



SNS NETWORK TECHNOLOGY BERHAD

Registration No: 201601002835 (1173761-W)
(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED
31 JANUARY 2024



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 JANUARY 2024

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31.01.2024 Unaudited RM'000	Corresponding Quarter 31.01.2023 Unaudited RM'000	Current Year-to-date 31.01.2024 Unaudited RM'000	Corresponding Year-to-date 31.01.2023 Unaudited RM'000
Revenue	390,111	509,859	1,276,115	1,403,783
Cost of sales	(358,565)	(472,387)	(1,180,392)	(1,294,211)
Gross profit	31,546	37,472	95,723	109,572
Other operating income	3,756	1,845	11,033	8,131
Other gains and losses	330	435	1,521	839
Investment revenue	263	79	339	206
Impairment gains/(losses) on financial assets - net	62	-	(2,222)	-
Selling and distribution expenses	(11,021)	(10,356)	(33,814)	(35,245)
General and administrative expenses	(5,629)	(5,988)	(24,304)	(21,354)
Profit from operations	19,307	23,487	48,276	62,149
Finance costs	(955)	(1,393)	(4,808)	(4,789)
Profit before tax	18,352	22,094	43,468	57,360
Tax expenses	(5,317)	(5,322)	(11,505)	(13,644)
Profit and total comprehensive income for the financial year attributable to equity holders of the Group	13,035	16,772	31,963	43,716
Earning per share attributable to equity holders of the Group:				
Basic ⁽²⁾ (sen)	0.81	1.04	1.98	4.98
Diluted ⁽³⁾ (sen)	0.81	1.04	1.98	4.98



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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 audited financial statements of SNS Network Technology Berhad ("**SNS**" or the "**Company**") and its subsidiaries ("**SNS Group**" or the "**Group**") for the financial year ended ("**FYE**") 31 January 2023 and the accompanying explanatory notes attached to this condensed interim financial report.*
- ⁽²⁾ *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 respective current and preceding financial quarters and financial year-to-date under review.*
- ⁽³⁾ *The diluted EPS has been adjusted for the dilutive effects of the potential ordinary shares, i.e., share options granted to the eligible employees.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	As at 31.01.2024 RM'000 Unaudited	As at 31.01.2023 RM'000 Audited
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	52,550	52,726
Right-of-use assets	8,140	16,032
Finance lease receivables	23,155	-
Trade receivables	4,610	-
Total non-current assets	88,455	68,758
Current assets		
Inventories	96,501	107,837
Trade and other receivables	217,013	120,788
Finance lease receivables	5,484	349
Other assets	5,441	5,168
Current tax assets	2,424	1,480
Fixed deposits, cash and bank balances	121,475	91,993
Total current assets	448,338	327,615
TOTAL ASSETS	536,793	396,373
<u>EQUITY AND LIABILITIES</u>		
Capital and reserves		
Share capital	151,420	151,420
Capital reserve	(55,329)	(55,329)
Share-based payment reserve	2,783	-
Retained earnings	144,779	124,912
TOTAL EQUITY	243,653	221,003
Non-current liabilities		
Borrowings	7,296	7,601
Lease liabilities	17,972	5,889
Deferred tax liabilities	895	1,485
Total non-current liabilities	26,163	14,975



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

	As at 31.01.2024 RM'000 Unaudited	As at 31.01.2023 RM'000 Audited
Current liabilities		
Trade and other payables	220,726	111,957
Other liabilities	5,866	4,367
Contract liabilities	96	238
Borrowings	25,081	27,692
Lease liabilities	10,627	10,376
Current tax liabilities	4,581	5,765
Total current liabilities	266,977	160,395
TOTAL LIABILITIES	293,140	175,370
TOTAL EQUITY AND LIABILITIES	536,793	396,373
Net assets per ordinary share attributable to Equity holders of SNS Group (RM)⁽²⁾	0.15	0.14

Notes:

⁽¹⁾ *The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the FYE 31 January 2023 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 of 1,612,779,660 ordinary shares at the end of financial year.*



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	← Attributable to Equity Holders of SNS Group →						Total Equity RM'000
	Share capital RM'000	Invested capital RM'000	Non-distributable Capital reserve RM'000	Share-based payment reserve RM'000	Distributable Reserve - Retained earnings RM'000		
Balance at 1 February 2023	151,420	-	(55,329)	-	124,912	221,003	
Profit for the financial year	-	-	-	-	31,963	31,963	
Dividends	-	-	-	-	(12,096)	(12,096)	
Share-based payment relating to ESOS	-	-	-	2,783	-	2,783	
Balance at 31 January 2024	151,420	-	(55,329)	2,783	144,779	243,653	
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 audited financial statements of the Company for the FYE 31 January 2023 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 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾

	CUMULATIVE QUARTER	
	Current Year-to-date 31.01.2024 RM'000	Corresponding Year-to-date 31.01.2023 RM'000
Cash flows from operating activities		
Profit before taxation	43,468	57,360
Adjustments for:		
Depreciation of right-of-use assets	12,072	11,555
Finance costs	4,808	4,789
(Reversal)/Write down of inventories to net realisable values	(421)	1,281
Depreciation of property, plant and equipment	2,197	1,913
Loss allowances recognised in profit or loss	2,219	359
Bad debts written off	3	-
Increase in provision for customer loyalty programme	307	347
Impairment loss on assets	7	-
Property, plant and equipment written off	6	1
Other receivable written off	3	-
Loss on disposal of property, plant and equipment	36	-
Decrease in provision for warranties	(125)	(52)
Negative variable lease payments	(153)	(207)
Interest income from finance lease receivables	(2,258)	(48)
Interest income from long term trade receivable	(151)	-
Investment revenue	(339)	(206)
Interest income from cash and bank balances	(114)	(48)
Interest income from refundable performance bond	(275)	-
Gains arising from lease terminations	(10)	-
Unrealised (gain)/loss on foreign exchange	(151)	7
Increase in provision for voucher programme	187	46
Expiry of voucher programme	(163)	(22)
Expiry of customer loyalty programme	(302)	(351)
Increase in fair value of income fund	(1,179)	(622)
Shared-based payment expenses	2,783	-
Operating profit before working capital changes	62,455	76,102
Movements in working capital:		
Decrease/(Increase) in:		
Inventories	11,733	(5,560)
Trade and other receivables	(102,909)	(33,150)
Other assets	(273)	17
Finance lease receivables	(26,032)	809

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

	CUMULATIVE QUARTER	
	Current Year-to-date 31.01.2024 RM'000	Corresponding Year-to-date 31.01.2023 RM'000
Increase/(Decrease) in:		
Trade and other payables	108,769	(9,974)
Other liabilities	1,499	2,579
Contract liabilities	(46)	(38)
Cash from operating activities	55,196	30,785
Interests received	389	48
Income tax refunded	120	115
Income tax paid	(14,343)	(13,858)
Net cash from operating activities	41,362	17,090
Cash flows from/(used in) investing activities		
Proceeds from disposal of property, plant and equipment	186	-
Interest received on fixed deposits	339	206
Income distribution from income fund	1,179	622
Purchase of property, plant and equipment	(1,782)	(2,830)
Withdrawal/(Placement) of fixed deposits	684	(695)
Net cash from/(used in) investing activities	606	(2,697)
Cash flows (used in)/from financing activities		
Issue of ordinary shares	-	88,300
(Repayment)/Proceeds from bankers' acceptances - net	(1,364)	7,985
Proceeds/(Repayment) of lease liabilities	8,317	(11,347)
Repayment of term loans and financing	(1,272)	(21,955)
Finance costs paid	(4,808)	(4,789)
Repayment of hire-purchase payables	(730)	(1,045)
Repayment made to director	-	(34)
Dividend paid	(12,096)	(10,032)
Net cash (used in)/from financing activities	(11,953)	47,083
Net increase in cash and cash equivalents	30,015	61,476
Cash and cash equivalents at the beginning of the financial year	88,602	27,133
Effect of exchange rate changes on the balance of cash held in foreign currencies	151	(7)
Cash and cash equivalents at the end of the financial year	118,768	88,602



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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 audited financial statements of the Company for the FYE 31 January 2023 and the accompanying explanatory notes attached to this condensed interim financial report.*
- (2) *Cash and cash equivalents at the end of the financial year comprise:*

	CUMULATIVE QUARTER	
	Current Year-to-date 31.01.2024 RM'000	Corresponding Year-to-date 31.01.2023 RM'000
CASH AND CASH EQUIVALENTS		
Fixed deposits with licensed banks	56,077	5,791
Income fund with a licensed financial institution (redeemable upon 1 day notice)	30,340	50,622
Cash and bank balances	35,058	35,580
	<hr/>	<hr/>
	121,475	91,993
Less:		
Fixed deposits pledged to licensed banks	(2,707)	(3,391)
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	118,768	88,602
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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 JANUARY 2024

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.

These explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the FYE 31 January 2023.

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 audited financial statements of the Group for the FYE 31 January 2023, 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 2023:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 4	Extension of the Temporary Exemption from applying MFRS 9
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current and Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁽¹⁾
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback ⁽²⁾
Amendments to MFRS 101	Non-current Liabilities with Covenants ⁽²⁾

Notes:

⁽¹⁾ *Effective date deferred to a date to be announced by MASB.*

⁽²⁾ *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 consolidated financial statements for the FYE 31 January 2023 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

There was no dividend paid during the current financial quarter under review.

A9. Segmental Reporting

a) Revenue by Business Activities:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31.01.2024 RM'000	Corresponding Quarter 31.01.2023 RM'000	Current Year-to-date 31.01.2024 RM'000	Corresponding Year-to-date 31.01.2023 RM'000
Sale of ICT products	387,112	506,427	1,261,276	1,391,498
Provision of device repair and related services, as well as sale of broadband services	2,999	3,432	14,839	12,285
	<u>390,111</u>	<u>509,859</u>	<u>1,276,115</u>	<u>1,403,783</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)

b) Revenue by Geographical Market:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31.01.2024 RM'000	Corresponding Quarter 31.01.2023 RM'000	Current Year-to-date 31.01.2024 RM'000	Corresponding Year-to-date 31.01.2023 RM'000
Malaysia	370,141	503,322	1,209,232	1,366,987
Overseas				
- Hong Kong	7,248	2,622	14,665	18,948
- Singapore	8,776	-	37,535	4,666
- Others ⁽¹⁾	3,946	3,915	14,683	13,182
	<u>390,111</u>	<u>509,859</u>	<u>1,276,115</u>	<u>1,403,783</u>

Note:

⁽¹⁾ Comprises Australia, Brunei, Indonesia, Maldives and Vietnam.

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.



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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)

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 Quarter 31.01.2024 RM'000	Current Year-to-date 31.01.2024 RM'000
Rental of offices paid to a director	25	102

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 31.01.2024 RM'000 Unaudited	As at 31.01.2023 RM'000 Audited
Purchase of property, plant and equipment	-	164

A15. Valuation of Property, Plant and Equipment

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



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH (4TH) QUARTER ENDED 31 JANUARY 2024

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 Quarter 31.01.2024 RM'000	Corresponding Quarter 31.01.2023 RM'000	Variance RM'000	%	Current Year-to-date 31.01.2024 RM'000	Corresponding Year-to-date 31.01.2023 RM'000
Revenue	390,111	509,859	(119,748)	-23.5%	1,276,115	1,403,783
Profit before tax	18,352	22,094	(3,742)	-16.9%	43,468	57,360

The Group's revenue for the current financial quarter ended 31 January 2024 decreased by RM119.75 million or 23.5%, from RM509.86 million to RM390.11 million as compared with the corresponding financial quarter. The decrease in revenue was mainly attributable to the Group securing lesser orders from customers as compared to the corresponding financial quarter where the Group manage to secure orders in relation to government projects from the commercial channel .

Profit before tax of the Group for the current financial quarter ended 31 January 2024 decreased by RM3.74 million or 16.9%, from RM22.09 million to RM18.35 million, compared with the corresponding financial quarter. The lower profit before tax for the current financial quarter was mainly due to lower revenue recorded, and the increase in selling and distribution expenses mainly attributable to the increase in salaries and commissions to the third-party online marketplaces. These impacts were partially offset by the increase in other operating income primarily due to the increase in interest income from finance lease receivables and rebates received.

B2. Comparison with the Immediate Preceding Quarter's Result

	Current Quarter 31.01.2024 RM'000	Immediate Preceding Quarter 31.10.2023 RM'000	Variance	
			RM'000	%
Revenue	390,111	263,288	126,823	48.2
Profit before tax	18,352	2,898	15,454	533.3
Profit after tax	13,035	2,018	11,017	545.9



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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

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

The Group's revenue for the current financial quarter ended 31 January 2024 increased by RM126.82 million or 48.2% from RM263.29 million to RM390.11 million as compared with the immediate preceding financial quarter. The increase was mainly due to the Group securing more orders from the commercial channel related to government projects during the current financial quarter.

Correspondingly, profit before tax of the Group for the current financial quarter ended 31 January 2024 increased by RM15.45 million or 533.3%, from RM2.90 million to RM18.35 million as compared with the immediate preceding financial quarter and profit after tax of the Group for the current financial quarter ended 31 January 2024 increased by RM11.02 million or 545.9%, from RM2.02 million to RM13.04 million as 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 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 intends to set-up 10 new stores in Malaysia to increase the Group's customer base.

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 put in focus to support the expansion of the DaaS subscription-based service for the Group's existing and future DaaS subscription agreements.

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.

B4. Variance of Profit Forecast

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



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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B5. Income Tax Expense

The breakdown of income tax expense is as follows:

	Current Quarter 31.01.2024 RM'000	Current Year-to-date 31.01.2024 RM'000
Current taxation	5,317	11,323
Under provision of tax expenses in prior years	-	182
	<u>5,317</u>	<u>11,505</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 of 26% for current year-to-date was higher than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes.

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B6. Profit Before Tax

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31.01.2024 RM'000	Corresponding Quarter 31.01.2023 RM'000	Current Year-to-date 31.01.2024 RM'000	Corresponding Year-to-date 31.01.2023 RM'000
Income from operators arising from right-of-use assets	1,514	1,690	6,953	7,552
Rental income	41	60	183	238
Interest income from:				
Finance lease receivables	951	8	2,258	48
Long term trade receivable	151	-	151	-
Cash and bank balances	29	25	114	48
Others	275	-	275	-
Realised (loss)/gain on foreign exchange	(13)	10	(10)	17
Unrealised (loss)/gain on foreign exchange	(25)	(7)	151	(7)
Reversal/(write down) of inventories to net realisable values	76	1,550	421	(1,281)
Auditor's remuneration	(106)	(73)	(298)	(265)
Reversal of loss allowance/(loss allowances) recognised in profit or loss	62	23	(2,219)	(359)
Loss on disposal of property, plant and equipment	(6)	-	(36)	-
Bad debts written off	-	-	(3)	-
Net (increase)/decrease in provisions:				
Warranties	(7)	(106)	125	52
Voucher programme	(21)	(3)	(187)	(46)
Customer loyalty programme	(68)	(95)	(307)	(347)
Expiry of:				
Voucher programme	39	14	163	22
Customer loyalty programme	61	97	302	351

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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

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	(23,765)	7,135	36 months
- Set-up new retail stores	2,500	-	2,500	36 months
Construction of Regional Hub	18,000	(193)	17,807	36 months
Marketing activities for JOI [®]	1,500	(451)	1,049	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	(62,228)	28,491	

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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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B8. Group Borrowings and Debt Securities

The Group's borrowings as at 31 January 2024 and 31 January 2023 are as follows:

	As at 31.01.2024 RM'000 Unaudited	As at 31.01.2023 RM'000 Audited
<u>Non-current</u>		
<u>Secured</u>		
Commodity Murabahah term financing	6,207	6,283
Term loans	225	434
Hire purchase payables	864	884
	7,296	7,601
<u>Unsecured</u>		
Lease liabilities	17,972	5,889
	25,268	13,490
<u>Current</u>		
<u>Secured</u>		
Bankers' acceptances	23,763	25,127
Commodity Murabahah term financing	683	1,677
Term loans	208	201
Hire purchase payables	427	687
	25,081	27,692
<u>Unsecured</u>		
Lease liabilities	10,627	10,376
	35,708	38,068
Total loans and borrowings	60,976	51,558



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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

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 below, there were no other dividend declared or proposed during the current financial quarter under review and for the financial year-to-date.

On 26 March 2024, the Board of Directors approved a third interim single-tier dividend of 0.25 sen per ordinary share amounting of RM4,031,949 in respect of financial year ending 31 January 2024 declared payable on 23 May 2024.

B11. EPS

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31.01.2024	Corresponding Quarter 31.01.2023	Current Year-to-date 31.01.2024	Corresponding Year-to-date 31.01.2023
Profit net of tax attributable to the equity holders of the Company (RM'000)	13,035	16,772	31,963	43,716
Weighted average number of ordinary shares in issue (basic) ('000)	1,612,780	1,612,780	1,612,780	878,081
Basic EPS ⁽¹⁾ (sen)	0.81	1.04	1.98	4.98



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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B11. EPS (Cont'd)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31.01.2024	Corresponding Quarter 31.01.2023	Current Year-to-date 31.01.2024	Corresponding Year-to-date 31.01.2023
Profit net of tax attributable to the equity holders of the Company (RM'000)	13,035	16,772	31,963	43,716
Weighted average number of ordinary shares in issue (basic) ('000)	1,612,780	1,612,780	1,612,780	878,081
Effect of dilutive potential ordinary share - ESOS ('000)	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	1,612,780	1,612,780	1,612,780	878,081
Diluted EPS ⁽²⁾ (sen)	0.81	1.04	1.98	4.98

Notes:

- (1) 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 respective current and preceding financial quarters and financial year-to-date under review.
- (2) The diluted EPS has been adjusted for the dilutive effects of the potential ordinary shares, i.e., share options granted to the eligible employees.



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B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B12. Status of Corporate Proposals

Save as disclosed below, there were no other corporate proposals announced but not implemented as at the date of this interim financial report.

On 28 February 2024, M & A Securities Sdn Bhd, on behalf of the Board, had announced that the Group proposed to undertake the proposed transfer of the entire issued share capital of the Company from the ACE Market to the Main Market of Bursa Securities (“**Proposed Transfer**”).

The application to the relevant authorities for the Proposed Transfer has been submitted on 29 February 2024.

B13 Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors on 26 March 2024.