

# **ORGABIO HOLDINGS BERHAD**

Registration No: 201801016797 (1278813-M)
UNAUDITED INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED
30 SEPTEMBER 2022



### Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income<sup>(1)</sup>

|   | _            | INDIVIDUAL QUARTER                                      |  | CUMULATIVE QUARTER   |   |  |
|---|--------------|---|--|--|---|--|
|   | Note _       | Current<br>Quarter<br>30.09.2022<br>Unaudited<br>RM'000 | Preceding Year<br>Corresponding<br>Quarter<br>30.09.2021 <sup>(2)</sup><br>Unaudited<br>RM'000 | Current<br>Period-to-date<br>30.09.2022<br>Unaudited<br>RM'000 | Preceding<br>Period-to-date<br>30.09.2021 <sup>(2)</sup><br>Unaudited<br>RM'000 |  |
| Revenue   |              | 14,474  | N/A  | 14,474   | N/A   |  |
| Cost of sales   |              | (10,695)  | N/A  | (10,695)   | N/A   |  |
| Gross profit  | <del>-</del> | 3,779   | N/A  | 3,779  | N/A   |  |
| Other income  |              | 181   | N/A  | 181  | N/A   |  |
| Selling and distribution expenses   |              | (4)   | N/A  | (4)  | N/A   |  |
| Administration expenses <sup>(3)</sup>  |              | (3,900)   | N/A  | (3,900)  | N/A   |  |
| Other expenses  |              | (18)  | N/A  | (18)   | N/A   |  |
| Finance costs   |              | (150)   | N/A  | (150)  | N/A   |  |
| Net reversal on impairment of financial assets                                    | _            | 3   | N/A  | 3  | N/  |  |
| Loss before tax   |              | (109)   | N/A  | (109)  | N/A   |  |
| Tax expense   |              | (668)   | N/A  | (668)  | N/A   |  |
| Net loss  | B5           | (777)   | N/A  | (777)  | N/A   |  |
| Other comprehensive loss for the financial period, net of tax                     | _            | -   | -  |  | N/A   |  |
| Total comprehensive loss for<br>the financial period                              | _            | (777)   | N/A  | (777)  | N/A   |  |
| Net loss/Total comprehensive<br>loss for the financial period<br>attributable to: | •            |   |  |  |   |  |
| Owners of the Company   | -            | (777)   | N/A  | (777)  | N/A   |  |
| Loss per share ("LPS"):   |              |   |  |  |   |  |
| Basic (sen)(4)  | B11          | (0.32)  | N/A  | (0.32)   | N/A   |  |
| Diluted (sen)   | B11          | (0.32)  | N/A  | (0.32)   | N/A   |  |



- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2022 as disclosed in the Annual Report and the accompanying explanatory notes attached to this condensed interim financial report.
- The interim financial report was announced in compliance with the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"). There are no comparative figures for the preceding year's corresponding quarter and preceding period-to-date as the Company was listed on the ACE Marketing of Bursa Securities on 5 July 2022, and as such, no interim financial report was prepared for the comparative financial period concerned.
- (3) Include one-off listing expenses of RM2.25 million. For illustration purposes, the company's normalised financial performance, excluding the one-off listing expenses, is as follows:

|                               | INDIVIDUAL              | QUARTER                                    | CUMULATIVE QUARTER      |                             |  |
|-------------------------------|-------------------------|--|-------------------------|-----------------------------|--|
|                               | Current Quarter         | Preceding Year<br>Corresponding<br>Quarter | Period-to-<br>date      | Preceding<br>Period-to-date |  |
|                               | 30.09.2022<br>Unaudited | 30.09.2021<br>Unaudited                    | 30.09.2022<br>Unaudited | 30.09.2021<br>Unaudited     |  |
|                               | RM'000                  | RM'000                                     | RM'000                  | RM'000                      |  |
| Loss before tax               | (109)                   | N/A  | (109)                   | N/A                         |  |
| Add: One-off listing expenses | 2,252                   | N/A  | 2,252                   | N/A                         |  |
| Adjusted profit before tax    | 2,143                   | N/A  | 2,143                   | N/A                         |  |

<sup>(4)</sup> Basic LPS is calculated by dividing the loss before tax attributable to owners of the Company by the weighted average number of ordinary shares in issue during the current financial quarter and period-to-date ended 30 September 2022 under review.

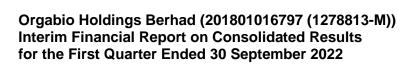
<sup>(5)</sup> N/A: denotes not applicable.



# Unaudited Condensed Consolidated Statement of Financial Position<sup>(1)</sup>

|                               | As at<br>30.09.2022<br>Unaudited<br>RM'000 | As at<br>30.06.2022<br>Audited<br>RM'000 |
|-------------------------------|--|--|
| ASSETS                        |  | _  |
| Non-Current Assets            |  |  |
| Property, plant and equipment | 23,573                                     | 21,374                                   |
| Investment properties         | 1,927                                      | 1,937                                    |
| Total Non-Current Assets      | 25,500                                     | 23,311                                   |
| Current Assets                |  |  |
| Inventories                   | 11,574                                     | 7,816                                    |
| Trade receivables             | 6,646                                      | 7,658                                    |
| Other receivables             | 1,974                                      | 4,775                                    |
| Tax recoverable               | 927  | 1,164                                    |
| Cash and bank balances        | 25,592                                     | 2,061                                    |
| Total Current Assets          | 46,713                                     | 23,474                                   |
| TOTAL ASSETS                  | 72,213                                     | 46,785                                   |
| EQUITY AND LIABILITIES        |  |  |
| EQUITY                        |  |  |
| Share Capital                 | 43,647                                     | 15,120                                   |
| Merger deficit                | (14,186)                                   | (14,186)                                 |
| Retained earnings             | 22,323                                     | 23,100                                   |
| TOTAL EQUITY                  | 51,784                                     | 24,034                                   |

The remainder of this page is intentionally left blank





### Unaudited Condensed Consolidated Statement of Financial Position<sup>(1)</sup> (Continued)

|  | 30.09.2022<br>Unaudited<br>RM'000 | 30.06.2022<br>Audited<br>RM'000 |
|--|-----------------------------------|---------------------------------|
| LIABILITIES  |                                   |                                 |
| Non-Current Liabilities  |                                   |                                 |
| Borrowings   | 8,884                             | 9,031                           |
| Lease liabilities  | 1,432                             | 1,082                           |
| Deferred tax liabilities   | 268                               | 190                             |
| Total Non-Current Liabilities  | 10,584                            | 10,303                          |
| Current Liabilities  |                                   |                                 |
| Trade payables   | 5,627                             | 5,284                           |
| Other payables   | 2,599                             | 4,735                           |
| Borrowings   | 860                               | 1,857                           |
| Lease liabilities  | 759                               | 572                             |
| Tax payable  | -                                 | -                               |
| Total Current Liabilities  | 9,845                             | 12,448                          |
| TOTAL LIABILITIES  | 20,429                            | 22,751                          |
| TOTAL EQUITY AND LIABILITIES   | 72,213                            | 46,785                          |
| Net assets per share attributable to owners of the Company (RM) <sup>(2)</sup> | 0.21                              | 0.16                            |

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2022 as disclosed in the Annual Report and the accompanying explanatory notes attached to this condensed interim financial report.
- (2) Net assets per share is calculated based on the Company's number of ordinary shares as at 30 September 2022 of 247,868,000 shares (30.06.2022: 151,200,002 shares), the enlarged share capital of the Company listed on ACE Market of Bursa Securities on 5 July 2022.



### Unaudited Condensed Consolidated Statement of Changes in Equity(1)(2)

|   | <non-distr<br>Invested</non-distr<br> | ibutable>                   | Distributable                  |                        |  |
|---|---------------------------------------|-----------------------------|--------------------------------|------------------------|--|
| 3 months ended 30 September 2022                  | Equities /<br>Share Capital<br>RM'000 | Merger<br>Reserve<br>RM'000 | Retained<br>Earnings<br>RM'000 | Total Equity<br>RM'000 |  |
| At 1 July 2022 (Audited)                          | 15,120                                | (14,186)                    | 23,100                         | 24,034                 |  |
| Total comprehensive loss for the financial period | -                                     | -                           | (777)                          | (777)                  |  |
| Transactions with owners:                         |                                       |                             |                                |                        |  |
| Issuance of new ordinary shares                   | 29,967                                | -                           | -                              | 29,967                 |  |
| Share issuance expenses                           | (1,440)                               | -                           | -                              | (1,440)                |  |
| At 30 September 2022 (Unaudited)                  | 43,647                                | (14,186)                    | 22,323                         | 51,784                 |  |

- The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2022 as disclosed in the Annual Report and the accompanying explanatory notes attached to this condensed interim financial report.
- No comparative figures for the preceding period-to-date are presented as this is the third condensed interim financial report announced by the Company in compliance with the Listing Requirements.



# Unaudited Condensed Consolidated Statement of Cash Flows<sup>(1) (2)</sup>

|   | Current   | Preceding Period-to-                                     |
|---|---|--|
|   | Period-to-date<br>30.09.2022<br>Unaudited<br>RM'000 | date<br>30.09.2021 <sup>(2)</sup><br>Unaudited<br>RM'000 |
| OPERATING ACTIVITIES                            |   |  |
| Loss before tax                                 | (109)   | N/A  |
| Adjustments for:                                |   |  |
| Depreciation of property, plant and equipment   | 376   | N/A  |
| Depreciation of right-of-use assets             | 204   | N/A  |
| Depreciation of investment properties           | 11  | N/A  |
| Unrealised gain on foreign exchange             | (78)  | N/A  |
| Loss allowance on trade receivables             | 18  | N/A  |
| Reversal of loss allowance on trade receivables | (3)   | N/A  |
| Interest income                                 | (3)   | N/A  |
| Interest expenses                               | 150   | N/A  |
| Operating profit before working capital changes | 566   | N/A  |
| Changes in working capital:                     |   |  |
| Inventories                                     | (3,758)   | N/A  |
| Receivables                                     | 3,881   | N/A  |
| Payables  | (1,817)   | N/A  |
| Cash used in operations                         | (1,128)   | N/A  |
| Tax paid  | (353)   | N/A  |
| Net cash flows used in operating activities     | (1,481)   | N/A  |



### Unaudited Condensed Consolidated Statement of Cash Flows<sup>(1) (2)</sup> (Continued)

|   | Current<br>Period-to-date | Preceding<br>Period-to-date |
|---|---------------------------|-----------------------------|
|   | 30.09.2022                | 30.09.2021 <sup>(2)</sup>   |
|   | Unaudited                 | <u>Unaudited</u>            |
|   | RM'000                    | RM'000                      |
| INVESTING ACTIVITIES                                |                           |                             |
| Purchase of property, plant and equipment           | (2,779)                   | N/A                         |
| Additional Right-of-use of assets                   | 722                       | N/A                         |
| Interest received                                   | 3                         | N/A                         |
| Net cash used in investing activities               | (2,054)                   | N/A                         |
| FINANCING ACTIVITIES                                |                           |                             |
| Interests paid                                      | (150)                     | N/A                         |
| Proceed from issuance of share capital              | 29,967                    | N/A                         |
| Share issuance expenses paid                        | (1,440)                   | N/A                         |
| Repayment of lease liabilities                      | (185)                     | N/A                         |
| Net repayment of borrowings                         | (1,144)                   | N/A                         |
| Net cash from financing activities                  | 27,048                    | N/A                         |
| CASH AND CASH EQUIVALENTS                           |                           |                             |
| Net changes   | 23,513                    | N/A                         |
| At the beginning of the financial period            | 2,061                     | N/A                         |
| Effects on foreign currency translation differences | 18                        | N/A                         |
| At the end of the financial period                  | 25,592                    | N/A                         |

- The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2022 as disclosed in the Annual Report and the accompanying explanatory notes attached to this condensed interim financial report.
- No comparative figures for the preceding year's corresponding financial quarter and preceding period-to-date are presented as this is the third condensed interim financial report announced by the Company in compliance with the Listing Requirements.
- (3) N/A: denotes not applicable.



### A. EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING

#### A1. Basis of Preparation

The condensed interim financial report of Orgabio and its subsidiaries (collectively known as "the Group") have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs") 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS") and Rule 9.22 and appendix 9B of Listing Requirements.

This is the third condensed interim financial report on the Company's unaudited condensed consolidated financial results for the first quarter ended 30 September 2022 announced by the Company in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding financial quarter and preceding period-to-date.

This condensed interim financial report should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2022 as disclosed in the Annual Report of the Company, and the accompanying explanatory notes are an integral part of this condensed interim financial report.

#### **A2. Significant Accounting Policies**

The accounting policies adopted by the Group in the preparation of this condensed interim financial report are consistent with those adopted as disclosed in the Group's audited financial statements for the financial year ended 30 June 2022 in the Annual Report of the Company, except for the adoption of amended MFRSs and IC Interpretations which are relevant to its operations and effective for the financial period beginning on or after 1 July 2022. The adoption of these amended MFRSs and IC Interpretations have no material impacts on the condensed interim financial report of the Group.

At the date of authorisation for the issuance of this condensed interim financial report, MASB has approved certain new standards, amendments and interpretations to existing standards which are not yet effective and have not been early adopted by the Group. The management anticipates that all the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncements. New standards, amendments and interpretations to existing standards are not expected to have a material impact on the Group's condensed interim financial report of the Group.

#### A3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 30 June 2022.

#### A4. Seasonal or Cyclical Factors

The Group does not experience any significant fluctuation in business operation due to seasonal or cyclical factors as the demand for our products and services are neither subject to seasonal nor cyclical variations.



#### A. EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (CONTINUED)

#### A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature in size or incidence during the current financial guarter and period-to-date under review.

#### A6. Changes in Estimates

There were no material changes in the estimates of amounts reported that have a material effect on the results for the current financial quarter under review.

#### A7. Debt and Equity Securities

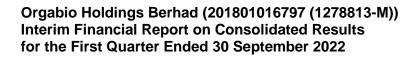
Save as disclosed below, there were no other issuance, cancellation, repurchase, resale and repayment of debt and equity of the current financial quarter under review.

In conjunction with the Company's listing on the ACE Market of Bursa Securities which was held on 5 July 2022, the Company issued 96,668,000 new ordinary shares at an issue price of RM0.31 per ordinary share via a public issue that were allocated in the following manner:

- (a) 12,393,400 new ordinary shares available for application by the Malaysian public;
- (b) 6,196700 new ordinary shares available for application by our eligible directors and employees as well as person who have contributed to the success of our Group; and
- (c) 78,077,900 new ordinary shares by way of private placement to selected bumiputera investors approved by the Ministry of International Trade and Industry and selected investors.

#### A8. Dividend Paid

There was no dividend paid for the current financial quarter and cumulative financial period-to-date.





#### A. EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (CONTINUED)

#### A9. Segmental Reporting

|   | Current Quarter      |                                 | Cumula                | tive Quarter                |
|---|----------------------|---------------------------------|-----------------------|-----------------------------|
|   | Current              | Preceding year<br>Corresponding | Current<br>Period to- | Preceding                   |
|   | Quarter<br>Unaudited | Quarter<br>Unaudited            | date<br>Unaudited     | Period to-date<br>Unaudited |
|   | 30.09.2022           | 30.09.2021 <sup>(1)</sup>       | 30.09.2022            | 30.09.2021 <sup>(1)</sup>   |
|   | RM'000               | RM'000                          | RM'000                | RM'000                      |
| Revenue by Business Activities:<br>Provision of instant beverage<br>premixes manufacturing services for |                      |                                 |                       |                             |
| third party brand owners  | 14,301               | N/A                             | 14,301                | N/A                         |
| Trading – others <sup>(2)</sup>   | 173                  | N/A                             | 173                   | N/A                         |
| Total   | 14,474               | N/A                             | 14,474                | N/A                         |
| Revenue by Geographical Market:   |                      |                                 |                       |                             |
| Domestic  | 6,239                | N/A                             | 6,239                 | N/A                         |
| Overseas:   | 8,235                | N/A                             | 8,235                 | N/A                         |
| Total   | 14,474               | N/A                             | 14,474                | N/A                         |

#### Notes:

- No comparative figures for the preceding year's corresponding quarter and preceding financial period-to-date are presented as this is the third condensed interim financial report announced by the Company in compliance with the Listing Requirements.
- (2) Comprise of trading of house brands instant beverage premixes and sale of aloe vera gel.
- (3) N/A: denotes not applicable.

#### A10. Valuation of Property, Plant and Equipment and Investment Properties

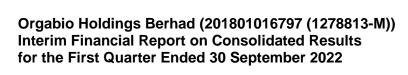
There was no valuation of property, plant and equipment and investment properties during the current financial quarter under review.

#### A11. Material Events Subsequent to the End of Current Financial Period

There were no material events subsequent to the end of the current financial quarter under review.

# A12. Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial quarter under review.





# A. EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (CONTINUED)

#### A13. Changes in Contingent Liabilities or Contingent Assets

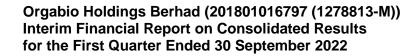
There were no material contingent liabilities or contingent assets of the Group at the end of the current financial quarter under review.

#### **A14. Capital Commitments**

Save as disclosed below, there were no other material capital commitments of the Group as at the end of the current financial quarter under review.

|                               | As at      | As at      |
|-------------------------------|------------|------------|
|                               | 30.09.2022 | 30.06.2022 |
|                               | Unaudited  | Audited    |
|                               | RM'000     | RM'000     |
| Property, plant and equipment |            |            |
| Plant and machineries         | -          | 22         |
| Software                      | 2,617      | 2,587      |
| Construction of new factory   | 9,497      | 11,226     |
| Total                         | 12,114     | 13,835     |

This page intentionally left blank





# A. EXPLANATORY NOTES PURSUANT TO MFRS 134, INTERIM FINANCIAL REPORTING (CONTINUED)

#### A15. Related Party Transactions

The Group has the following significant transactions with the related parties during the financial quarter under review:

| under review:                 |  | CURREN                           | CURRENT QUARTER Preceding                                     |   | CUMULATIVE QUARTER   |  |
|-------------------------------|--|----------------------------------|---|---|--|--|
|                               |  | Current<br>Quarter<br>30.09.2022 | Year<br>Corresponding<br>Quarter<br>30.09.2021 <sup>(1)</sup> | Current<br>Period-to-<br>date<br>30.09.2022 | Preceding<br>Period-to-<br>date<br>30.09.2021 <sup>(1)</sup> |  |
| Related parties               | Nature of transactions   | RM'000                           | RM'000  | RM'000                                      | RM'000   |  |
| Ean Yong Hien<br>Voon         | Rental of a<br>single storey<br>terrace house<br>as worker<br>hostel                   | 1.35                             | N/A   | 1.35  | N/A  |  |
| Hai-O<br>Enterprise<br>Berhad | Sale of<br>beverage<br>premixes<br>products by<br>Orgapharma<br>Marketing Sdn.<br>Bhd. | 2,098                            | N/A   | 2,098                                       | N/A  |  |

- No comparative figures for the preceding year's corresponding quarter and preceding period-todate are presented as this is the third condensed interim financial report announced by the Company in compliance with the Listing Requirements.
- (2) N/A: denotes not applicable.





#### **B1.** Review of Group's Performance

|                 | INDIVIDUA                         | INDIVIDUAL QUARTER                               |                                   | /E QUARTER                                       |  |
|-----------------|-----------------------------------|--|-----------------------------------|--|--|
|                 | Current                           | Preceding Year Current Corresponding             |                                   | Preceding<br>Period-to-                          |  |
|                 | Quarter                           | Quarter  | Period-to-<br>date                | date   |  |
|                 | Unaudited<br>30.09.2022<br>RM'000 | Unaudited<br>30.09.2021 <sup>(1)</sup><br>RM'000 | Unaudited<br>30.09.2022<br>RM'000 | Unaudited<br>30.09.2021 <sup>(1)</sup><br>RM'000 |  |
| Revenue         | 14,474                            | N/A  | 14,474                            | N/A  |  |
| Gross Profit    | 3,779                             | N/A  | 3,779                             | N/A  |  |
| Loss before tax | (109)                             | N/A  | (109)                             | N/A  |  |

#### Notes:

- No comparative figures for the preceding year's corresponding quarter and preceding period-to-date are available as this is the third condensed interim financial report announced by the Company in compliance with the Listing Requirements of Bursa Securities.
- (2) N/A: denotes not applicable.

#### (i) Results for the current financial quarter

The Group recorded revenue of RM14.47 million for the current financial quarter ended 30 September 2022, mainly contributed from the provision of instant beverage premixes manufacturing services to third party brand owners of RM14.30 million. In terms of geographical market, overseas market's revenue for the current quarter is RM 8.23 million (56.88% of the total revenue) while domestic market recorded at RM6.24 million (43.12% of the total revenue). The surged of the overseas market revenue is primarily due to the Group secured more orders from overseas market. The decreased in revenue for the domestic market was mainly due to the reduction in orders from our direct selling customers.

The Group recorded gross profit of RM3.78 million and gross profit margin of 26.11% for the current financial quarter mainly due to the increase in revenue from the overseas market as well as the upwards revision in selling prices.

Despite the Group recorded gross profit in the current financial year, the Group has incurred loss before tax of RM0.11 million, mainly attributable to the one-off listing expenses of RM2.25 million charged to the profit or loss during the current financial quarter upon the completion of the listing of the Company's enlarged share capital on the ACE Market of Bursa Securities on 4 July 2022.



# B. ADDITIONAL INFORMATION REQUIRED BY LISTING REQUIREMENTS OF BURSA SECURITIES (CONTINUED)

#### B2. Comparison with Immediate Preceding Quarter's Results

|                 | INDIVIDUAL QUARTER |            |         |          |
|-----------------|--------------------|------------|---------|----------|
|                 | 30.09.2022         | 30.06.2022 | Changes |          |
|                 | RM'000             | RM'000     | RM'000  | %        |
| Revenue         | 14,474             | 16,027     | (1,553) | (9.69)   |
| Gross Profit    | 3,779              | 3.829      | (50)    | (1.31)   |
| Loss before tax | (109)              | 2,346      | (2,455) | (104.65) |

The Group recorded revenue of RM14.47 million in current quarter as compared to RM16.03 million in the preceding financial quarter ended 30 June 2022. The decrease in revenue of RM1.55 million or 9.69% was mainly due to the decrease in sales to third party brand owners of RM1.53 million as well as the reduction in orders for instant beverage premixes.

Correspondingly, gross profit of the Group decreased from RM3.83 million for the preceding financial quarter to RM3.78 million for the current financial quarter. However, the gross profit margin of the group improved from 23.89% for the preceding financial quarter to 26.11% for the current financial quarter. The said improvement in gross profit margin was mainly due to the increase in export sales as well as the upwards revision in selling prices.

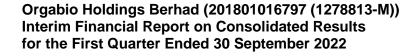
The Group recorded loss before tax of RM0.11 million for the current financial quarter compared to profit before tax of RM2.35 million for the preceding financial quarter, primarily due to the one-off listing expenses of RM2.25 million charged to the profit or loss during the current financial quarter upon the completion of the listing of the Company's enlarged share capital on the ACE Market of Bursa Securities on 4 July 2022.

#### **B3.** Commentary on Prospects

As disclosed in the prospectus dated 15 June 2022, the global instant premixes industry is remained to expand. The growth in the instant premixes industry is mainly due to its convenience, ease of carrying, ability to save time, and change in lifestyle due to COVID-19 pandemic.

With Malaysia being one of the major exporters of coffee extracts, it signifies that Malaysian instant coffee premix manufacturers have a strong global reputation and recognition, and hence international customers will continue to seek for coffee products from Malaysia.

Recognising that Malaysia is one of the main producers of instant coffee premixes and that the Group wanted to take on the new opportunities when they arise, a new factory is currently constructed in Semenyih which expected to be completed by August 2023. Upon completion of the new factory, the manufacturing capacity of the Group will be further improved. Hence, this will enable the Group to venture into new categories of business such as bulk-packaging services, plant-based instant beverage premixes, ODM/OEM services, etc.





#### B3. Commentary on Prospects (Cont'd)

The raw material prices has become volatile due to the global COVID-19 pandemic and this has caused the increase in the logistic costs, the disruption to the material supplies, and the recession have made consumers more cautious about their purchases, which indirectly impacted our Group's revenues and gross profit margin. Hence, the Group has adopted stringent cost control measures, looking for new customers, and has upwards revision the selling prices in order to improve our profitability. As such, our Group remains optimistic about the instant beverage premix industry in view of the continuous growth in demands for instant beverage premix.

#### **B4.** Variance of Actual Profits from Forecast Profits

The Group did not issue any profit forecast or profit guarantee during the current financial quarter under review.

#### **B5. Tax Expense**

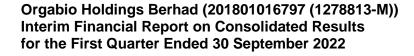
|                           | INDIVIDU       | INDIVIDUAL QUARTER        |                | CUMULATIVE QUARTER |  |
|---------------------------|----------------|---------------------------|----------------|--------------------|--|
|                           | Preceding Year |                           |                |                    |  |
|                           | Current        | Corresponding             | Current        | Preceding          |  |
|                           | Quarter        | Quarter                   | Period-to-date | Period-to-date     |  |
|                           | 30.09.2022     | 30.09.2021 <sup>(1)</sup> | 30.09.2022     | 30.09.2021(1)      |  |
|                           | RM'000         | RM'000                    | RM'000         | RM'000             |  |
| Current tax               | 668            | N/A                       | 668            | N/A                |  |
| Effective tax rate (%)(2) | 613            | N/A                       | 613            | N/A                |  |
| Statutory tax rate (%)    | 24             | N/A                       | 24             | N/A                |  |

#### Notes:

- No comparative figures for the preceding year's corresponding quarter and preceding period-to-date are presented as this is the third condensed interim financial report announced by the Company in compliance with the Listing Requirements.
- The Group's effective tax rate for the current financial quarter is higher than the statutory tax rate, mainly due to expenses not deductible for tax reporting purposes, such as depreciation for non-qualifying assets, restriction on the tax-deductible interest expenses and one off listing expenses. If the listing expenses of RM2.25 million added back to the loss before tax, the adjusted effective tax rate for the current financial quarter will be 31.2%.
- (3) N/A: denotes not applicable.

#### **B6.** Status of Corporate Proposals

There were no corporate proposals announced but not implemented as at the date of this interim condensed financial report.





### B7 Use of Proceeds From Initial Public Offering ("IPO")

The gross proceeds of approximately RM29.97 million raised from the IPO is intended to be utilised in the following manner:

| Detail of Utilisation       | Estimated<br>Timeframe for<br>the Utilisation | Proposed<br>Utilisation<br>RM'000 | Actual<br>Utilisation<br>RM'000 | Unutilised<br>Amount<br>RM'000 |
|-----------------------------|---|-----------------------------------|---------------------------------|--------------------------------|
| Construction of new factory | March 2023 <sup>(1)</sup>                     | 16,000                            | 3,012                           | 12,988                         |
| Acquisition of machinery    | 4 months <sup>(2)</sup>                       | 2,230                             | -                               | 2,230                          |
| Working capital             | 12 months <sup>(3)</sup>                      | 8,137                             | 3,133                           | 5,004                          |
| Estimated listing expenses  | 1 month <sup>(3)</sup>                        | 3,600                             | 3,600                           | -                              |
|                             | Total   | 29,967                            | 9,745                           | 20,222                         |

#### Notes:

#### **B8.** Borrowings

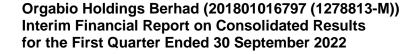
The details of the Group's borrowings are as follow:

|                         | As at<br>30.09.2022<br>Unaudited<br>RM'000 | As at<br>30.06.2022<br>Audited<br>RM'000 |
|-------------------------|--|--|
| Current liabilities     |  |  |
| Secured:-               |  |  |
| Term loan               | 659  | 669                                      |
| Bankers' acceptance     | 201  | 1,188                                    |
| Non-current liabilities |  |  |
| Secured:-               |  |  |
| Term loan               | 8,884                                      | 9,031                                    |
| Total borrowings        | 9,744                                      | 10,888                                   |

<sup>(1)</sup> The estimated completion of construction of our new factory.

<sup>(2)</sup> From the estimated completion of construction of our new factory.

<sup>(3)</sup> From the Company's date of listing on the ACE Market of Bursa Securities of 4 July 2022.





#### **B9.** Material Litigation

The Group is not engaged in any material litigation, either as plaintiff or defendant, and the Directors do not have any knowledge of any proceeding pending or threatened against the Group as at the date of this condensed interim financial report.

#### B10. Dividend

No dividend has been declared or recommended by the Board for the current financial quarter under review.

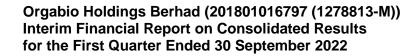
#### **B11. LPS**

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

|   | Individual Quarter |                           | Cumulative Quarter |                |
|---|--------------------|---------------------------|--------------------|----------------|
|   |                    | Preceding Year            |                    |                |
|   | Current            | Corresponding             | Current            | Preceding      |
|   | Quarter            | Quarter                   | Period-to-date     | Period-to-date |
|   | Unaudited          | Unaudited                 | Unaudited          | Unaudited      |
|   | RM'000             | RM'000                    | RM'000             | RM'000         |
|   | 30.09.2022         | 30.09.2021 <sup>(1)</sup> | 30.09.2022         | 30.09.2021(1)  |
| Loss attributable to Owners of the Company (RM'000)                       | (777)              | N/A                       | (777)              | N/A            |
| Weighted average number of ordinary shares in issue ('000) <sup>(2)</sup> | 244,716            | N/A                       | 244,716            | N/A            |
| Basic LPS (sen)   | (0.32)             | N/A                       | (0.32)             | N/A            |
| Diluted LPS <sup>(3)</sup>  | (0.32)             | N/A                       | (0.32)             | N/A            |
|   |                    |                           |                    |                |

- No comparative figures for the preceding year's corresponding quarter and preceding year-to date are presented as this is the third condensed interim financial report announced by the Company in compliance with Listing Requirements.
- Basic LPS is calculated by dividing loss before tax attributable to owners of the Company by the weighted average number of ordinary shares in issue during the current financial quarter, and period-to-date ended 30 September 2022 under review.
- The diluted LPS of the Group for the current financial quarter and period-to-date ended 30 September 2022 is equivalent to the basic LPS as the Group does not have any potential dilutive equity instruments that would give a diluted effect to the basic LPS at the end of the reporting period.

<sup>(4)</sup> N/A: denotes not applicable.





#### B12. Notes to Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Loss before tax was derived after (crediting)/charging of the following:

|   | Individual Quarter<br>Preceding Year |                           | Cumulative Quarter |                           |
|---|--------------------------------------|---------------------------|--------------------|---------------------------|
|   | Current                              | Corresponding             | Current            | Preceding                 |
|   | Quarter                              | Quarter                   | Period-to-date     | Period-to-<br>date        |
|   | Unaudited                            | Unaudited                 | Unaudited          | Unaudited                 |
|   | 30.09.2022                           | 30.09.2021 <sup>(1)</sup> | 30.09.2022         | 30.09.2021 <sup>(1)</sup> |
|   | RM'000                               | RM'000                    | RM'000             | RM'000                    |
| After crediting:                              |                                      |                           |                    |                           |
| Interest income                               | (3)                                  | N/A                       | (3)                | N/A                       |
| Rental income                                 | (18)                                 | N/A                       | (18)               | N/A                       |
| Gain from foreign exchange :-                 |                                      |                           |                    |                           |
| Unrealised                                    | (78)                                 | N/A                       | (78)               | N/A                       |
| Realised Reversal of loss allowance on        | (57)                                 | N/A                       | (57)               | N/A                       |
| trade receivables                             | (3)                                  | N/A                       | (3)                | N/A                       |
| Sundry income                                 | (25)                                 | N/A                       | (25)               | N/A                       |
| After charging:                               |                                      |                           |                    |                           |
| Depreciation of property, plant and equipment | 376                                  | N/A                       | 376                | N/A                       |
| Depreciation of right-of-use assets           | 204                                  | N/A                       | 204                | N/A                       |
| Depreciation of investment properties         | 11                                   | N/A                       | 11                 | N/A                       |
| Loss allowance on trade receivables           | 18                                   | N/A                       | 18                 | N/A                       |
| Interest expenses                             | 150                                  | N/A                       | 150                | N/A                       |

#### Notes:

#### **B13.** Authorisation for Issue

The condensed interim financial report was authorised for issue by the Board of Directors on 28<sup>th</sup> November 2022.

No comparative figures for the preceding financial year's corresponding quarter and financial period-to-date are presented as this is the third condensed interim financial report announced by the Company in compliance with Listing Requirements.

<sup>(2)</sup> N/A: denotes not applicable.