devices.

Web apps on the other hand, are software apps that are developed to be fully functional and accessible on web browsers of any computing devices which can scale to the size of desktops, laptops and smaller portable devices such as tablets and smartphones. Web apps do not require users to download and install them in devices.

In general, mobile and web apps can be categorised into 3 categories, namely enterprise apps, commercial apps and consumer apps, based on their usage and intended purpose.

Types of apps

Types of apps	Enterprise apps	Commercial apps	Consumer apps
Usage and intended purpose	<ul style="list-style-type: none"> Improve efficiency of business operations 	<ul style="list-style-type: none"> Sales 	<ul style="list-style-type: none"> Improve users' lifestyle Entertainment
Examples of applications	<ul style="list-style-type: none"> Resource management Customer relationship management Marketing Inventory and supply chain management Internal communication and team collaboration 	<ul style="list-style-type: none"> E-commerce Banking and finance Travel booking and ticketing Ride hailing Online food delivery Express delivery 	<ul style="list-style-type: none"> Social and networking Communication Maps and navigation Gaming Music Photography

Source: SMITH ZANDER

- **Enterprise apps** are used by businesses and organisations to digitalise and improve a specific task or function such as procurement, production / manufacturing, warehousing, logistics and human resource. By digitalising these tasks or functions, businesses and organisations are able to simplify their operations and improve their overall operational efficiency such as in resource management, customer relationship management, marketing as well as inventory and supply chain management. Further, businesses and organisations also utilise enterprise apps for employees to interact, collaborate, schedule meetings and activities, and track social and sports involvement, thereby improving collaboration and interaction amongst employees.
- **Commercial apps** are utilised by businesses and organisations to digitalise sales activities and customer service for the purpose of amongst others, e-commerce, reaching out to potential customers and conveying messages (e.g. promotional events, latest news and important announcements) to customers, with the purpose of driving sales and improving competitiveness. Further, commercial apps are often used by businesses and organisations to connect with their customers to enable services to be rendered through online platforms. These services include banking and finance, travel booking and ticketing, ride-hailing, online food delivery and express delivery.
- **Consumer apps**, or also known as lifestyle apps are utilised by individuals to digitalise and improve their lifestyle for amongst others, social and networking, communication, navigation, gaming and music.

These apps can be developed internally if the businesses or organisations have the relevant app development expertise, or the development may be outsourced to external app developers. Businesses and organisations embark on digitalisation through utilising mobile and / or web apps for different intended purposes and target audiences, and thus may have different requirements and budgets. As such, app developers, either in-house or external developers have to study the requirements of businesses and organisations to be able to develop customised apps in accordance to requirements. Further, technical support and maintenance services, which

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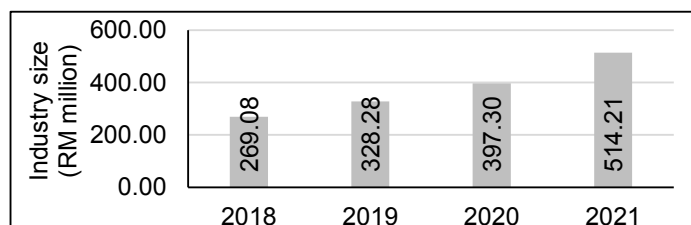
are auxiliary services related to the development of mobile and web apps, are essential for the resolution of technical issues and for on-going maintenance of the apps. These services are usually provided by app developers as continuing services to customers, or by the customers' in-house information technology ("IT") teams.

Prior to the proliferation of mobile devices, businesses and organisations have been utilising web apps which are only compatible on desktops and laptops. The introduction of smartphones which enable users to scroll through websites just like on desktops and laptops, has revolutionised the app industry. Further, app stores were also introduced, enabling users to download mobile apps from app stores and install them in smartphones, making it possible for users to access the apps at one click without the need to key in the web addresses of the web apps in web browsers. Businesses and organisations enhanced their digitalisation efforts from having web apps compatible on desktops to also include web apps and mobile apps with interfaces that are compatible on smartphones, to enable better user experience for smartphone users. As of 22 May 2022, worldwide, there were 2.98 million mobile apps available for download, with an estimated 651.15 billion downloads in total. In Malaysia, there were 7,780 apps available for download, with an estimated 720.89 million total downloads, as of 22 May 2022.

Due to the COVID-19 pandemic since early 2020, movement restrictions and physical distancing rules were imposed by most governments around the world to curb the spread of the virus. Non-essential business premises, governmental agencies and educational institutions were temporarily closed, employees and students were directed to work from home or attend online classes, and business and social events were cancelled. As a result, stakeholders in businesses, government agencies and educational institutions were required to collaborate or interact mainly through mobile and web apps (e.g. employees use communication apps or video conferencing apps to communicate with each other for work purposes; businesses utilise e-commerce apps to interact with customers and drive online sales; and public listed companies utilise remote participation and voting apps to conduct virtual annual general meetings ("AGMs") or extraordinary general meetings ("EGMs")), which drove the usage of mobile and / or web apps in businesses and organisations. Collaborations or interactions through mobile and web apps have continued even when countries around the world transit into the endemic phase of COVID-19, which will continue to drive the usage of mobile and / or web apps in businesses and organisations.

Industry Performance, Size and Growth**Mobile and web app development industry size (Malaysia), 2018 – 2021**

The size of the mobile and web app development industry in Malaysia, measured in terms of sales revenue, increased from RM269.08 million in 2018 to RM514.21 million in 2021, at a CAGR of 24.09%.



Source: Malaysia Mobile and Web App Development Market by Allied Market Research

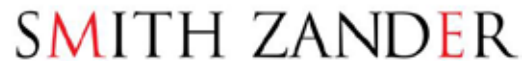
Despite the COVID-19 pandemic, the mobile and web app development industry in Malaysia recorded a year-on-year growth of 21.02% in 2020 and 29.43% in 2021, which was attributed to amongst others, increasing need for digitalisation from businesses during the pandemic, and implementation of initiatives for digital transformation by the Government of Malaysia. Please refer to **Key Industry Drivers** below for further information on the drivers of the mobile and web app development industry in Malaysia.

2 KEY INDUSTRY DRIVERS, RISKS AND CHALLENGES OF THE MOBILE AND WEB APP DEVELOPMENT INDUSTRY IN MALAYSIA**Key Industry Drivers**

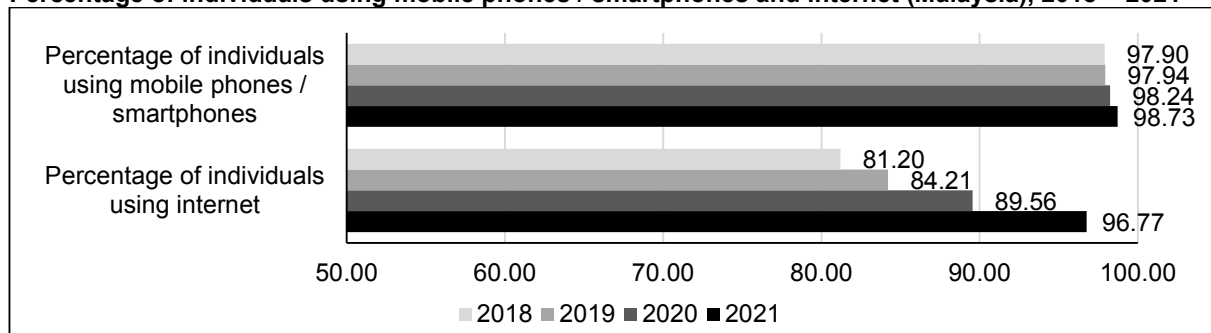
► **Digitalised consumer behaviour and attachment to mobile devices by the general public leads to businesses and organisations utilising mobile and web apps in their operations**

Mobile devices such as smartphones and tablets have become an essential part of everyday lives, and the general public is becoming dependent on mobile devices to perform daily activities such as communications, social networking, information searches, online shopping, gaming, entertainment, handling work-related tasks and studying. This is evident by the growth in the percentage of individuals using mobile phones / smartphones from 97.90% in 2018 to 98.73% in 2021, as well as the growth in the percentage of individuals using the internet from 81.20% in 2018 to 96.77% in 2021.

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Percentage of individuals using mobile phones / smartphones and internet (Malaysia), 2018 – 2021



Source: Department of Statistics Malaysia

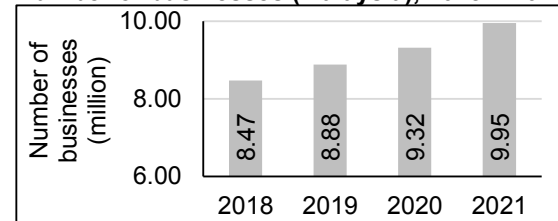
The proliferation and wide acceptance of mobile devices have led businesses and organisations to digitalise their operations through the utilisation of mobile and web apps. The preference for mobile apps is due to minimal effort required to drive users to use mobile apps as many are already mobile device users, and are familiar with using mobile apps. As such, the existing pool of mobile device users is the market for mobile apps. For example, organisations can easily implement the usage of mobile apps to enhance collaboration among employees as employees are generally existing mobile device users; and retailers with existing e-commerce websites expand their customer reach by venturing into mobile commerce through the introduction of e-commerce mobile apps.

Businesses and organisations which own existing mobile and web apps continue to integrate new functionalities based on the latest technological trends to stay connected with users, and to improve user experience and user interface design to increase stickiness of users on the mobile and web apps. Businesses and organisations which do not own existing mobile and web apps are beginning to adopt mobile and web apps in their operations to gain wider exposure, provide users with convenience when obtaining information, performing transactions and staying connected, thereby increasing the competitiveness of businesses and organisations.

► **Businesses' need for digitalisation drives the mobile and web app development industry**

The number of businesses (i.e. companies, sole proprietorships and partnerships) in Malaysia increased from 8.47 million in 2018 to 9.95 million in 2021, at a CAGR of 5.51%, which indicate the growth potential of the mobile and web app development industry in Malaysia. This is coupled by the growing need for business digital transformation including the adoption of mobile and web apps in order to remain competitive and relevant within their respective industries.

Number of businesses (Malaysia), 2018 – 2021



Source: Companies Commission of Malaysia ("CCM")

Businesses adopt mobile and web enterprise apps to enable their employees to perform tasks and business functions through mobile devices anywhere. Information can be reached and off-site control can be conducted with a few taps on the apps, thereby simplifying business operations and improving overall business operational efficiency and productivity. Businesses can use enterprise apps for stakeholders (e.g. employees and suppliers) to interact, collaborate, schedule meetings and activities, thereby improving collaboration and interaction amongst stakeholders. As a result of digitalisation through the usage of these apps, meaningful data can be collected, allowing the management to identify shortcomings through analysis from the data and implement necessary strategies in the respective business functions.

Further, mobile and web commercial apps connect businesses and their customers where customers use the apps to engage with businesses, obtain information, make online purchases and bookings, amongst others. With the adoption of mobile and web commercial apps, businesses can extend their reach and provide real-time assistance to customers, thereby increasing customer satisfaction and increasing the chance of purchasing or service rendering by these customers. Further, the current technology of mobile and web apps enables many revolutionised features such as gamification where users can participate in games and earn benefits from the engagement, and extended reality where users can interact with products virtually for purchase decisions. Such features promote user stickiness to the mobile and web apps, which retains customers and improves brand loyalty.

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Digitalisation efforts have been seen in various industries, with some examples as follows:

- Healthcare – Health and medical consultation, prescription of medication, as well as assessment of health conditions through mobile and web apps enable consumers to seek medical assistance virtually and immediately without the need to be physically present at medical facilities. Patients' electronic health records can also be retrieved for reference, thereby reducing administrative tasks by medical practitioners.
- Real estate – Mobile and web apps which incorporate various property technologies enhance the efficiency of buying, selling, renting and management of properties. The property technologies include amongst others, virtual reality which allows prospective buyers / tenants to view properties without the need to be physically present; and big data analytics which generate insights on home prices, home value trends and the potential value of certain locations to expedite decision making amongst prospective buyers.
- Financial services – Mobile and web apps such as banking apps and trading apps provide users with convenience as users are able to immediately and remotely access financial services, amongst others, view current balance and transaction history, transfer funds, make bill / loan payments and manage investment portfolios. Related to the above, the number of mobile banking subscribers in Malaysia reached 24.53 million subscribers as of March 2022¹.

The outbreak of the COVID-19 pandemic has further driven the usage of mobile and web apps among businesses as they are urged to undertake or accelerate digitalisation efforts for business sustainability in the changing business environments as a result of the pandemic. Organisations have also implemented employee collaboration apps to maintain effective communication among employees while they are working from home; and businesses which conduct sales and marketing activities on a face-to-face manner are adopting e-commerce and / or video conferencing apps to carry out online marketing activities for their products and services.

► **Continuous technology advancement drives businesses to continuously adopt new, or upgrade, existing mobile and web apps using the latest technologies**

The mobile and web app development industry has undergone rapid technology advancement, in tandem with new and more robust technologies introduced in the market such as cloud computing and storage, big data analytics and blockchain. Businesses and organisations have integrated these new technologies into mobile and web apps to improve decision making, enhance user experience and stickiness, and increase the security of the apps.

The advancement in cloud computing and storage enables collection, aggregation and storage of large amounts of data on the internet at a lower cost, as it eliminates the need for companies to own and maintain expensive IT infrastructure, making it more affordable for companies to store data for analysis. In addition, the advancement in big data analytics enables analysis of large and complex data such as customer behaviour data which allows for a fast and accurate delivery of insights for business decision making. With the integration of these 2 technologies in mobile and web apps, data collected through app usage can be extracted, analysed and transformed into insights which allow businesses and organisations to make data-driven action plans and decisions.

Due to the COVID-19 pandemic, many large-scale company meetings have been conducted virtually since 2020. For instance, many public listed companies in Malaysia have been holding virtual AGMs / EGMs to meet their obligations under the law and with shareholders as well so as to comply with physical distancing rules. These AGMs / EGMs are held on remote participation and voting apps which can be developed using blockchain technology, for shareholders or proxies to exercise their rights to participate, pose questions and vote remotely in a secure manner.

As technology continues to evolve, there will be continuous demand from businesses and organisations for new or upgraded mobile and web apps which are more robust and with enhanced functions to assist in realising their digitalisation plans. This will in turn create growth opportunities in the mobile and web app development industry.

► **Implementation of digital transformation initiatives by the Government of Malaysia drives the mobile and web app development industry**

The Government of Malaysia has introduced initiatives to support business digitalisation efforts which drive the mobile and web app development industry. The latest blueprint introduced to accelerate the growth of the digital economy is known as the Malaysian Digital Economy Blueprint ("MyDigital"), which was launched on 19 February 2021. The blueprint serves as a foundation for Malaysia's transformation into a "regional digital pulse" by 2030 with some targets listed below:

¹ Source: Bank Negara Malaysia (Latest available as at 23 May 2022)

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- Accelerating digitally-powered businesses by having 875,000 micro, small and medium enterprises (“SME”) adopt e-commerce, attracting local and foreign companies into the country, investing RM70.00 billion in digitalisation, and increasing the number of start-ups to 5,000; and
- Accelerating a digitally enabled government by having 100.00% of government servants possess digital literacy, 80.00% of end-to-end government services available online, all ministries and agencies to provide cashless payment options and 80.00% usage of cloud storage across the Government of Malaysia in 2022. In the Budget 2021, in support of automation and modernisation, the Government of Malaysia allocated funds amounting to RM150.00 million to businesses, including micro enterprises, SMEs and start-ups that have been operating for at least 6 months under the SME Digitalisation Grant Scheme and the Automation Grant. Further in the Budget 2022, the Government of Malaysia allocated RM200.00 million with RM50.00 million dedicated towards Bumiputera micro entrepreneurs in rural areas in the SME Digitisation Grant Scheme initiative. These budget allocations will continue to drive businesses to digitalise business functions, including the adoption of mobile and web apps, thereby driving the mobile and web app industry.

Key Industry Risks and Challenges

► **Dependency on the availability of software developers who are equipped with knowledge and skills in the latest technologies**

As the technologies used for the development of mobile and web apps have been rapidly evolving, it is crucial for industry players in the mobile and web app development industry to hire and retain software developers who are equipped with knowledge and skills in the latest technologies. The basic skillsets which are required by software developers include backend and user interface design, cross platform app development, backend computing and programming language skills, amongst others. In addition to being equipped with these skillsets, software developers are also required to stay abreast with the latest technologies in the market, and integrate these technologies into mobile and web apps to enhance functionality and features. Any failure of the industry players to hire and / or retain skilled software developers may lead to losing competitive edge and eventually affecting ability to secure projects.

► **Competition amongst industry players**

The mobile and web app development industry is fragmented and competitive due to the large number and fragmented nature of industry players including large companies and SMEs which develop mobile and web apps for businesses.

The factors affecting businesses’ decisions to appoint developers are price, ability to provide suitable digital solutions, project track record, customer service and after-sales service. Industry players need to maintain their competitive edge by taking measures such as providing apps which are robust and user friendly, ensuring good customer and after-sales service, and employing effective marketing strategies. Any failure on the industry players’ part to remain competitive would lead to reduced sales and impact their profitability.

► **Users’ privacy and security concerns towards mobile and web apps**

A major concern that deters users from engaging in mobile apps and web apps is the privacy and security in their personal data when downloading mobile apps and registering accounts which often requires users to provide their personal information. The accessibility and connectivity aspects of mobile and web apps render the industry vulnerable to threats from hackers, who may mount attacks on the providers’ network to steal confidential information.

The Personal Data Protection Act 2010 was introduced to regulate the processing of personal data by data users in commercial transactions, and to safeguard the interests and rights of individuals or data subjects. This regulation applies to anyone who processes the personal data of an individual in commercial transactions. Aside from the negative publicity, penalties for non-compliance include fines and / or imprisonment.

Hence, it is crucial for mobile app and web app development industry players or owners to place importance on this aspect, as the breach of security which leads to misuse of personal data could have a negative impact on the industry player’s or owners’ business operations and financial performance.

3 COMPETITIVE OVERVIEW OF THE MOBILE AND WEB APP DEVELOPMENT INDUSTRY IN MALAYSIA

Competitive Landscape

The mobile and web app development industry in Malaysia is competitive due to the large number and fragmented nature of industry players which are involved in the development of mobile and web apps.

Mobile and web apps are developed by:

- Software development companies whose principal activities include the development of mobile and web apps, and may provide related services (e.g. provision of digital platform-based services and provision of

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subscription, hosting, technical support and maintenance services) to businesses and organisations, such as Agmo Group. These companies are typically involved in the development of enterprise apps and commercial apps and are the service providers for businesses and organisations seeking digital solutions and app development;

- IT services companies which are involved in IT services such as IT infrastructure services, cybersecurity services, cloud computing, data management and analytics, and process automation. These players may include the development of mobile and web apps as part of their service offerings. Examples of these companies include Accenture Solutions Sdn Bhd, CogDev Malaysia Sdn Bhd, FPT Software Malaysia Sdn Bhd, IBM Malaysia Sdn Bhd, Microlink Solutions Berhad and Tata Consultancy Services Malaysia Sdn Bhd;
- Digital marketing companies which are involved in providing solutions across marketing, digital transformation and strategies, search engine optimisation, e-commerce solutions, social media management, design services and data analytics. These players may include the development of mobile and web apps as part of their service offerings. Examples of these companies include Capslock Pixel Sdn Bhd, Forelogix Sdn Bhd, Magnus Digital Sdn Bhd and Vintedge Sdn Bhd; and
- Companies that are involved in e-commerce, ride-hailing, food delivery, hospitality, gaming, audio streaming and media services, whose businesses typically revolve around the usage of mobile and web apps by consumer end-users. These companies may develop commercial and consumer mobile and web apps through their in-house IT teams, or may outsource the development of the apps to external app developers, or a combination of both.

The mobile and web app development industry in Malaysia comprises both local and foreign industry players. Foreign industry players may establish local entities in Malaysia to support their business operations. They may also deploy services from their base countries to customers' sites in Malaysia without establishing local entities as their business operations are not subject to locality restrictions. Examples of foreign app development companies without local entities in Malaysia include IPIX Technologies Pvt Ltd and RootSquare Technologies Pvt Ltd which operate from India, and Neshes Global Inc which operates from the United Kingdom.

Industry players compete in terms of price, ability to provide suitable digital solutions, project track record, customer service and after-sales service. The barriers to entry are generally low, if a new industry player intends to operate a small technical team and develop mobile and web apps without extensive and complex functionalities. Nevertheless, to remain competitive in the industry and to have a sustainable business over the long term, industry players are required to hire and retain software developers who are equipped with knowledge and skills in the latest technologies due to the rapidly evolving industry. Further, industry players are required to continuously improve their service quality, ensuring good customer and after-sales service, and employing effective marketing strategies to maintain their competitive edge.

Closest Competitors to Agmo Group

Agmo Group is a software development company whose solutions involve digitalising customers' business operations through the development of mobile and web applications as well as provision of digital platform-based services. As such, the basis for selection of the closest competitors to Agmo Group is as follows:

- Software development companies incorporated in Malaysia which are involved in the development of mobile and web apps, and may provide related services (e.g. provision of digital platform-based services and provision of subscription, hosting, technical support and maintenance services) for businesses and organisations; and
- Companies which recorded more than RM1.00 million in revenue based on their respective latest available financial years.

The closest competitors below were identified by SMITH ZANDER on the abovementioned basis based on the research carried out by SMITH ZANDER and the availability of information. It is not an exhaustive list and it is important to note that Agmo Group competes with their closest competitors listed below as well as other industry players that are not included in this list, but which have been mentioned in page 6 of this IMR Report. For example, Agmo Group also competes with IT services companies and digital marketing companies with mobile and web app development as part of their service offering, however, these companies are excluded as closest competitors to Agmo Group as they are principally involved in other business activities. Further, Agmo Group also competes with foreign industry players which provide mobile and web app development services from their base countries to customers' sites in Malaysia without establishing local entities, however, these companies are excluded as closest competitors to Agmo Group as they are based in other countries.

Details on the business activities and financial information of the closest competitors to Agmo Group identified based on the basis for selection above are disclosed as follows:

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Company name	Business activities	MSC Status	Latest available financial year	Revenue (RM'000)	Gross profit (RM'000)	Gross profit margin (%)	Profit after tax (RM '000)	Profit after tax margin (%)	Effective tax rate (%)
Ciro Solution Sdn Bhd	Mobile and web app development	No	31 December 2020	17,506.01	6,739.32	38.50	1,634.05	9.33	16.44
Agmo Group	Mobile and web app development, provision of digital platform-based services, provision of subscription, hosting, technical support and maintenance services	Yes	31 March 2022	16,525.00	7,380.00	44.70	6,738.00	40.80	3.10
Ingenious Lab Sdn Bhd	Mobile and web app development	Yes	30 June 2021	7,697.27	3,091.07	40.16	2,680.85	34.83	1.24
Snappymob Sdn Bhd	Mobile and web app development, marketing consultancy, technical support and maintenance services	Yes	31 December 2020	3,425.30	3,230.87	94.32	-96.37	-2.81	-8.41 ⁽ⁱ⁾
The Mobile Life Sdn Bhd	Mobile and web app development, development of backend, product management, system architecture, cloud hosting, cyber security, project management and support and maintenance	No	31 December 2020	3,099.55	1,102.12	35.56	427.14	13.78	13.87
Suria Labs Development Sdn Bhd	Mobile and web app development, blockchain solutions	Yes	31 October 2019	2,967.61	2,603.76	87.74	-219.22	-7.39	-2.48 ⁽ⁱ⁾
Lizard Apps Malaysian Development Centre Sdn Bhd	Mobile and web app development, technical and digital consultancy, digital marketing strategy consultancy	Yes	31 December 2020	2,752.54	350.41	12.73	324.41	11.79	7.42
Fireworks Solutions Sdn Bhd	Mobile and web app development, digital marketing consultancy	Yes	30 June 2020	1,661.75	818.47	49.25	30.11	1.81	23.95
Alphapod Sdn Bhd	Mobile and web app development, system integration and development	Yes	31 December 2020	1,426.20	1,224.79	85.88	-29.54	-2.07	-216.55 ⁽ⁱ⁾

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Company name	Business activities	MSC Status	Latest available financial year	Revenue (RM'000)	Gross profit (RM'000)	Gross profit margin (%)	Profit after tax (RM '000)	Profit after tax margin (%)	Effective tax rate (%)
Ant Internet Sdn Bhd	of backend and application programming interface Mobile and web app development, strategy consultancy, revenue model digitalisation	No	31 December 2020	1,350.51	538.34	39.86	74.18	5.49	Not applicable ⁽ⁱⁱ⁾
Lava X Technologies Sdn Bhd	Mobile and web app development, technical consultancy	No	31 December 2020	1,076.64	1,076.64	100.00 ⁽ⁱⁱⁱ⁾	108.94	10.12	16.98
Virtual Spirit Technology Sdn Bhd	Mobile and web app development, business technology consultancy, artificial intelligence and blockchain solutions	No	30 June 2020 ^(iv)	1,063.56	312.14	29.35	105.01	9.87	23.05

Notes:

- Latest available as at 23 May 2022.
- (i) Recorded a negative profit before tax in the latest available financial year. Hence, a negative effective tax rate was recorded.
- (ii) Ant Internet Sdn Bhd has no chargeable income in the latest available financial year. Hence the effective tax rate could not be tabulated.
- (iii) Lava X Technologies Sdn Bhd has no cost of sales recorded in the latest available financial year. Hence, the GP margin was recorded at 100.00%.
- (iv) The review for this financial year is based on the audited financial period beginning 6 March 2019 to 30 June 2020.

Sources: Agmo Group, various company websites, CCM, SMITH ZANDER analysis

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8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

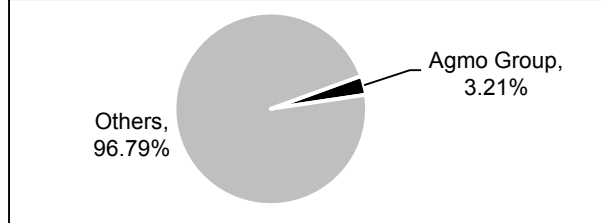


Market Share

In 2021, the size of the mobile and web app development industry in Malaysia was recorded at RM514.21 million.

For the financial year ended 31 March 2022, the revenue of Agmo Group was recorded at RM16.53 million and thereby Agmo Group captured a market share of 3.21% in Malaysia.

Mobile and web development market share, 2021

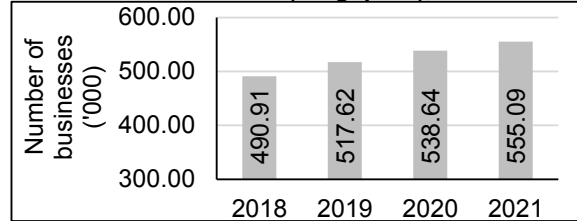


Sources: Agmo Group, SMITH ZANDER analysis

4 MOBILE AND WEB APP DEVELOPMENT INDUSTRY IN SINGAPORE

Singapore has one of the world's most business-friendly regulatory environment for local entrepreneurs and foreign entities, as evident by its 2nd ranking in the ease of doing business by the World Bank Group. It is also one of the key global financial centres and a regional base for many technology-related multinationals such as Microsoft, Oracle, Amazon Web Services and Google. The number of businesses (i.e. companies, sole proprietorships and partnerships) in Singapore increased from 490,911 in 2018 to 555,090 in 2021, at a CAGR of 4.18%, which indicates the growth potential of the mobile and web app development industry in Singapore as businesses adopt mobile and web apps to digitalise their businesses to remain competitive.

Number of businesses (Singapore), 2018 – 2021



Source: Accounting and Corporate Regulatory Authority, Singapore

The Government of Singapore also launched several initiatives to drive business digitalisation, including the adoption of mobile and web apps. The SMEs Go Digital programme, which was launched in 2017, aims to accelerate the digital transformation of SMEs in Singapore. There are several initiatives launched under the SMEs Go Digital programme, namely:

- Start Digital Pack – to provide newly incorporated SMEs or those who have yet to digitalise their businesses with competitively priced digital solution packages to help them start their digitalisation journey;
- Grow Digital – to enable SMEs to participate in various e-commerce platforms that have regional or global reach to sell their products without the need for physical presence;
- Industry Digital Plans – to provide SMEs with step-by-step guide in adopting digital solutions and training programmes to enhance employees' digital skills, and provide up to 80% grant support to SMEs for adopting digital solutions recommended in the Industry Digital Plans;
- SME Digital Tech Hub – to provide digital technology advisory to SMEs in specialised areas, including data analytics, cybersecurity, artificial intelligence and internet of things; and
- Chief Technology Officer-as-a-service – to explore and provide SMEs with digital solutions, digital advisory and project management services.

In the Budget 2022, the Government of Singapore announced several more initiatives to help accelerate the digital transformation of SMEs to seize growth opportunities in the digital economy. These initiatives include:

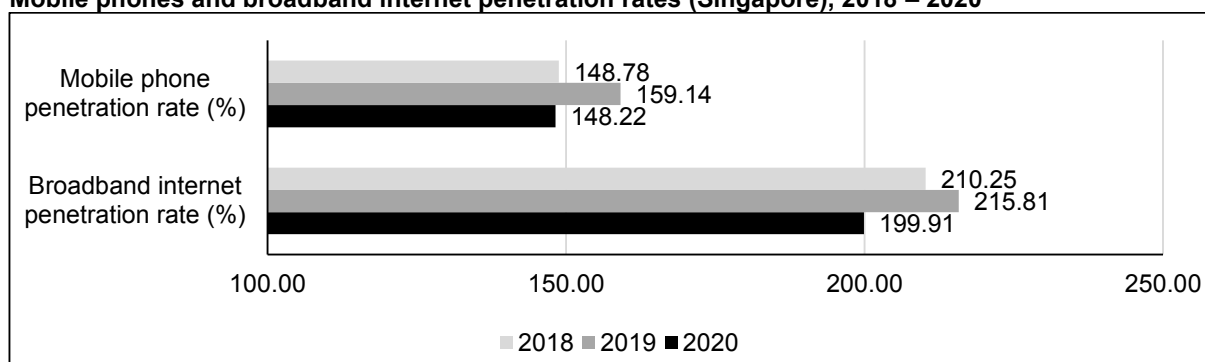
- Extending the Advance Digital Solution Programme that was introduced in 2020 and provide up to 80% grant support to SMEs for the adoption of advanced technologies (e.g. artificial intelligence, robotics, blockchain and internet of things) and integrated solutions (e.g. business-to-business (B2B) solutions that integrate inventory management, e-invoicing and e-payments); and
- Implementation of TechSkills Accelerator to develop a skilled information and communications technology (ICT) workforce for the economy of Singapore and enhance employability outcomes for individuals.

Further, the mobile and web app development industry in Singapore is also driven by the digitalised consumer behaviour, as mobile devices such as smartphones and tablets have become essential part in everyday lives for the general public to perform many daily activities. This is evident by the mobile phone (comprising pre-paid and post-paid) penetration rate and broadband internet penetration rate which both exceeded 100.00% for the period between 2018 and 2020, indicating the usage / subscription of more than 1 mobile phones and broadband internet packages by some individuals in Singapore. The slight decrease in mobile phone and broadband internet penetration rates in 2020 may be due to users not using or unsubscribing the additional subscriptions as a cost reduction measure in view of the COVID-19 pandemic.

8. INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



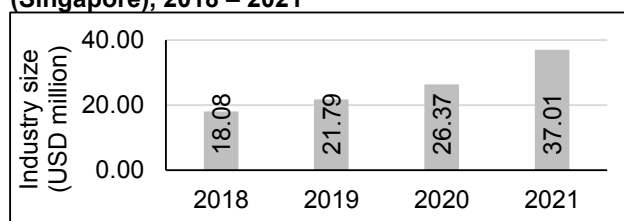
Mobile phones and broadband internet penetration rates (Singapore), 2018 – 2020 ²



Source: Department of Statistics Singapore

Premised on the above, the size of the mobile and web app development industry in Singapore, measured in terms of sales revenue, increased from USD18.08 million in 2018 to USD37.01 million in 2021, at a CAGR of 26.97%. As of 21 May 2022, there were 6,159 apps available for download in Singapore, with an estimated 18.91 billion total downloads.

Mobile and web app development industry size (Singapore), 2018 – 2021



Source: Singapore Mobile and Web App Development Market by Allied Market Research

5 OUTLOOK AND PROSPECTS

The size of the mobile and web app development industry in Malaysia and Singapore is represented by the sales revenue of mobile and web app development. The sales revenue of mobile and web app development in Malaysia increased from RM269.08 million in 2018 to RM514.21 million in 2021, at a CAGR of 24.09%, while the sales revenue of mobile and web app development in Singapore, increased from USD18.08 million in 2018 to USD37.01 million in 2021, at a CAGR of 26.97%.

The mobile and web app development industry is expected to continue on its strong growth trajectory, driven by digitalised consumer behaviour and attachment to mobile devices by the general public to perform daily activities, digitalisation of businesses as businesses are urged to undertake or accelerate digitalisation efforts for business sustainability in the changing business environment, continuous technology advancement which drives businesses to continuously adopt new or upgrade existing mobile and web apps, and the implementation of digital transformation initiatives by the Government of Malaysia and the Government of Singapore.

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² Latest available as at 23 May 2022.