

EDUSPEC HOLDINGS BERHAD

Company No. 646756-X

(Incorporated in Malaysia)

Report on results for 3rd quarter ended 30 November 2024

NOTES

A EXPLANATORY NOTES PURSUANT TO FRS 134 INTERIM FINANCIAL REPORTING

A1 Basis of preparation

The interim financial statements have been prepared under the historical cost convention.

The interim financial statements are unaudited and have been prepared in compliance with FRS 134: "Interim Financial Reporting" and Rule 9.22 (2) and Appendix 9B of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 29 February 2024. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the year ended 29 February 2024.

The significant accounting policies and methods of computation adopted in these interim financial statements are consistent with those of the audited financial statements for the year ended 29 February 2024.

A2 Auditors' report of preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 29 February 2024 was not subject to any qualification.

A3 Seasonal or cyclical factors

Other than the renewal/award of contracts from the Malaysia Information Technology (IT) learning market which typically corresponds to the Malaysian academic year, the business is not subject to any other material seasonal and cyclical factors.

A4 Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Company since the last annual audited financial statements.

A5 Material changes in estimates

There were no changes in estimates of amounts reported in prior financial years which may have a material effect in the current financial quarter.

A6 Debt and equity securities

Save as disclosed below, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter:

On 12 September 2024, 105,000,000 ordinary shares were issued arising from the private placement pursuant to the announcement made on 11 September 2024 at an issue price of RM0.0961.

On 2 October 2024, 51,088 ordinary shares were listed arising from the conversion of warrants pursuant to the announcement made on 1 October 2024. Each warrant entitles the registered warrant holder to subscribe for one new ordinary shares at an exercise price of RM0.33.

A6 Debt and equity securities (Cont'd)

On 24 October 2024, 200,000 ordinary shares were listed arising from the conversion of warrants pursuant to the announcement made on 23 October 2024. Each warrant entitles the registered warrant holder to subscribe for one new ordinary shares at an exercise price of RM0.03.

On 14 November 2024, 200,000 ordinary shares were listed arising from the conversion of warrants pursuant to the announcement made on 13 November 2024. Each warrant entitles the registered warrant holder to subscribe for one new ordinary shares at an exercise price of RM0.03.

On 28 November 2024, 500,000 ordinary shares were listed arising from the conversion of warrants pursuant to the announcement made on 27 November 2024. Each warrant entitles the registered warrant holder to subscribe for one new ordinary shares at an exercise price of RM0.03.

A7 Dividend paid

There were no dividends paid during the current financial quarter.

A8 Segment Reporting

For management purpose, the Group is organized into the following business units based on their products and services as follows:

Segmental revenue and results in business of the Group for the current year to date are as follows : -

CURRENT YEAR TO DATE 30 NOVEMBER 2024				
<u>Results</u>				
	Revenue	Loss before tax for the year	Less: Taxation	Net Loss for the year
	RM('000)	RM('000)	RM('000)	RM('000)
IT learning	7,991	(1,755)	(2)	(1,757)
Electrical & electronics	22,006	2,615	-	2,615
Investment holding	553	(1,704)	-	(1,704)
Property investment	-	(837)	(2)	(839)
Themepark	-	(10,291)	-	(10,291)
	<u>30,550</u>	<u>(11,972)</u>	<u>(4)</u>	<u>(11,976)</u>

A9 Valuation of property, plant and equipment

There are no changes in the valuation of the property, plant and equipment reported in the previous audited financial statements that will have effect in the current financial quarter under review.

A10 Material events subsequent to the end of the quarter

There are no material events subsequent to the end of the quarter.

A11 Changes in the composition of the Group

There are no changes in the composition of the Group for the current financial quarter.

A12 Contingent liabilities

There are no material contingent liabilities as at the date of this announcement.

A13 Capital commitments

There are no capital commitments as at the date of this announcement.

A14 Significant related party transactions

	INDIVIDUAL QUARTER		YEAR TO DATE	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR	PRECEDING YEAR
	30/11/2024	30/11/2023	30/11/2024	30/11/2023
	RM('000)	RM('000)	RM('000)	RM('000)
Companies in which certain Directors have financial interests:				
- Electrical & electronics	12,005	-	22,006	-

The related party transactions described above were carried out in the ordinary course of business and have been established under negotiated and mutually agreed terms.

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE ACE MARKET

B1 Review of performance

Information

Programs

STEM Computer Science and STEM Robotics

STEM with Computer Science is more than just learning how to program. It is also about learning how to succeed in a high technology and socially interconnected world, embracing exploration, discovery, creation, collaboration and problem solving. STEM with Robotics is the branch of mechanical engineering, electrical engineering, electronic engineering and computer science that deals with the design, construction, operation, and application of robots as well as computer systems for their control, sensory feedback, and information processing.

Digital School Solutions (DSS)

The vision of the Digital School Solutions is to digitalize a school's learning and management system to equip students with 21st century competencies and skill sets. This is a strong growth area as DSS equips students with 21st century competencies and skill sets to support the increasingly diverse and innovation-oriented societies of the future. We at Eduspec believe in integrating education technology with relevant content and pedagogy into the education system. The last few years, in line with technological advancement, all our solutions and systems are now cloud based with many more new features connecting students, teachers and parents under one eco-system.

Electrical & electronics (E&E)

Malaysia has been a significant player in the global E&E market, known for its manufacturing capabilities, skilled workforce, and strategic location. Despite the uncertainties such as global economic conditions and geopolitical tensions worldwide, outlook and performance of Malaysia's E&E Industry remain positive as it is closely tied to the global economic conditions, particularly demand from key markets such as USA, Europe and China.

With the opportunities and room for growth in Malaysia E&E sector, Eduspec has taken the first step to participate into global supply chain by providing a variety of independent professional testing services, including testing and validating the advance Printed Circuit Board Assembly ("PCBA"), advance optical modules and other related semiconductor components for the local Electronics Manufacturing Services ("EMS") players.

Review of performance

Revenue of the Group mainly consists of income from the provision of Programs, Digital School Solutions (DSS), and Electrical & electronics (E&E).

For the current quarter under review, the Group's revenue increased by 310.6% to RM14.594 million from RM3.554 million reported in the previous year's corresponding quarter. The improvement is mainly due to the additional income from E&E business.

The other income decreased by 87.3% to RM0.007 million from RM0.055 million reported in the previous year's corresponding quarter mainly due to decrease in support fees income.

B1 Review of performance (Cont'd)

Administrative expenses of the group consist of human resource cost, occupancy cost, travelling expenses, professional services fees, finance charges, and general administrative expenses. The administrative expenses of current quarter increased by 85.5% to RM3.499 million from RM1.886 million reported in the previous year's corresponding quarter mainly due to higher overhead costs and human resource costs incurred for E&E business. Additionally higher professional fees incurred for corporate exercise in the current quarter.

Selling and distribution expenses of the group consist of expenses incurred for marketing events, promotional activities, transportation, and entertainment expenses. The selling and distribution expenses of current quarter increased by 60.8% to RM0.341 million from RM0.212 million reported in the previous year's corresponding quarter mainly due to slight increase in promotional and entertainment expenses.

Other expenses of the group consist of depreciation, amortization of development costs and provision of impairment on intangible assets/investments. Other expenses of current quarter have decreased by 27.5% to RM0.556 million from RM0.767 million reported in the previous year's corresponding quarter mainly due to decrease in amortization cost.

Finance cost of the group consists of interest on short term revolving credit and leasing facility. Finance costs of current quarter decreased by 60.6% to RM0.041 million from RM0.104 million reported in the previous year's corresponding quarter mainly due to decrease in leasing interest as a result of termination of lease agreement with Palm Spring Development Sdn Bhd (PSD).

B2 Variation of results against preceding quarter

The LAT for the quarter has decreased to RM0.877 million, compared to the LAT of RM8.527 million reported in the preceding quarter. The significant improvement is mainly due to the absence of non-recurring claims, which amounted to RM9.30 million in the previous quarter. These claims were related to the termination of lease agreement incurred by PSD. Additionally, the positive results for the current quarter are also supported by profits generated from E&E business.

B3 Prospects

For 2025, the Government expects GDP to grow between 4.5% and 5.5%. Projections by the World Bank and the International Monetary Fund (IMF) estimate Malaysia's economy to grow at 4.9%.

Education & AI initiatives

- Malaysia Science Endowment (MSE) Trust Fund to drive R&D initiatives in science and technology involving private entities and industry players through provision of matching grants RM170 million.
- Strengthening Research, Development, Commercialization, and Innovation (RDCI) to enhance the competitiveness of local industries. Government increases the current value of investments and financial related to Science, Technology, and Innovation (STI) to RM1,260 million.
- RM36 million has been allocated under the Ministry of Education (MOE) to empower Science, Technology, Engineering, and Mathematics (STEM) education in MOE schools by computer laboratories upgrade and new equipment supplies.
- RM10 million is allocated for inculcate Science, Technology, and Innovation (STI) through Malaysia Techlympics Programme, which include tournaments, exhibitions, focused trainings and conventions.
- RM5 million is allocated to enhance the involvement of target communities with TVET skills, entrepreneurship, and digital technology through the lifelong learning programmes at community colleges to improve socio-economic conditions.

Electric and Electronic (E&E) and Semiconductor

Manufacturing expected to grow +4.5% driven by strong E&E exports. The government anticipates that the manufacturing sector will grow faster at +4.5% in 2025, driven by both increased production in export and domestic-oriented sectors.

For the export sector, the growth will be supported by increased production in the E&E segment, particularly semiconductors. Initiatives by government in supporting E&E businesses:

- Introduction of New Investment Incentive Framework (NIIF), government has agreed to expand the tax incentives to boost exports to include integrated circuit (IC) design activities.
- Allocation of RM50 million under Industrial Investment Fund in the fields of aerospace and electric and electrical (E&E) companies.
- RM1 billion has been allocated by Khazanah to support the local semiconductor industry.
- RM20 million is also allocated to fund the implementation of 5G enterprise pilot projects for various sectors.

(Source: Belanjawan MADANI 2025 - Ministry of Finance Malaysia)

The domestic economic growth in 2025 is projected between 4.5% and 5.5%, supported by a resilient external sector, benefitting from improved global trade and stronger demand for E&E goods, leveraging the country's strategic position within the semiconductor supply chain.

The manufacturing sector is projected to expand further attributed to better performance in export-oriented industries, primarily the E&E segment, as external demand for semiconductors continues to increase.

The Manufacturing sector expanded by 3.3% during the first half of 2024 on the back of higher growth of domestic-oriented industries and a stronger performance of export-oriented industries. The domestic-oriented industries saw a steady growth of 5.9%, fuelled by rising demand, mainly in non-metallic mineral products, basic metal and fabricated products sub-sector, backed by robust performance in construction activities.

Meanwhile, export-oriented industries recorded a growth of 2.1%, supported by an upturn in demand of the E&E segment, attributed to positive market momentum in the global semiconductor industry.

The sector is projected to grow by 4.9% in the second half of 2024, owing to strengthening domestic demand and improving performance of the external sector.

Malaysia as a Getaway to a Prosperous ASEAN

The E&E industry in Malaysia serves as one of the major contributors to the nation's GDP, investment and employment. With its strategic location and comprehensive infrastructure, Malaysia offers access to a global market of over four billion people through various FTAs.

Malaysia is a key player in Asia's semiconductor supply chain and has attracted substantial and quality investments which generated significant job opportunities in the industry.

At present, Malaysia accounts for 13% of the global market for semiconductor testing and packaging and ranks the world's sixth-largest exporter of semiconductors, with 60% of E&E exports.

Under the Twelfth Malaysia Plan (2021–2025), the government aims for the E&E industry to contribute RM120 billion to nation's GDP by 2025. In 2023, it contributed RM117.7 billion (7.5% of GDP). Malaysia has also introduced a semiconductor strategy to boost its role in the global supply chain.

This growth is driven by rising demand for E&E products in areas like electric vehicles (EVs), renewable energy, aerospace, and the digital economy.

Strengthening the Semiconductor Industry through the New Industrial Master Plan 2030.

B3 Prospects (Cont'd)

Electric and Electronic (E&E) and Semiconductor (Cont'd)

Malaysia has launched the New Industrial Master Plan 2030 (NIMP 2030). The plan focuses on boosting industries like E&E by tapping into trends like AI, robotics, and EVs.

The E&E sector makes up 40% of Malaysia's manufactured exports, especially to Singapore, the US, and China. The semiconductor industry is a major part, accounting for 60% of E&E exports. Malaysia aims to move into more advanced semiconductor activities and strengthen its position in the global market.

(Source: Belanjawan 2025 Economic Outlook 2025, Ministry of Finance Malaysia)

Based on these government's policies and support, our company is optimistic about the continued growth of both our education and E&E sectors. We are confident that focusing on testing requirements in the E&E industry will help improve our financial performance. At the same time, we remain committed to exploring new business opportunities while ensuring the steady and recurring income generated from our core education services to schools in Malaysia.

B4 Profit forecast, profit guarantee and internal targets

The Group did not issue any profit forecast or profit guarantee for the current financial period-to-date.

B5 Taxation

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Quarter
	30/11/2024	30/11/2023	30/11/2024	30/11/2023
	RM'000	RM'000	RM'000	RM'000
Taxation	(4)	-	(4)	-

B6 Status of corporate proposals

There were no corporate proposals announced but not completed as at the date of this announcement save for the following:

On 3 December 2024, 832,800 ordinary shares were listed arising from the conversion of warrants pursuant to the announcement made on 2 December 2024. Each warrant entitles the registered warrant holder to subscribe for one new ordinary shares at an exercise price of RM0.03.

On 9 January 2025, 65,000 ordinary shares were listed arising from the conversion of warrants pursuant to the announcement made on 8 January 2025. Each warrant entitles the registered warrant holder to subscribe for one new ordinary shares at an exercise price of RM0.03.

On 16 January 2025, 320,200 ordinary shares were listed arising from the conversion of warrants pursuant to the announcement made on 15 January 2025. Each warrant entitles the registered warrant holder to subscribe for one new ordinary shares at an exercise price of RM0.03.

On 20 January 2025, 45,000,000 ordinary shares were issued arising from the private placement pursuant to the announcement made on 17 January 2025 at an issue price of RM0.0932.

B7 Utilisation of proceeds**(a). Rights Issue with Warrants**

Proposed utilisation	Expected time frame for utilisation upon receipt	Proceeds raised (RM'000)	Variation (RM'000)	Utilisation (RM'000)	Balance (RM'000)
Repayment of borrowings	Within 3 months	17,300	155	17,455	-
Funding for the Group's STEM Programs and Digital School Solutions business	Within 24 months	7,000	(155)	6,845	-
Working capital	Within 24 months	2,217	29	2,246	-
Estimated expenses for the Corporate Exercises	Immediate	900	(29)	871	-
		<u>27,417</u>	<u>-</u>	<u>27,417</u>	<u>-</u>

(b). Private Placement

Proposed utilisation	Expected time frame for utilisation upon receipt	Proceeds raised (RM'000)	Variation (RM'000)	Utilisation (RM'000)	Balance (RM'000)
Working capital for the Group's electrical and electronics ("E&E") business	Within 6 months	6,547	183	6,730	-
Estimated expenses for the Private Placement	Immediate	352	(183)	169	-
		<u>6,899</u>	<u>-</u>	<u>6,899</u>	<u>-</u>

(c). Private Placement

Proposed utilisation	Expected time frame for utilisation upon receipt	Proposed utilisation of proceeds (RM'000)	Proceeds raised (RM'000)	Utilisation (RM'000)	Balance (RM'000)
Capital expenditure for the Group's E&E Testing Business	Within 12 months	27,977	8,705	2,424	6,281
Estimated expenses for the Proposals	Immediate	1,386	1,386	236	1,150
		<u>29,363</u>	<u>10,091</u>	<u>2,660</u>	<u>7,431</u>

B8 Borrowings and debt securities

	30/11/2024	29/2/2024
	RM('000)	RM('000)
	Unaudited	Audited
<u>Borrowings: -</u>		
Short-term borrowing	1,900	1,075
Long-term borrowing	-	1,425

B9 Material litigations

There are no material litigations pending at the date of this announcement save for the following:

On 19 May 2023, the Company had received a sealed copy of Writ dated 16 May 2023 and Statement of Claim dated 16 May 2023. The material litigation was involving between Hercules Funds SPC, as the plaintiff, and Centillion Robotics Limited (1st defendant), Lim Een Hong (3rd defendant) and the Company (2nd defendant), as the defendants.

Further to The Case Management on 17 July 2023, the Court has set that the Company's application for security for costs and to strike out the ongoing suit KL High Court Suit No: WA-22NCC-284-05/2023 by Hercules Funds SPC is fixed for Hearing on 04.12.2023.

Further to the Case Management on 28 December 2023, the following are status updates on the above case:

- (a) Striking Out Application has dismissed as the Judge finds that this is not a plain and obvious case to strike out the Plaintiff's claim
- (b) Judge has allowed Security for Costs Application and ordered a sum of RM80,000.00 to be paid as security for costs.
- (c) 3rd Defendant informed that he has filed the application to amend its Defence (Encl 76); and
- (d) the Court fixed Encl 76 for Hearing on 7 March 2024 at 9:00 a.m.

Further to the Hearing on 7 March 2024 on Encl 76 (i.e. the 3rd Defendant's application to amend his Defence), by consent, the Plaintiff has agreed to the same. Court has further directed for the 3rd Defendant and the Plaintiff to file their respective amended Defence and amended Reply before further pre-trial case management direction shall be given on 3 April 2024.

Subsequent to the Case Management on 3 April 2024, the Court has fixed this matter for trial on 9th till 12th March 2026 and meanwhile, parties are directed to comply with the Pre-Trial Case Management Direction before the next case management on 3rd October 2024

On 2 September 2024, the Company announced that the plaintiff has filed an application (Enclosure 83) to withdraw its claim against the Company, but with liberty to file afresh. The Company has instructed its solicitors to seek for costs and that the withdrawal shall be with no liberty to file afresh. On 10 September 2024, Enclosure 83 is fixed for Hearing on 14 October 2024.

On 3 October 2024, the Company announced that Enclosure 83 has been withdrawn by the plaintiff and the suit against the Company will proceed to be heard as fixed earlier on 9 March 2026 to 12 March 2026. Meanwhile, the Court has fixed this matter for further case management on 4 February 2025 for parties to comply with the pre-trial case management direction.

B10 Dividends

No dividends have been declared in respect of the financial quarter under review and the year-to-date.

B11 Additional information for statement of comprehensive income

	CURRENT QUARTER	YEAR TO DATE
	RM'000	RM'000
Interest income	-	1
Other income including investment income	7	939
Interest expense	41	166
Depreciation and amortization	556	1,851
Plant and equipment written off	-	7
Foreign exchange (loss)/gain	(74)	789
Exceptional items (with details)	NIL	NIL

B12 Loss per share

		Individual Quarter		Cumulative Quarter	
		Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year To Date
		30/11/2024	30/11/2023	30/11/2024	30/11/2023
(i)	Basic earnings per share (sen)				
	Net loss for the financial quarter (RM'000)	(873)	(1,448)	(11,968)	(1,446)
	Weighted average number of ordinary shares in issue ('000)	1,204,987	1,034,165	1,204,987	1,034,165
	Basic earnings per share (sen)	(0.07)	(0.14)	(0.99)	(0.14)
(ii)	Diluted earnings per share (sen)				
	Net loss for the financial quarter (RM'000)	(873)	(1,448)	(11,968)	(1,446)
	Weighted average number of ordinary shares in issue adjusted for dilutive effects of potential ordinary shares ('000)	1,204,987	N/A	1,204,987	N/A
	Diluted earnings per share (sen)	(0.06)	N/A	(0.77)	N/A

- (i) Basic earnings per share are calculated by dividing the net profit/ loss (Profit/ Loss after taxation and minority interest) for the financial period by the weighted average number of ordinary shares in issue.
- (ii) Diluted earnings per share are calculated by dividing the net profit/ loss (Profit/ Loss after taxation and minority interest) for the financial period by the weighted average number of ordinary shares in issue have been adjusted for the dilutive effects of all potential ordinary shares.
- (i) The Group has no potential equity instruments in issue as at the preceding year corresponding quarter and therefore, diluted earnings per share have not been presented.

By Order of the Board

Gan Chia Way
 Executive Director
 Shah Alam
 Date: 23 January 2025