



SNS NETWORK TECHNOLOGY BERHAD

Registration No: 201601002835 (1173761-W)

UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED
30 APRIL 2022



SNS NETWORK TECHNOLOGY BERHAD

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

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 APRIL 2022

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter 30.04.2022 Unaudited RM'000	Preceding Year Corresponding Quarter ⁽²⁾ 30.04.2021 Unaudited RM'000	Current Period-to-date 30.04.2022 Unaudited RM'000	Preceding Year Corresponding Period-to-date ⁽²⁾ 30.04.2021 Unaudited RM'000
Revenue	248,159	N/A	248,159	N/A
Cost of sales	(228,924)	N/A	(228,924)	N/A
Gross profit	19,235	N/A	19,235	N/A
Other operating income	2,079	N/A	2,079	N/A
Other gains and losses	5	N/A	5	N/A
Investment revenue	10	N/A	10	N/A
Selling and distribution expenses	(7,935)	N/A	(7,935)	N/A
General and administrative expenses	(4,147)	N/A	(4,147)	N/A
Profit from operations	9,247	N/A	9,247	N/A
Finance costs	(1,022)	N/A	(1,022)	N/A
Profit before tax	8,225	N/A	8,225	N/A
Tax expenses	(2,035)	N/A	(2,035)	N/A
Profit and total comprehensive income for the financial period attributable to equity holders of the Group	6,190	N/A	6,190	N/A
Earning per share attributable to equity holders of the Group:				
Basic ⁽³⁾ (sen)	0.50	N/A	0.50	N/A
Diluted ⁽⁴⁾ (sen)	0.50	N/A	0.50	N/A

Notes:

⁽¹⁾ The Unaudited Condensed Combined Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of SNS Network Technology Berhad ("SNS Network" or the "Company") and its subsidiaries ("SNS Group" or the "Group") dated 27 July 2022 and the accompanying explanatory notes attached to this condensed interim financial report.



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- (2) *No comparative figures for the preceding financial year's corresponding quarter and period-to-date are available as this is the first condensed interim financial report announced in compliance with the ACE Market Listing Requirements ("**Listing Requirements**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").*
- (3) *Basic earnings per share ("**EPS**") is calculated based on the Company's enlarged share capital of 1,249,904,160 shares before the Initial Public Offering ("**IPO**") of the Company.*
- (4) *The diluted EPS of the Group for the current financial quarter and financial period to date ended 30 April 2022 is equivalent to the basic EPS as the Group does not have any convertible options at the end of the reporting period.*

N/A - Not applicable.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 APRIL 2022

UNAUDITED CONDENSED COMBINED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	As at 30.04.2022 RM'000 Unaudited	As at 31.01.2022 RM'000 Audited
<u>ASSETS</u>		
Non-current assets		
Property, plant and equipment	51,280	51,465
Right-of-use assets	13,042	12,504
Finance lease receivables	152	349
Total non-current assets	64,474	64,318
Current assets		
Inventories	112,207	103,558
Trade and other receivables	107,378	87,997
Finance lease receivables	772	761
Other assets	6,012	5,185
Current tax assets	471	446
Fixed deposits, cash and bank balances	31,346	29,829
Total current assets	258,186	227,776
TOTAL ASSETS	322,660	292,094
<u>EQUITY AND LIABILITIES</u>		
Capital and reserves		
Share capital	*	*
Invested capital	7,791	7,791
Retained earnings	91,418	85,228
TOTAL EQUITY	99,209	93,019
Non-current liabilities		
Borrowings	29,076	29,748
Lease liabilities	5,149	4,573
Deferred tax liabilities	1,597	1,597
Total non-current liabilities	35,822	35,918



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

	As at 30.04.2022 RM'000 Unaudited	As at 31.01.2022 RM'000 Audited
Current liabilities		
Trade and other payables	142,587	121,931
Amount owing to directors	-	34
Other liabilities	954	1,788
Contract liabilities	136	308
Dividends payable	-	6,000
Borrowings	31,884	20,215
Lease liabilities	8,112	8,163
Current tax liabilities	3,956	4,718
Total current liabilities	187,629	163,157
TOTAL LIABILITIES	223,451	199,075
TOTAL EQUITY AND LIABILITIES	322,660	292,094
Net assets per ordinary share attributable to equity holders of the SNS Group (sen)⁽²⁾	7.94	7.44

Notes:

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

⁽²⁾ *In the calculation of net assets per ordinary share is calculated based on the Company's enlarged number of ordinary shares as at 30 April 2022 of 1,249,904,160 ordinary shares (31 January 2022: 1,249,904,160 shares).*

* *Represents RM2.00 only.*



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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 APRIL 2022

UNAUDITED CONDENSED COMBINED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	Share capital RM'000	Invested capital RM'000	Attributable to Equity Holders of the SNS Group Distributable Reserve - Retained earnings RM'000	Total Equity RM'000
Balance at 1 February 2021	*	5,179	57,922	63,101
Profit for the financial period	-	-	35,918	35,918
Issue of ordinary shares	-	2,612	-	2,612
Dividends	-	-	(8,612)	(8,612)
Balance at 1 February 2022	-	7,791	85,228	93,019
Profit for the financial period	-	-	6,190	6,190
Balance at 30 April 2022	*	7,791	91,418	99,209

Notes:

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

* *Represents RM2.00 only.*

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 APRIL 2022

UNAUDITED CONDENSED COMBINED STATEMENT OF CASH FLOWS⁽¹⁾

	CUMULATIVE QUARTER	
	Current Period-to- date 30.04.2022 RM'000	Preceding Year Corresponding Period-to-date⁽²⁾ 30.04.2021 RM'000
Cash Flows from operating activities		
Profit before taxation	8,225	N/A
Adjustments for:		
Depreciation of right-of-use assets	2,793	N/A
Finance costs	1,022	N/A
Write down of inventories to net realisable values	59	N/A
Depreciation of property, plant and equipment	455	N/A
Loss allowances recognised in profit or loss	5	N/A
Increase in provision for customer loyalty programme	59	N/A
Decrease in provision for warranties	(186)	N/A
Negative variable lease payments	(1)	N/A
Income from finance lease receivables	(16)	N/A
Investment revenue	(10)	N/A
Interest income	(5)	N/A
Increase in provision for voucher programme	6	N/A
Expiry of loyalty programme	(46)	N/A
Operating profit before working capital changes	12,360	N/A
Movements in working capital:		
(Increase)/Decrease in:		
Inventories	(8,708)	N/A
Trade and other receivables	(19,386)	N/A
Other assets	(827)	N/A
Finance lease receivables	202	N/A
Increase/(Decrease) in:		
Trade and other payables	20,658	N/A
Other liabilities	(834)	N/A
Contract liabilities	(7)	N/A
Cash generated from operating activities	3,458	N/A
Interests received	5	N/A
Income tax paid	(2,822)	N/A
Net cash generated from operating activities	641	N/A

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

	CUMULATIVE QUARTER	
	Current Period-to- date 30.04.2022 RM'000	Preceding Year Corresponding Period-to-date⁽²⁾ 30.04.2021 RM'000
Cash flows used in investing activities		
Interest received on fixed deposits	10	N/A
Purchase of property, plant and equipment	(174)	N/A
Placement of fixed deposits	(196)	N/A
Net cash used in investing activities	(360)	N/A
Cash flows from financing activities		
Proceeds from bankers' acceptances - net	11,630	N/A
Repayment of lease liabilities	(2,805)	N/A
Repayment of term loans and financing	(473)	N/A
Finance costs paid	(1,022)	N/A
Repayment of hire-purchase payables	(256)	N/A
Repayment made to directors	(34)	N/A
Dividend paid	(6,000)	N/A
Net cash from financing activities	1,040	N/A
Net increase in cash and cash equivalents	1,321	N/A
Cash and cash equivalents at the beginning of the financial period	27,133	N/A
Cash and cash equivalents at the end of the financial period	28,454	N/A

Notes:

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

⁽²⁾ *No comparative figures for the preceding financial year's corresponding quarter is available as this is the first condensed interim financial report announced in compliance with the Listing Requirements of Bursa Securities.*



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⁽³⁾ Cash and cash equivalents at the end of the financial period comprise:

	CUMULATIVE QUARTER	
	Current Period-to- date 30.04.2022 RM'000	Preceding Year Corresponding Period-to-date⁽²⁾ 30.04.2021 RM'000
CASH AND CASH EQUIVALENTS		
Fixed deposits with licensed banks	2,892	N/A
Cash and bank balances	28,454	N/A
	<hr/>	<hr/>
	31,346	N/A
Less:		
Fixed deposits with licensed banks	2,892	N/A
	<hr/>	<hr/>
	28,454	N/A
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N/A - Not applicable.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 30 APRIL 2022

NOTES TO THE INTERIM FINANCIAL REPORT

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

A1. Basis of preparation

The condensed interim financial report 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 (“**IFRSs**”), requirements of the Companies Act, 2016 in Malaysia, Rule 9.22 and Appendix 9B of the Listing Requirements of Bursa Securities.

This is the first condensed combined interim financial statements on the Company’s unaudited condensed combined financial result for the first quarter ended 30 April 2022 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding financial year’s corresponding period.

The condensed combined interim financial statements are prepared based on the combined results of the Group assuming that the Group has existed on or before 1 February 2022 and should be read in conjunction with the Accountant’s Report as disclosed in the Prospectus of the Company dated 27 July 2022 and the accompanying notes attached to this condensed interim financial report.

A2. Significant accounting policies

The accounting policies adopted in the preparation of this Condensed Report are consistent with those adopted as disclosed in the Accountants’ Report in the Prospectus of the Company dated 27 July 2022, except for the adoption of the following new and revised MFRSs, Amendments to MFRS and IC in interpretations.

Adoption of new and revised MFRS

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

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

The adoption of the abovementioned amendments to MFRSs have not had any material impact on the disclosures or on the amounts reported in the condensed combined 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”), UNAUDITED 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 combined interim financial statements, the new and amendments to MFRSs, which were in issue but not yet effective and have not been early adopted by the Group are as follow:

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

Notes:

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

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

A3. Audited Report of Preceding Annual Financial Statements

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

A4. Seasonal or Cyclical Factors

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

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.



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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”), UNAUDITED INTERIM FINANCIAL REPORT (CONT'D)

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 Period Quarter 30.04.2022 RM'000	Preceding Year Corresponding Quarter ⁽²⁾ 30.04.2021 RM'000	Current Period-to-date 30.04.2022 RM'000	Preceding Year Corresponding Period-to-date ⁽¹⁾ 30.04.2021 RM'000
Sale of ICT products	244,151	N/A	244,151	N/A
Provision of device repair and related services, as well as sale of broadband services	4,008	N/A	4,008	N/A
	248,159	N/A	248,159	N/A

Notes:

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

N/A – Not applicable.

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NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

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

A9. Segmental Reporting (Cont'd)

b) Revenue by Geographical Market:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter 30.04.2022 RM'000	Preceding Year Corresponding Quarter ⁽¹⁾ 30.04.2021 RM'000	Current Period-to-date 30.04.2022 RM'000	Preceding Year Corresponding Period-to-date ⁽¹⁾ 30.04.2021 RM'000
Malaysia	229,943	N/A	229,943	N/A
Overseas				
- Hong Kong	15,233	N/A	15,233	N/A
- Others ⁽²⁾	2,983	N/A	2,983	N/A
	<u>248,159</u>	<u>N/A</u>	<u>248,159</u>	<u>N/A</u>

Notes:

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

⁽²⁾ Comprises Maldives, Indonesia and Vietnam.

N/A – Not applicable.

A10. Material Events Subsequent to The End of The Quarter

In conjunction with the Company's listing on the ACE Market of Bursa Securities, on 27 July 2022, the Company issued its prospectus for its IPO entailing the following:

Public issue

The Public Issue of 362,875,500 Public Issue Shares, representing approximately 22.5% of the enlarged share capital of SNS comprising:



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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"), UNAUDITED INTERIM FINANCIAL REPORT (CONT'D)

A10. Material Events Subsequent to The End of The Quarter (Cont'd)

(i) Malaysian Public via balloting

80,639,000 Shares, representing approximately 5.0% of the enlarged share capital, are reserved for application by the Malaysian Public, to be allocated via balloting process as follows:

- 40,319,500 Shares made available to public investors; and
- 40,319,500 Shares made available to Bumiputera public investors.

(ii) Eligible Directors, employees and persons who have contributed to the success of SNS Group

48,383,400 Public Issue Shares, representing approximately 3.0% of the enlarged share capital, will be made available to eligible Directors, employees and persons who have contributed to the success of SNS Group under the Pink Form Allocations.

(iii) Private Placement to Bumiputera investors approved by MITI

201,597,500 Public Issue Shares representing approximately 12.5% of the enlarged share capital, to be allocated and allotted by way of private placement will be made available to Bumiputera investors approved by MITI.

(iv) Private placement to selected investors

32,255,600 Public Issue Shares representing approximately 2.0% of the enlarged share capital to be allocated and allotted by way of private placement will be made available to selected investors.

Offer for sale

The offer for sale of 48,383,400 existing shares, representing approximately 3.0% of the enlarged share capital of SNS to be allocated and allotted by way of private placement will be made available to selected investors.

The Public Issue Shares and offer for sale of existing shares will be issued at an IPO price of RM0.25 per share.



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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"), UNAUDITED INTERIM FINANCIAL REPORT (CONT'D)

A10. Material Events Subsequent to The End of The Quarter (Cont'd)

Listing

Upon completion of the IPO, the Company's entire enlarged issued share capital comprising 1,612,779,660 shares will be listed on the ACE Market of Bursa Securities on 2 September 2022.

Save as disclosed above, there were no other material events subsequent to the end of the current financial period under review that have not been reflected in this interim financial report.

A11. Changes in The Composition of The Group

On 4 July 2022, the Company had completed the acquisition of the entire equity interest in Acrux Technology Sdn Bhd, GLOO Sdn Bhd, iTworld Services (M) Sdn Bhd, JOI Sdn Bhd, Notebook Plaza Sdn Bhd, SNS Network (ICT) Sdn Bhd, SNS Network (M) Sdn Bhd and SNS Network Services Sdn Bhd, respectively at a purchase consideration of RM63,120,160, which was fully satisfied by the issuance of 1,249,904,158 new shares at an issue price of RM0.0505 per share.

Save as disclosed above, there were no other material changes in the composition of the Group for 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.



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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”), UNAUDITED INTERIM FINANCIAL REPORT (CONT'D)

A13. Significant Related Party Transactions

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

Type of transactions	Current Period Quarter 30.04.2022 RM'000	Current Period-to-date 30.04.2022 RM'000
Rental of offices paid to a director	24	24

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 30.04.2022 RM'000 Unaudited	As at 31.01.2022 ⁽¹⁾ RM'000 Unaudited
Purchase of property, plant and equipment	443	N/A

Notes:

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

N/A – Not applicable.

A15. Valuation of Property, Plant and Equipment

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

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

B1. Review of Performance

	INDIVIDUAL QUARTER				CUMULATIVE QUARTER	
	Current Period Quarter 30.04.2022 RM'000	Preceding Year Corresponding Quarter ⁽¹⁾ 30.04.2021 RM'000	Variance		Current Period-to- date 30.04.2022 RM'000	Preceding Year Corresponding Period-to- date ⁽¹⁾ 30.04.2021 RM'000
			RM'000	%		
Revenue	248,159	N/A	N/A	N/A	248,159	N/A
Profit before tax	8,225	N/A	N/A	N/A	8,225	N/A

Notes:

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

N/A – Not applicable.

B2. Comparison with the Immediate Preceding Quarter's Result

	Current Quarter 30-Apr-2022 RM'000	Immediate Preceding Quarter 31-Jan-2022 RM'000	Variance	
			RM'000	%
Revenue	248,159	N/A	N/A	N/A
Profit before tax	8,225	N/A	N/A	N/A

Note:

N/A – Not applicable.

The Group's revenue for the current financial quarter was contributed mainly from the sales of ICT products, which recorded a total revenue of RM244.15 million or 98.4% of the Group's revenue.

The local market has continued as the primary revenue contributor for the current financial quarter, which recorded RM229.94 million or 92.7% of the Group's total revenue.



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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

The ICT products and services industry is expected to be continuously driven by the wide usage of ICT in everyday lives by the general public and businesses to perform daily and business activities, the replacement cycle of devices and continuous technology advancement, the implementation of initiatives by the Government for digital transformation, as well as the incorporation of ICT to promote digital education in schools. As such, the Group intends to further expand its retail operations by settling up additional new brand-specialty stores and/or multi-brand concept stores in Klang Valley, Johor and Penang.

The size of the DaaS market in Malaysia grew from RM139.95 million in 2018 to RM376.17 million in 2021, at a CAGR of 39.04% (Source: Independent Market Research Report by Smith Zander International Sdn Bhd dated 5 July 2022). 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.

Malaysia moved to the endemic phase of Covid-19 on 1 April 2022, removing all operating restrictions on all type of businesses. Businesses are now operating normally as per the pre-Covid days. The Group remain positive with in the ICT industry as a result of continuous growth in demand for ICT products and also strengthen the Group's existing customer base while expanding its market share with new customers.

B4. Variance of Profit Forecast

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

B5. Income Tax Expense

The breakdown of income tax expense is as follows:

	Current Period Quarter 30.04.2022 RM'000	Current Period- to-date 30.04.2022 RM'000
Current taxation	2,019	2,019
Underprovision of tax expenses in prior years	16	16
	<u>2,035</u>	<u>2,035</u>

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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 (Cont'd)

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

The effective tax rate for current financial period was higher than the statutory tax rate mainly due to certain expenses being disallowed for tax purposes.

B6. Profit before tax

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter 30.04.2022 RM'000	Preceding Year Corresponding Quarter ⁽²⁾ 30.04.2021 RM'000	Current Period-to-date 30.04.2022 RM'000	Preceding Year Corresponding Peiord-to-date ⁽²⁾ 30.04.2021 RM'000
Income from operators arising from right-of-use assets	1,904	N/A	1,904	N/A
Rental income	61	N/A	61	N/A
Interest income from finance lease receivables	16	N/A	16	N/A
Interest income from cash and bank balances	5	N/A	5	N/A
Realised gain on foreign exchange	4	N/A	4	N/A
Auditor's remuneration	(48)	N/A	(48)	N/A
Loss allowances recognised in profit and loss	(5)	N/A	(5)	N/A
Net decrease/(increase) in provisions:				
Warranties	186	N/A	186	N/A
Voucher programme	(6)	N/A	(6)	N/A
Customer loyalty programme - net	(13)	N/A	(13)	N/A

Notes:

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

N/A – Not applicable

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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 ⁽²⁾ RM'000	Estimated timeframe for utilisation
Capital expenditure			
- Expansion of Daas subscription-based service	30,900	N/A	36 months
- Set-up new retail stores	2,500	N/A	36 months
Construction of Regional Hub	18,000	N/A	36 months
Marketing activities for JOI [®]	1,500	N/A	36 months
Repayment of bank borrowings	20,000	N/A	12 months
General working capital	13,119	N/A	24 months
Estimated listing expenses	4,700	N/A	Immediately
	<u>90,719</u>	<u>N/A</u>	

Notes:

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

⁽²⁾ *As at the date of this condensed interim financial report, the listing exercise of the Company is pending completion. Hence, no proceeds are being utilised by the Group.*

N/A – Not applicable.

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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 30 April 2022 are as follows:

	As at 30.04.2022 RM'000 Unaudited	As at 31.01.2022 RM'000 Audited
<u>Non-current</u>		
<u>Secured</u>		
Commodity Murabahah term financing	22,116	22,515
Term loans	5,898	5,988
Hire purchase payables	1,062	1,245
	29,076	29,748
<u>Unsecured</u>		
Lease liabilities	5,149	4,573
	34,225	34,321
<u>Current</u>		
<u>Secured</u>		
Bankers' acceptances	28,772	17,142
Commodity Murabahah term financing	1,586	1,575
Term loans	477	472
Hire purchase payables	1,049	1,026
	31,884	20,215
<u>Unsecured</u>		
Lease liabilities	8,112	8,163
	39,996	28,378
Total loans and borrowings	74,221	62,699

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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

No dividend has been declared or proposed during the current financial quarter under review and for the financial period to date.

B11. Earning Per Share (“EPS”)

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Period Quarter 30.04.2022	Preceding Year Corresponding Quarter ⁽¹⁾ 30.04.2021	Current Period-to-date 30.04.2022	Preceding Year Corresponding Period-to-date ⁽¹⁾ 30.04.2021
Profit net of tax attributable to the equity holders of the Company (RM'000)	6,190	N/A	6,190	N/A
Weighted average number of ordinary shares in issue (basic) ('000)	1,249,904	N/A	1,249,904	N/A
Basic EPS ⁽²⁾ (sen)	0.50	N/A	0.50	N/A
Diluted EPS ⁽³⁾ (sen)	0.50	N/A	0.50	N/A

Notes:

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

⁽²⁾ Basic EPS is calculated based on the Company's enlarged share capital of 1,249,904,160 shares before the Initial Public Offering (“IPO”) of the Company.

⁽³⁾ The diluted EPS of the Group for the current financial quarter and financial period to date ended 30 April 2022 is equivalent to the basic EPS as the Group does not have any convertible options at the end of the reporting period.

N/A - Not applicable.



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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 for the IPO as disclosed in Note A10, 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 29 August 2022.

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