



SNOWFIT GROUP BERHAD

(Registration No. 202101026487 (1426787-K))

(Incorporated in Malaysia)

**FINANCIAL STATEMENTS FOR THE HALF-YEAR
ENDED 30 NOVEMBER 2022**

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”)

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY SNOWFIT GROUP BERHAD (“SNOWFIT” OR THE “COMPANY”). SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

SNOWFIT GROUP BERHAD

(Registration No. 202101026487 (1426787-K))

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2022⁽¹⁾

| | Unaudited As at 30/11/2022 RM'000 | Audited As at 31/5/2022 RM'000 |
|---|---|--------------------------------------|
| <u>ASSETS</u> | | |
| Non-current assets | | |
| Property, plant and equipment | 3,986 | 3,510 |
| Right-of-use assets | 2,649 | 2,994 |
| Goodwill | 105 | 105 |
| Total non-current assets | 6,740 | 6,609 |
| Current assets | | |
| Inventories | 5,684 | 2,319 |
| Trade receivables | - | 39 |
| Other receivables, deposits and prepayments | 1,075 | 1,004 |
| Fixed deposits from licensed bank | 686 | 600 |
| Cash and cash equivalents | 888 | 2,178 |
| Total current assets | 8,333 | 6,140 |
| Total assets | 15,073 | 12,749 |
| <u>LIABILITIES AND EQUITY</u> | | |
| Equity | | |
| Share capital | 4,432 | 4,432 |
| Retained earnings | 263 | 224 |
| Total equity | 4,695 | 4,656 |
| Non-current liabilities | | |
| Term loans | 3,050 | 2,260 |
| Finance lease liabilities | 765 | 700 |
| Lease liabilities | 1,017 | 1,436 |
| Deferred tax liabilities | 83 | 83 |
| Total non-current liabilities | 4,915 | 4,479 |

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| | Unaudited As at 30/11/2022 RM'000 | Audited As at 31/5/2022 RM'000 |
|---|--|---|
| Current liabilities | | |
| Trade payables | 2,208 | 557 |
| Other payables and accruals | 76 | 884 |
| Bankers' acceptances | 1,786 | 843 |
| Finance lease liabilities | 202 | 174 |
| Lease liabilities | 834 | 808 |
| Term loans | 249 | 152 |
| Current tax liabilities | 108 | 196 |
| Total current liabilities | 5,463 | 3,614 |
| Total liabilities | 10,378 | 8,093 |
| Total liabilities and equity | 15,073 | 12,749 |
| Net assets per share (sen)⁽²⁾ | 2.22 | 2.21 |

Notes:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are detailed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the financial period ended 31 May 2022 of the Company and the accompanying explanatory notes attached to this interim financial report.*
- (2) *Net assets per share is calculated based on the Company's total number of issued shares of 211,100,002 ordinary shares as at 31 May 2022 and 30 November 2022.*

SNOWFIT GROUP BERHAD

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD ENDED (“FPE”) 30 NOVEMBER 2022⁽¹⁾

| | Individual 6 months ended | | Cumulative 6 months ended | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| | 30/11/2022 | 30/11/2021 ⁽²⁾ | 30/11/2022 | 30/11/2021 ⁽²⁾ |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 14,422 | N/A | 14,422 | N/A |
| Cost of sales | (8,261) | N/A | (8,261) | N/A |
| Gross profit | 6,161 | N/A | 6,161 | N/A |
| Other income | 2 | N/A | 2 | N/A |
| Administrative expenses | (5,205) | N/A | (5,205) | N/A |
| Other operating expenses | (277) | N/A | (277) | N/A |
| Profit from operation | 681 | N/A | 681 | N/A |
| Finance costs | (186) | N/A | (186) | N/A |
| Profit before tax | 495 | N/A | 495 | N/A |
| Taxation | (97) | N/A | (97) | N/A |
| Profit for the financial period, representing total comprehensive income for the financial period | 398 | N/A | 398 | N/A |
| Total comprehensive income for the financial period attributable to owners of the Company | 398 | N/A | 398 | N/A |
| Earnings per share (“EPS”) (sen): | | | | |
| - Basic and diluted ⁽³⁾ | 0.19 | N/A | 0.19 | N/A |

Notes:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statement of Comprehensive Income are detailed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the financial period ended 31 May 2022 of the Company and the accompanying explanatory notes attached to this interim financial report.*
- (2) *There are no comparative figures for the corresponding period of the preceding year presented as this is the first interim report on consolidated results for the current 6-month financial period ended 30 November 2022 announced in compliance with the Listing Requirements of Bursa Securities (“Listing Requirements”).*
- (3) *EPS is calculated based on the Company's weighted average number of issued shares of 211,100,002 ordinary shares for the financial period. Diluted EPS is the same as the basic EPS as there were no potential dilutive instruments.*

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FPE 30 NOVEMBER 2022⁽¹⁾

| | Non-distributable Share capital RM'000 | Distributable Retained earnings RM'000 | Total RM'000 |
|---|--|--|-----------------|
| Balance as at 12 August 2021 | (2) | - | - |
| Profit for the financial period, representing total comprehensive income for the financial period | - | 224 | 224 |
| Total | - | 224 | 224 |
| Transaction with owners, recognised directly in equity | | | |
| Issuance of ordinary shares | 4,432 | - | 4,432 |
| Total | 4,432 | - | 4,432 |
| Balance as at 31 May 2022 | 4,432 | 224 | 4,656 |
| Profit for the financial period, representing total comprehensive income for the financial period | - | 398 | 398 |
| Total | 4,432 | 622 | 5,054 |
| Transaction with owners, recognised directly in equity | | | |
| Dividends paid | - | (359) | (359) |
| Total | - | (359) | (359) |
| Balance as at 30 November 2022 | 4,432 | 263 | 4,695 |

Notes:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity are detailed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the financial period ended 31 May 2022 of the Company and the accompanying explanatory notes attached to this interim financial report.*
- (2) *Snowfit was incorporated on 12 August 2021 with RM2.00 issued share capital comprising of 2 shares.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FPE 30 NOVEMBER 2022⁽¹⁾

| | Unaudited 30/11/2022 RM'000 | Unaudited 30/11/2021⁽²⁾ RM'000 |
|---|--|--|
| Cash Flows from Operating Activities | | |
| Profit before tax | 495 | N/A |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 142 | N/A |
| Depreciation of right-of-use assets | 557 | N/A |
| Interest expense | 186 | N/A |
| Operating profit before working capital changes | <u>1,380</u> | <u>N/A</u> |
| Changes in working capital: | | |
| Inventories | (3,364) | N/A |
| Trade receivables | 39 | N/A |
| Other receivables, deposits and prepayments | (72) | N/A |
| Trade payables | 1,650 | N/A |
| Other payables and accruals | (808) | N/A |
| Cash used in operations | <u>(1,175)</u> | <u>N/A</u> |
| Tax paid | (185) | N/A |
| Net cash used in operating activities | <u>(1,360)</u> | <u>N/A</u> |
| Cash Flows from Investing Activities | | |
| Purchase of property, plant and equipment | (618) | N/A |
| Purchase of right-of-use assets | (212) | N/A |
| Net cash used in investing activities | <u>(830)</u> | <u>N/A</u> |
| Cash Flows from Financing Activities | | |
| Dividends paid | (359) | N/A |
| Drawdowns of term loans | 1,000 | N/A |
| Drawdowns of finance lease payables | 226 | N/A |
| Interest paid | (186) | N/A |
| Net changes in bank acceptances | 943 | N/A |
| Placement of fixed deposit | (86) | N/A |
| Repayment of term loans | (113) | N/A |
| Repayment of finance lease payables | (132) | N/A |
| Repayment of lease liabilities | (393) | N/A |
| Net cash from financing activities | <u>900</u> | <u>N/A</u> |

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FPE 30 NOVEMBER 2022⁽¹⁾ (CONT'D)

| | Unaudited 30/11/2022 RM'000 | Audited 30/11/2021⁽²⁾ RM'000 |
|---|--|--|
| Net decrease in cash and cash equivalents | (1,290) | N/A |
| Cash and cash equivalents at the beginning of the financial period | 2,178 | N/A |
| Cash and cash equivalents at the end of the financial period | 888 | N/A |

Notes:

- (1) *The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows are detailed in Note A1 and should be read in conjunction with the Audited Consolidated Financial Statements for the financial period ended 31 May 2022 of the Company and the accompanying explanatory notes attached to this interim financial report.*
- (2) *There are no comparative figures for the corresponding period of the preceding year as this is the first interim financial report on consolidated results for the current 6-month financial period ended 30 November 2022 announced in compliance with the Listing Requirements.*

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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 NOVEMBER 2022

A1. BASIS OF PREPARATION

Snowfit was incorporated in Malaysia under the Companies Act 2016 on 12 August 2021 as a public limited company.

During the financial period ended 31 May 2022, the Company had completed the acquisition of the entire equity interest in Snowfit Malaysia Sdn Bhd for a purchase consideration of RM1,900,000. On 21 June 2022, the Company's entire issued share capital of RM4,432,002 comprising 211,100,002 shares were listed on the LEAP Market of Bursa Securities.

The interim financial statements of Snowfit and its subsidiary (the "Group") are unaudited and have been prepared in accordance with the Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting.

This is the first interim financial report on the consolidated results for the current 6-month financial period ended 30 November 2022 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the corresponding period of the preceding year available as no interim financial report was prepared for the comparative financial period concerned.

The interim financial report should be read in conjunction with the Audited Consolidated Financial Statements for the financial period ended 31 May 2022 of the Company and the accompanying explanatory notes attached to this interim financial report.

A2. CHANGES IN ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the Audited Consolidated Financial Statements for the financial period ended 31 May 2022 of the Company, except for the following:

| MFRSs (Including the consequential amendments) | Effective date |
|--|-------------------------------|
| Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRSs 2018 - 2020 Cycle) | 1 January 2022 |
| Amendments to MFRS 3, Business Combination - Reference to the Conceptual Framework | 1 January 2022 |
| Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRSs 2018 - 2020 Cycle) | 1 January 2022 |
| Amendments to MFRS 116, Property, Plant and Equipment - Proceeds before Intended Use | 1 January 2022 |
| Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract | 1 January 2022 |
| Amendments to MFRS 141, Agriculture (Annual Improvements to MFRSs 2018 - 2020 Cycle) | 1 January 2022 |
| MFRS 17, Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 17, Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors — Definition of Accounting Estimates | 1 January 2023 |
| Amendments to MFRS 101, Presentation of Financial Statements — Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to MFRS 10 and MFRS 128, Consolidated Financial Statements and Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred until further notice |

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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 NOVEMBER 2022 (CONT'D)**A3. SEASONAL AND CYCLICAL FACTORS**

The Group did not experience any material seasonality or cyclical effects in its business operations for the current 6-month financial period under review.

A4. UNUSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current 6-month financial period under review.

A5. MATERIAL CHANGES IN ESTIMATES

There were no material changes in estimates in the current 6-month financial period under review.

A6. DEBT AND EQUITY SECURITIES

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current 6-month financial period under review.

A7. SEGMENTAL INFORMATION

The Group's revenue based on product segments is presented as follows:

| | Individual 6 months ended | | | | Cumulative 6 months ended | | | |
|-------------------------------------|---------------------------|--------------|------------|------------|---------------------------|--------------|------------|------------|
| | 30/11/2022 | | 30/11/2021 | | 30/11/2022 | | 30/11/2021 | |
| | RM'000 | % | RM'000 | % | RM'000 | % | RM'000 | % |
| Massage and wellness equipment | 14,359 | 99.6 | N/A | N/A | 14,359 | 99.6 | N/A | N/A |
| Musical instruments and accessories | 63 | 0.4 | N/A | N/A | 63 | 0.4 | N/A | N/A |
| Total | 14,422 | 100.0 | N/A | N/A | 14,426 | 100.0 | N/A | N/A |

Note:

Comparative figures for the corresponding period of the preceding year are not presented as this is the first interim financial report on the consolidated results for the current 6-month financial period ended 30 November 2022 being announced by the Company in compliance with the Listing Requirements.

A8. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE CURRENT 6-MONTH FINANCIAL PERIOD

Save as disclosed below, there were no material events subsequent to the end of the current 6-month financial period that have not been reflected in this interim financial report:

- (i) The Company had on 5 January 2023 subscribed for 1,800,000 new ordinary shares in its wholly-owned subsidiary, Snowfit Malaysia Sdn Bhd for a total consideration of RM1,800,000. Following the subscription, Snowfit Malaysia Sdn Bhd's total issued share capital had increased to RM2,000,000 comprising 2,000,000 ordinary shares.

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A EXPLANATORY NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 NOVEMBER 2022 (CONT'D)

A9. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current 6-month financial period under review.

A10. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets and contingent liabilities as at the date of this interim financial report.

A11. CAPITAL COMMITMENTS

There were no material capital commitments in respect of property, plant and equipment as at 30 November 2022.

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B ADDITIONAL INFORMATION REQUIRED UNDER THE LISTING REQUIREMENTS

B1. REVIEW OF PERFORMANCE

For the current 6-month financial period ended 30 November 2022, the Group achieved a revenue of RM14.4 million. The Group's revenue was derived from the designing, marketing and retailing of massage and wellness equipment, and musical instruments and accessories, which contributed RM14.3 million and RM0.1 million respectively. The Group recorded a profit before tax of RM0.4 million for the current 6-month financial period ended 30 November 2022.

B2. COMMENTARY ON PROSPECTS

As disclosed in the Company's Information Memorandum dated 20 April 2022, the Group has in place the following future plan and strategy to further expand its business:

- (i) Strengthen its presence in the massage and wellness equipment industry in Malaysia

As the Group has increasingly been receiving enquiries from potential customers based in the Northern region of Peninsular Malaysia, the Group had set up two additional showrooms located in Perak and Penang, which had commenced operations on 23 July 2022 and 26 August 2022 respectively.

In addition, upon receiving increased enquiries from potential customers based in the East Coast region of Peninsular Malaysia, the Group is currently in the midst of setting up another showroom located in Kuantan, Pahang, of which the renovations are expected to be completed in February 2023 and operations to commence within a month thereafter. The Group is confident that the additional showrooms will allow the Group to reach out to the markets in both the Northern and East Coast regions of Peninsular Malaysia, allowing potential customers in these regions to try and experience its massage and wellness equipment, which in turn will allow the Group to generate higher revenue for the financial year ending 31 May 2023.

Barring any unforeseen circumstances, the Board of Directors of the Company ("**Board**") is of the opinion that the prospects of the Group's financial performance for the financial year ending 31 May 2023 will remain favourable.

B3. VARIANCE OF ACTUAL PROFIT FROM PROFIT FORECAST AND PROFIT GUARANTEE

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

B4. STATUS OF CORPORATE PROPOSALS

There were no other corporate proposals announced as at the date of this report.

B5. MATERIAL LITIGATION

There were no material litigations pending as at the date of this announcement.

B6. DIVIDENDS

The Board had on 5 January 2023 declared a first interim single tier dividend of 0.17 sen per share for the financial year ending 31 May 2023, which has been paid on 20 January 2023 to all holders of shares whose names appeared in the Record of Depositors at the close of business on 13 January 2023.

B7. EPS

The basic and diluted EPS for the current 6-month financial period are computed as follows:

| | Individual 6 months ended | | Cumulative 6 months ended | |
|---|---------------------------|------------|---------------------------|------------|
| | 30/11/2022 | 30/11/2021 | 30/11/2022 | 30/11/2021 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit attributable to owners of the Company | 398 | N/A | 398 | N/A |
| Weighted average number of ordinary shares in issue | 211,100 | N/A | 211,100 | N/A |
| Basic and diluted EPS (sen) | 0.19 | N/A | 0.19 | N/A |

Comparative figures for the corresponding period of the preceding year are not presented as this is the first interim financial report on the consolidated results for the current 6-month financial period ended 30 November 2022 being announced by the Company in compliance with the Listing Requirements.