



SASBADI HOLDINGS BERHAD

201201038178 (1022660-T)

Incorporated in Malaysia

FOURTH QUARTER REPORT ENDED 31 AUGUST 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 AUGUST 2022⁽¹⁾

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | Current Year Quarter 31.08.2022 RM'000 | Preceding Year Quarter 31.08.2021 RM'000 | Current Year-To-Date 31.08.2022 RM'000 | Preceding Year-To-Date 31.08.2021 RM'000 |
| Revenue | 16,812 | 8,913 | 69,134 | 62,902 |
| Cost of sales | (14,499) | (21,907) | (46,121) | (51,629) |
| Gross profit/(loss) | 2,313 | (12,994) | 23,013 | 11,273 |
| Other operating income | 4 | 312 | 607 | 1,120 |
| Distribution expenses | (1,696) | (1,087) | (6,472) | (5,884) |
| Administrative expenses | (2,891) | (2,249) | (12,362) | (12,514) |
| Other operating expenses | (269) | (1,378) | (1,821) | (2,838) |
| Results from operating activities | (2,539) | (17,396) | 2,965 | (8,843) |
| Finance income | 9 | 5 | 30 | 10 |
| Finance costs | (172) | (277) | (1,022) | (1,623) |
| (Loss)/Profit before tax | (2,702) | (17,668) | 1,973 | (10,456) |
| Taxation | 449 | 4,105 | (1,133) | 1,205 |
| Net (loss)/profit for the financial period/year | (2,253) | (13,563) | 840 | (9,251) |
| Other comprehensive income/(loss) for the financial period/year, net of tax : | | | | |
| Item that is or may be reclassified subsequently to profit or loss | | | | |
| Fair value of equity investments through other comprehensive income | - | 5 | (5) | (12) |
| Other comprehensive income/(loss) for the financial period/year, net of tax | - | 5 | (5) | (12) |
| Total comprehensive (loss)/income for the financial period/year | (2,253) | (13,558) | 835 | (9,263) |
| Net (loss)/profit for the financial period/year attributable to: | | | | |
| - Owners of the Company | (2,253) | (13,563) | 840 | (9,251) |
| - Non-controlling interests | - | - | - | - |
| | (2,253) | (13,563) | 840 | (9,251) |
| Total comprehensive (loss)/income for the financial period/year attributable to: | | | | |
| - Owners of the Company | (2,253) | (13,558) | 835 | (9,263) |
| - Non-controlling interests | - | - | - | - |
| | (2,253) | (13,558) | 835 | (9,263) |
| (Loss)/Profit per share (sen) attributable to owners of the Company: | | | | |
| - Basic | (0.53) | (3.22) | 0.20 | (2.20) |
| - Diluted | (0.53) | (3.22) | 0.20 | (2.20) |

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 Sasbadi Holdings Berhad ("the Company") for the financial year ended 31 August 2021 and the accompanying explanatory notes attached to these interim financial statements.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2022 ⁽¹⁾

| | Unaudited As at 31.08.2022 RM'000 | Audited As at 31.08.2021 RM'000 |
|--|--|--|
| ASSETS | | |
| Property, plant and equipment | 37,231 | 38,324 |
| Rights-of-use assets | 713 | 1,068 |
| Investment properties | 2,320 | 2,373 |
| Intangible assets | 20,286 | 21,709 |
| Other investments | 37 | 215 |
| Deferred tax assets | 1,092 | 1,115 |
| Total non-current assets | 61,679 | 64,804 |
| Inventories | 64,789 | 58,530 |
| Rights to recover returned goods | 2,190 | 990 |
| Contract costs | 253 | 579 |
| Trade and other receivables | 35,383 | 39,311 |
| Current tax assets | 3,175 | 2,613 |
| Prepayments | 4,390 | 4,516 |
| Cash and cash equivalents | 10,378 | 8,184 |
| Total current assets | 120,558 | 114,723 |
| Total assets | 182,237 | 179,527 |
| EQUITY | | |
| Share capital | 109,138 | 109,073 |
| Treasury shares | (1) | (1) |
| Reserves | 30,112 | 28,816 |
| Total equity | 139,249 | 137,888 |
| LIABILITIES | | |
| Loans and borrowings | 1,365 | 2,215 |
| Lease liabilities | 433 | 674 |
| Deferred tax liabilities | 6,009 | 5,254 |
| Total non-current liabilities | 7,807 | 8,143 |
| Loans and borrowings | 10,857 | 15,276 |
| Lease liabilities | 343 | 561 |
| Refund liabilities | 4,266 | 1,876 |
| Trade and other payables | 18,885 | 13,942 |
| Contract liabilities | 830 | 1,841 |
| Total current liabilities | 35,181 | 33,496 |
| Total liabilities | 42,988 | 41,639 |
| Total equity and liabilities | 182,237 | 179,527 |
| Net assets per share attributable to owners of the Company (RM) | 0.33 | 0.33 |

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 financial year ended 31 August 2021 and the accompanying explanatory notes attached to these interim financial statements.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE TWELVE (12) MONTHS ENDED 31 AUGUST 2022 ⁽¹⁾

| | <----- Non-distributable -----> | | | | | | Distributable Retained earnings RM'000 | Total equity RM'000 |
|--|---------------------------------|------------------------------|---------------------------------------|-----------------------------|---------------------------------|----------------------------------|---|---------------------------|
| | Share capital RM'000 | Treasury shares RM'000 | Share Options reserve RM'000 | Merger deficit RM'000 | Fair value reserve RM'000 | Revaluation reserve RM'000 | | |
| At 1 September 2021 | 109,073 | (1) | 246 | (50,500) | (56) | 18,356 | 60,770 | 137,888 |
| Total comprehensive income for the financial period | - | - | - | - | (5) | - | 840 | 835 |
| Transfer on disposal of other investment | - | - | - | - | (3) | - | 3 | - |
| Transaction with owners of the Company | | | | | | | | |
| Share options lapsed under ESOS | - | - | (2) | - | - | - | 2 | - |
| Share options vested under ESOS | - | - | 480 | - | - | - | - | 480 |
| Ordinary shares issued pursuant to ESOS | 65 | - | (19) | - | - | - | - | 46 |
| Total transactions with owners of the Company | 65 | - | 459 | - | - | - | 2 | 526 |
| At 31 August 2022 | 109,138 | (1) | 705 | (50,500) | (64) | 18,356 | 61,615 | 139,249 |
| As at 1 September 2020 | 108,210 | (1) | 400 | (50,500) | (44) | 22,174 | 65,803 | 146,042 |
| Total comprehensive income for the financial period | - | - | - | - | (12) | - | (9,251) | (9,263) |
| Transfer upon disposal of properties | - | - | - | - | - | (3,818) | 3,818 | - |
| Transaction with owners of the Company | | | | | | | | |
| Ordinary shares issued pursuant to ESOS | 863 | - | (254) | - | - | - | - | 609 |
| Expiry of share options under ESOS | - | - | (400) | - | - | - | 400 | - |
| Share options vested under ESOS | - | - | 500 | - | - | - | - | 500 |
| Total transactions with owners of the Company | 863 | - | (154) | - | - | - | 400 | 1,109 |
| At 31 August 2021 | 109,073 | (1) | 246 | (50,500) | (56) | 18,356 | 60,770 | 137,888 |

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements of the Company for the financial year ended 31 August 2021 and the accompanying explanatory notes attached to these interim financial statements.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE TWELVE (12) MONTHS ENDED 31 AUGUST 2022 ⁽¹⁾

| | Current Year-To-Date 31.08.2022 RM'000 | Preceding Year-To-Date 31.08.2021 RM'000 |
|---|---|---|
| Cash flows from operating activities | | |
| Profit/(Loss) before tax | 1,973 | (10,456) |
| Adjustments for: | | |
| Amortisation of intangible assets | 1,423 | 1,422 |
| Depreciation of property, plant and equipment | 1,463 | 1,681 |
| Depreciation of investment properties | 53 | 53 |
| Depreciation of rights-of-use assets | 469 | 836 |
| Dividend income | (1) | (1) |
| Provision of inventories write-down | 3,449 | 10,997 |
| Write-off of property, plant and equipment | 1 | 28 |
| Reversal of impairment loss on trade receivables | (1,078) | (913) |
| Gain on disposal of property, plant and equipment | (124) | (211) |
| Impairment of goodwill | - | 533 |
| Share options vested under ESOS | 480 | 500 |
| Finance costs | 1,022 | 1,623 |
| Finance income | (30) | (10) |
| Operating profit before changes in working capital | 9,100 | 6,082 |
| Changes in inventories | (9,708) | (141) |
| Changes in rights to recover returned goods | (1,200) | 293 |
| Changes in contract costs | 326 | 18 |
| Changes in trade and other receivables and prepayments | 5,132 | 5,378 |
| Changes in refund liabilities | 2,390 | (538) |
| Changes in trade and other payables | 4,943 | 1,658 |
| Changes in contract liabilities | (1,011) | (99) |
| Cash generated from operations | 9,972 | 12,651 |
| Tax paid | (972) | (2,474) |
| Tax refunded | 55 | 4,806 |
| Interest paid | (768) | (1,179) |
| Interest received | 30 | 10 |
| Net cash generated from operating activities | 8,317 | 13,814 |
| Cash flows from investing activities | | |
| Change in pledged deposits | 386 | (500) |
| Proceeds from disposal of property, plant and equipment | 124 | 2,075 |
| Proceeds from disposal of other investments | 173 | - |
| Dividend received from other investments | 1 | 1 |
| Proceeds from disposal of assets held for sale | - | 7,150 |
| Acquisition of intangible assets | - | (14) |
| Acquisition of property, plant and equipment | (371) | (103) |
| Net cash generated from investing activities | 313 | 8,609 |

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 financial year ended 31 August 2021 and the accompanying explanatory notes attached to these interim financial statements.



SASBADI HOLDINGS BERHAD

201201038178 (1022660-T)

Incorporated in Malaysia

FOURTH QUARTER REPORT ENDED 31 AUGUST 2022

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE TWELVE (12) MONTHS ENDED 31 AUGUST 2022 ⁽¹⁾ (CONT'D)

| | Current Year-To-Date 31.08.2022 RM'000 | Preceding Year-To-Date 31.08.2021 RM'000 |
|--|---|---|
| Cash flows from financing activities | | |
| Net drawdown/(repayment) of bankers' acceptances | 2,402 | (2,914) |
| Net repayment of finance lease liabilities | (44) | (37) |
| Net repayment of term loans | (4,875) | (7,683) |
| Net repayment of lease liabilities | (619) | (1,182) |
| Proceeds from issuance of shares pursuant to ESOS | 46 | 609 |
| Interest paid | (208) | (444) |
| Net cash used in financing activities | <u>(3,298)</u> | <u>(11,651)</u> |
| Net increase in cash and cash equivalents | 5,332 | 10,772 |
| Cash and cash equivalents at beginning of the financial period/year | <u>(1,723)</u> | <u>(12,495)</u> |
| Cash and cash equivalents at end of the financial period/year | <u><u>3,609</u></u> | <u><u>(1,723)</u></u> |

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

| | Current Year-To-Date 31.08.2022 RM'000 | Preceding Year-To-Date 31.08.2021 RM'000 |
|-------------------------------------|---|---|
| Cash and bank balances | 9,633 | 6,615 |
| Deposit placed with a licensed bank | 745 | 1,569 |
| | <u>10,378</u> | <u>8,184</u> |
| Less : Deposits pledged | (745) | (1,131) |
| Bank overdrafts | (6,024) | (8,776) |
| | <u><u>3,609</u></u> | <u><u>(1,723)</u></u> |

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 financial year ended 31 August 2021 and the accompanying explanatory notes attached to these interim financial statements.



A. EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING

A1. Accounting Policies and Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), International Accounting Standard (“IAS”) 34: Interim Financial Reporting issued by the International Accounting Standards Board (“IASB”), and paragraph 9.22 and Part A of Appendix 9B of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

These interim financial statements should be read in conjunction with the Audited Financial Statements of the Company for the financial year ended 31 August 2021 and the accompanying explanatory notes attached to these interim financial statements.

These interim financial statements provide an explanation of significant events and transactions that contributed to the changes in the financial position and performance of the Company and its subsidiaries (“the Group”) since the financial year ended 31 August 2021.

The significant accounting policies and methods of computation applied in these unaudited condensed interim financial statements are consistent with those adopted for the Audited Financial Statements of the Company for the financial year ended 31 August 2021, except for the following accounting standards, amendments and interpretations that have been issued by the MASB but have not been adopted by the Group:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*, and MFRS 9 *Financial Instruments*
- Amendments to MFRS 3, *Business Combinations - Reference to the Conceptual Framework*
- Amendments to MFRS 116, *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current*
- Amendments to MFRS 101, *Presentation of Financial Statements - Disclosure of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial application of the accounting standards, amendments or interpretations is not expected to have any material financial impact to the financial statements of the Group.



SASBADI HOLDINGS BERHAD

201201038178 (1022660-T)

Incorporated in Malaysia

FOURTH QUARTER REPORT ENDED 31 AUGUST 2022

A. EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)

A2. Auditors’ Report on Preceding Annual Financial Statements

The Auditors’ Reports on the financial statements of the Company and its subsidiaries for the financial year ended 31 August 2021 were not qualified.

A3. Seasonality or Cyclicity of Operations

The Group’s business operations are exposed to seasonality patterns as the Group generally experiences the highest quarterly sales in the second financial quarter (December to February) and lowest quarterly sales in the fourth financial quarter (June to August) in every financial year. This is primarily caused by the timing of the start of the academic year for national schools, which may adversely impact the Group’s quarterly revenue, profit and cash flow.

Nevertheless, the Group takes the seasonality patterns into consideration in our cash flow planning. In addition, the Group has implemented strategies to reduce the seasonality patterns such as expanding our market shares for non-academic segment which is less prone to seasonality, and entering into new market segments.

A4. Unusual Items Affecting the Financial Statements

The deferment of the new academic year from January to March 2022 has affected the business operations of the Group where the book orders were also delayed from the first quarter to the second quarter of the current financial year, impacting our usual seasonality pattern.

Other than the above, there were no significant items affecting the assets, liabilities, equity, net income, or cash flows of the Group that were unusual in nature, size or incidence during the current financial quarter.

A5. Changes in Estimates

There were no material changes in the estimates that have a material effect in the current financial quarter and financial year-to-date.

A6. Debt and Equity Securities

Employees’ Share Option Scheme (“ESOS”)

| Option Price | Note | Balance as at 1.9.2021 | Granted | Exercised/ Lapsed | Balance exercisable as at 31.8.2022 |
|--------------|------|------------------------|------------|----------------------|-------------------------------------|
| RM0.12 | i | 4,925,000 | - | (310,000) | 4,615,000 |
| RM0.10 | ii | - | 12,000,000 | (150,000) | 11,850,000 |

i) On 17 February 2021, the Company offered 10,000,000 options at an exercise price of RM0.12 each to its eligible employees. During the current financial quarter, no new ordinary shares were issued pursuant to the exercise of this ESOS.

ii) On 10 March 2022, the Company offered 12,000,000 options at an exercise price of RM0.10 each to its eligible employees. During the current financial quarter, no new ordinary shares were issued pursuant to the exercise of this ESOS.

Save as disclosed above, there was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current financial quarter and current financial year-to-date.

A7. Dividend Paid

No dividend was paid by the Company in the current financial quarter.



SASBADI HOLDINGS BERHAD

201201038178 (1022660-T)

Incorporated in Malaysia

FOURTH QUARTER REPORT ENDED 31 AUGUST 2022

A. EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)

A8. Segment Information

Segmental information is presented by the Group in accordance with the Group’s operations and products to enable better monitoring and management, as well as clearer performance reporting.

Current financial quarter ended 31 August 2022

| | Print Publishing RM'000 | Digital & Network Marketing * RM'000 | ALP & STEM Education ^ RM'000 | Inter- segment elimination RM'000 | Total RM'000 |
|--|-------------------------------|---|--|--|-----------------------|
| Revenue | 15,209 | 503 | 1,598 | (498) | 16,812 |
| Cost of sales | (13,792) | (596) | (536) | 425 | (14,499) |
| Gross profit/(loss) | <u>1,417</u> | <u>(93)</u> | <u>1,062</u> | <u>(73)</u> | 2,313 |
| Add/(Less): | | | | | |
| Other operating income | | | | | 4 |
| Distribution expenses | | | | | (1,696) |
| Administrative expenses | | | | | (2,891) |
| Other operating expenses | | | | | <u>(269)</u> |
| Results from operating activities | | | | | <u><u>(2,539)</u></u> |

Current financial year-to-date ended 31 August 2022

| | Print Publishing RM'000 | Digital & Network Marketing * RM'000 | ALP & STEM Education ^ RM'000 | Inter- segment elimination RM'000 | Total RM'000 |
|--|-------------------------------|---|--|--|---------------------|
| Revenue | 64,806 | 3,589 | 2,313 | (1,574) | 69,134 |
| Cost of sales | (43,810) | (2,864) | (871) | 1,424 | (46,121) |
| Gross profit | <u>20,996</u> | <u>725</u> | <u>1,442</u> | <u>(150)</u> | 23,013 |
| Add/(Less): | | | | | |
| Other operating income | | | | | 607 |
| Distribution expenses | | | | | (6,472) |
| Administrative expenses | | | | | (12,362) |
| Other operating expenses | | | | | <u>(1,821)</u> |
| Results from operating activities | | | | | <u><u>2,965</u></u> |

Notes:

* Digital/Online and Technology-enabled Solutions and Network Marketing Business Division

^ Applied Learning Products ("ALP") and Science, Technology, Engineering and Mathematics ("STEM") Education Services Division



Preceding financial year's corresponding quarter ended 31 August 2021

| | Print Publishing RM'000 | Digital & Network Marketing * RM'000 | ALP & STEM Education ^ RM'000 | Inter-segment elimination RM'000 | Total RM'000 |
|--|-------------------------------|---|-------------------------------------|--|------------------------|
| Revenue | 7,282 | 1,290 | 666 | (325) | 8,913 |
| Cost of sales | (21,486) | (251) | (179) | 9 | (21,907) |
| Gross profit/(loss) | <u>(14,204)</u> | <u>1,039</u> | <u>487</u> | <u>(316)</u> | <u>(12,994)</u> |
| Add/(Less): | | | | | |
| Other operating income | | | | | 312 |
| Distribution expenses | | | | | (1,087) |
| Administrative expenses | | | | | (2,249) |
| Other operating expenses | | | | | <u>(1,378)</u> |
| Results from operating activities | | | | | <u><u>(17,396)</u></u> |

Preceding financial year's corresponding year-to-date ended 31 August 2021

| | Print Publishing RM'000 | Digital & Network Marketing * RM'000 | ALP & STEM Education ^ RM'000 | Inter-segment elimination RM'000 | Total RM'000 |
|--|-------------------------------|---|-------------------------------------|--|-----------------------|
| Revenue | 57,894 | 4,110 | 2,195 | (1,297) | 62,902 |
| Cost of sales | (49,147) | (2,426) | (713) | 657 | (51,629) |
| Gross profit | <u>8,747</u> | <u>1,684</u> | <u>1,482</u> | <u>(640)</u> | <u>11,273</u> |
| Add/(Less): | | | | | |
| Other operating income | | | | | 1,120 |
| Distribution expenses | | | | | (5,884) |
| Administrative expenses | | | | | (12,514) |
| Other operating expenses | | | | | <u>(2,838)</u> |
| Results from operating activities | | | | | <u><u>(8,843)</u></u> |

Notes:

* Digital/Online and Technology-enabled Solutions and Network Marketing Business Division

^ Applied Learning Products ("ALP") and Science, Technology, Engineering and Mathematics ("STEM") Education Services Division



A. EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)

A9. Valuation of Property, Plant and Equipment

There was no valuation of property, plant and equipment undertaken in the current financial quarter.

A10. Material Events Subsequent to the End of the Interim Period

There is no material event subsequent to the end of the current financial quarter up to the date of this report.

A11. Effects of Changes in Composition of the Group

There were no changes in the composition of the Group during the current financial quarter.

A12. Capital Commitments

There were no material capital commitments for the Group at the end of the current financial quarter.

A13. Changes in Contingent Liabilities and Contingent Assets

Contingent Liabilities

There were no material changes in the Group's contingent liabilities since the last audited statement of financial position as at 31 August 2021.

Contingent Assets

The Group does not have any material contingent assets as at 31 August 2022.



B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Performance

Current Quarter ended 31 August 2022 against Preceding Financial Year's Corresponding Quarter ended 31 August 2021

The Group recorded a revenue of RM16.812 million for the current financial quarter as compared to RM8.913 million for the preceding financial year's corresponding quarter. This represents an increase of RM7.899 million (equivalent to 88.62%), mainly contributed by our Print Publishing Division.

The increase in the contribution from the Print Publishing Division was due to the deferment of the school new academic year to March 2022 and subsequently the spill over to the fourth financial quarter as mentioned in Note A4, resulting in higher demand during the current financial quarter.

The Group recorded a loss before tax ("LBT") of RM2.702 million for the current financial quarter vis-à-vis a LBT of RM17.668 million for the preceding financial year's corresponding quarter. This represents an improvement of RM14.966 million (equivalent to 84.71%) mainly due to the higher revenue achieved and lower provision of inventories write down where RM3.449 million was recognised in the current quarter as compared to RM10.997 million recognised in the previous financial year corresponding quarter.

Current Financial Year-to-Date ended 31 August 2022 against Preceding Financial Year's Corresponding Year-to-Date ended 31 August 2021

The Group recorded a revenue of RM69.134 million for the current financial year-to-date as compared to RM62.902 million for the preceding financial year's corresponding year-to-date. This represents an increase of RM6.232 million (equivalent to 9.91%), mainly attributed to our Print Publishing Division.

The increase in the contribution from the Print Publishing Division was mainly due to higher demand for our well-accepted hybrid products, which combine both conventional print media and digital solutions.

The Group recorded a PBT of RM1.973 million for the current financial year-to-date vis-à-vis a LBT of RM10.456 million for the preceding financial year's corresponding year-to-date. This represents an improvement of RM12.429 million, mainly due to the reasons mentioned above.

B2. Variation of Results for the Current Financial Quarter ended 31 August 2022 against the Immediate Preceding Financial Quarter

| | Current Quarter 31.08.2022 RM'000 | Preceding Quarter 31.05.2022 RM'000 | Change RM'000 |
|--------------------------|--|--|--------------------------|
| Revenue | 16,812 | 19,372 | (2,560) |
| (Loss)/Profit Before Tax | <u>(2,702)</u> | <u>2,361</u> | (5,063) |

The Group recorded a revenue of RM16.812 million for the current financial quarter as compared to RM19.372 million for the immediate preceding financial quarter, representing a decrease of RM2.560 million (equivalent to 13.21%). The higher revenue in the immediate preceding financial quarter was attributed to the seasonality which generated higher sales of our academic books due to the start of the new academic school year in March 2022.

The Group recorded a LBT of RM2.702 million for the current financial quarter as compared to a PBT of RM2.361 million for the immediate preceding financial quarter mainly due to the provision of inventories write down of RM3.449 million recognised in the current quarter and lower revenue achieved.



SASBADI HOLDINGS BERHAD

201201038178 (1022660-T)

Incorporated in Malaysia

FOURTH QUARTER REPORT ENDED 31 AUGUST 2022

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B3. Group's Prospects for the financial year ending ("FYE") 31 August 2023

Our Group's fourth financial quarter of FYE 31 August 2022 had performed positively and in line with our anticipated growth prospects. Year-on-year, the Group recorded an increase of 88.62% in our quarterly revenue and an improvement of 83.39% in our quarterly net loss position, largely due to increased demand for our print academic publications and the reduction in the provision of inventories write down to RM3.449 million for the current financial year's fourth quarter from RM10.997 million for the preceding year's corresponding quarter. With that said, it should be noted that the current financial year's fourth quarter does not serve as a direct comparison with the preceding year's corresponding quarter due to the different commencement dates of the new academic year for 2022 (21 March 2022) and 2021 (20 January 2021) which affected our usual seasonality patterns.

Demand for our educational products remained robust in the fourth quarter of FYE 31 August 2022 as we are only midway through the 2022 academic year. Students and teachers continued to place their trust in Sasbadi's ensemble of educational products, aided by the hybrid elements (combining conventional print media with digital solutions) and the quality trusted by 2 generations. Furthermore, our Group had managed to capitalise on market consolidation as several of our competitors have downscaled/exited the market in recent times, thus increasing our customer base and market share in the Malaysian education landscape.

When comparing the performance of the current financial year-to-date against the preceding year's corresponding year-to-date, the Group recorded an increase of 9.91% in revenue and had swung back to black after two (2) years with a net profit of RM0.840 million. Notwithstanding the reduction in the provision of inventories write down in FYE 31 August 2022, the better performance has been firmly supported by the positive reception and demand of Sasbadi's product offerings. Leveraging on over 37 years of know-how, our Group has been successful in assessing the needs of students and teachers and responding to current trends to produce education solutions that are innovative, effective, and competitive in this dynamic 21st century education landscape.

Moving forward, our Group remains steadfast in producing leading education solutions that extend beyond print publications. We will continue to develop and strengthen our digital education products to cater to the increasing digitalisation of the education landscape. Our Group has been developing in-house digital education solutions for over 10 years and as a testament to our digital expertise, our Group had on 11 October 2022 clinched two (2) Letters of Acceptance from the Ministry of Education (MoE) to supply and deliver market-ready digital solutions in line with the Common European Framework of Reference for Languages (CEFR) Year 1 and Year 3 for the school session usage from 2023 with a total contract value of RM2.238 million. Furthermore, our Group is also developing a new digital teaching aid targeted at teachers called *Bahan Bantu Mengajar Kelas Hibrid* which serves to assist teachers in conducting digital teaching and learning (or *Pengajaran dan Pembelajaran (PdP) Digital*), in consistence with the MoE's education transformation initiatives which stressed on Information and Communications Technology (ICT) empowerment. With these initiatives, we are optimistic that our Group can further capitalise on our digital capabilities for growth in FYE 31 August 2023.

Another area of focus for our Group is the early childhood education market which is under-tapped. We are aiming to grow our market share in early English literacy development via the CEFR-aligned Peapod Readers by Collins from the United Kingdom. In tandem with the 10-year National Reading Decade 2021-2030 programme launched by the MoE, our Peapod Readers series comprising 200 titles targeting pre-schoolers and primary school year 1-3 students will be instrumental towards growing our market share in the early childhood education market. Beyond the Peapod Readers, our Group is also looking to expand our repertoire of early childhood education products to strengthen our product portfolio.

Overall, we aim to achieve higher growth through our offerings of diverse products that can meet expanding demands as the market returns to normalcy. We will continue to monitor our risk management strategies, including cost reduction and cost optimisation measures, which would benefit the Group as we strengthen our economies of scale and financial position. All things considered, we are cautiously optimistic about the Group's prospects for FYE 31 August 2023 despite these challenging times.



SASBADI HOLDINGS BERHAD

201201038178 (1022660-T)

Incorporated in Malaysia

FOURTH QUARTER REPORT ENDED 31 AUGUST 2022

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B4. Variance of Profit Forecast

No profit forecast has been issued by the Group previously in any public document.

B5. Notes to the Statement of Comprehensive Income

The profit before tax is arrived at after charging/(crediting):

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|---|---|---|
| | Current Year Quarter 31.08.2022 RM'000 | Preceding Year Quarter 31.08.2021 RM'000 | Current Year-To-Date 31.08.2022 RM'000 | Preceding Year-To-Date 31.08.2021 RM'000 |
| Amortisation of intangible assets | 357 | 357 | 1,423 | 1,422 |
| Depreciation on property, plant and equipment | 382 | 369 | 1,463 | 1,681 |
| Depreciation on investment properties | 14 | 13 | 53 | 53 |
| Depreciation on rights-of-use assets | 95 | 149 | 469 | 836 |
| Dividend income | - | - | (1) | (1) |
| Gain on disposal of property, plant and equipment | (59) | (206) | (124) | (211) |
| Property, plant and equipment written off | 1 | 28 | 1 | 28 |
| Impairment of goodwill | - | 533 | - | 533 |
| Loss on disposal of other investments | (1) | - | - | - |
| Share options vested under ESOS | - | - | 480 | 500 |
| Reversal of impairment loss on trade receivables | (513) | (323) | (1,078) | (913) |
| Provision of inventories write-down | 3,449 | 10,997 | 3,449 | 10,997 |
| Finance costs | 172 | 277 | 1,022 | 1,623 |
| Finance income | (9) | (5) | (30) | (10) |
| Realised foreign exchange gain | (6) | - | (4) | (13) |
| Unrealised foreign exchange gain | - | (1) | - | - |

Save as disclosed above, the other items as required under paragraph 16 of Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Securities are not applicable.

B6. Income Tax Expense

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|-----------------------------|---|---|---|---|
| | Current Year Quarter 31.08.2022 RM'000 | Preceding Year Quarter 31.08.2021 RM'000 | Current Year-To-Date 31.08.2022 RM'000 | Preceding Year-To-Date 31.08.2021 RM'000 |
| Current tax expense | | | | |
| Current period | 526 | (1,941) | 570 | 536 |
| Prior period | - | 33 | (215) | 56 |
| | 526 | (1,908) | 355 | 592 |
| Deferred tax expense | | | | |
| Current period | (975) | (2,197) | 778 | (1,797) |
| | (449) | (4,105) | 1,133 | (1,205) |

The effective tax rate is higher than the statutory tax rate of 24% mainly due to certain expenses of the Group not allowable for tax purposes.



B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B7. Status of Corporate Proposals and Utilisation of Proceeds

i) Status of Corporate Proposals

As at the date of this report, there is no corporate proposal announced but not completed at the date of this report.

ii) Utilisation of Proceeds

As at the date of this report, all proceeds from corporate proposals implemented by the Company in the past have been fully utilised.

B8. Loans and Borrowings

The Group's loans and borrowings as at 31 August 2022 were as follows:

| | As at 31.08.2022 RM'000 | As at 31.08.2021 RM'000 |
|--------------------------------|--|--|
| Non-current | | |
| Finance lease liabilities | 43 | 66 |
| Term loans - secured | 1,322 | 2,149 |
| | <u>1,365</u> | <u>2,215</u> |
| Current | | |
| Finance lease liabilities | 19 | 40 |
| Term loans - secured | 403 | 4,451 |
| Bank overdrafts - secured | 6,024 | 8,776 |
| Bankers' acceptances - secured | 4,411 | 2,009 |
| | <u>10,857</u> | <u>15,276</u> |
| | <u>12,222</u> | <u>17,491</u> |

The above borrowings are denominated in Ringgit Malaysia.

B9. Material Litigation

There is no pending material litigation at the date of this report.

B10. Dividend

No dividend has been declared or recommended for payment by the Company for the current financial quarter.



SASBADI HOLDINGS BERHAD

201201038178 (1022660-T)

Incorporated in Malaysia

FOURTH QUARTER REPORT ENDED 31 AUGUST 2022

B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)

B11. Earnings Per Share (“EPS”)

i) Basic Earnings Per Share

The basic earnings per share for the current financial quarter is computed as follows:

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|---|---|---|
| | Current Year Quarter 31.08.2022 RM'000 | Preceding Year Quarter 31.08.2021 RM'000 | Current Year-To-Date 31.08.2022 RM'000 | Preceding Year-To-Date 31.08.2021 RM'000 |
| Net (loss)/profit attributable to owners of the Company | (2,253) | (13,563) | 840 | (9,251) |
| Weighted average number of ordinary shares in issue ('000) | 424,586 | 420,341 | 424,465 | 420,541 |
| Basic (loss)/earnings per ordinary share (sen) | (0.53) | (3.22) | 0.20 | (2.20) |

ii) Diluted Earnings Per Share

Diluted earnings per share arising from the share options vested under ESOS of the Company is computed as follows:

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|---|---|---|
| | Current Year Quarter 31.08.2022 RM'000 | Preceding Year Quarter 31.08.2021 RM'000 | Current Year-To-Date 31.08.2022 RM'000 | Preceding Year-To-Date 31.08.2021 RM'000 |
| Net (loss)/profit attributable to owners of the Company | (2,253) | (13,563) | 840 | (9,251) |
| Weighted average number of ordinary shares in issue ('000) | 424,586 | 420,341 | 424,465 | 420,541 |
| Effect of dilution due to ESOS ('000) | N/A | N/A | 2,426 | N/A |
| Adjusted weighted average number of ordinary shares ('000) | 424,586 | 420,341 | 426,891 | 420,541 |
| Diluted (loss)/earnings per ordinary share (sen) | (0.53) | (3.22) | 0.20 | (2.20) |

Except for the current financial year to date, Diluted EPS is equivalent to Basic EPS as the share options had an anti-dilutive effect of the Basic EPS and the Group has no other instruments with potential dilutive effect as at 31 August 2022.

B12. Derivative Financial Instruments

The Group did not enter into any derivative financial instruments which were outstanding as at 31 August 2022.

By order of the Board
Kuala Lumpur
26 October 2022