

REDTONE DIGITAL BERHAD

Registration Number: 200201028701 (596364-U)

Date: 27 November 2024

Subject: **UNAUDITED QUARTERLY (Q1) FINANCIAL REPORT FOR
THE PERIOD ENDED 30 SEPTEMBER 2024**

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2024
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Note | 3 months ended | |
|---|------|-----------------------|-----------------------|
| | | 30 Sep 2024 RM'000 | 30 Sep 2023 RM'000 |
| REVENUE | | 100,322 | 55,182 |
| PROFIT FROM OPERATIONS | | 16,643 | 11,412 |
| Investment related income | | 700 | 847 |
| Investment related expenses | | - | (6,074) |
| Finance costs | A11 | (852) | (860) |
| PROFIT BEFORE TAX | B7 | 16,491 | 5,325 |
| INCOME TAX EXPENSE | B6 | (5,625) | (2,087) |
| PROFIT AFTER TAX | | 10,866 | 3,238 |
| Other comprehensive item, net of tax | | | |
| <u>Items that will not be reclassified subsequently to profit or loss</u> | | | |
| Foreign currency translation | | (4) | - |
| Net changes in fair value of investments at fair value through other comprehensive income | | (3,671) | 5,522 |
| Total comprehensive income for the period | | 7,191 | 8,760 |
| <u>Profit/(loss) attributable to:-</u> | | | |
| Owners of the Company | | 11,003 | 2,717 |
| Non-controlling interests | | (137) | 521 |
| | | 10,866 | 3,238 |
| <u>Total comprehensive income/(loss) attributable to:-</u> | | | |
| Owners of the Company | | 7,328 | 8,239 |
| Non-controlling interests | | (137) | 521 |
| | | 7,191 | 8,760 |
| <u>Earnings per share attributable to owners of the parent (sen per share):</u> | | | |
| - Basic, for the period | B11 | 1.42 | 0.35 |

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2024
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | As at 30 Sep 2024 RM'000 | As at 30 Jun 2024 RM'000 (Audited) |
|--|-------|--------------------------------|---|
| ASSETS | | | |
| Non-current Assets | | | |
| Goodwill | | 423 | 423 |
| Property, plant and equipment | | 18,602 | 18,654 |
| Right-of-use assets | | 15,778 | 12,003 |
| Investment properties | | 1,180 | 1,180 |
| Intangible assets | | 15,069 | 20,436 |
| Other investments | | 95,610 | 60,707 |
| Deferred tax assets | | 5,714 | 5,714 |
| | | <u>152,376</u> | <u>119,117</u> |
| Current Assets | | | |
| Inventories | | 778 | 632 |
| Trade and other receivables | A12 | 136,405 | 80,461 |
| Contract assets | | 163,239 | 182,320 |
| Tax recoverable | | 10,828 | 2,616 |
| Short term investments | | - | 18,381 |
| Cash and bank balances | | 25,498 | 63,475 |
| | | <u>336,748</u> | <u>347,885</u> |
| TOTAL ASSETS | | 489,124 | 467,002 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to owners of the parent | | | |
| Share capital | A7(a) | 149,813 | 149,813 |
| Treasury shares | A7(b) | (5,653) | (5,653) |
| Reserves | | 134,739 | 150,600 |
| | | <u>278,899</u> | <u>294,760</u> |
| Non-controlling interests | | 3,107 | 3,262 |
| Total Equity | | 282,006 | 298,022 |
| Non-current Liabilities | | | |
| Loans and borrowings | B8 | 979 | 1,007 |
| Lease liabilities | | 13,824 | 10,507 |
| Other payable | A13 | 20,174 | 20,174 |
| Deferred tax liabilities | | - | 625 |
| | | <u>34,977</u> | <u>32,313</u> |
| Current Liabilities | | | |
| Trade and other payables | A13 | 134,349 | 120,546 |
| Contract liabilities | | 4,500 | 3,460 |
| Loans and borrowings | B8 | 21,958 | 3,918 |
| Lease liabilities | | 2,402 | 2,041 |
| Tax payable | | 8,932 | 6,702 |
| | | <u>172,141</u> | <u>136,667</u> |
| Total Liabilities | | 207,118 | 168,980 |
| TOTAL EQUITY AND LIABILITIES | | 489,124 | 467,002 |
| Net assets per share (sen) | | <u>36.08</u> | <u>38.13</u> |

The net assets per share is calculated based on the following:

Total equity less non-controlling interests divided by the number of ordinary shares in issue with voting rights.

The annexed notes form an integral part of this interim financial report.

REDTONE DIGITAL BERHAD

Registration Number: 200201028701 (596364-U)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2024
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

| | Share capital | Treasury shares | Foreign exchange reserve | Revaluation reserve | FVTOCI reserve | Distributable retained profits | Total | Non- controlling interests | Total equity |
|---|------------------|--------------------|--------------------------------|------------------------|-------------------|--------------------------------------|----------------|----------------------------------|-----------------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 July 2024 | 149,813 | (5,653) | (661) | 641 | 8,425 | 142,195 | 294,760 | 3,262 | 298,022 |
| Profit/(loss) for the period | - | - | - | - | - | 11,003 | 11,003 | (137) | 10,866 |
| Other comprehensive income | - | - | (4) | - | (3,671) | - | (3,675) | - | (3,675) |
| Total comprehensive income | - | - | (4) | - | (3,671) | 11,003 | 7,328 | (137) | 7,191 |
| Transactions with owners: | | | | | | | | | |
| - Arising from increase in equity interest in subsidiary company | - | - | - | - | - | - | - | (18) | (18) |
| - Dividend payable | - | - | - | - | - | (23,189) | (23,189) | - | (23,189) |
| At 30 September 2024 | 149,813 | (5,653) | (665) | 641 | 4,754 | 130,009 | 278,899 | 3,107 | 282,006 |
| At 1 July 2023 | 149,813 | (5,653) | (662) | 641 | 8,530 | 101,086 | 253,755 | 2,994 | 256,749 |
| Profit for the period | - | - | - | - | - | 2,717 | 2,717 | 521 | 3,238 |
| Other comprehensive income | - | - | - | - | 5,522 | - | 5,522 | - | 5,522 |
| Total comprehensive income | - | - | - | - | 5,522 | 2,717 | 8,239 | 521 | 8,760 |
| Transaction with owners: | | | | | | | | | |
| - Dividend payable | - | - | - | - | - | (19,324) | (19,324) | - | (19,324) |
| At 30 September 2023 | 149,813 | (5,653) | (662) | 641 | 14,052 | 84,479 | 242,670 | 3,515 | 246,185 |

The annexed notes form an integral part of this interim financial report.

REDTONE DIGITAL BERHAD

Registration Number: 200201028701 (596364-U)

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2024
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

| | 3 months ended | |
|--|-----------------------|-----------------------|
| | 30 Sep 2024 RM'000 | 30 Sep 2023 RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers | 64,788 | 45,080 |
| Payments of operating expenses | (86,697) | (51,577) |
| Payment of taxes | (12,232) | (4,650) |
| Other (payments)/receipts | (190) | 29 |
| Net cash used in operating activities | <u>(34,331)</u> | <u>(11,118)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Decrease/(increase) in deposits and short term investments | 5,497 | (7,125) |
| Proceeds from disposal of equity instrument | 13,792 | 7,007 |
| Acquisition of quoted shares | (33,580) | (57,694) |
| Acquisition of property, plant and equipment | (1,058) | (1,239) |
| Interest received | 85 | 735 |
| Dividend received | 117 | 150 |
| Net cash used in investing activities | <u>(15,147)</u> | <u>(58,166)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Drawdown of bank borrowings and other loans | 18,040 | - |
| Payment of principal portion of lease liabilities | (660) | (441) |
| Repayment of bank borrowings and other loans | (28) | (25) |
| Placement of deposits with licensed bank not available for use | - | (159) |
| Interest paid | (458) | (100) |
| Net cash generated from/(used in) financing activities | <u>16,894</u> | <u>(725)</u> |
| NET CHANGE IN CASH AND CASH EQUIVALENTS | (32,584) | (70,009) |
| OPENING CASH AND CASH EQUIVALENTS | 41,089 | 88,506 |
| CLOSING CASH AND CASH EQUIVALENTS | <u>8,505</u> | <u>18,497</u> |
| The closing cash and cash equivalents comprise the following: | | |
| Deposits with financial institutions | 16,993 | 33,976 |
| Cash in hand and at banks | 8,505 | 13,163 |
| | <u>25,498</u> | <u>47,139</u> |
| Less: | | |
| Deposits pledged to licensed bank | (16,993) | (28,642) |
| | <u>8,505</u> | <u>18,497</u> |

The annexed notes form an integral part of this interim financial report.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2024
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

A1. Basis of preparation

The condensed consolidated interim financial report is not audited and has been prepared in compliance with MFRS 134, Interim Financial Reporting Standards in Malaysia, International Accounting Standards 34 - Interim Financial Reporting, the Companies Act 2016 in Malaysia and applicable disclosure provision of the Listing Requirements of Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2024. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions which are significant for understanding the changes in the financial position and performance of the Group since the end of the last annual reporting period.

A2. Changes in accounting policies

The accounting policies and method of computation adopted in the preparation of the unaudited interim financial report are consistent with those adopted in the audited financial statements for the previous financial year.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the Group's accounting period beginning 1 July 2024.

The initial application of the MFRSs, Amendments to MFRSs and IC Interpretations, which will be applied prospectively or which requires extended disclosures, is not expected to have any significant financial impact to the financial statements of the Group upon their first adoption.

A3. Nature and amount of unusual items

There were no unusual items during the current quarter under review.

A4. Changes in estimates

There were no material changes in estimate of amount reported in the prior financial year which have a material effect in the current financial period ended 30 September 2024.

A5. Changes in the composition of the group

There were no changes in the composition of the Group for the current financial period ended 30 September 2024.

A6. Seasonality or cyclicity of interim operations

The Group's operations are not significantly affected by any seasonal or cyclical factors.

A7. Debt and equity securities

There were no issuances and repayment of debt and equity securities, share buy-back and share cancellation for the financial period ended 30 September 2024:

| (a) Share capital | Number of Ordinary Shares | RM |
|---|------------------------------|-------------|
| Share capital as at 1 July 2024/30 September 2024 | 782,453,885 | 149,812,475 |

(b) Share buy-back

There was no share buy back transacted during the financial period ended 30 September 2024 and the number of treasury shares held in hand as at 30 September 2024 are as follows:

| | Average price per share RM | Number of shares | Amount RM'000 |
|------------------------|----------------------------------|---------------------|------------------|
| Treasury shares | 0.595 | 9,502,000 | 5,653 |

As at 30 September 2024, the number of outstanding shares in issue with voting rights was 772,951,885 (30 June 2024: 772,951,885) ordinary shares.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2024
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

A8. Contingent liability and performance bond

(a) There is no contingent liability as at 30 September 2024 (30 June 2024: Nil).

(b) Bank guarantees of the Group are as follows:

| | As at 30 Sep 2024 RM'000 | As at 30 Jun 2024 RM'000 (Audited) |
|--|--------------------------------|---|
| Performance bonds in favour of various government and statutory bodies and private companies | 147,189 | 147,308 |

A9. Dividends paid

There was no dividend paid during the period under review (Period ended 30 September 2023: RM Nil).

A10. Segment information

The segment information for the reportable segments by line of business for the period ended 30 September 2024 are as follows:-

| | Year to date 30 Sep 2024 RM'000 |
|---|---------------------------------------|
| <u>Revenue</u> | |
| Telecommunication services | 26,937 |
| Managed telecommunication network services ("MTNS") | 68,459 |
| Cloud and Internet of Things ("Cloud & IOT") | 4,926 |
| Total revenue | 100,322 |
| <u>Results</u> | |
| Telecommunication services | 9,222 |
| MTNS | 10,150 |
| Cloud & IOT | (2,367) |
| | 17,005 |
| Unallocated corporate expenses | (362) |
| Profit from operations | 16,643 |
| Investment related income | 700 |
| Finance costs | (852) |
| Profit before tax | 16,491 |
| Income tax expense | (5,625) |
| Profit after tax | 10,866 |

A11. Finance costs

| | 3 months ended | |
|----------------------|-----------------------|-----------------------|
| | 30 Sep 2024 RM'000 | 30 Sep 2023 RM'000 |
| Interest expense on: | | |
| - term loans | 13 | 16 |
| - invoice financing | 166 | - |
| - lease liabilities | 262 | 59 |
| - others | 411 | 785 |
| | 852 | 860 |

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2024
NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

A12. Trade and other receivables

Trade receivables mainly consist of progress billings for government projects for MTNS, which includes development, maintenance, and operation of large-scale telecom engineering projects, WiFi hotspots, base stations, and fiber optic infrastructure.

Receivables of the Group are as follows:

| | As at 30 Sep 2024 RM'000 | As at 30 Jun 2024 RM'000 (Audited) |
|--|--------------------------------|---|
| Trade receivables | 87,171 | 17,542 |
| Other receivables | | |
| - Third parties, associated companies and sundry receivables | 3,451 | 3,493 |
| - Deposits | 1,950 | 1,760 |
| - Prepayments | 43,833 | 57,666 |
| | <u>49,234</u> | <u>62,919</u> |
| Total | <u>136,405</u> | <u>80,461</u> |

A13. Trade and other payables

Payables of the Group are as follows:

| | As at 30 Sep 2024 RM'000 | As at 30 Jun 2024 RM'000 (Audited) |
|---|--------------------------------|---|
| Non-current | | |
| Other payable | | |
| - Sundry payables | <u>20,174</u> | <u>20,174</u> |
| Current | | |
| Trade payables | 68,981 | 79,960 |
| Other payables | | |
| - Provision for Universal Service Fund Contribution | 7,151 | 7,214 |
| - Accruals | 8,503 | 6,516 |
| - Deposits payable | 1,879 | 1,799 |
| - Dividend payable | 23,189 | - |
| - Sundry payables | 24,646 | 25,057 |
| | <u>65,368</u> | <u>40,586</u> |
| Total | <u>134,349</u> | <u>120,546</u> |

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2024
ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES LR

B1. Review of group performance for the quarter ended 30 September 2024

| | 3 months ended | | % |
|------------------------|----------------|-------------|---------|
| | 30 Sep 2024 | 30 Sep 2023 | |
| | RM'000 | RM'000 | + / (-) |
| Revenue | 100,322 | 55,182 | 81.80 |
| Profit from operations | 16,643 | 11,412 | 45.84 |
| Profit before tax | 16,491 | 5,325 | 209.69 |

Review of results for the quarter

For the quarter under review, the Group reported a revenue of RM100.32 million which was 81.80% higher than RM55.18 million reported in the previous year corresponding quarter mainly due to higher revenue registered by the MTNS and Cloud & IOT segments.

The Group posted a profit from operations of RM16.64 million which was 45.84% higher than RM11.41 million reported in the previous year corresponding quarter mainly due to higher revenue recorded during the quarter under review.

The Group posted a profit before tax for the current quarter of RM16.49 million which was 209.69% higher than RM5.33 million reported in the previous year corresponding quarter. The increase in profit before tax was mainly due to higher gross profit from MTNS segment and fair value gain of RM0.4 million from investment under FVTPL category, whereas the Group incurred a fair value loss of RM6.08 million in the previous year corresponding quarter.

B2. Review of results of current quarter vs preceding quarter

| | 3 months ended | | % |
|------------------------|----------------|-------------|---------|
| | 30 Sep 2024 | 30 Jun 2024 | |
| | RM'000 | RM'000 | + / (-) |
| Revenue | 100,322 | 114,777 | -12.59 |
| Profit from operations | 16,643 | 18,392 | -9.51 |
| Profit before tax | 16,491 | 40,290 | -59.07 |

Commentary on revenue

The Group reported a revenue of RM100.32 million in this current quarter which was 12.59% lower than RM114.78 million reported in the preceding quarter mainly due to lower revenue contributed by Cloud & IOT segment.

Commentary on results

The Group reported a profit from operations of RM16.64 million which was 9.51% lower than the RM18.39 million registered in the preceding quarter mainly due to lower gross profit contributed by MTNS segment.

The Group posted a profit before tax for the current quarter of RM16.49 million, which was 59.07% lower than RM40.29 million reported in the preceding quarter. The lower profit before tax was mainly due to lower fair value gain from investment under FVTPL category.

B3. Prospects and business outlook

The Board of Directors anticipates the business outlook for the remaining quarters to remain challenging due to the volatilities and uncertainties of the market. Nevertheless, the Group continues to exercise caution and remains steadfast in its determination to maintain the momentum to boost its profitability by prioritizing its operational efficiency and adopt measures to enhance its core business.

The Management is confident that it will be able to adapt to the dynamic business environment. As part of its business strategy moving forward, the Group will continue to explore new opportunities to expand the Group's business and strategise towards digitalisation to strengthen the Group's market positioning and ensure sustainable revenue streams. The Group has participated in various tenders in government and government-linked agencies to grow the Group's businesses.

B4. Profit forecast

No profit forecast was announced.

B5. Corporate proposal

There are no corporate proposal for the current quarter under review.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2024
ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES LR

B6. Income tax expense

| | 3 months ended | |
|---|-----------------------|-----------------------|
| | 30 Sep 2024 RM'000 | 30 Sep 2023 RM'000 |
| Current income tax: | | |
| Provision in current period | | |
| - Malaysian income tax | (6,250) | (7,162) |
| Deferred tax | | |
| - Origination and reversal of temporary differences | 625 | 5,075 |
| Total | (5,625) | (2,087) |

The disproportionate tax charge of the Group for the current quarter was mainly due to some expenses being disallowed for tax purposes, and non-availability of Group tax relief in respect of losses incurred by certain subsidiary companies.

B7. Profit before tax

| | 3 months ended | |
|---|-----------------------|-----------------------|
| | 30 Sep 2024 RM'000 | 30 Sep 2023 RM'000 |
| Profit before tax is arrived at after charging/(crediting):- | | |
| Amortisation of intangible assets | 5,367 | 7,778 |
| Depreciation of: | | |
| - property, plant and equipment | 1,110 | 939 |
| - right-of-use assets | 563 | 196 |
| Impairment of property, plant and equipment | - | 14 |
| Property, plant and equipment written off | - | 4 |
| (Gain)/loss on foreign exchange | (214) | 67 |
| Allowance for/(write back of) doubtful debts on trade receivables | 595 | (39) |
| Expenses relating to leases | | |
| - short term leases | 220 | 217 |
| - leases of low value assets | 24 | 39 |
| Interest income | (162) | (676) |
| Dividend income | (117) | (150) |
| Rental income | (24) | (21) |
| Fair value (gain)/loss on short term investment | (379) | 6,074 |
| | (379) | 6,074 |

There were no disposal of properties and gain or loss on derivatives included in the results of the current period.

B8. Loans and borrowings

Loans and borrowings of the Group which are denominated in Ringgit Malaysia are as follows:

| | As at 30 Sep 2024 RM'000 | As at 30 Jun 2024 RM'000 (Audited) |
|--------------------|--------------------------------|---|
| Current | | |
| <u>Secured</u> | | |
| Term loans | 107 | 107 |
| Invoice financing | 21,851 | 3,811 |
| | 21,958 | 3,918 |
| Non current | | |
| <u>Secured</u> | | |
| Term loans | 979 | 1,007 |
| Total | 22,937 | 4,925 |

UNAUDITED INTERIM FINANCIAL REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2024
ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES LR

B9. Material litigation

There is no material litigation since the last annual reporting date up to the date of this announcement.

B10. Dividend

No dividend declared in respect of the current quarter under review (Quarter ended 30 September 2023: Nil).

B11. Earnings per share

Basic earnings per share is calculated as follows:

| | 3 months ended | |
|---|-----------------------|------------------------------------|
| | 30 Sep 2024 RM'000 | 30 Sep 2023 RM'000 (Audited) |
| Profit attributable to owners of the Company | 11,003 | 2,717 |
| Weighted average number of ordinary shares in issue with voting rights ('000) | 772,952 | 772,952 |
| Basic earnings per share (sen) | <u>1.42</u> | <u>0.35</u> |

There are no potential ordinary shares outstanding as at 30 September 2024. As such, the fully diluted earnings per share of the Group is not presented.