



SNS NETWORK TECHNOLOGY BERHAD

Registration No: 201601002835 (1173761-W)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED
31 JANUARY 2023



SNS NETWORK TECHNOLOGY BERHAD
 (Registration No. 201601002835 (1173761-W))
 (Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH (4th) QUARTER ENDED 31 JANUARY 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME⁽¹⁾

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|--|--|--|---|
| | Current Period Quarter 31.01.2023 Unaudited RM'000 | Preceding Year Corresponding Quarter ⁽²⁾ 31.01.2022 Unaudited RM'000 | Current Year to-date 31.01.2023 Unaudited RM'000 | Preceding Year Corresponding Year-to-date ⁽²⁾ 31.01.2022 Unaudited RM'000 |
| Revenue | 509,859 | N/A | 1,403,783 | N/A |
| Cost of sales | (472,387) | N/A | (1,294,211) | N/A |
| Gross profit | 37,472 | N/A | 109,572 | N/A |
| Other operating income | 1,845 | N/A | 8,131 | N/A |
| Other gains and losses | 435 | N/A | 839 | N/A |
| Investment revenue | 79 | N/A | 206 | N/A |
| Selling and distribution expenses | (10,356) | N/A | (35,245) | N/A |
| General and administrative expenses | (5,988) | N/A | (21,354) | N/A |
| Profit from operations | 23,487 | N/A | 62,149 | N/A |
| Finance costs | (1,393) | N/A | (4,789) | N/A |
| Profit before tax | 22,094 | N/A | 57,360 | N/A |
| Tax expenses | (5,322) | N/A | (13,644) | N/A |
| Profit and total comprehensive income for the financial period attributable to equity holders of the Group | 16,772 | N/A | 43,716 | N/A |
| Earning per share attributable to equity holders of the Group: | | | | |
| Basic ⁽³⁾ (sen) | 1.04 | N/A | 4.98 | N/A |
| Diluted ⁽⁴⁾ (sen) | 1.04 | N/A | 4.98 | N/A |



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Notes:

- (1) *The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of SNS Network Technology Berhad ("**SNS Network**" or the "**Company**") and its subsidiaries ("**SNS Group**" or the "**Group**") dated 27 July 2022 and the accompanying explanatory notes attached to this condensed interim financial report.*
- (2) *No comparative figures for the preceding financial period's corresponding quarter and year-to-date are available as this is the fourth condensed interim financial report announced in compliance with the ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").*
- (3) *Basic earnings per share ("**EPS**") is calculated by dividing profit after tax attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the current financial quarter and financial year-to-date ended 31 January 2023 under review.*
- (4) *The diluted EPS of the Group for the current financial quarter and financial year-to-date ended 31 January 2023 is equivalent to the basic EPS as the Group does not have any potential dilutive equity instruments that would give a diluted effect to the basic EPS at the end of the reporting period.*

N/A - Not applicable.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH (4th) QUARTER ENDED 31 JANUARY 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

| | As at 31.01.2023 RM'000 Unaudited | As at 31.01.2022 RM'000 Audited |
|--|--|--|
| <u>ASSETS</u> | | |
| Non-current assets | | |
| Property, plant and equipment | 52,726 | 51,465 |
| Right-of-use assets | 16,032 | 12,504 |
| Finance lease receivables | - | 349 |
| Total non-current assets | 68,758 | 64,318 |
| Current assets | | |
| Inventories | 107,837 | 103,558 |
| Trade and other receivables | 120,788 | 87,997 |
| Finance lease receivables | 349 | 761 |
| Other assets | 5,168 | 5,185 |
| Current tax assets | 1,480 | 446 |
| Fixed deposits, cash and bank balances | 91,993 | 29,829 |
| Total current assets | 327,615 | 227,776 |
| TOTAL ASSETS | 396,373 | 292,094 |
| <u>EQUITY AND LIABILITIES</u> | | |
| Capital and reserves | | |
| Share capital | 151,420 | * |
| Invested capital | - | 7,791 |
| Capital reserve | (55,329) | - |
| Retained earnings | 124,912 | 85,228 |
| TOTAL EQUITY | 221,003 | 93,019 |
| Non-current liabilities | | |
| Borrowings | 7,601 | 29,748 |
| Lease liabilities | 5,889 | 4,573 |
| Deferred tax liabilities | 1,485 | 1,597 |
| Total non-current liabilities | 14,975 | 35,918 |



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾ (CONT'D)

| | 31.01.2023 RM'000 Unaudited | 31.01.2022 RM'000 Audited |
|---|-----------------------------------|---------------------------------|
| Current liabilities | | |
| Trade and other payables | 111,957 | 121,931 |
| Amount owing to directors | - | 34 |
| Other liabilities | 4,367 | 1,788 |
| Contract liabilities | 238 | 308 |
| Dividends payable | - | 6,000 |
| Borrowings | 27,692 | 20,215 |
| Lease liabilities | 10,376 | 8,163 |
| Current tax liabilities | 5,765 | 4,718 |
| Total current liabilities | 160,395 | 163,157 |
| TOTAL LIABILITIES | 175,370 | 199,075 |
| TOTAL EQUITY AND LIABILITIES | 396,373 | 292,094 |
| Net assets per ordinary share attributable to Equity holders of SNS Group (RM)⁽²⁾ | 0.14 | 0.07 |

Notes:

⁽¹⁾ *The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 27 July 2022 and the accompanying explanatory notes attached to this condensed interim financial report.*

⁽²⁾ *Net assets per ordinary share is calculated based on the Company's number of ordinary shares as at 31 January 2023 of 1,612,779,660 ordinary shares. In the calculation of net assets per ordinary share as at 31 January 2022, it is assumed that 1,249,904,160 ordinary shares were in issue after completing the acquisition of the Company's subsidiaries.*

* *Represents RM2.00 only.*



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

| | Share capital RM'000 | Invested capital RM'000 | Non-distributable Capital reserve RM'000 | Attributable to Equity Holders of SNS Group Distributable Reserve - Retained earnings RM'000 | Total Equity RM'000 |
|---|----------------------------|-------------------------------|---|---|---------------------------|
| Balance at 1 February 2021 | * | 5,179 | - | 57,922 | 63,101 |
| Profit for the financial year | - | - | - | 35,918 | 35,918 |
| Issue of ordinary shares | - | 2,612 | - | - | 2,612 |
| Dividends | - | - | - | (8,612) | (8,612) |
| Balance at 1 February 2022 | * | 7,791 | - | 85,228 | 93,019 |
| Profit for the financial year | - | - | - | 43,716 | 43,716 |
| Issue of ordinary shares | 90,719 | - | - | - | 90,719 |
| Acquisition of subsidiaries under common control | 63,120 | (7,791) | (55,329) | - | - |
| Share issuance expenses | (2,419) | - | - | - | (2,419) |
| Dividends | - | - | - | (4,032) | (4,032) |
| Balance at 31 January 2023 | 151,420 | - | (55,329) | 124,912 | 221,003 |

Notes:

⁽¹⁾ *The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Accountant's Report as disclosed in the Prospectus of the Company dated 27 July 2022 and the accompanying explanatory notes attached to this condensed interim financial report.*

* *Represents RM2.00 only.*

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH (4th) QUARTER ENDED 31 JANUARY 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾

| | CUMULATIVE QUARTER | |
|--|---|--|
| | Current Year-to-date 31.01.2023 RM'000 | Preceding Year Corresponding Year-to-date⁽²⁾ 31.01.2022 RM'000 |
| Cash flows used in operating activities | | |
| Profit before taxation | 57,360 | N/A |
| Adjustments for: | | |
| Depreciation of right-of-use assets | 11,555 | N/A |
| Finance costs | 4,789 | N/A |
| Write down of inventories to net realisable values | 1,281 | N/A |
| Depreciation of property, plant and equipment | 1,913 | N/A |
| Loss allowances recognised in profit or loss | 359 | N/A |
| Increase in provision for customer loyalty programme | 347 | N/A |
| Property, plant and equipment written off | 1 | N/A |
| Decrease in provision for warranties | (52) | N/A |
| Negative variable lease payments | (207) | N/A |
| Income from finance lease receivables | (48) | N/A |
| Investment revenue | (206) | N/A |
| Interest income | (48) | N/A |
| Unrealised loss on foreign exchange | 7 | N/A |
| Increase in provision for voucher programme | 46 | N/A |
| Expiry of voucher programme | (22) | N/A |
| Expiry of customer loyalty programme | (351) | N/A |
| Increase in fair value of income fund | (622) | N/A |
| Operating profit before working capital changes | 76,102 | N/A |
| Movements in working capital: | | |
| (Increase)/Decrease in: | | |
| Inventories | (5,560) | N/A |
| Trade and other receivables | (33,150) | N/A |
| Other assets | 17 | N/A |
| Finance lease receivables | 809 | N/A |
| (Decrease)/Increase in: | | |
| Trade and other payables | (9,974) | N/A |
| Other liabilities | 2,579 | N/A |
| Contract liabilities | (38) | N/A |
| Cash generated from operating activities | 30,785 | N/A |



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾ (CONT'D)

| | CUMULATIVE QUARTER | |
|---|---|--|
| | Current Year-to-date 31.01.2023 RM'000 | Preceding Year Corresponding Year-to-date⁽²⁾ 31.01.2022 RM'000 |
| Interests received | 48 | N/A |
| Income tax refunded | 115 | N/A |
| Income tax paid | (13,858) | N/A |
| Net cash generated from operating activities | 17,090 | N/A |
| Cash flows used in investing activities | | |
| Interest received on fixed deposits | 206 | N/A |
| Income distribution from income fund | 622 | N/A |
| Purchase of property, plant and equipment | (2,830) | N/A |
| Placement of fixed deposits | (695) | N/A |
| Net cash used in investing activities | (2,697) | N/A |
| Cash flows from financing activities | | |
| Issue of ordinary shares | 88,300 | N/A |
| Proceeds from bankers' acceptances - net | 7,985 | N/A |
| Repayment of lease liabilities | (11,347) | N/A |
| Repayment of term loans and financing | (21,955) | N/A |
| Finance costs paid | (4,789) | N/A |
| Repayment of hire-purchase payables | (1,045) | N/A |
| Repayment made to directors | (34) | N/A |
| Dividend paid | (10,032) | N/A |
| Net cash from financing activities | 47,083 | N/A |
| Net increase in cash and cash equivalents | 61,476 | N/A |
| Cash and cash equivalents at the beginning of the financial year | 27,133 | N/A |
| Effect of exchange rate changes on the balance of cash held in foreign currencies | (7) | N/A |
| Cash and cash equivalents at the end of the financial year | 88,602 | N/A |



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾ (CONT'D)

Notes:

- (1) *The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Accountant's Report as disclosed in the Prospectus of the Company dated 27 July 2022 and the accompanying explanatory notes attached to this condensed interim financial report.*
- (2) *No comparative figures for the preceding financial year's corresponding quarter is available as this is the fourth condensed interim financial report announced in compliance with the Listing Requirements of Bursa Securities.*
- (3) *Cash and cash equivalents at the end of the financial year comprise:*

| | CUMULATIVE QUARTER | |
|---|---|--|
| | Current Year-to-date 31.01.2023 RM'000 | Preceding Year Corresponding Year-to-date⁽²⁾ 31.01.2022 RM'000 |
| CASH AND CASH EQUIVALENTS | | |
| Fixed deposits with licensed banks | 5,791 | N/A |
| Income fund with a licensed financial institution (redeemable upon 1 day notice) | 50,622 | N/A |
| Cash and bank balances | 35,580 | N/A |
| | 91,993 | N/A |
| Less: | | |
| Fixed deposits pledged to licensed banks | (3,391) | N/A |
| | 88,602 | N/A |

N/A - Not applicable.

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NOTES TO THE INTERIM FINANCIAL REPORT

A. EXPLANATORY NOTES ON TO THE COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS 134"), INTERIM FINANCIAL REPORT

A1. Basis of preparation

The condensed consolidated interim financial statements of the Group is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standards ("**MFRS**") 134, *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("**MASB**"), International Financial Reporting Standard, requirements of the Companies Act, 2016 in Malaysia, and Rule 9.22 and Appendix 9B of the Listing Requirements of Bursa Securities.

This is the first condensed consolidated interim financial statements on the Company's unaudited condensed consolidated financial result for the fourth quarter ended 31 January 2023 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding financial year's corresponding period.

The condensed consolidated interim financial statements are prepared based on the consolidated results of the Group and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of the Company dated 27 July 2022 and the accompanying notes attached to this condensed interim financial report.

A2. Significant accounting policies

The accounting policies adopted in the preparation of this condensed consolidated interim financial statements are consistent with those adopted as disclosed in the Accountants' Report in the Prospectus of the Company dated 27 July 2022, except for the adoption of the following Amendments to MFRS.

Adoption of amendments to MFRSs

The adoption of the following amendments to MFRSs that are mandatory effective for an accounting period that begins on or after 1 February 2022:

| | |
|------------------------|--|
| Amendments to MFRSs | Annual Improvements to MFRS Standards 2018 - 2020 |
| Amendments to MFRS 3 | Reference to the Conceptual Framework |
| Amendments to MFRS 116 | Property, Plant and Equipment - Proceeds before Intended Use |
| Amendments to MFRS 137 | Onerous Contracts - Cost of Fulfilling a Contract |

The adoption of the abovementioned amendments to MFRSs have not had any material impact on the disclosures or on the amounts reported in the condensed consolidated interim financial statements.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A. EXPLANATORY NOTES ON THE COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS 134"), INTERIM FINANCIAL REPORT (CONT'D)

A2. Significant accounting policies (Cont'd)

Standards issued but not yet effective

At the date of authorisation for issue of this condensed consolidated interim financial statements, the new and amendments to MFRSs, which were in issue but not yet effective and have not been early adopted by the Group are as follow:

| | |
|------------------------------------|--|
| MFRS 17 | Insurance Contracts ⁽¹⁾ |
| Amendments to MFRS 17 | Insurance Contracts ⁽¹⁾ |
| Amendments to MFRS 4 | Extension of the Temporary Exemption from applying MFRS 9 ⁽¹⁾ |
| Amendments to MFRS 10 and MFRS 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽²⁾ |
| Amendments to MFRS 101 | Classification of Liabilities as Current or Non-Current and Disclosure of Accounting Policies ⁽¹⁾ |
| Amendments to MFRS 108 | Definition of Accounting Estimates ⁽¹⁾ |
| Amendments to MFRS 112 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁽¹⁾ |
| Amendments to MFRS 16 | Lease Liability in a Sale and Leaseback ⁽³⁾ |
| Amendments to MFRS 101 | Non-current Liabilities with Covenants ⁽³⁾ |

Notes:

⁽¹⁾ *Effective for annual financial periods beginning on or after January 1, 2023, with earlier application permitted.*

⁽²⁾ *Effective date deferred to a date to be announced by MASB.*

⁽³⁾ *Effective for annual financial periods beginning on or after January 1, 2024, with earlier application permitted.*

A3. Audited Report of Preceding Annual Financial Statements

The audited combined financial statements for the FYE 31 January 2022 was not subject to any qualification.

A4. Seasonal or Cyclical Factors

The Group does not experience significant fluctuation in operations due to seasonal factors during the current financial quarter and year-to-date under review.



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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A. EXPLANATORY NOTES ON THE COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS 134"), INTERIM FINANCIAL REPORT (CONT'D)

A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature in size or incidence during the current financial quarter under review.

A6. Material Changes in Estimates

There were no material changes in the estimates of amounts reported that have material effect on the results for the current financial quarter under review.

A7. Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial quarter under review.

A8. Dividend Paid

On 13 December 2022, the Board of Directors had declared a first interim single-tier dividend of 0.25 Sen per ordinary share amounting to RM4,031,949 in respect of financial year ended 31 January 2023. The dividend was paid on 18 January 2023.

A9. Segmental Reporting

a) Revenue by Business Activities:

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--|---|--|--|
| | Current Period Quarter 31.01.2023 RM'000 | Preceding Year Corresponding Quarter ⁽¹⁾ 31.01.2022 RM'000 | Current Year-to-date 31.01.2023 RM'000 | Preceding Year Corresponding Year-to-date ⁽¹⁾ 31.01.2022 RM'000 |
| Sale of ICT products | 506,427 | N/A | 1,391,498 | N/A |
| Provision of device repair and related services, as well as sale of broadband services | 3,432 | N/A | 12,285 | N/A |
| | <u>509,859</u> | <u>N/A</u> | <u>1,403,783</u> | <u>N/A</u> |



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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A. EXPLANATORY NOTES ON THE COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS 134"), INTERIM FINANCIAL REPORT (CONT'D)

A9. Segmental Reporting (Cont'd)

Notes:

⁽¹⁾ No comparative figures for the preceding financial year's corresponding quarter and year-to-date are available as this is the fourth condensed interim financial report announced in compliance with the Listing Requirements of Bursa Securities.

N/A – Not applicable.

b) Revenue by Geographical Market:

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|-------------------------|--|---|--|--|
| | Current Period Quarter 31.01.2023 RM'000 | Preceding Year Corresponding Quarter ⁽¹⁾ 31.01.2022 RM'000 | Current Year-to-date 31.01.2023 RM'000 | Preceding Year Corresponding Year-to-date ⁽¹⁾ 31.01.2022 RM'000 |
| Malaysia | 503,322 | N/A | 1,366,987 | N/A |
| Overseas | | | | |
| - Hong Kong | 2,622 | N/A | 18,948 | N/A |
| - Singapore | - | N/A | 4,666 | N/A |
| - Others ⁽²⁾ | 3,915 | N/A | 13,182 | N/A |
| | <u>509,859</u> | <u>N/A</u> | <u>1,403,783</u> | <u>N/A</u> |

Notes:

⁽¹⁾ No comparative figures for the preceding financial year's corresponding quarter and year-to-date are available as this is the fourth condensed interim financial report announced in compliance with the Listing Requirements of Bursa Securities.

⁽²⁾ Comprises Australia, Maldives, Indonesia and Vietnam.

N/A – Not applicable.



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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A. EXPLANATORY NOTES ON THE COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS 134"), INTERIM FINANCIAL REPORT (CONT'D)

A10. Material Events Subsequent to the End of the Current Financial Quarter

There were no material events subsequent to the end of the current financial quarter under review that have not been reflected in this interim financial report.

A11. Changes in The Composition of The Group

There were no material changes in the composition of the Group during the current financial quarter under review.

A12. Contingent Liabilities and Contingent Assets

There were no other material contingent liabilities and contingent assets of the Group as at the end of the current financial quarter under review.

A13. Significant Related Party Transactions

Significant transactions between the Group and a related party are as follows:

| Type of transactions | Current Period Quarter 31.01.2023 RM'000 | Current Year-to-date 31.01.2023 RM'000 |
|--------------------------------------|---|---|
| Rental of offices paid to a director | 26 | 96 |



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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A. EXPLANATORY NOTES ON THE COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS 134"), INTERIM FINANCIAL REPORT (CONT'D)

A14. Capital Commitments

Other than as disclosed below, there are no other material capital commitments as at the end of the current financial quarter under review.

| | As at 31.01.2023 RM'000 Unaudited | As at 31.01.2022 ⁽¹⁾ RM'000 Unaudited |
|---|--|---|
| Purchase of property, plant and equipment | <u>164</u> | <u>N/A</u> |

Notes:

⁽¹⁾ No comparative figures for the preceding financial year's corresponding quarter and year-to-date are available as this is the fourth condensed interim financial report announced in compliance with the Listing Requirements of Bursa Securities.

N/A – Not applicable.

A15. Valuation of Property, Plant and Equipment

The Group has not carried out any valuation on its property, plant and equipment in the current financial quarter under review.



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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

| | INDIVIDUAL QUARTER | | | | CUMULATIVE QUARTER | |
|-------------------|------------------------|---|----------|-----|----------------------|--|
| | Current Period Quarter | Preceding Year Corresponding Quarter ⁽¹⁾ | Variance | | Current Year-to-date | Preceding Year Corresponding Year-to-date ⁽¹⁾ |
| | 31.01.2023 RM'000 | 31.01.2022 RM'000 | RM'000 | % | 31.01.2023 RM'000 | 31.01.2022 RM'000 |
| Revenue | 509,859 | N/A | N/A | N/A | 1,403,783 | N/A |
| Profit before tax | 22,094 | N/A | N/A | N/A | 57,360 | N/A |

Notes:

⁽¹⁾ No comparative figures for the preceding financial year's corresponding quarter and year-to-date are available as this is the fourth condensed interim financial report announced in compliance with the Listing Requirements of Bursa Securities.

N/A – Not applicable.

B2. Comparison with the Immediate Preceding Quarter's Result

| | Current Quarter | Immediate Preceding Quarter | Variance | |
|-------------------|----------------------|-----------------------------|----------|------|
| | 31.01.2023 RM'000 | 31.10.2022 RM'000 | RM'000 | % |
| Revenue | 509,859 | 348,835 | 161,024 | 46.2 |
| Profit before tax | 22,094 | 15,283 | 6,811 | 44.6 |
| Profit after tax | 16,772 | 11,941 | 4,831 | 40.5 |

Note:

N/A – Not applicable.

The revenue for the Group for the current financial quarter ended 31 January 2023 increased by RM161.02 million or 46.2%, from RM348.84 million to RM509.86 million, compared with the immediate preceding financial quarter.



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B2. Comparison with the Immediate Preceding Quarter's Result (Cont'd)

The said increase was mainly due to increase in revenue from the sale of ICT products as the Group secured more orders from the commercial channel.

Profit before tax of the Group for the current financial quarter ended 31 January 2023 increased by RM6.81 million or 44.6%, from RM15.28 million to RM22.09 million, compared with the immediate preceding financial quarter, which increase in tandem with the revenue growth. Meanwhile, profit after tax of the Group for the current financial quarter ended 31 January 2023 increased by RM4.83 million or 40.5%, from RM11.94 million to RM16.77 million, compared with the immediate preceding financial quarter.

B3. Group's Prospects

The ICT products and services industry is expected to be continuously driven by the wide usage of ICT in everyday lives by the general public and businesses to perform daily and business activities, the replacement cycle of devices and continuous technology advancement, the implementation of initiatives by the Government for digital transformation, as well as the incorporation of ICT to promote digital education in schools. As such, the Group has allocated RM2.50 million from the IPO proceeds to set-up 10 new stores in Malaysia, which comprises 8 stores in Klang Valley, 1 store in Johor Bahru and 1 store in Penang to increase the Group's customer base. The Group plans to set up 5 stores within the first 2 years from the listing date of 2 September 2022, and another 5 stores in the following year.

As businesses demand for more flexibility and control over the usage of ICT products and services according to their business and operational needs, while reducing large upfront capital expenditure required for the purchase and deployment of hardware and software, the demand for DaaS subscription is expected to grow in the long term. The Group has allocated RM30.90 million from the IPO proceeds to purchase various types of devices to support the expansion of the DaaS subscription-based service for the Group's existing and future DaaS subscription agreements. The utilisation of the proceeds for the said purchase are set out in Section B7.

With the ongoing growth and development of our business, the Group has allocated RM18.00 million to build a Regional Hub in Petaling Jaya, Selangor comprising storage facility, experience centre for customers, live video areas, training centre, workshops and office facilities, which is expected to commence operations in January 2026.

The Group remains positive with the ICT industry as a result of continuous growth in demand for ICT products and strengthening of our existing customer base while expanding the Group's market share with new customers.



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B4. Variance of Profit Forecast

The Group did not issue any profit forecast for the current financial quarter.

B5. Income Tax Expense

The breakdown of income tax expense is as follows:

| | Current Period Quarter 31.01.2023 RM'000 | Current Year- to-date 31.01.2023 RM'000 |
|--|---|--|
| Current taxation | 5,434 | 14,002 |
| Overprovision of tax expenses in prior years | - | (246) |
| Deferred tax expenses | (112) | (112) |
| | <u>5,322</u> | <u>13,644</u> |

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the fiscal year. Tax expense is recognised based on management's best estimate.

The effective tax rate for current year-to-date was marginally lower than the statutory tax rate mainly due to overprovision of income tax and deferred tax expenses in the previous financial year.



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B6. Profit before tax

Profit from operations is derived after (charging)/crediting the following:

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--|---|--|--|
| | Current Period Quarter 31.01.2023 RM'000 | Preceding Year Corresponding Quarter ⁽¹⁾ 31.01.2022 RM'000 | Current Year-to-date 31.01.2023 RM'000 | Preceding Year Corresponding Year-to-date ⁽¹⁾ 31.01.2022 RM'000 |
| Income from operators arising from right-of-use assets | 1,690 | N/A | 7,552 | N/A |
| Rental income | 60 | N/A | 238 | N/A |
| Interest income from finance lease receivables | 8 | N/A | 48 | N/A |
| Interest income | 25 | N/A | 48 | N/A |
| Realised gain on foreign exchange | 10 | N/A | 17 | N/A |
| Unrealised loss on foreign exchange | (7) | N/A | (7) | N/A |
| Reversal of writedown/(Write down) of inventories to net realisable values | 1,550 | N/A | (1,281) | N/A |
| Auditor's remuneration | (73) | N/A | (265) | N/A |
| Reversal of loss allowance/(Loss allowances) recognised in profit and loss | 23 | N/A | (359) | N/A |
| Net (increase)/decrease in provisions: | | | | |
| Warranties | (106) | N/A | 52 | N/A |
| Voucher programme | (3) | N/A | (46) | N/A |
| Customer loyalty programme | (95) | N/A | (347) | N/A |
| Expiry of: | | | | |
| Voucher programme | 14 | N/A | 22 | N/A |
| Customer loyalty programme | 97 | N/A | 351 | N/A |

Notes:

⁽¹⁾ No comparative figures for the preceding financial year's corresponding quarter and year-to-date are available as this is the fourth condensed interim financial report announced in compliance with the Listing Requirements of Bursa Securities.

N/A – Not applicable.

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B7. Utilisation of Proceeds Raised from the IPO

The gross proceeds raised from the IPO of RM90.72 million are intended to be utilised in the following manner:

| Utilisation of proceeds ⁽¹⁾ | Proposed utilisation RM'000 | Actual utilisation RM'000 | Unutilised amount RM'000 | Estimated timeframe for unutilisation |
|--|-----------------------------------|---------------------------------|--------------------------------|---|
| Capital expenditure | | | | |
| - Expansion of Daas subscription-based service | 30,900 | (499) | 30,401 | 36 months |
| - Set-up new retail stores | 2,500 | - | 2,500 | 36 months |
| Construction of Regional Hub | 18,000 | - | 18,000 | 36 months |
| Marketing activities for JOI [®] | 1,500 | - | 1,500 | 36 months |
| Repayment of bank borrowings | 20,000 | (20,000) | - | 12 months |
| General working capital | 13,119 | (13,119) | - | 24 months |
| Estimated listing expenses | 4,700 | (4,700) | - | Immediately |
| | 90,719 | (38,318) | 52,401 | |

Note:

⁽¹⁾ *The utilisation of proceeds as disclosed above should be read in conjunction with the Company's Prospectus dated 27 July 2022.*

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B8. Group Borrowings and Debt Securities

The Group's borrowings as at 31 January 2023 and 31 January 2022 are as follows:

| | As at 31.01.2023 RM'000 Unaudited | As at 31.01.2022 RM'000 Audited |
|------------------------------------|--|--|
| <u>Non-current</u> | | |
| <u>Secured</u> | | |
| Commodity Murabahah term financing | 6,283 | 22,515 |
| Term loans | 434 | 5,988 |
| Hire purchase payables | 884 | 1,245 |
| | 7,601 | 29,748 |
| <u>Unsecured</u> | | |
| Lease liabilities | 5,889 | 4,573 |
| | 13,490 | 34,321 |
| <u>Current</u> | | |
| <u>Secured</u> | | |
| Bankers' acceptances | 25,127 | 17,142 |
| Commodity Murabahah term financing | 1,677 | 1,575 |
| Term loans | 201 | 472 |
| Hire purchase payables | 687 | 1,026 |
| | 27,692 | 20,215 |
| <u>Unsecured</u> | | |
| Lease liabilities | 10,376 | 8,163 |
| | 38,068 | 28,378 |
| Total loans and borrowings | 51,558 | 62,699 |



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B9. Material Litigation

The Group is not engaged in any material litigation either as plaintiff or defendant, and the Directors do not have any knowledge of any proceedings pending or threatened against the Group as at the date of this report.

B10. Dividend Proposed

Saved as disclosed in Section A8 and below, there were no other dividend has been declared or proposed during the current financial quarter under review and for the financial year-to-date.

On 27 March 2023, the Board of Directors has approved a second interim single-tier dividend of 0.25 Sen per ordinary share amounting to RM4,031,949 in respect of financial year ended 31 January 2023, to be paid on 26 May 2023. The entitlement date is 11 May 2023.

B11. Earnings Per Share ("EPS")

The basic and diluted EPS for the current financial quarter and year-to-date are as follows:

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|--------------------------------------|---|------------------------------------|--|
| | Current Period Quarter 31.01.2023 | Preceding Year Corresponding Quarter ⁽¹⁾ 31.01.2022 | Current Year-to-date 31.01.2023 | Preceding Year Corresponding Year-to-date ⁽¹⁾ 31.01.2022 |
| Profit net of tax attributable to the equity holders of the Company (RM'000) | 16,772 | N/A | 43,716 | N/A |
| Weighted average number of ordinary shares in issue (basic) ('000) | 1,612,780 | N/A | 878,081 | N/A |
| Basic EPS ⁽²⁾ (sen) | 1.04 | N/A | 4.98 | N/A |
| Diluted EPS ⁽³⁾ (sen) | 1.04 | N/A | 4.98 | N/A |

Notes:

⁽¹⁾ No comparative figures for the preceding financial year's corresponding quarter and year-to-date are available as this is the fourth condensed interim financial report announced in compliance with the Listing Requirements of Bursa Securities.

⁽²⁾ Basic EPS is calculated by dividing profit after tax attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the current financial quarter and financial year-to-date ended 31 January 2023 under review.



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B11. Earnings Per Share ("EPS") (Cont'd)

⁽³⁾ *The diluted EPS of the Group for the current financial quarter and financial year-to-date ended 31 January 2023 is equivalent to the basic EPS as the Group does not have any potential dilutive equity instruments that would give a diluted effect to the basic EPS at the end of the reporting period.*

N/A - Not applicable.

B12. Status of Corporate Proposals

There were no corporate proposals announced but not implemented as at the date of this interim financial report.

B13 Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors on 24 March 2023.

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