



**UMS**  
UNIVERSITI MALAYSIA SABAH

**FACULTY OF BUSINESS, ECONOMICS AND ACCOUNTANCY**

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**( GROUP ASSIGNMENT II: IPO ANALYSIS - DAYTHREE  
DIGITAL BERHAD)**

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## **1.0 INTRODUCTION**

Daythree is a leading business process management (BPM) company with a focus on delivering insights and innovation-driven customer experience (CX). They have built a reputation for helping brands set up customer experience hubs that leverage digital channels and cutting-edge technologies to enhance service experience and efficiently resolve inquiries. Daythree's Services was customer Experience Hub Solutions, Daythree helps businesses set up customer experience hubs that integrate various digital channels for example email, chat, social media to provide a unified experience for customers. They make Business Process Management too, to help businesses identify and optimize their business processes to improve efficiency and effectiveness. Benefits of partnering with Daythree is they can reduce operating costs, Daythree can help you reduce operating costs by optimizing your business processes and Daythree can help you improve efficiency by automating your business processes. Also, it can help you increase productivity by providing your employees with the tools and resources they need to be successful and they can help you enhance your customer experience by providing a seamless and efficient customer journey. In the same time, Daythree also can help you improve your brand equity by providing a positive customer experience.

## **2.0 NATURE OF INITIAL PUBLIC OFFERING (IPO)**

According to Torys LLP [2001] It is generally agreed that one of the most important and crucial milestones that a company can reach is deciding whether or not to offer its shares on public markets. "Coming public" is the name given to the process by which a company that was formerly privately held makes the move to becoming a publicly traded one. This process consists of a number of separate processes. The initial public offering (IPO) of shares to the general public is the most common way for private companies to become publicly traded. This suggests that a company that is successful in completing an initial public offering (IPO) will be required to apply in order for the stock exchange to list its shares. As part of their oversight of companies that are seeking public listings, the regulators may need to determine whether or not they should require issuers to have more disclosure of pre-listing financial data. This evaluation could be required as part of their oversight of businesses that are seeking public listings.

The initial public offerings is widely recognised as one of the most effective methods of equity financing, and it has also attained recognition as a key topic in the world of finance from the perspectives of both academicians and practitioners. In other words, it has attained recognition as a key topic in the world of finance. According to Pasupuleti (2011) The majority of the relevant literature suggests that an investor would be paid off higher returns in the case of owning a share in the case of an initial public offering (IPO), rather than at the time of listing, because there is less opportunity to generate positive returns by trading at the time of listing. This is due to the fact that there are fewer opportunities to generate positive returns by trading at the time of listing. 2010 was the year that marked the high peak of worldwide IPO through expanding to more than 269 billion United States Dollars, with agribusiness of China Ltd. Being involved in the largest deal in history by a margin of 22.1 billion United States Dollars. In 2010, initial public offerings (IPOs) around the world reached a new high peak, growing to more than 269 billion United States Dollars. This came after two consecutive years of poor IPO activity around the world.

### 3.0 TOTAL NEW SHARES ISSUED AND IPO PRICE

The total new shares issued by Daythree Digital is 110.4 million at the issue/offer price of RM0.30 per share , representing approximately 23.0% of the enlarged share capital of Daythree.

Details	No. of shares	RM
<b>Share capital</b>		
As at the date of this Prospectus	369,600,000	20,143,203
To be issued under our Public Issue	110,400,000	33,120,000
<b>To be issued under our Public Issue</b>	<b>480,000,000</b>	<b>53,263,203</b>

#### *Share capital on IPO Prospectus of Daythree Digital Berhad*

An IPO price is the price at which shares of a corporation are offered to accredited and institutional buyers just before the stock begins trading on an exchange. The public offering price's objective is to entice investors to purchase shares. The IPO pricing is determined by the investment banks that support the offering. The IPO price for Daythree is RM 0.30. After considering a number of factors, the Joint Lead Book runners, the Selling Shareholders, and the Directors of Daythree Digital Berhad came to an agreement on the IPO Price. Initial offering price of RM0.30 per IPO share, payable in full at application under the retail offering.

#### **4.0 BACKGROUND OF THE COMPANY : DAYTHREE DIGITAL BERHAD**

Daythree Digital Berhad (Daythree) is a Malaysia-based global business service provider with a focus on customer experience (CX) and business process management (BPM). Founded in 2012 by Raymond Devadass, Daythree started as a small team offering CX solutions to Malaysian clients. Initially this focused on contact center services and customer support operations then grew steadily through organic growth and strategic acquisitions. Expanded its service offerings to include business process outsourcing (BPO), knowledge process outsourcing (KPO), and IT services. In 2017 until 2020 this company entered new markets beyond Malaysia, including Singapore, Philippines, and Thailand also launched Daythree Academy to train and upskill its workforce. Anyhow, this company received various industry awards and recognition for its innovative CX solutions. Continued to expand its regional presence, establishing offices in Vietnam and Indonesia. In 2023, they achieved significant revenue growth, exceeding RM66.3 million needed to focus on digital transformation and adoption of new technologies like AI and automation. They strengthened its leadership team with the appointment of experienced industry professionals. Daythree in 2012 Founded in Malaysia, in 2015 they won first industry award for CX excellence, in 2018 Daythree company expanded to Singapore and Philippines, in 2020 they launched Daythree Academy and the next year they entered Vietnam market then current year they achieved record revenue of RM66.3 million. Current focus of this company remains committed to delivering insights and innovation driven customer experiences. Then, they focus on helping brands build customer equity and trust through technology and data-driven solutions. They are actively investing in digital transformation and talent development to stay ahead of the curve in the competitive CX landscape. Overall, Daythree has experienced rapid growth and diversification since its founding in 2012. They are now a leading regional player in the CX and BPM industry, recognized for their innovative solutions and commitment to customer success.

## **5.0 INFORMATION ON THE PROMOTERS, SUBSTANTIAL, SHAREHOLDERS AND DIRECTORS**

### **5.1 PROMOTERS AND SUBSTANTIAL SHAREHOLDERS**

Paul Raymond Raj A/L Davadass, a Malaysian male, aged 52, is our founder and Managing Director. He was appointed to our Board on 25 August 2022. He is responsible for charting our Group's business strategies and directions. He has more than 10 years of working experience within the GBS industry. He graduated with a Master of Business Administration majoring in Strategy & Planning from Deakin University, Australia in August 2006. He is a fellow member of CPA since June 2020 and a member of MIA since March 2020. Given his in-depth knowledge and expertise in the digital technology industry, he was appointed to the MDEC Talent Expert Network Panel and Grant Recommendation Committee for the MyDigitalWorkforce Work in Tech programme in June 2021 and remains on the MDEC Talent Expert Network Panel to this day. He holds various positions in national industry associations which include, the President of CCAM since April 2019, the Councillor at the PIKOM since December 2019 and the Treasurer of Digital Global Business Services Council of Malaysia ("GBS Malaysia") (formerly known as Outsourcing Malaysia) since December 2017. He also leads GBS Malaysia's Research Committee and is a member of PIKOM's Research Committee. In January 2023, he was appointed as a permanent member and Deputy Chairman of the Sectorial Training Committee (STC) for Business and Consultancy.

The first substantial shareholder is Leong Kok Cheng, a Malaysian male, aged 62. He has more than 30 years in the banking and finance industry with extensive experience in investment banking, capital markets, corporate finance, structuring and managing investments of large corporations. He graduated in October 1982 with a Bachelor of Commerce (Honours) from University of Windsor, Ontario, Canada. In February 1984, he graduated with a Master in Business Administration at Drake University, United States. In May 2008, he ceased the business of ML Consultants Sdn Bhd, and in the same month, he joined Choizen Holdings Limited (formerly known as CSF Group plc, then listed on the Alternative Investment Market ("AIM") of the London Stock Exchange) as Director of Corporate Finance, responsible for the company's funding sources, capital structuring, business strategies and investments decisions.

Secondly, Lee King Loon, a Malaysian male, aged 52. He has approximately 30 years of experience in accounting and corporate finance works including conducting financial due diligence reviews and valuations on large corporate clients and private equity firms. In August 2016, he was transferred to Choizen Capital Advisory Sdn Bhd (formerly known as CSF Capital Advisory Sdn Bhd), a business management consultancy company, as its Executive Director where he is primarily involved in identifying and evaluating investment opportunities, and the implementation of the company's investment proposals and projects. He holds this position to this day. Presently, he also holds directorships in several private limited companies. He had served as an Independent Non-Executive Director of CN Asia Corporation Berhad (listed on the Main Market of Bursa Securities) between June 2016 and January 2021. He had also served as an Independent Non-Executive Director of Central Global Berhad (listed on the Main Market of Bursa Securities) between February 2021 and December 2022.

Finally, yet importantly, Bernadine Lee Siew Ling, a Malaysian female, aged 50. She has over 29 years of working experience in the banking industry and retail trading. She began her career in March 1991 as a Clerk in Public Bank Berhad where she was involved in handling fixed deposits and remittance. During her tenure with Public Bank Berhad, she was promoted to Confidential Assistant in July 1992 and thereafter was promoted to Officer Trainee in July 1993 where she was involved in promoting bank investment products and cross selling other bank products. In December 2000, she was transferred to PhileoAllied Group as an Assistant Manager and thereafter in January 2001, she was transferred to PhileoAllied Unit Trust Management Berhad (currently known as Libra Invest Berhad) as a Regional Manager where she was involved in overseeing office branches in 6 different locations.



	BEFORE IPO		AFTER IPO		BEFORE IPO		AFTER IPO	
	Direct		Indirect		Direct		Indirect	
Name	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
<b><u>Promoters and Substantial Shareholders</u></b>								
<b>Dayspring Capital</b>	<b>184800000</b>	<b>50.0</b>	-	-	<b>172800000</b>	<b>36.0</b>	-	-
<b>Paul Raymond Raj A/L Davadass</b>	-	-	<b>184800000</b>	<b>50.0</b>	-	-	<b>172800000</b>	<b>36.0</b>
<b>Cloud Marshal</b>	<b>110880000</b>	<b>30.0</b>	-	-	<b>110880000</b>	<b>23.1</b>	-	-

<b><u>Substantial shareholders</u></b>								
<b>BLM Holdings</b>	<b>73920000</b>	<b>20.0</b>	<b>-</b>	<b>-</b>	<b>73920000</b>	<b>15.4</b>	<b>-</b>	<b>-</b>
<b>Thanos Capital</b>	<b>-</b>	<b>-</b>	<b>110880000</b>	<b>30.0</b>	<b>-</b>	<b>-</b>	<b>110880000</b>	<b>23.1</b>
<b>Gan Jhia Jhia</b>	<b>-</b>	<b>-</b>	<b>110880000</b>	<b>30.0</b>	<b>-</b>	<b>-</b>	<b>110880000</b>	<b>23.1</b>
<b>Leong Kok Cheng</b>			<b>110880000</b>	<b>30.0</b>	<b>-</b>	<b>-</b>	<b>110880000</b>	<b>23.1</b>
<b>Lee King Loon</b>			<b>110880000</b>	<b>30.0</b>	<b>-</b>	<b>-</b>	<b>110880000</b>	<b>23.1</b>
<b>Bernadine Lee Siew Ling</b>			<b>73920000</b>	<b>20.0</b>	<b>-</b>	<b>-</b>	<b>73920000</b>	<b>15.4</b>

## 5.2 DIRECTORS

Dato' Ting Heng Peng, a Malaysian male, aged 63, is our Independent Non-Executive Chairman. He was appointed to our Board on 25 August 2022. He has approximately 35 years of working experience in the field of corporate and commercial litigation. In June 2000, he was appointed as an Independent Non-Executive Director of Supermax Corporation Berhad (listed on the Main Market of Bursa Securities). He was then re-designated as Non-Independent Non-Executive Director of Supermax Corporation Berhad in October 2022. Further, he is also an Independent Non-Executive Director of Mercury Industries Berhad since July 2017 and was an Independent Non-Executive Director of Lagenda Properties Berhad from October 2003 to December 2017, both listed on the Main Market of Bursa Securities. He was also the Independent Non-Executive Chairman of Choizen Holdings Limited (formerly known as CSF Group plc, then listed on the AIM of London Stock Exchange) since February 2010 until its dissolution on 5 September 2022, and held directorships in several private limited companies held under Choizen Holdings Limited, namely CSF Advisers Sdn Bhd from July 2007 to October 2020, Bridge Data Centres Malaysia Sdn Bhd (formerly known as CSF CX Sdn Bhd) from July 2009 to November 2017, Atlas CSF Sdn Bhd from January 2014 to October 2020, and CSF Network Services Sdn Bhd from July 2015 to September 2022.

Next, Prabakaran A/L Chilatorai, a Malaysian male, aged 45, is our Executive Director and Head, Customer Experience. He was appointed to our Board on 25 August 2022. He oversees strategic client partnerships and operational excellence for CX lifecycle business process services that are focused on delivering a positive CX and to connect with our clients' customers via inbound interactions. He has approximately 20 years of working experience in managing CX lifecycle business processes. During his period of service, he received multiple promotions. He left the company in May 2010 with his last position as a Quality Assurance Manager and immediately joined CSC Computer Sciences Sdn Bhd, an IT solutions and services provider, as a Senior Operations Manager responsible for day-to-day operational efficiency, productivity and contractual service level. In February 2016, he was promoted to Head of Customer Services, Marketing and Customer Management in Astro GS Shop Sdn Bhd, a subsidiary of Astro Malaysia Holdings Berhad (listed on the Main Market of Bursa Securities) where he was responsible for maintaining and improving the contact center operations by monitoring system performance.

Besides, Gan Jhia Jhia, a Malaysian female, aged 50, is our Non-Independent Non-Executive Director. She was appointed to our Board on 25 August 2022. She has approximately 27 years of experience in the banking and finance sectors specializing in the structuring of corporate loans and transactions, including business collaboration, joint-venture, sales and leaseback, finance arrangements, and mergers and acquisitions. She began her career in August 1995 as a Management Trainee in the Corporate Banking Department in RHB Bank Berhad, where she was assigned to different departments to provide administrative and operational support. In June 2013, she was transferred to the holding company, Choizen Holdings Limited (formerly known as CSF Group plc, then listed on the AIM of London Stock Exchange) in 2013 as its Senior Vice President in the Corporate Services division, where she was involved in planning and implementation of the company's corporate strategies. In July 2022, she was transferred to Choizen Capital Advisory Sdn Bhd (formerly known as CSF Capital Advisory Sdn Bhd), a business management consultancy company, as its Senior Vice President in Corporate Services division where she plans and implements the company's corporate strategies as well as handling corporate services matters.

Furthemore, Syed Izmi Bin Syed Kamarul Bahrin, a Malaysian male, aged 52, is our Non-Independent Non-Executive Director. He was appointed to our Board on 25 August 2022. He has approximately 28 years of working experience in the area of corporate finance, investment and fund management. He began his career in September 1994, as an Executive in the Corporate Finance Division of the Petroliam Nasional Berhad, a Malaysia oil and gas company. He was responsible for the preparation and evaluation of investment and financing proposals and feasibility studies. In August 2016, he joined Unit Peneraju Agenda Bumiputera ("**TERAJU**"), a strategic unit under the Prime Minister's Department of Malaysia as its Director of Strategy & Stakeholder Management. During his tenure there, he was responsible for developing and implementing the Bumiputera strategic roadmaps under the 11th and 12th Malaysian Plan.

Additionally, Azlina Binti Abdullah, a Malaysian female, aged 59, is our Independent Non-Executive Director. She was appointed to our Board on 25 August 2022. She has approximately 28 years of working experience in the banking industry. She began her career in March 1989 with AFMB Holding Berhad (formerly known as MBf Finance Berhad), a company involved in banking and financial services, as a Branch Credit Officer, where she was responsible for loan processing. She left the company in August 1992. In September 1992, she joined EON Bank Berhad (formerly

known as Oriental Bank Berhad) as a Corporate Banking Officer where she was involved in the sale and marketing, evaluating and processing of corporate loans. She resigned from the bank in April 2000 with her last position as Unit Head of Corporate Banking and subsequently joined Affin Bank Berhad (listed on the Main Market of Bursa Securities) in May 2000, as a Manager (Commercial Banking III), where she was involved in supervising a total of 25 branches within the Klang Valley, East Coast and East Malaysia regions.

Next, Leong Chooi Kuen, a Malaysian female, aged 56, is our Independent Non-Executive Director. She was appointed to our Board on 25 August 2022. She has approximately 34 years of working experience in the field of accounting, finance, taxation and auditing. She began her career in mid-1988 as an Audit Assistant in PricewaterhouseCoopers Malaysia where she was involved in auditing and taxation. She left the firm in April 1996 with her last position as an Assistant Manager. Upon resigning from the firm, she joined United Malayan Land Bhd, a property development group in May 1996 as its Corporate Accountant where she was involved in financial and management reporting, taxation and treasury. She was promoted to General Manager in 2018, where she was responsible for corporate tax planning and compliance, treasury, corporate planning, investor relations, internal audit and risk management, a position she holds to date.

Finally, Woon Tai Hai, a Malaysian male, aged 66, is our Independent Non-Executive Director. He was appointed to our Board on 25 August 2022. He has approximately 40 years of working experience in IT and risk management. He began his career in June 1982 as a Programming Analyst in Compec Systems Pty Ltd, Australia, a company involved in the banking and finance services, where he was responsible for providing programming and analysis to the development of treasury banking software solutions for the financial service industry. He left the company in December 1984. In January 2014, he was appointed as an Executive Director of BDO Consulting Sdn Bhd, a company involved in management and IT consulting services, where he acted as a Management Consultant to provide strategic advice to senior management in areas of IT related matters. He left the company in December 2017. He was then appointed as Director in Takaful Ikhlas Family Berhad (September 2019) and Takaful Ikhlas General Berhad (October 2019) where he continues to be Director to this day.

	BEFORE IPO		AFTER IPO		BEFORE IPO		AFTER IPO	
	Direct		Indirect		Direct		Indirect	
Name (Designation)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)	No. of Shares	(%)
Dato' Ting Heng Peng	-	-	-	-	-	-	-	-
Paul Raymond Raj A/L Davadass	-	-	18480000	50.0	-	-	172800000	36.0
Prabakaran A/L Chilatorai	-	-	-	-	1000000	0.2	-	-
Gan Jhia Jhia	-	-	110880000	30.0	-	-	110880000	23.1
Syed Izmi Bin Syed Kamarul Bahrin	-	-	-	-	500000	0.1	-	-
Azlina Binti Abdullah	-	-	-	-	-	-	-	-
Leong Chooi Kuen	-	-	-	-	-	-	-	-
Woon Tai Hai	-	-	-	-	500000	-	0.1	-

## 6.0 WHY AND HOW THE IPO PROCEEDS WILL BE UTILIZE

The gross proceeds to be raised by our Company from the Public Issue of RM33.1 million shall be utilised in the following manner:

Utilisation of proceeds	(RM'000)	%	Estimated timeframe for utilisation
a. Office expansion	7100	21.4	Within 24 months
b. Recruit industry experts to capture growth opportunities	3020	9.1	Within 24 months
c. Capital expenditure in networking infrastructure, IT hardware and software	3000	9.1	Within 12 months
d. Branding, marketing and promotional activities	1500	4.5	Within 12 months Within 1 months
e. Working capital	14700	44.4	
f. Estimated listing expenses	3800	11.5	
<b>Total</b>	<b><u>331200</u></b>	<b><u>100.0</u></b>	

### a. Office Expansion

Utilisation of proceeds	(RM'000)
i) Headquarters expansion	1200
ii) Expansion of working space	
- New CX delivery office	2900
- Multipurpose facility for internal training, meetings, rest and recreation	3000
<b>Total</b>	<b><u>7100</u></b>

**b. Recruit industry experts to capture growth opportunities**

Description	(RM'000)
Cost of recruiting of industry experts comprising:	
Managerial:	
- Chief People Officer	240
- Chief Customer Officer	600
- Director of learning and development	240
Executive	
- 12 executive personnel for the new managerial personnel mentioned above (4 per department)	900
Digital transformation team:	
- 1 project manager	200
- 1 team lead	150
- RPA engineers	350
- Web engineers	340
<b>Total</b>	<b><u>3020</u></b>

The company believes that the quality of the employees is a key differentiator in securing and retaining business, as well as in delivering superior CX. Strengthening the workforce is fundamental for them to continued business growth and as such, they intend to use RM3.0 million to hire a team of industry experts comprising the expansion of the management team with a Chief People Officer, Director of learning and development, and Chief Customer Officer, together with 12 executive personnel to support this expanded management team.



**c. Capital expenditure in networking infrastructure, IT hardware and software**

Description	(RM'000)
Server and monitoring room setup	600
Networking infrastructure and software licensing	450
IT hardware such as servers, power supply, communication equipment and storage	1000
Networking, security and recovery software	950
<b>Total</b>	<b><u>3000</u></b>

The capital expenditure on networking infrastructure, IT hardware and software will serve as backup and disaster recovery and for the further development of they Group's proprietary range of in-house developed digital tools which will involve system build, design and development, integration of hardware and software. The additional equipment for backup and disaster recovery will be installed at our existing offices in UOA Business Park. They Group's network monitoring is presently conducted at the current offices in UOA Business Park.

**d. Branding, marketing and promotional activities**

Description	(RM'000)
Participation in educational exhibitions and forums	500
Placement of thought leadership articles, advertisements on various online platforms such as digital publications, websites, in-application advertisements as well as social media	700
Redesigning of website	300
<b>Total</b>	<b><u>1500</u></b>

The company's aim to increase the market visibility and brand recognition by participating in more educational exhibitions and forums, and placing of thought leadership articles, advertisements through various platforms such as digital publications, websites, in application advertisements and social media platforms as well as redesign they Group's website. Historically, we have incurred minimal costs for branding, marketing and promotional activities, mainly for participation at promotional events or activities organised by academic institutions and industry associations such as PIKOM.

**e. Working capital**

Description	(RM'000)
Staff cost ( for 12 months ) of 380 CX executive	14200
Lease rental ( for 12 months ) of 380 units of computer equipment per CX executive	400
<b>Total</b>	<b><u>14700</u></b>

In conjunction with the growth of our workforce, we intend to recruit additional 380 CX executives to enhance they capacity to service those growing number of contracts, as People's costs are the largest cost of sales. These CX executives are to be located at their expanded office areas, and will run through multiple shifts in future.

**d. Estimated listing expenses**

<b>Estimated listing expenses</b>	<b>(RM'000)</b>
Professional fees	2200
Underwriting, placement and brokerage fees	1100
Printing, advertising fees and contingencies	424
Fees payable to the authorities	76
<b>Total</b>	<b><u>3800</u></b>

## 7.0 HOW THE IPO PRICE WAS DETERMINED

The factors they would use to determine the price and the conditions of the underwriting arrangement between the issuer and the underwriters are frequently covered in the prospectus under the headings “Underwriting” or “Plan of Distribution”. From the perspective of the company selling its shares in the IPO, the higher the offering price, the more money the company may raise.

A total of 12,000,000 existing shares to be offered under offer for sale, representing 2.5% of enlarged share capital, are offered by Dayspring Capital Sdn. Bhd. to selected investors by way of private placement at IPO price. Upon completion of the IPO, Daythree’s entire enlarged issued share capital of approximately RM 53.26 million comprising 480,000,000 shares will be listed on the ACE Market of Bursa Securities.

Daythree Digital Berhad EPS of 2022 was 1.3 in 2021 the EPS was 2.0. In the Financial Year Ended 2021, the company current assets increased by RM 5.0 million from RM28.2 million as at 31 December 2021 to RM 33.2 million as at 31 December 2022. Apart from that, Current liabilities increased by RM8.1 million from RM4.7 million as at 31 December 2021 to RM12.8 million as at 31 December 2022 mainly due to increase in borrowings arising from drawdown of trade facility of RM4.0 million for working capital purposes and current tax liabilities of RM2.3 million arising from the provision of income tax for Financial Year Ended 2022. Other payables and contract liabilities increased by RM 1.4 million in aggregate mainly due to increase in renovation cost payable, legal fees payables, and accruals for SST and EPF as well as advanced billings to Clients.

Daythree Digital Berhad financial track record for the past Financial Year Ended 2020 to 2022 are set out as below :

	<b>FYE 2019 RM'000</b>	<b>FYE 2020 RM'000</b>	<b>FYE 2021 RM'000</b>	<b>FYE 2022 RM'000</b>
Revenue	37,463	47,713	58,133	65,105
Gross Profit	7,631	9,888	15,163	16,401
Profit After Tax	3,838	5,649	9,630	6,247

## 8.0 ANALYSIS ON THE FINANCIAL INFORMATION

<b>DAYTHREE DIGITAL BERHAD</b>						
	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024F</b>
<b>FYE</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>	<b>37,463</b>	<b>47,713</b>	<b>58,133</b>	<b>65,105</b>	<b>71,616</b>	<b>78,777</b>
<b>Cost of sales</b>	<b>(29,832)</b>	<b>(37,825)</b>	<b>(42,970)</b>	<b>(48,704)</b>	<b>(54,428)</b>	<b>(59,871)</b>
<b>GROSS PROFIT</b>	<b>7,631</b>	<b>9,888</b>	<b>15,163</b>	<b>16,401</b>	<b>17,188</b>	<b>18,906</b>
<b>Other income</b>	<b>85</b>	<b>135</b>	<b>149</b>	<b>210</b>	<b>201</b>	<b>221</b>
<b>Administrative expenses</b>	<b>(3,638)</b>	<b>(3,966)</b>	<b>(5,090)</b>	<b>(7,541)</b>	<b>(6,861)</b>	<b>(7,090)</b>
<b>Other operating expenses</b>	<b>(10)</b>	<b>(41)</b>	<b>(181)</b>	<b>(164)</b>	<b>(129)</b>	<b>(142)</b>
<b>Operating profit</b>	<b>4,068</b>	<b>6,016</b>	<b>10,041</b>	<b>8,906</b>	<b>10,399</b>	<b>11,895</b>
<b>Finance cost</b>	<b>(230)</b>	<b>(367)</b>	<b>(370)</b>	<b>(361)</b>	<b>(466)</b>	<b>(512)</b>
<b>PBT</b>	<b>3,838</b>	<b>5,649</b>	<b>9,671</b>	<b>8,545</b>	<b>9,933</b>	<b>11,383</b>
<b>Income tax expense</b>	<b>-</b>	<b>-</b>	<b>(41)</b>	<b>(2,298)</b>	<b>(688)</b>	<b>(756)</b>
<b>PAT</b>	<b>3,838</b>	<b>5,649</b>	<b>9,630</b>	<b>6,247</b>	<b>9,245</b>	<b>10,627</b>
<b>Comprehensive income</b>	<b>3,838</b>	<b>5,649</b>	<b>9,630</b>	<b>6,247</b>	<b>9,245</b>	<b>10,627</b>
<b>Share Capital (000)</b>	<b>480,000</b>	<b>480,000</b>	<b>480,000</b>	<b>480,000</b>	<b>480,000</b>	<b>480,000</b>

<b>TREND ANALYSIS</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>AVERAGE</b>
<b>Revenue</b>		<b>21.48</b>	<b>17.92</b>	<b>10.71</b>	<b>16.71</b>
<b>Cost of sales</b>		<b>21.13</b>	<b>11.97</b>	<b>11.77</b>	<b>14.96</b>
<b>Gross Profit</b>		<b>22.83</b>	<b>34.79</b>	<b>7.55</b>	<b>21.72</b>
<b>Other income</b>		<b>37.04</b>	<b>9.40</b>	<b>29.05</b>	<b>25.16</b>
<b>Administrative expenses</b>		<b>8.27</b>	<b>22.08</b>	<b>32.50</b>	<b>20.95</b>
<b>Other operating expenses</b>		<b>75.61</b>	<b>77.35</b>	<b>(10.37)</b>	<b>47.53</b>
<b>Operating profit</b>		<b>32.38</b>	<b>40.09</b>	<b>(12.74)</b>	<b>19.91</b>
<b>Finance cost</b>		<b>37.33</b>	<b>0.81</b>	<b>(2.49)</b>	<b>11.88</b>
<b>PBT</b>		<b>32.06</b>	<b>41.59</b>	<b>(13.18)</b>	<b>20.16</b>
<b>Income tax expense</b>				<b>98.22</b>	<b>98.22</b>
<b>PAT</b>		<b>32.06</b>	<b>41.34</b>	<b>(54.15)</b>	<b>6.41</b>
<b>Comprehensive income</b>		<b>32.06</b>	<b>41.34</b>	<b>(54.15)</b>	<b>6.41</b>

<b>COMMON ANALYSIS</b>	<b>SIZE</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	
		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>AVERAGE</b>
<b>Revenue</b>		<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Cost of sales</b>		<b>(79.63)</b>	<b>(79.28)</b>	<b>(73.92)</b>	<b>(74.81)</b>	<b>(76.00)</b>
<b>GROSS PROFIT</b>		<b>20.37</b>	<b>20.72</b>	<b>26.08</b>	<b>25.19</b>	<b>24.00</b>
<b>Other income</b>		<b>0.23</b>	<b>0.28</b>	<b>0.26</b>	<b>0.32</b>	<b>0.29</b>
<b>Administrative expenses</b>		<b>(9.71)</b>	<b>(8.31)</b>	<b>(8.76)</b>	<b>(11.58)</b>	<b>(9.55)</b>
<b>Other operating expenses</b>		<b>(0.03)</b>	<b>(0.09)</b>	<b>(0.31)</b>	<b>(0.25)</b>	<b>(0.22)</b>
<b>Operating profit</b>		<b>10.86</b>	<b>12.61</b>	<b>17.27</b>	<b>13.68</b>	<b>14.52</b>
<b>Finance cost</b>		<b>(0.61)</b>	<b>(0.77)</b>	<b>(0.64)</b>	<b>(0.55)</b>	<b>(0.65)</b>
<b>PROFIT BEFORE TAX (PBT)</b>		<b>10.24</b>	<b>11.84</b>	<b>16.64</b>	<b>13.12</b>	<b>13.87</b>
<b>Income tax expense</b>		<b>0.00</b>	<b>0.00</b>	<b>(0.07)</b>	<b>(3.53)</b>	<b>(1.20)</b>
<b>PROFIT AFTER TAX (PAT)</b>		<b>10.24</b>	<b>11.84</b>	<b>16.57</b>	<b>9.59</b>	<b>12.67</b>
<b>Comprehensive income</b>		<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

<b>FINANCIAL ANALYSIS</b>	<b>RATIO</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023E</b>	<b>2024F</b>
<b>FYE</b>		<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>a) Liquidity ratio</b>							
<b>b) Profitability ratio</b>							
<b>Gross Profit Ratio</b>		<b>20.37</b>	<b>20.72</b>	<b>26.08</b>	<b>25.19</b>		
<b>PBT Ratio</b>		<b>10.24</b>	<b>11.84</b>	<b>16.64</b>	<b>13.12</b>		
<b>Net Profit Ratio</b>		<b>10.24</b>	<b>11.84</b>	<b>16.57</b>	<b>9.60</b>		
<b>c)Efficiency ratio</b>							
<b>d)Gearing ratio</b>							
<b>e)Market valuation ratio</b>							
<b>Offer Price (RM)</b>		<b>0.30</b>					
<b>Net EPS (RM)</b>		<b>0.01</b>	<b>0.01</b>	<b>0.02</b>	<b>0.01</b>	<b>0.02</b>	<b>0.02</b>
<b>Net EPS (Sen)</b>		<b>0.80</b>	<b>1.18</b>	<b>2.01</b>	<b>1.30</b>	<b>1.93</b>	<b>2.21</b>
<b>Price-Earning Ratio (PER)</b>		<b>37.52</b>	<b>25.49</b>	<b>14.95</b>	<b>23.05</b>	<b>15.58</b>	<b>13.55</b>



<b>DECISION</b>		
<b>Offer Price</b>	<b>0.30</b>	
<b>NTAB (RM)</b>	<b>0.12</b>	<b>DON'T BUY</b>
<b>Estimated price based on Market PER @ 20</b>	<b>0.39</b>	<b>BUY</b>
<b>Average PER @23 (RM)</b>	<b>0.44</b>	<b>BUY</b>
<b>Industry PER @25(RM)</b>	<b>0.48</b>	<b>BUY</b>

## **9.0 EVALUATION ON THE IPO PRICE**

The Public Issue of 110,400,000 new DayThree Digital Berhad shares at the offer price of RM0.30 per ,representing approximately 23.0% of the enlarged shares capital DayThree Digital Berhad. 24,000,000 new shares to be issued under the Public Shares, representing approximately 5.0% of enlarged share capital, will be offered to the Malaysian Public by way of balloting, of which at least 50% will be set aside for Bumiputera public investors. Besides that, 12,000,000 issued shares representing approximately 2.5% of enlarged shares capital will be made available for application by the eligible Directors and employees of the group and 74,400,000 issued shares representing approximately 15.5% of enlarged shares capital will be made available to private placement to the selected investors. Upon completion of IPO, Daythree Digital Berhad in connection with the listing of and quotation for the entire enlarged issued shares capital of RM53,263,203 comprising 480,000,000 ordinary shares in Daythree Digital Berhad on the ACE Market of Bursa Malaysia Securities Berhad.

In the event of an over subscription of issues shares by the Malaysian Public and directors and employees of their group, subject to the clawback and reallocation in their prospectus any of the above mentioned issue shares not applied for will then be subscribed by the “Underwriter” based on the terms of the Underwriting Agreement. For further analysis, Daythree Digital Berhad started the share offer price at RM0.30 and net tangible assets at RM0.12. As the net tangible assets show how much risk a company can tolerate, they shouldn’t be at a low rate. The conclusion is that you shouldn’t buy it. However, for the average PER with RM0.44 and the market PER at RM0.39, it is advisable to buy the stock considering that it is underpriced and has a larger value than what is being offered.

To the best of our knowledge and belief, there is no person or individual who intends to subscribe for more than 5.0% of our IPO shares according to Daythree Digital Berhad.

## **10.0 CONCLUSION**

Engaging in IPO allows a firm to potentially raise an enormous amount of capital, thus it's an important move. This improves the business's potential for expansion and growth. Additionally, an IPO is launched by company as an effort to improve its public perception. A company requires to meet a number of capital and regulatory requirements in order to initiate an IPO. This increases the company's credibility by bringing transparency to its opera and finances. Also, an IPO requires public marketing, which raises the company's image and visibility. Strong, observable, and sustainable revenue increase. Strong cash flow, healthy margins, and a road to profitability. a management team with public business expertise. KPI reporting is supported by strong financial, operational, and compliance controls. Investors are able to take leverage of the listing benefits of an initial public offering (IPO) and choose to extend their investment if they think the firm has potential for growth. Furthermore, the fund raised through an IPO is equity capital, which is owners' capital. This helps save money on high-interest payments that the company might have to pay on the debt capital. In a nutshell, just because a firm getting good press it's doesn't mean we should invest in IPO. Extreme readings may indicate that the investment's risk and reward are undesirable at the current price levels. A company conducting an IPO does not have a history of effectively operating in the public market, which investors should be aware of but if you interested to invest in IPO always read the company's prospectus, an important IPO investing tip is to put efforts into studying the red herring prospectus. When you invest in an IPO, you become an equity holder of the company. So, unlike debt investors, you do not have any safety of capital. Therefore, it is important for you to read the red herring prospectus in detail to understand how your money will be invested.

## 11.0 REFERENCES

- Bursa Malaysia. (2023, Jun 21). From Company Daythree Digital Berhad:  
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## APPENDICES

Registration No.: 202201029566 (1475263-U)

### 12. FINANCIAL INFORMATION

#### 12.1 HISTORICAL FINANCIAL INFORMATION

Our historical financial information throughout FYE 2019 to 2022 have been prepared in accordance with MFRS and IFRS. The selected financial information included in this Prospectus is not intended to predict our Group's financial position, results and cash flows.

Our Company was incorporated under the Act on 11 August 2022 as a private limited liability company and is domiciled in Malaysia. The Company was converted to a public company limited by shares and maintained our present name on 28 September 2022.

As such, the historical financial information of our Group for FYE 2019 to 2022 were prepared on a combined basis, as if our Group structure had been in existence throughout for FYE 2019 to 2022 and are presented based on the audited combined financial statements of our Group.

##### 12.1.1 Historical combined statements of comprehensive income

The following table sets out a summary of our combined statements of comprehensive income for FYE 2019 to 2022 which have been extracted from the Accountants' Report. It should be read with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Accountants' Report set out in Sections 12.2 and 13 respectively.

	Audited			
	FYE 2019	FYE 2020	FYE 2021	FYE 2022
	RM'000	RM'000	RM'000	RM'000
Revenue	37,463	47,713	58,133	65,105
Cost of sales	(29,832)	(37,825)	(42,970)	(48,704)
<b>GP</b>	<b>7,631</b>	<b>9,888</b>	<b>15,163</b>	<b>16,401</b>
Other income	85	135	149	210
Administrative expenses	(3,638)	(3,966)	(5,090)	(7,541)
Other operating expenses	(10)	(41)	(181)	(164)
<b>Operating profit</b>	<b>4,068</b>	<b>6,016</b>	<b>10,041</b>	<b>8,906</b>
Finance cost	(230)	(367)	(370)	(361)
<b>PBT</b>	<b>3,838</b>	<b>5,649</b>	<b>9,671</b>	<b>8,545</b>
Income tax expense	-	-	(41)	(2,298)
<b>PAT</b>	<b>3,838</b>	<b>5,649</b>	<b>9,630</b>	<b>6,247</b>
EBIT <sup>(1)</sup>	4,000	5,887	9,927	8,711
EBITDA <sup>(1)</sup>	4,992	7,372	11,825	10,830
GP margin (%) <sup>(2)</sup>	20.4	20.7	26.1	25.2
PBT margin (%) <sup>(3)</sup>	10.2	11.8	16.6	13.1
PAT margin (%) <sup>(3)</sup>	10.2	11.8	16.6	9.6
Effective tax rate (%) <sup>(4)</sup>	-	-	0.4	26.9
EPS (sen) <sup>(5)</sup>	0.8	1.2	2.0	1.3

## Timetable for IPO

### DAYTHREE DIGITAL BERHAD

Opening of application	21 Jun 2023
Closing of application	11 Jul 2023
Balloting of application	14 Jul 2023
Allotment of IPO shares to successful applicants	24 Jul 2023
Tentative listing date	26 Jul 2023

**Remarks :**

*Unless otherwise stated, the definitions used in this announcement shall carry the same meaning as those defined in the Prospectus issued by Daythree Digital Berhad dated 21 June 2023.*

*Applications will be accepted from 10.00 a.m. on 21 June 2023 and will close at 5.00 p.m. on 11 July 2023.*

*In the event there is any changes to the timetable, we will advertise the notice of changes in a widely circulated English and Bahasa Malaysia daily newspaper in Malaysia, and make an announcement on Bursa Securities' website.*

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#### Announcement Info

Company Name	DAYTHREE DIGITAL BERHAD
Stock Name	DAY3
Date Announced	21 Jun 2023
Category	Timetable for IPO
Reference Number	IO1-20062023-00001