



SNS NETWORK TECHNOLOGY BERHAD

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED
31 JULY 2024



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 2024

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31.07.2024 Unaudited RM'000	Corresponding Quarter 31.07.2023 Unaudited RM'000	Current Period-to-date 31.07.2024 Unaudited RM'000	Corresponding Period-to-date 31.07.2023 Unaudited RM'000
Revenue	303,710	332,877	517,295	622,716
Cost of sales	(281,913)	(309,491)	(475,623)	(577,982)
Gross profit	21,797	23,386	41,672	44,734
Other operating income	2,455	2,007	4,997	4,094
Other gains and losses	181	308	576	783
Investment revenue	83	23	255	45
Impairment (losses)/gain on financial assets - net	(112)	(57)	150	(160)
Selling and distribution expenses	(9,410)	(7,438)	(20,666)	(14,900)
General and administrative expenses	(5,553)	(5,108)	(11,308)	(9,738)
Profit from operations	9,441	13,121	15,676	24,858
Finance costs	(1,048)	(1,223)	(2,176)	(2,640)
Profit before tax	8,393	11,898	13,500	22,218
Tax expenses	(2,048)	(2,874)	(3,413)	(5,308)
Profit and total comprehensive income for the financial period attributable to equity holders of the Group	6,345	9,024	10,087	16,910
Earning per share attributable to equity holders of the Group:				
Basic ⁽²⁾ (sen)	0.39	0.56	0.63	1.05
Diluted ⁽³⁾ (sen)	0.37	0.56	0.61	1.05



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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 2024 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 period-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 INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	As at 31.07.2024 RM'000 Unaudited	As at 31.01.2024 RM'000 Audited
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	53,613	52,550
Right-of-use assets	9,040	8,140
Finance lease receivables	21,387	23,155
Trade receivables	4,045	4,610
Total non-current assets	88,085	88,455
Current assets		
Inventories	115,935	96,501
Trade and other receivables	217,772	217,013
Finance lease receivables	7,657	5,484
Other assets	5,398	5,441
Current tax assets	3,015	2,424
Fixed deposits, cash and bank balances	91,653	121,475
Total current assets	441,430	448,338
TOTAL ASSETS	529,515	536,793
<u>EQUITY AND LIABILITIES</u>		
Capital and reserves		
Share capital	151,420	151,420
Capital reserve	(55,329)	(55,329)
Share-based payment reserve	2,821	2,783
Retained earnings	146,802	144,779
TOTAL EQUITY	245,714	243,653
Non-current liabilities		
Borrowings	6,650	7,296
Lease liabilities	17,639	17,972
Deferred tax liabilities	895	895
Total non-current liabilities	25,184	26,163



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

	As at 31.07.2024 RM'000 Unaudited	As at 31.01.2024 RM'000 Audited
Current liabilities		
Trade and other payables	200,755	220,726
Other liabilities	3,096	5,866
Contract liabilities	114	96
Dividends payable	4,032	-
Borrowings	36,121	25,081
Lease liabilities	9,833	10,627
Current tax liabilities	4,666	4,581
Total current liabilities	258,617	266,977
TOTAL LIABILITIES	283,801	293,140
TOTAL EQUITY AND LIABILITIES	529,515	536,793
 Net assets per ordinary share attributable to Equity holders of SNS Group (RM)⁽²⁾	0.15	0.15

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 2024 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 period/year.*



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

← Attributable to Equity Holders of SNS Group →

	Share capital RM'000	Non-distributable Capital reserve RM'000	Non-distributable Share-based payment reserve RM'000	Distributable Retained earnings RM'000	Total Equity RM'000
Balance as of 1 February 2024	151,420	(55,329)	2,783	144,779	243,653
Profit for the financial period				10,087	10,087
Dividends	-	-	-	(8,064)	(8,064)
Share-based payment relating to ESOS	-	-	38	-	38
Balance as of 31 July 2024	151,420	(55,329)	2,821	146,802	245,714
Balance as of 1 February 2023	151,420	(55,329)	-	124,912	221,003
Profit for the financial period	-	-	-	16,910	16,910
Dividends	-	-	-	(8,064)	(8,064)
Balance as of 31 July 2023	151,420	(55,329)	-	133,758	229,849

Note:

⁽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 2024 and the accompanying explanatory notes attached to this condensed interim financial report.*

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾

	CUMULATIVE QUARTER	
	Current Period-to-date 31.07.2024 RM'000	Corresponding Period-to-date 31.07.2023 RM'000
Cash flows from operating activities		
Profit before taxation	13,500	22,218
Adjustments for:		
Depreciation of right-of-use assets	6,084	5,951
Finance costs	2,176	2,640
Write down/(reversal) in values of inventories to net realisable values	215	(84)
Depreciation of property, plant and equipment (Reversal of loss allowances)/loss allowances recognised in profit or loss	1,093	1,266
Bad debts written off	(150)	157
Increase in provision for customer loyalty programme	-	3
Property, plant and equipment written off	75	116
Loss on disposal of property, plant and equipment	48	-
Increase/(decrease) in provision for warranties	-	30
Negative variable lease payments	18	(147)
Interest income from finance lease receivables	-	(69)
Interest income from long term trade receivable	(1,359)	(8)
Investment revenue	(88)	-
Interest income from cash and bank balances	(255)	(45)
Interest income from refundable performance bond	(48)	(42)
Gains arising from lease terminations	(308)	-
Unrealised gain on foreign exchange	-	(10)
Increase in provision for voucher programme	(54)	(63)
Expiry of voucher programme	-	130
Expiry of customer loyalty programme	-	(124)
Fair value gains arising from financial assets designated as at fair value through profit or loss ("FVTPL")	(68)	(119)
Gain on derecognition of financial assets designated as at FVTPL	(545)	(630)
Shared-based payment expenses	(1)	-
	38	-
Operating profit before working capital changes	20,371	31,170
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	(18,896)	(4,447)
Trade and other receivables	44	(197,266)
Other assets	43	234
Finance lease receivables	954	255

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

	Current Period-to-date 31.07.2024 RM'000	Corresponding Period-to-date 31.07.2023 RM'000
(Decrease)/Increase in:		
Trade and other payables	(19,971)	119,482
Other liabilities	(2,770)	(2,842)
Contract liabilities	(7)	(14)
Cash used in operating activities	(20,232)	(53,428)
Interests received	356	42
Income tax refunded	-	69
Income tax paid	(3,919)	(6,940)
Net cash used in operating activities	(23,795)	(60,257)
Cash flows used in investing activities		
Proceeds from disposal of property, plant and equipment	-	186
Interest received on fixed deposits	255	45
Proceeds from derecognition of financial assets at FVTPL	1	-
Income distribution from short-term income funds	545	630
Purchase of property, plant and equipment	(2,956)	(3,298)
Placement of fixed deposits	(1,153)	(1,561)
Net cash used in investing activities	(3,308)	(3,998)
Cash flows (used in)/from financing activities		
Proceeds from bankers' acceptances - net	11,053	61,206
(Repayment)/Proceeds of lease liabilities	(8,111)	16,200
Repayment of term loans and financing	(442)	(846)
Finance costs paid	(2,176)	(2,640)
Repayment of hire-purchase payables	(217)	(479)
Dividend paid	(4,032)	(4,032)
Net cash (used in)/from financing activities	(3,925)	69,409
Net (decrease)/increase in cash and cash equivalents	(31,028)	5,154
Cash and cash equivalents at the beginning of the financial period	118,768	88,602
Effect of exchange rate changes on the balance of cash held in foreign currencies	54	63
Cash and cash equivalents at the end of the financial period	87,794	93,819



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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 2024 and the accompanying explanatory notes attached to this condensed interim financial report.*
- (2) *Cash and cash equivalents at the end of the financial period comprise:*

	CUMULATIVE QUARTER	
	Current Period-to-date 31.07.2024 RM'000	Corresponding Period-to-date 31.07.2023 RM'000
CASH AND CASH EQUIVALENTS		
Fixed deposits with licensed banks	13,091	4,952
Income fund with a licensed financial institution (redeemable upon 1 day notice)	30,486	29,791
Cash and bank balances	48,076	64,028
	<hr/>	<hr/>
	91,653	98,771
Less:		
Fixed deposits pledged to licensed banks	(3,859)	(4,952)
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	87,794	93,819
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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 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 Malaysia Securities Berhad ("**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 2024.

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 2024, 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 2024:

Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements
Amendments to MFRS 16	Lease Liability in as Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current and Disclosure of Accounting Policies
Amendments to MFRS 101	Non-current Liabilities with Covenants

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 121	Lack of Exchangeability ⁽²⁾
Amendments to MFRS 9 And MFRS 7	Classification and Measurement of Financial Instruments ⁽³⁾
MFRS 18	Presentation and Disclosure in Financial Statements ⁽⁴⁾
MFRS 19	Subsidiaries without Public Accountability: Disclosures ⁽⁴⁾

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, 2025, with earlier application permitted.*
- ⁽³⁾ *Effective for annual financial periods beginning on or after January 1, 2026, with earlier application permitted.*
- ⁽⁴⁾ *Effective for annual financial periods beginning on or after January 1, 2027, with earlier application permitted.*

A3. Audited Report of Preceding Annual Financial Statements

The audited consolidated financial statements for the FYE 31 January 2024 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 period-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.

However, subsequently on 9 September 2024, the Company increased its issued and paid up ordinary share capital by the issuance of 7,494,000 ordinary shares at an issue price of RM0.25 per share pursuant to the employees' share option scheme.

A8. Dividend Paid

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

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND (2ND) QUARTER ENDED 31 JULY 2024

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

a) Revenue by Business Activities:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31.07.2024 RM'000	Corresponding Quarter 31.07.2023 RM'000	Current Period-to-date 31.07.2024 RM'000	Corresponding Period-to-date 31.07.2023 RM'000
Sale of ICT products	301,802	328,626	513,226	613,871
Provision of device repair and related services, as well as sale of broadband services	1,908	4,251	4,069	8,845
	303,710	332,877	517,295	622,716

A9. Segmental Reporting (Cont'd)

b) Revenue by Geographical Market:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31.07.2024 RM'000	Corresponding Quarter 31.07.2023 RM'000	Current Period-to-date 31.07.2024 RM'000	Corresponding Period-to-date 31.07.2023 RM'000
Malaysia	293,765	321,354	498,643	607,856
Overseas				
- Hong Kong	575	448	575	448
- Singapore	5,878	6,258	11,254	6,258
- Others ⁽¹⁾	3,492	4,817	6,823	8,154
	303,710	332,877	517,295	622,716

Note:

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



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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 Quarter 31.07.2024 RM'000	Current Period-to-date 31.07.2024 RM'000
Rental of offices paid to a director	25	51

A14. Capital Commitments

There were no other material capital commitments as at the end of the current financial quarter under review.

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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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	Corresponding Quarter	Variance		Current Period-to-date	Corresponding Period-to-date
	31.07.2024	31.07.2023	RM'000	%	31.07.2024	31.07.2023
	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue	303,710	332,877	(29,167)	-8.8%	517,295	622,716
Profit before tax	8,393	11,898	(3,505)	-29.5%	13,500	22,218

The Group's revenue for the current financial quarter ended 31 July 2024 decreased by RM29.17 million or 8.8%, from RM332.88 million to RM303.71 million as compared with the corresponding financial quarter. The decrease in revenue was mainly attributable to the Group secured major orders to supply mainly laptops for the education industry through the commercial channel in the corresponding financial quarter.

Profit before tax of the Group for the current financial quarter ended 31 July 2024 decreased by RM3.51 million or 29.5%, from RM11.90 million to RM8.39 million as 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 as well as increase in marketing and promotional expenses.

B2. Comparison with the Immediate Preceding Quarter's Result

	Current Quarter	Immediate Preceding Quarter	Variance	
	31.07.2024	30.04.2024	RM'000	%
	RM'000	RM'000	RM'000	
Revenue	303,710	213,585	90,125	42.2
Profit before tax	8,393	5,107	3,286	64.3
Profit after tax	6,345	3,742	2,603	69.6



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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 July 2024 increased by RM90.12 million or 42.2% from RM213.59 million to RM303.71 million as compared with the immediate preceding financial quarter. The higher revenue for the current financial quarter was mainly attributable to the Group securing more orders through the commercial channel.

Profit before tax of the Group for the current financial quarter ended 31 July 2024 increased by RM3.28 million or 64.3%, from RM5.11 million to RM8.39 million as compared with the immediate preceding financial quarter primarily due to the increased in gross profit coupled with the decrease in selling and distribution expenses mainly attributable to the decrease in staff commission.

Correspondingly, profit after tax of the Group for the current financial quarter ended 31 July 2024 increased by RM2.60 million or 69.6%, from RM3.74 million to RM6.34 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. In May 2024, we have launched a new multi-brand concept store in Penang and subsequently in October 2024, we will be launching a new multi-brand concept store which located in Selangor.

As businesses demand for more flexibility and control over the usage of ICT products and services according to their business and operational needs, 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.

Looking into the future, the Group's commitment to innovation remains steadfast, with a focus on embracing emerging technologies that align with the Group's mission and values. The Group believes in the coming years, Artificial Intelligence ("AI") will play a significant role in its success, the Group acknowledges that the future is dynamic and diverse in its technological demands.



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

B3. Group's Prospects (Cont'd)

The Group offers AI solutions designed to transform businesses by enhancing operational efficiency and delivering personalised customer experiences. By integrating cutting-edge AI technologies, the Group provides tailored solutions that streamline processes, improve decision-making, and drive innovation, ensuring businesses can harness AI's full potential. Committed to accessibility and understanding, the Group empowers companies of all sizes to thrive in the digital landscape, promoting sustainable growth and a positive impact on stakeholders.

By making AI accessible, understandable, and beneficial, the Group actively contributes to the broader adoption of AI technologies, supporting sustainable growth, adaptability, and resilience in a rapidly changing digital environment, benefiting businesses of all sizes in an ever-evolving digital landscape.

The Group remains positive with the ICT industry complemented by the development in AI technologies resulting in the continuous growth in demand for ICT products and strengthening of our existing customer base while expanding the Group's market share in attracting new customers.

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 Quarter 31.07.2024 RM'000	Current Period-to-date 31.07.2024 RM'000
Current taxation	2,048	3,413

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 25.28% for current period-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 31.07.2024 RM'000	Corresponding Quarter 31.07.2023 RM'000	Current Period-to-date 31.07.2024 RM'000	Corresponding Period-to-date 31.07.2023 RM'000
Income from operators arising from				
right-of-use assets	1,554	1,881	3,038	3,716
Rental income	26	43	67	102
Interest income from:				
Finance lease receivables	665	3	1,359	8
Long term trade receivable	43	-	88	-
Cash and bank balances	22	27	48	42
Refundable performance bond	108	-	308	-
Realised (loss)/gain on foreign exchange	(21)	2	(24)	4
Unrealised (loss)/gain on foreign exchange	(70)	(2)	54	63
Reversal/(write down) in values of inventories				
to net realisable values	119	229	(215)	84
Auditor's remuneration	(54)	(64)	(127)	(128)
(Loss allowances)/reversal of loss allowances				
recognised in profit or loss	(112)	(54)	150	(157)
Loss on disposal of property, plant				
and equipment	-	(30)	-	(30)
Bad debts written off	-	(3)	-	(3)
Net (increase)/decrease in provisions:				
Warranties	(9)	(9)	(18)	147
Voucher programme	-	-	-	(130)
Customer loyalty programme	(36)	(58)	(75)	(116)
Expiry of:				
Voucher programme	-	-	-	124
Customer loyalty programme	31	60	68	119

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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	(250)	2,250	36 months
Construction of Regional Hub	18,000	(347)	17,653	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	(62,632)	28,087	

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 July 2024 and 31 January 2024 are as follows:

	As at 31.07.2024 RM'000 Unaudited	As at 31.01.2024 RM'000 Audited
<u>Non-current</u>		
<u>Secured</u>		
Commodity Murabahah term financing	5,854	6,207
Term loans	118	225
Hire purchase payables	678	864
	6,650	7,296
<u>Unsecured</u>		
Lease liabilities	17,639	17,972
	24,289	25,268
<u>Current</u>		
<u>Secured</u>		
Bankers' acceptances	34,816	23,763
Commodity Murabahah term financing	697	683
Term loans	212	208
Hire purchase payables	396	427
	36,121	25,081
<u>Unsecured</u>		
Lease liabilities	9,833	10,627
	45,954	35,708
Total loans and borrowings	70,243	60,976



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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 period-to-date.

On 28 June 2024, the Board of Directors approved a first interim single-tier dividend of 0.25 sen per ordinary share amounting to RM4,031,949 in respect of financial year ending 31 January 2025, which were subsequently 28 August 2024.

On 25 September 2024, the Board of Directors approved a second interim single-tier dividend of 0.25 sen per ordinary share amounting to RM4,050,684 in respect of financial year ending 31 January 2025 declared payable on 26 November 2024.

B11. EPS

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

a) Basic EPS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31.07.2024	Corresponding Quarter 31.07.2023	Current Period-to-date 31.07.2024	Corresponding Period-to-date 31.07.2023
Profit net of tax attributable to the equity holders of the Company (RM'000)	6,345	9,024	10,087	16,910
Weighted average number of ordinary shares in issue (basic) ('000)	1,612,780	1,612,780	1,612,780	1,612,780
Basic EPS ⁽¹⁾ (sen)	0.39	0.56	0.63	1.05



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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)

b) Diluted EPS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31.07.2024	Corresponding Quarter 31.07.2023	Current Period-to-date 31.07.2024	Corresponding Period-to-date 31.07.2023
Profit net of tax attributable to the equity holders of the Company (RM'000)	6,345	9,024	10,087	16,910
Weighted average number of ordinary shares in issue (basic) ('000)	1,612,780	1,612,780	1,612,780	1,612,780
Effect of dilutive potential ordinary share - ESOS ('000)	82,157	-	40,966	-
Weighted average number of ordinary shares for diluted earnings per share ('000)	1,694,937	1,612,780	1,653,746	1,612,780
Diluted EPS ⁽²⁾ (sen)	0.37	0.56	0.61	1.05

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 period-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

There were no other 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 25 September 2024.