



SASBADI HOLDINGS BERHAD

201201038178 (1022660-T)

Incorporated in Malaysia

FOURTH QUARTER REPORT ENDED 31 AUGUST 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 AUGUST 2023⁽¹⁾

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.08.2023 RM'000	Preceding Year Quarter 31.08.2022 RM'000	Current Year-To-Date 31.08.2023 RM'000	Preceding Year-To-Date 31.08.2022 RM'000
Revenue	16,792	16,712	96,360	69,034
Cost of sales	(13,685)	(14,369)	(59,800)	(45,991)
Gross profit	3,107	2,343	36,560	23,043
Other operating income	181	452	1,319	1,620
Distribution expenses	(1,942)	(1,701)	(7,046)	(6,477)
Administrative expenses	(3,765)	(2,919)	(14,123)	(12,390)
Other operating expenses	(779)	(716)	(2,802)	(2,833)
Results from operating activities	(3,198)	(2,541)	13,908	2,963
Finance income	22	9	42	30
Finance costs	(127)	(172)	(857)	(1,022)
(Loss)/Profit before tax	(3,303)	(2,704)	13,093	1,971
Taxation	1,826	452	(2,912)	(1,130)
Net (loss)/profit for the financial period/year	(1,477)	(2,252)	10,181	841
Other comprehensive income/(loss) for the financial period/year, net of tax :				
Item that will not be reclassified subsequently to profit or loss				
Revaluation of property, plant and equipment	-	-	4,975	-
Item that is or may be reclassified subsequently to profit or loss				
Fair value of equity investments through other comprehensive income	-	-	-	(5)
Other comprehensive income/(loss) for the financial period/year, net of tax	-	-	4,975	(5)
Total comprehensive (loss)/income for the financial period/year	(1,477)	(2,252)	15,156	836
Net (loss)/profit for the financial period/year attributable to:				
- Owners of the Company	(1,477)	(2,252)	10,181	841
- Non-controlling interests	-	-	-	-
	(1,477)	(2,252)	10,181	841
Total comprehensive (loss)/income for the financial period/year attributable to:				
- Owners of the Company	(1,477)	(2,252)	15,156	836
- Non-controlling interests	-	-	-	-
	(1,477)	(2,252)	15,156	836
(Loss)/Earnings per share (sen) attributable to owners of the Company:				
- Basic	(0.34)	(0.53)	2.38	0.20
- Diluted	(0.34)	(0.53)	2.37	0.20

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 2022 and the accompanying explanatory notes attached to these interim financial statements.



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2023 ⁽¹⁾

	Unaudited As at 31.08.2023 RM'000	Audited As at 31.08.2022 RM'000
ASSETS		
Property, plant and equipment	44,207	37,230
Rights-of-use assets	405	713
Investment properties	2,268	2,320
Intangible assets	18,853	20,287
Other investments	37	37
Deferred tax assets	384	694
Total non-current assets	66,154	61,281
Inventories	61,021	64,785
Rights to recover returned goods	1,603	2,190
Contract costs	104	253
Trade and other receivables	37,319	35,536
Current tax assets	4,412	3,281
Prepayments	4,826	4,363
Cash and cash equivalents	11,640	10,378
Total current assets	120,925	120,786
Total assets	187,079	182,067
EQUITY		
Share capital	110,379	109,138
Treasury shares	(1)	(1)
Reserves	42,759	30,113
Total equity	153,137	139,250
LIABILITIES		
Loans and borrowings	1,241	1,359
Lease liabilities	366	358
Deferred tax liabilities	8,618	5,713
Total non-current liabilities	10,225	7,430
Loans and borrowings	7,384	10,863
Lease liabilities	77	419
Refund liabilities	2,897	4,266
Trade and other payables	13,012	19,009
Contract liabilities	347	830
Total current liabilities	23,717	35,387
Total liabilities	33,942	42,817
Total equity and liabilities	187,079	182,067
Net assets per share attributable to owners of the Company (RM)	0.35	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 2022 and the accompanying explanatory notes attached to these interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE TWELVE (12) MONTHS ENDED 31 AUGUST 2023 ⁽¹⁾

	<----- Non-distributable ----->						Distributable	
	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	Retained earnings RM'000	Total equity RM'000
At 1 September 2022	109,138	(1)	705	(50,500)	(64)	18,356	61,616	139,250
Total comprehensive income for the financial period	-	-	-	-	-	4,975	10,181	15,156
Transaction with owners of the Company								
Dividends paid	-	-	-	-	-	-	(2,154)	(2,154)
Expiry/Lapse of share options under ESOS	-	-	(216)	-	-	-	216	-
Ordinary shares issued pursuant to ESOS	1,241	-	(356)	-	-	-	-	885
Total transactions with owners of the Company	1,241	-	(572)	-	-	-	(1,938)	(1,269)
At 31 August 2023	110,379	(1)	133	(50,500)	(64)	23,331	69,859	153,137
As 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)	-	841	836
Transfer on disposal of other investment	-	-	-	-	(3)	-	3	-
Transaction with owners of the Company								
Ordinary shares issued pursuant to ESOS	65	-	(19)	-	-	-	-	46
Share options vested under ESOS	-	-	480	-	-	-	-	480
Expiry/Lapse of share options under ESOS	-	-	(2)	-	-	-	2	-
Total transactions with owners of the Company	65	-	459	-	-	-	2	526
At 31 August 2022	109,138	(1)	705	(50,500)	(64)	18,356	61,616	139,250

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 2022 and the accompanying explanatory notes attached to these interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE TWELVE (12) MONTHS ENDED 31 AUGUST 2023 ⁽¹⁾

	Current Year-To-Date 31.08.2023 RM'000	Preceding Year-To-Date 31.08.2022 RM'000
Cash flows from operating activities		
Profit before tax	13,093	1,971
Adjustments for:		
Amortisation of intangible assets	1,422	1,422
Depreciation of property, plant and equipment	1,785	1,463
Depreciation of investment properties	52	53
Depreciation of rights-of-use assets	405	469
Dividend income	-	(1)
Provision of inventories write-down	3,037	3,450
Write-off of property, plant and equipment	20	-
Reversal of impairment loss on trade receivables	(728)	(1,044)
Gain on disposal of property, plant and equipment	(249)	(124)
Write-off of intangible assets	12	-
Share options vested under ESOS	-	480
Finance costs	857	1,022
Finance income	(42)	(30)
Operating profit before changes in working capital	19,664	9,131
Changes in inventories	727	(9,705)
Changes in rights to recover returned goods	587	(1,200)
Changes in contract costs	149	326
Changes in trade and other receivables and prepayments	(1,518)	4,972
Changes in refund liabilities	(1,369)	2,390
Changes in trade and other payables	(5,997)	5,067
Changes in contract liabilities	(483)	(1,011)
Cash used in operations	11,760	9,970
Tax paid	(2,399)	(918)
Interest paid	(706)	(821)
Interest received	42	30
Net cash generated from operating activities	8,697	8,261
Cash flows from investing activities		
Change in pledged deposits	-	353
Proceeds from disposal of property, plant and equipment	271	124
Proceeds from disposal of other investments	-	173
Dividend received from other investments	-	1
Acquisition of property, plant and equipment	(1,698)	(370)
Net cash (used in)/generated from investing activities	(1,427)	281

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 2022 and the accompanying explanatory notes attached to these interim financial statements.



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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE TWELVE (12) MONTHS ENDED 31 AUGUST 2023 ⁽¹⁾ (CONT'D)

	Current Year-To-Date 31.08.2023 RM'000	Preceding Year-To-Date 31.08.2022 RM'000
Cash flows from financing activities		
Net drawdown of bankers' acceptances	2,271	2,402
Net repayment of finance lease liabilities	(35)	(44)
Net repayment of term loans	(402)	(4,875)
Net repayment of lease liabilities	(459)	(571)
Proceeds from issuance of shares pursuant to ESOS	885	46
Dividends paid	(2,154)	-
Interest paid	(123)	(201)
Net cash used in financing activities	(17)	(3,243)
Net increase in cash and cash equivalents	7,253	5,299
Cash and cash equivalents at beginning of the financial period	3,576	(1,723)
Cash and cash equivalents at end of the financial period	10,829	3,576

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

	Current Year-To-Date 31.08.2023 RM'000	Preceding Year-To-Date 31.08.2022 RM'000
Cash and bank balances	10,999	9,486
Deposit placed with a licensed bank	641	892
	11,640	10,378
Less : Deposits pledged	(778)	(778)
Bank overdrafts	(33)	(6,024)
	10,829	3,576

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 2022 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 2022 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 2022.

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 2022, 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 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 1 January 2024

- Amendments to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants*
- Amendments to MFRS 7, *Financial Instruments: Disclosures* and MFRS 107, *Statement of Cash Flows – Supplier Finance Arrangements*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

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.



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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 2022 were not qualified.

A3. Seasonality or Cyclicity of Operations

The Group’s business operations are exposed to seasonality patterns as the Group generally experiences significantly higher quarterly sales in months approaching the beginning of the school academic year. As a result, the seasonal sales patterns may adversely impact the Group’s quarterly revenue, profit and cash flow.

The Group takes the seasonality patterns into consideration in our cash flow planning. In addition, the Group is consistently seeking ways to reduce the impact of seasonality patterns such as stepping up our efforts to grow our non-academic and digital solutions segments, which are less prone to seasonality, and the private and international schools segment which follows a different academic year period from that of our national schools.

A4. Unusual Items Affecting the Financial Statements

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

Going forward, this may change again as the Ministry of Education has announced that they are currently working on reverting the commencement of the new academic year to January.

A revaluation of the Group’s properties was carried out in January 2023. Revaluation surplus of RM4.975 million has been recognised in other comprehensive income and accumulated in equity under revaluation reserve.

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.

A. EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)
A6. Debt and Equity Securities
Employees’ Share Option Scheme (“ESOS”)

Option Price	Note	Balance as at 1.9.2022	Granted	Exercised/ Lapsed	Balance exercisable as at 31.08.2023
RM0.12	(i)	4,615,000	-	(4,615,000)	-
RM0.10	(ii)	11,850,000	-	(8,520,000)	3,330,000

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 year, 450,000 new ordinary shares were issued pursuant to the exercise of this ESOS. The remaining 4,165,000 unexercised options have expired on 16 February 2023.

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 year-to-date, 8,320,000 new ordinary shares were issued pursuant to the exercise of this ESOS and 200,000 ESOS lapsed due to resignation of employees.

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

On 30 May 2023, the Company paid an interim single tier dividend of RM0.005 per ordinary share in respect of the financial year ending 31 August 2023.

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 2023

	Print Publishing RM'000	Digital Solutions & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter- segment elimination RM'000	Total RM'000
Revenue	14,869	1,903	1,623	(1,603)	16,792
Cost of sales	(13,288)	(1,359)	(476)	1,438	(13,685)
Gross profit	1,581	544	1,147	(165)	3,107
Add/(Less):					
Other operating income					181
Distribution expenses					(1,942)
Administrative expenses					(3,765)
Other operating expenses					(779)
Results from operating activities					<u>(3,198)</u>

Current financial year-to-date ended 31 August 2023

	Print Publishing RM'000	Digital Solutions & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter- segment elimination RM'000	Total RM'000
Revenue	90,954	6,205	3,786	(4,585)	96,360
Cost of sales	(58,815)	(3,578)	(1,229)	3,822	(59,800)
Gross profit	32,139	2,627	2,557	(763)	36,560
Add/(Less):					
Other operating income					1,319
Distribution expenses					(7,046)
Administrative expenses					(14,123)
Other operating expenses					(2,802)
Results from operating activities					<u>13,908</u>

A. EXPLANATION NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134: INTERIM FINANCIAL REPORTING (CONT'D)
A8. Segment Information (cont'd)
Preceding financial year's corresponding quarter ended 31 August 2022

	Print Publishing RM'000	Digital Solutions & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter-segment elimination RM'000	Total RM'000
Revenue	15,109	503	1,598	(498)	16,712
Cost of sales	(13,662)	(596)	(536)	425	(14,369)
Gross profit	1,447	(93)	1,062	(73)	2,343
Add/(Less):					
Other operating income					452
Distribution expenses					(1,701)
Administrative expenses					(2,919)
Other operating expenses					(716)
Results from operating activities					<u>(2,541)</u>

Preceding financial year's corresponding year-to-date ended 31 August 2022

	Print Publishing RM'000	Digital Solutions & Network Marketing * RM'000	ALP & STEM Education ^ RM'000	Inter-segment elimination RM'000	Total RM'000
Revenue	64,706	3,589	2,313	(1,574)	69,034
Cost of sales	(43,680)	(2,864)	(871)	1,424	(45,991)
Gross profit	21,026	725	1,442	(150)	23,043
Add/(Less):					
Other operating income					1,620
Distribution expenses					(6,477)
Administrative expenses					(12,390)
Other operating expenses					(2,833)
Results from operating activities					<u>2,963</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



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

A9. Valuation of Property, Plant and Equipment

A valuation of property, plant and equipment was carried out in January 2023 as disclosed in Note A4.

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 2022.

Contingent Assets

The Group does not have any material contingent assets as at 31 August 2023.



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

B1. Review of Performance

Current Quarter ended 31 August 2023 against Preceding Financial Year's Corresponding Quarter ended 31 August 2022

The Group recorded a revenue of RM16.792 million for the current financial quarter as compared to RM16.712 million for the preceding financial year's corresponding quarter. This represents an increase of RM0.080 million (equivalent to 0.48%), attributed to the Digital Solutions & Network Marketing Division.

The increase in the Digital Solutions & Network Marketing Division was mainly attributed to the maiden contribution from BOOKR Class, a CEFR-based digital platform which includes animated books, games and other tools; and also higher contribution from Linguaskill, our English competency assessment product. There was a slightly lower contribution from the Print Publishing Division, which was mainly due to the normalised effect of the shift in academic year, which began in March 2022.

The Group recorded a loss before tax ("LBT") of RM3.303 million for the current financial quarter vis-à-vis a LBT of RM2.704 million for the preceding financial year's corresponding quarter, representing an increase of RM0.599 million (equivalent to 22.15%) mainly due to an increase in operating fixed costs, which was partly offset by a lower provision of inventories write down where RM3.037 million was recognised in the current quarter as compared to RM3.450 million recognised in the previous financial year corresponding quarter.

Current Financial Year-to-Date ended 31 August 2023 against Preceding Financial Year's Corresponding Year-to-Date ended 31 August 2022

The Group recorded a revenue of RM96.360 million for the current financial year-to-date as compared to RM69.034 million for the preceding financial year's corresponding year-to-date. This represents an increase of RM27.326 million (equivalent to 39.58%), mainly contributed by our Print Publishing Division.

The increase was mainly attributed to the strong sales of our academic publications and the contracts secured from the Ministry of Education ("MoE") to provide the service of supplying and delivering market-ready digital solutions in line with the Common European Framework of Reference for Languages (CEFR) Year 1 and Year 3 as well as the supply of reprinted textbooks (BCS) to schools under the MoE.

The Group recorded a PBT of RM13.093 million for the current financial year-to-date vis-à-vis a PBT of RM1.971 million for the preceding financial year's corresponding year-to-date. This represents an increase of RM11.122 million (equivalent to 564.28%) mainly due to higher revenue achieved as mentioned above and higher contribution from the digital solutions.

B2. Variation of Results for the Current Financial Quarter ended 31 August 2023 against the Immediate Preceding Financial Quarter

	Current Quarter 31.08.2023 RM'000	Preceding Quarter 31.05.2023 RM'000	Change RM'000
Revenue	16,792	29,402	(12,610)
(Loss)/Profit Before Tax	(3,303)	6,257	(9,560)

The Group recorded a revenue of RM16.792 million for the current financial quarter as compared to RM29.402 million for the immediate preceding financial quarter, representing a decrease of RM12.610 million (equivalent to 42.89%). The higher revenue in the immediate preceding financial quarter was attributed to the higher sales of our academic books in conjunction with the start of the new academic school year in March 2023.

Similarly, the Group recorded a LBT of RM3.303 million for the current financial quarter as compared to a PBT of RM6.257 million for the immediate preceding financial quarter, mainly due to lower revenue achieved and higher operating fixed costs coupled by provision of inventories write down as mentioned above.

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FOURTH QUARTER REPORT ENDED 31 AUGUST 2023**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 2024**

Our Group's fourth quarter ("Q4") for the financial year ended 31 August 2023 ("FYE 2023") has performed within our expectations, registering a revenue of RM16.792 million and net loss of RM1.477 million. Year-on-year, this represents a marginal increase of RM0.080 million in revenue (or 0.48%) and an improvement in net loss position of RM0.775 million, largely due to the reduction in provision of inventories write down to RM3.037 million in Q4 FYE 2023 from RM3.450 million in the previous financial year corresponding quarter. Demand for our Group's educational products remained encouraging in Q4, though weak retail sentiment and seasonality factors resulted in weaker performance when compared to previous financial quarters.

For current financial year-to-date performance, our Group is very proud to report that FYE 2023 has been our best performing financial year since FYE 31 August 2017 (in terms of net profit), marking an exceptional return for our Group despite challenging macroeconomic conditions including rising costs, weak ringgit strength, sluggish retail activity, and conservative consumer spending. FYE 2023's revenue rose by 39.58% to RM96.360 million from RM69.034 million for financial year ended 31 August 2022 ("FYE 2022"), firmly cementing itself as a significant milestone for our Group by being the highest full-year revenue ever recorded since the Group's inception. Net profit for FYE 2023 catapulted by a whopping 1,110.58% to RM10.181 million from RM0.841 million in FYE 2022, breaching the RM10 million mark and serving as a testament that our Group has not only fully recovered from the adverse effects of the COVID-19 pandemic, but has performed above and beyond pre-COVID-19 levels. This outstanding improvement is largely attributed to Sasbadi's ability to make swift responses in this dynamic education landscape even in the face of adversity, further asserting the competitive advantages our Group has garnered over its 38 years of existence.

With a strong footing in the academic print publication space, looking ahead, our Group acknowledges that additional growth must be achieved through fresh sources of revenue. A key strategy to achieve this for FYE 31 August 2024 ("FYE 2024") and beyond is through Mergers & Acquisitions ("M&As") that strategically fill niches which our Group has little/no market presence in. By acquiring the right companies, our Group can swiftly launch into new business segments with significant market share whilst improving the acquired companies' financial performance by leveraging on our Group's competitive strengths, including improved economies of scale, in-house digital capabilities, and efficient, extensive supply chain. In an industry where content is king, M&As will greatly expand our portfolio and accelerate our time to market in new business segments, thus spurring inorganic growth in a short span of time.

On the topic of new business segments, our Group is setting our sights on the early childhood education ("ECE") segment for FYE 2024 and beyond. The Group plans to tap into the huge growth potential of Malaysia's ECE segment by offering ECE course materials of the highest standard that provide a form of standardisation across kindergartens whilst ensuring specific learning goals are met. Besides that, our Group has already expanded our repertoire of ECE products suited for the home market ("B2C"), notably via our exclusive partnership with BOOKR Kids (an award-winning Edtech company from Europe) to distribute the BOOKR Class digital library in Malaysia, and the proposed acquisition of a list of IPs from Integra Creative Media Sdn Bhd, a publisher of children's books under the brand Oyez!Books (pending completion). We strongly believe BOOKR Class, Oyez!Books, and Peapod Readers (CEFR-aligned readers from the UK suitable for ages 4-12) will synergise well and form a strong foundation for our Group to be a formidable player in the ECE segment in Malaysia.

Overall, despite our Group's favourable performance in FYE 2023, we believe there is much more room for us to grow and expand, especially when the retail sector recovers. We will focus on diversifying our product offerings to achieve higher growth whilst upholding the quality synonymous with the Sasbadi brand over the past 38 years. We will continue to monitor our risk management strategies, including cost reduction and cost optimisation measures, which will 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 2024 and beyond.

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 31.08.2023 RM'000	Preceding Year Quarter 31.08.2022 RM'000	Current Year-To-Date 31.08.2023 RM'000	Preceding Year-To-Date 31.08.2022 RM'000
Amortisation of intangible assets	359	356	1,422	1,422
Depreciation on property, plant and equipment	497	382	1,785	1,463
Depreciation on investment properties	13	14	52	53
Depreciation on rights-of-use assets	101	95	405	469
Dividend income	-	-	-	(1)
Loss/(Gain) on disposal of property, plant and equipment	4	(59)	(249)	(124)
Write-off of property, plant and equipment	1	-	20	-
Gain on disposal of other investments	-	(1)	-	-
Share options vested under ESOS	-	-	-	480
Reversal of impairment loss on trade receivables	(113)	(479)	(728)	(1,044)
Provision of inventories write-down included in cost of sales	3,037	3,450	3,037	3,450
Finance costs	127	172	857	1,022
Finance income	(22)	(9)	(42)	(30)
Realised foreign exchange loss	-	(6)	38	(4)

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 31.08.2023 RM'000	Preceding Year Quarter 31.08.2022 RM'000	Current Year-To-Date 31.08.2023 RM'000	Preceding Year-To-Date 31.08.2022 RM'000
Current tax expense				
Current period	(1,256)	422	1,276	466
Prior period	-	(1)	(8)	(216)
	(1,256)	421	1,268	250
Deferred tax expense				
Current period	(570)	(873)	1,644	880
	(1,826)	(452)	2,912	1,130

The effective tax rate for the current financial quarter and current financial year are lower than the statutory tax rate of 24% mainly due to utilisation of tax losses brought forward from prior years, which were not recognised as deferred tax assets previously.

**SASBADI HOLDINGS BERHAD**

201201038178 (1022660-T)

Incorporated in Malaysia

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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

Proposed Acquisition of Intellectual Properties

On 18 April 2023, the Company's wholly-owned subsidiary, Media Distribution Sdn. Bhd. ("MDSB") entered into a binding and effective term sheet ("the Term Sheet") with Integra Creative Media Sdn. Bhd. ("ICMSB") to acquire the sole and exclusive right and license to produce and publish the list of publications and to further license the production and publication of the Works relating to early childhood publications and the mark "Oyez!Books" (collectively referred as the "Intellectual Properties") at the purchase price of RM1,000,000 subject to the terms and conditions contained in the Term Sheet. The purchase consideration is to be settled by way of RM700,000 in cash and 300,000 new shares at RM1.00 per share to be issued in MDSB. These new shares will rank pari passu with other existing shares in MDSB.

On 17 October 2023, MDSB has completed the due diligence review and both parties had, on even date entered into an addendum to the Term Sheet ("Addendum"). This Addendum serves to document the parties' agreement in regards to ICMSB's request for the early release of the Deposit, which amounts to RM100,000 pending fulfilment of certain Conditions Precedent. The Deposit is refundable in the event of, among others, non-fulfilment of any of the Conditions Precedent or termination of the proposed acquisition as stated in the Term Sheet.

Following the completion of the due diligence review, the parties will proceed to execute a Master Assignment Agreement within 90 days from the date of the Addendum on terms to be mutually agreed by parties.

Save as disclosed above, 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 2023 were as follows:

	As at 31.08.2023 RM'000	As at 31.08.2022 RM'000
Non-current		
Finance lease liabilities	345	38
Term loans - secured	896	1,321
	<u>1,241</u>	<u>1,359</u>
Current		
Finance lease liabilities	242	24
Term loans - secured	427	404
Bank overdrafts - secured	33	6,024
Bankers' acceptances - secured	6,682	4,411
	<u>7,384</u>	<u>10,863</u>
	<u>8,625</u>	<u>12,222</u>

The above borrowings are denominated in Ringgit Malaysia.

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B. ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONT'D)**B9. Material Litigation**

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

B10. Dividend

On 30 October 2023, the Board of Directors of the Company has declared and approved the payment of a second interim single tier dividend of RM0.0025 per ordinary share in respect of the financial year ended 31 August 2023. This second interim dividend is to be paid on 3 January 2024 to shareholders registered in the Record of Depositors as at 15 December 2023.

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 31.08.2023 RM'000	Preceding Year Quarter 31.08.2022 RM'000	Current Year-To-Date 31.08.2023 RM'000	Preceding Year-To-Date 31.08.2022 RM'000
Net (loss)/profit attributable to owners of the Company	(1,477)	(2,252)	10,181	841
Weighted average number of ordinary shares in issue ('000)	432,565	424,586	427,831	424,465
Basic (loss)/earnings per ordinary share (sen)	(0.34)	(0.53)	2.38	0.20



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

B11. Earnings Per Share ("EPS") (cont'd)

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 31.08.2023 RM'000	Preceding Year Quarter 31.08.2022 RM'000	Current Year-To-Date 31.08.2023 RM'000	Preceding Year-To-Date 31.08.2022 RM'000
Net (loss)/profit attributable to owners of the Company	(1,477)	(2,252)	10,181	841
Weighted average number of ordinary shares in issue ('000)	432,565	424,586	427,831	424,465
Effect of dilution due to ESOS ('000)	N/A	N/A	1,147	2,426
Adjusted weighted average number of ordinary shares ('000)	432,565	424,586	428,978	426,891
Diluted (loss)/earnings per ordinary share (sen)	(0.34)	(0.53)	2.37	0.20

For the current financial quarter and the preceding year corresponding quarter, 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 2023.

B12. Derivative Financial Instruments

The Group did not enter into any derivative financial instruments which were outstanding as at 31 August 2023.

By order of the Board
Kuala Lumpur
30 October 2023