



SNS NETWORK TECHNOLOGY BERHAD

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

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED
31 OCTOBER 2024



SNS NETWORK TECHNOLOGY BERHAD
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(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 2024

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31.10.2024 Unaudited RM'000	Corresponding Quarter 31.10.2023 Unaudited RM'000	Current Period-to-date 31.10.2024 Unaudited RM'000	Corresponding Period-to-date 31.10.2023 Unaudited RM'000
Revenue	249,706	263,288	767,001	886,004
Cost of sales	(221,447)	(243,845)	(697,070)	(821,827)
Gross profit	28,259	19,443	69,931	64,177
Other operating income	2,350	3,183	7,347	7,277
Other gains and losses	39	408	615	1,191
Investment revenue	110	31	365	76
Impairment gain/(losses) on financial assets - net	644	(2,124)	794	(2,284)
Selling and distribution expenses	(10,261)	(7,893)	(30,927)	(22,793)
General and administrative expenses	(9,427)	(8,937)	(20,735)	(18,675)
Profit from operations	11,714	4,111	27,390	28,969
Finance costs	(1,396)	(1,213)	(3,572)	(3,853)
Profit before tax	10,318	2,898	23,818	25,116
Tax expenses	(122)	(880)	(3,535)	(6,188)
Profit and total comprehensive income for the financial period attributable to equity holders of the Group	10,196	2,018	20,283	18,928
Earning per share attributable to equity holders of the Group:				
Basic ⁽²⁾ (sen)	0.63	0.13	1.26	1.17
Diluted ⁽³⁾ (sen)	0.60	0.13	1.21	1.17



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 2024

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 THIRD (3RD) QUARTER ENDED 31 OCTOBER 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	As at 31.10.2024 RM'000 Unaudited	As at 31.01.2024 RM'000 Audited
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	54,347	52,550
Right-of-use assets	14,257	8,140
Finance lease receivables	34,151	23,155
Trade receivables	3,587	4,610
Total non-current assets	106,342	88,455
Current assets		
Inventories	131,362	96,501
Trade and other receivables	135,244	217,013
Finance lease receivables	13,307	5,484
Other assets	5,766	5,441
Current tax assets	2,413	2,424
Fixed deposits, cash and bank balances	69,103	121,475
Total current assets	357,195	448,338
TOTAL ASSETS	463,537	536,793
<u>EQUITY AND LIABILITIES</u>		
Capital and reserves		
Share capital	153,949	151,420
Capital reserve	(55,329)	(55,329)
Share-based payment reserve	4,987	2,783
Retained earnings	152,947	144,779
TOTAL EQUITY	256,554	243,653
Non-current liabilities		
Borrowings	6,325	7,296
Lease liabilities	19,497	17,972
Deferred tax liabilities	895	895
Total non-current liabilities	26,717	26,163



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 2024

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

	As at 31.10.2024 RM'000 Unaudited	As at 31.01.2024 RM'000 Audited
Current liabilities		
Trade and other payables	118,401	220,726
Other liabilities	3,506	5,866
Contract liabilities	121	96
Dividends payable	4,051	-
Borrowings	40,327	25,081
Lease liabilities	13,845	10,627
Current tax liabilities	15	4,581
Total current liabilities	180,266	266,977
TOTAL LIABILITIES	206,983	293,140
TOTAL EQUITY AND LIABILITIES	463,537	536,793
Net assets per ordinary share attributable to Equity holders of SNS Group (RM)⁽²⁾	0.16	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 1,620,273,660 ordinary shares (FYE 31 January 2024: 1,612,779,660).*



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(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 2024

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	-	-	-	20,283	20,283
Dividends	-	-	-	(12,115)	(12,115)
Issuance of ordinary shares pursuant to ESOS	1,874	-	-	-	1,874
Transfer from share-based payment reserve upon exercise	655	-	(655)	-	-
Share-based payment relating to ESOS	-	-	2,859	-	2,859
Balance as of 31 October 2024	153,949	(55,329)	4,987	152,947	256,554
Balance as of 1 February 2023	151,420	(55,329)	-	124,912	221,003
Profit for the financial period	-	-	-	18,928	18,928
Dividends	-	-	-	(12,096)	(12,096)
Share-based payment relating to ESOS	-	-	2,783	-	2,783
Balance as of 31 October 2023	151,420	(55,329)	2,783	131,744	230,618

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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(Registration No. 201601002835 (1173761-W))
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UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾

	CUMULATIVE QUARTER	
	Current	Corresponding
	Period-to-date	Period-to-date
	31.10.2024	31.10.2023
	RM'000	RM'000
Cash flows (used in)/from operating activities		
Profit before taxation	23,818	25,116
Adjustments for:		
Depreciation of right-of-use assets	9,088	9,056
Finance costs	3,572	3,853
Write down/(reversal) in values of inventories to net realisable values	665	(345)
Depreciation of property, plant and equipment (Reversal of loss allowances)/loss allowances recognised in profit or loss	1,740	1,982
Bad debts written off	(794)	2,281
Increase in provision for customer loyalty programme	-	3
Property, plant and equipment written off	136	239
Loss on disposal of property, plant and equipment	48	4
Increase/(decrease) in provision for warranties	-	30
Negative variable lease payments	26	(132)
Interest income from finance lease receivables	-	(94)
Interest income from long term trade receivable	(2,150)	(1,307)
Investment revenue	(128)	-
Interest income from cash and bank balances	(365)	(76)
Interest income from refundable performance bond	(79)	(85)
Gains arising from lease terminations	(308)	-
Unrealised loss/(gain) on foreign exchange	(2)	(10)
Increase in provision for voucher programme	209	(176)
Expiry of voucher programme	-	166
Expiry of customer loyalty programme	-	(124)
Fair value gains arising from financial assets designated as at fair value through profit or loss ("FVTPL")	(127)	(241)
Gain on derecognition of financial assets designated as at FVTPL	(822)	(900)
Shared-based payment expenses	(1)	-
	2,859	2,783
Operating profit before working capital changes	37,385	42,023
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	(34,773)	5,060
Trade and other receivables	83,714	(13,175)
Other assets	(325)	61
Finance lease receivables	(16,669)	(22,896)



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 2024
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾ (CONT'D)

	CUMULATIVE QUARTER	
	Current Period-to-date 31.10.2024 RM'000	Corresponding Period-to-date 31.10.2023 RM'000
(Decrease)/Increase in:		
Trade and other payables	(102,325)	18,598
Other liabilities	(2,360)	(1,610)
Contract liabilities	(10)	(26)
Cash (used in)/from operating activities	(35,363)	28,035
Interests received	387	85
Income tax refunded	-	120
Income tax paid	(8,090)	(12,995)
Net cash (used in)/from operating activities	(43,066)	15,245
Cash flows used in investing activities		
Proceeds from disposal of property, plant and equipment	-	186
Interest received on fixed deposits	365	76
Proceeds from derecognition of financial assets at FVTPL	1	-
Income distribution from short-term income funds	822	900
Purchase of property, plant and equipment	(4,337)	(3,460)
Placement of fixed deposits	(1,051)	(40,535)
Net cash used in investing activities	(4,200)	(42,833)
Cash flows (used in)/from financing activities		
Proceed from issuance of share capital	1,874	-
Proceeds from bankers' acceptances - net	15,262	7,207
Proceeds from sale and leaseback transaction	1,630	-
(Repayment)/Proceeds of lease liabilities	(12,090)	12,271
Repayment of term loans and financing	(665)	(1,065)
Finance costs paid	(3,572)	(3,853)
Repayment of hire-purchase payables	(322)	(607)
Dividend paid	(8,064)	(8,064)
Net cash (used in)/from financing activities	(5,947)	5,889
Net decrease in cash and cash equivalents	(53,213)	(21,699)
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	(209)	176
Cash and cash equivalents at the end of the financial period	65,346	67,079



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 2024
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 31.10.2024 RM'000	Corresponding Period-to-date 31.10.2023 RM'000
CASH AND CASH EQUIVALENTS		
Fixed deposits with licensed banks	9,587	43,926
Income fund with a licensed financial institution (redeemable upon 1 day notice)	30,763	30,061
Cash and bank balances	28,753	37,018
	<hr/> 69,103	<hr/> 111,005
Less:		
Fixed deposits pledged to licensed banks	(3,757)	(43,926)
	<hr/> 65,346	<hr/> 67,079

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 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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UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 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)

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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UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 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)

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

Save as disclosed below, there were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current financial quarter under review.

On 5 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 28 June 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 2025. The dividend was paid on 28 August 2024.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 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 31.10.2024 RM'000	Corresponding Quarter 31.10.2023 RM'000	Current Period-to-date 31.10.2024 RM'000	Corresponding Period-to-date 31.10.2023 RM'000
Sale of ICT products	244,757	260,293	757,983	874,164
Provision of device repair and related services, as well as sale of broadband services	4,949	2,995	9,018	11,840
	<u>249,706</u>	<u>263,288</u>	<u>767,001</u>	<u>886,004</u>

b) Revenue by Geographical Market:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter 31.10.2024 RM'000	Corresponding Quarter 31.10.2023 RM'000	Current Period-to-date 31.10.2024 RM'000	Corresponding Period-to-date 31.10.2023 RM'000
Malaysia	243,087	231,235	741,730	839,091
Overseas				
- Hong Kong	698	6,969	1,273	7,417
- Singapore	2,512	22,501	13,766	28,759
- Others ⁽¹⁾	3,409	2,583	10,232	10,737
	<u>249,706</u>	<u>263,288</u>	<u>767,001</u>	<u>886,004</u>

Note:

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



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 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)

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 31.10.2024 RM'000	Current Period-to-date 31.10.2024 RM'000
Rental of offices paid to a director	26	77

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 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)

A14. Capital Commitments

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

	As at	As at
	31.10.2024	31.01.2024
	RM'000	RM'000
	Unaudited	Audited
Property, plant and equipment (i.e. AI Graphics Processing Units (" GPUs ") servers)	16,770	-

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 THIRD (3RD) QUARTER ENDED 31 OCTOBER 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	Corresponding Quarter	Variance		Current Period-to-date	Corresponding Period-to-date
	31.10.2024	31.10.2023	RM'000	%	31.10.2024	31.10.2023
	RM'000	RM'000	RM'000		RM'000	RM'000
Revenue	249,706	263,288	(13,582)	-5.2%	767,001	886,004
Profit before tax	10,318	2,898	7,420	256.0%	23,818	25,116

The Group's revenue for the current financial quarter ended 31 October 2024 decreased by RM13.58 million or 5.2%, from RM263.29 million to RM249.71 million as compared with the corresponding financial quarter. The decrease in revenue was mainly attributable to the Group recorded a decrease revenue in the education industry through the commercial channel, as the Group secured major orders in the corresponding quarter. The said decrease was partially offset by the increase in revenue from the online store channel mainly due to higher demand from the consumers as well as the increase in revenue from our physical store channel primarily due to revenue contributed by the new setting up of physical stores.

Profit before tax of the Group for the current financial quarter ended 31 October 2024 increased by RM7.42 million or 256.0%, from RM2.90 million to RM10.32 million as compared with the corresponding financial quarter mainly due to the Group recorded higher GP and GP margin for this current quarter primarily contributed by the commercial channel.

B2. Comparison with the Immediate Preceding Quarter's Result

	Current Quarter	Immediate Preceding Quarter	Variance	
	31.10.2024	31.07.2024	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	249,706	303,710	(54,004)	(17.8)
Profit before tax	10,318	8,393	1,925	22.9
Profit after tax	10,196	6,345	3,851	60.7



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 2024

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 October 2024 decreased by RM54.0 million or 17.8% from RM303.71 million to RM249.71 million as compared with the immediate preceding financial quarter. The decrease was primarily due to the decrease in revenue from the commercial channel. The decrease was partially offset by the increase in revenue contributed by the physical store channel as resulted from higher demand from the consumers.

Profit before tax of the Group for the current financial quarter ended 31 October 2024 increased by RM1.93 million or 22.9%, from RM8.39 million to RM10.32 million as compared with the immediate preceding financial quarter primarily due to the Group recorded higher GP and GP margin for this current quarter primarily contributed by the commercial channel. The said increase was partially offset by the share-based payment expenses of RM2.86 million pursuant to the employees' share options granted during the current financial quarter.

Correspondingly, profit after tax of the Group for the current financial quarter ended 31 October 2024 increased by RM3.85 million or 60.7%, from RM6.34 million to RM10.19 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, which we have launched 2 new multi-brand concept store located in Penang and Selangor each in May and November 2024, respectively. Furthermore, the Group is targeting to set up additional 3 new brand specific stores in Penang and looking forward to launch in fourth quarter of FYE 2025.

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.



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 2024

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 will be launching our first-ever SNS AI GPU-as-a-Service ("GPUaaS") in Malaysia. This innovative service offers businesses on-demand access to high-performance GPUs, eliminating the need for significant upfront capital expenditures or ongoing operational expenses associated with owning and maintaining costly hardware. GPUaaS empowers businesses to harness powerful computing resources for complex tasks such as AI, machine learning and data analysis. This cutting-edge cloud computing service will offer businesses and individuals on-demand access to high-performance GPUs via the cloud, empowering them with advanced capabilities for data-intensive tasks. Our GPUaaS solution is designed to provide enterprise-grade security, ensuring data sovereignty, privacy, and robust protection against threats, all while preventing intellectual property leakage. As the Group continue to innovate, this milestone represents a key step forward in bringing powerful, accessible technological solutions to our customers.

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.

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 2024

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 31.10.2024 RM'000	Current Period-to-date 31.10.2024 RM'000
Current taxation	2,392	5,805
Over provision of tax expenses in prior year	(2,270)	(2,270)
	<u>122</u>	<u>3,535</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 14.84% for current period-to-date was lower than the statutory tax rate mainly due to overprovision of tax expenses in prior year.

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 2024

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 31.10.2024 RM'000	Corresponding Quarter 31.10.2023 RM'000	Current Period-to-date 31.10.2024 RM'000	Corresponding Period-to-date 31.10.2023 RM'000
Income from operators arising from				
right-of-use assets	1,349	1,723	4,387	5,439
Rental income	76	40	143	142
Interest income from:				
Finance lease receivables	791	1,299	2,150	1,307
Long term trade receivable	40	-	128	-
Cash and bank balances	31	43	79	85
Refundable performance bond	-	-	308	-
Realised gain/(loss) on foreign exchange	23	(1)	(1)	3
Unrealised (loss)/gain on foreign exchange	(263)	113	(209)	176
(Write down)/reversal in values of inventories to net realisable values	(450)	261	(665)	345
Auditor's remuneration	(57)	(64)	(184)	(192)
Reversal of loss allowances/(loss allowances) recognised in profit or loss	644	(2,124)	794	(2,281)
Loss on disposal of property, plant and equipment	-	-	-	(30)
Bad debts written off	-	-	-	(3)
Net (increase)/decrease in provisions:				
Warranties	(8)	(15)	(26)	132
Voucher programme	-	(36)	-	(166)
Customer loyalty programme	(61)	(123)	(136)	(239)
Expiry of:				
Voucher programme	-	-	-	124
Customer loyalty programme	59	122	127	241



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 2024

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 2024

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 October 2024 and 31 January 2024 are as follows:

	As at 31.10.2024 RM'000 Unaudited	As at 31.01.2024 RM'000 Audited
<u>Non-current</u>		
<u>Secured</u>		
Commodity Murabahah term financing	5,675	6,207
Term loans	64	225
Hire purchase payables	586	864
	6,325	7,296
<u>Unsecured</u>		
Lease liabilities	19,497	17,972
	25,822	25,268
<u>Current</u>		
<u>Secured</u>		
Bankers' acceptances	39,025	23,763
Commodity Murabahah term financing	705	683
Term loans	214	208
Hire purchase payables	383	427
	40,327	25,081
<u>Unsecured</u>		
Lease liabilities	13,845	10,627
	54,172	35,708
Total borrowings	79,994	60,976



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 2024

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 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.

On 29 November 2024, the Board of Directors approved a third 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 30 December 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	Corresponding Quarter	Current Period-to-date	Corresponding Period-to-date
	31.10.2024	31.10.2023	31.10.2024	31.10.2023
Profit net of tax attributable to the equity holders of the Company (RM'000)	10,196	2,018	20,283	18,928
Weighted average number of ordinary shares in issue (basic) ('000)	1,617,423	1,612,780	1,614,339	1,612,780
Basic EPS ⁽¹⁾ (sen)	0.63	0.13	1.26	1.17

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 2024

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 31.10.2024	Corresponding Quarter 31.10.2023	Current Period-to-date 31.10.2024	Corresponding Period-to-date 31.10.2023
Profit net of tax attributable to the equity holders of the Company (RM'000)	10,196	2,018	20,283	18,928
Weighted average number of ordinary shares in issue (basic) ('000)	1,617,423	1,612,780	1,614,339	1,612,780
Effect of dilutive potential ordinary share - ESOS ('000)	84,501	1,194	63,434	301
Weighted average number of ordinary shares for diluted earnings per share ('000)	1,701,924	1,613,974	1,677,773	1,613,081
Diluted EPS ⁽²⁾ (sen)	0.60	0.13	1.21	1.17

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.*



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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD (3RD) QUARTER ENDED 31 OCTOBER 2024

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 10 December 2024.