

SUPERCOMNET TECHNOLOGIES BERHAD
(Company No. : 199001005958 (197527-H))
(Incorporated in Malaysia)

QUARTERLY REPORT FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2021

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

1. Basis Of Preparation

This interim financial report is unaudited and has been prepared in accordance with the requirements of Chapter 9, Continuing Disclosure, Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (" Bursa Securities ") for the ACE Market ("AMLR") and in compliance with Malaysian Financial Reporting Standards ("MFRSs") 134, Interim Financial Reporting issued by Malaysian Accounting Standards Board (MASB) and should be read in conjunction with the Group's annual audited financial statements for the financial year ended December 31, 2020.

The explanatory notes attached to the interim financial report provide an explanation of events and transactions are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended December 31, 2020.

New MFRS adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that are issued by the Malaysian Accounting Standards Board (MASB) during the financial year.

2. Title

Amendments to MFRS 9, MFRS 139 , MFRS 7,MFRS 4, and MFRS 16 Interest Rate Benchmark Reform - Phase 2
Amendments to MFRS 16 Covid-19 - Related Rent Concessions beyond 30 June 2021

Effective Date

January 1, 2021
April 1, 2021

Audit Report of Preceding Annual Financial Statements

The auditors' report on the preceding annual financial statements was not subject to any qualification.

3. Seasonal or Cyclical Factors

The business operations of the Group were not materially affected by any seasonal or cyclical factors.

4. Unusual Material Event

There was no unusual material event during the quarter.

5. Material Changes In Estimates

There were no changes in estimates which materially affect the current interim period.

6. Changes in Debt and Equity Securities

There were no issuance, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review except the issuance of 32,613,633 ordinary shares at an issue price of RM 0.65 per share on each warrant exercised.

7. Dividend Paid

On June 11, 2021, the company announced a interim single tier dividend of 1 sen per ordinary share and a special interim single tier dividend of 0.5 sen per ordinary share amounting to RM 10,837,154.43 in respect of financial year ended December 31, 2020 which has been paid on July 28, 2021.

8. Segmental Reporting

The Group's principal activities include manufacturing and sub-assembly of wires and cables for the medical devices, electrical appliances, consumer electronics and automotive markets.

The Group started to manufacture and assemble cables used to connect various medical devices through its wholly-owned subsidiary, Supercomal Medical Products Sdn. Bhd (SMP) since April 16, 2018. Since FY2020, the medical segment had overtaken the non-medical segment as the main contribution to the Group's revenue.

For the quarter under review, the medical segment continues to be the driver of growth for the Group with a revenue contribution of 71% as compared to 63% in the last corresponding period.

Meanwhile, the automotive segment has also seen a higher revenue contribution at 10%, compared to 3% in the last corresponding period.

Revenue contribution for the industrial segment stands at 19%, compared to 34% in the last corresponding period.

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9. Valuations of Property, Plant and Equipment

Not applicable as the Group did not revalue its property, plant and equipment during the current financial period.

10. Material Subsequent Events

There were no material subsequent events during the financial period under review.

11. Significant Event

There is no significant event during the financial period under review.

12. Changes in the Composition of The Group

The Group had two subsidiaries at the reporting date.

13. Contingent Liabilities and Contingent Assets

There was no Contingent liabilities / assets during the financial period under review.

14. Capital Commitments

There were no commitment for the purchase of property, plant and equipment as at September 30, 2021.

15. Review of Performance

	Individual Quarter Ended			Cumulative Quarter Ended		
	30.09.2021	30.09.2020	Variance	30.09.2021	30.09.2020	Variance
	RM ' 000	RM ' 000	%	RM ' 000	RM ' 000	%
Revenue	32,117	37,758	(14.94)	102,437	90,067	13.73
Operating Profit	8,626	6,898	25.05	22,131	20,537	7.76
Profit before Interest and Tax	8,626	6,898	25.05	22,131	20,537	7.76
Profit before Tax	8,626	6,898	25.05	22,131	20,537	7.76
Profit After Tax	6,996	5,157	35.66	17,290	15,206	13.71
Profit Attributable to Ordinary Equity Holders of the Parent	6,996	5,157		17,290	15,206	

For the quarter under review, the Group recorded a declined in revenue of RM 5.641 million (or 14.94%) from RM 37.758 million (Q3/20) to RM 32.117 million (Q3/21) due to manpower utilisation constrained by Full Movement Control Order(FMCO). The profit after tax of the group has increased by RM 1.839 million (or 35.66%) from RM 5.157 million to RM 6.996 million attributed by increased in sales of higher profit margin products.

16. Comparison with Immediate Preceding Quarter's Result

	Current	Immediate	Variance
	Quarter	Preceding	
	Ended	Quarter Ended	
	30.09.2021	30.06.2021	
	RM ' 000	RM ' 000	%
Revenue	32,117	32,753	(1.94)
Operating Profit	8,626	6,816	26.56
Profit Before Interest and Tax	8,626	6,816	26.56
Profit Before Tax	8,626	6,816	26.56
Profit After Tax	6,996	5,410	29.32
Profit Attributable to Ordinary Equity Holders of the Parent	6,996	5,410	29.32

As compared to the immediate preceding quarter, the revenue has dropped by RM0.636 million (or 1.94%) from RM 32.753 million (Q2/21) to RM 32.117 million (Q3/21) compared to the immediate preceding quarter. The profit after tax increased by RM 1.586 million (or 29.32%) from RM 5.410 million (Q2/21) to RM 6.996 million (Q3/21) due to the reason mentioned in Note 15 above.

17. Prospects For The Financial Year

The Group has obtained approval from the authority to operate at 100% workforce from September 1, 2021 onwards, thus the operation of the Group is expected to recovery on the remaining quarter.

In addition to the orders from the medical sector, the non-medical businesses are also expected to contribute positively towards the revenue.

Thus, barring any unforeseen circumstances, the Group is expecting the performance in the remaining financial year to be satisfactory.

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18. Profit Forecast or Guarantee

The Group has not given any profit forecast nor guarantee in respect of any corporate proposals.

19. Taxation

Taxation comprises the following :-

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM ' 000	RM ' 000	RM ' 000	RM ' 000
Current tax:				
Income tax expense in respect of current year	(2,037)	(1,741)	(5,248)	(5,331)
Over provision in prior year	346	-	346	-
Deferred tax	61	-	61	-
	<u>(1,630)</u>	<u>(1,741)</u>	<u>(4,841)</u>	<u>(5,331)</u>

20. Corporate Proposals

There was no corporate proposals exercised during the period ended September 30, 2021.

21. Borrowings and Debts Securities

There was no Group borrowings and Debts Securities at the end of the reporting period.

22. Changes in Material Litigation

There was no material litigation pending on the date of this announcement.

23. Dividend

There is no dividend declared for the financial period under review.

24. Earnings Per Share (EPS)

(a) Basic EPS

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Profit attributable to shareholders (RM '000)	6,996	5,157	17,290	15,206
Weighted average number of ordinary shares ('000)	755,091	665,678	755,091	665,678
Basic EPS (sen)	0.93	0.77	2.29	2.28

(b) Fully Diluted EPS

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Profit attributable to shareholders (RM '000)	6,996	5,157	17,290	15,206
Weighted average number of ordinary shares ('000)	755,091	665,678	755,091	665,678
Warrant shares deemed to be issued for no consideration ('000)	120,212	70,656	120,212	70,656
	875,303	736,334	875,303	736,334
Diluted EPS (sen)	0.80	0.70	1.98	2.07

25. Profit for the Period

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM ' 000	RM ' 000	RM ' 000	RM ' 000
Profit for the period is arrived at after crediting / (charging) :				
Interest income	101	264	254	552
Rental income	7	8	21	20
Depreciation and amortisation	(1,654)	(1,554)	(4,993)	(4,334)
Gain on disposal of property, plant and equipment	75	1	75	1
Property, plant and equipment written off	(2)	(14)	(5)	(24)
Net foreign exchange gain / (loss)	482	(371)	1,389	806

Save as disclosed above, the other items as required under Appendix 9B, Part A (16) of the Bursa Securities Ace Market Listing Requirements are not applicable.

26. Authorisation for issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on November 25, 2021