

# HeveaBoard Berhad

Registration No: 199301020774 (275512-A)

(Incorporated in Malaysia)

## QUARTERLY REPORT – FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2023

### A. EXPLANATORY NOTES PURSUANT TO FINANCIAL REPORTING STANDARD 134, INTERIM FINANCIAL REPORTING AND BURSA LISTING REQUIREMENTS

#### A1. Basis of Preparation

The interim financial report has been prepared in accordance with the reporting requirements outlined in the MFRS 134 issued by the Malaysian Accounting Standard Board (“MASB”) and the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and should be read in conjunction with the Group’s annual audited financial statements for the year ended 31 December 2022.

##### A1.1 Accounting Policies

The significant accounting policies and methods of computation adopted by HeveaBoard Berhad in the condensed interim financial statements are consistent with those adopted in the audited consolidated financial statements of HeveaBoard Berhad for the financial year ended 31 December 2022 other than the application of a new MFRS and amendments to MFRSs which became effective for annual period beginning 1 January 2023.

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022 1 January 2023
MFRS 3	Business Combinations	1 January 2022 1 January 2023
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023
MFRS 7	Financial Instruments: Disclosures	1 January 2023

# HeveaBoard Berhad

Registration No: 199301020774 (275512-A)

(Incorporated in Malaysia)

## QUARTERLY REPORT – FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2023

### A1. Basis of Preparation (Continued)

#### A1.1 Accounting Policies (Continued)

<u>Amendments/Improvements to MFRSs (Continued)</u>		Effective for financial periods beginning on or after
MFRS 9	Financial Instruments	1 January 2022 1 January 2023
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023
MFRS 16	Leases	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023
MFRS 107	Statements of Cash Flows	1 January 2023
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 112	Income Taxes	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022 1 January 2023
MFRS 119	Employee Benefits	1 January 2023
MFRS 128	Investments in Associates and Joint Ventures	Deferred 1 January 2023
MFRS 132	Financial instruments: Presentation	1 January 2023
MFRS 136	Impairment of Assets	1 January 2023
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022 1 January 2023
MFRS 138	Intangible Assets	1 January 2023
MFRS 140	Investment Property	1 January 2023
MFRS 141	Agriculture	1 January 2022

The Group will adopt the aforementioned pronouncements when they become effective in the respective financial periods.

# HeveaBoard Berhad

Registration No: 199301020774 (275512-A)

(Incorporated in Malaysia)

## QUARTERLY REPORT – FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2023

### A2. Declaration of audit qualification

The preceding annual financial statements of the Group were reported on without any qualification.

### A3. Nature and amount of unusual items

There were no extraordinary items for the current interim period.

### A4. Seasonal or Cyclical Factors

There have been no material seasonal or cyclical factors affecting the results of the quarter under review.

### A5. Material Changes in Estimates

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

### A6. Debts and Equity Securities

During the financial period, there were no issuances, cancellations, repurchases, and resale of debts and equity securities. Total repayment of debts amounted to RM1.25 million for the reporting quarter.

### A7. Dividend Paid

Description	Per ordinary share (sen)	Payment Date	FYE2022 (RM'million)
Single-tier first & final dividend	1.20	20.07.2023	6.79

# HeveaBoard Berhad

Registration No: 199301020774 (275512-A)

(Incorporated in Malaysia)

## QUARTERLY REPORT – FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2023

### A8. Segmental Reporting (Analysis by Activities)

	← Cumulative 12-month ended →			
	Current year period to-date 31.12.2023		Preceding year corresponding period to date 31.12.2022	
	Revenue RM'000	Profit/(loss) before taxation RM'000	Revenue RM'000	Profit/(loss) before taxation RM'000
<b>Operating Segments</b>				
Particleboards	111,596	810	159,951	475
RTA Products	181,319	(5,468)	249,302	17,689
Fungi Cultivation	3,507	(1,365)	3,397	(1,603)
	<u>296,422</u>	<u>(6,023)</u>	<u>412,650</u>	<u>16,561</u>

#### **Particleboard Manufacturing Sector**

The revenue reported for this period decreased by RM48.36 million or 30.23% and an increase in profit before tax by RM0.34 million or 70.53% respectively, compared to the same period last year. The decrease in revenue was mainly attributable to the lower average selling price, lower sales and production volumes due to the highly challenging market condition during this reporting quarter. Better production cost control and a higher USD/MYR exchange rate had contributed to the improved PBT despite significant electricity costs increase that impacted the cost of production adversely.

#### **RTA Manufacturing Sector**

The revenue reported for this period decreased by RM67.98 million or 27.27% and a decrease in profit before tax to loss before tax by RM23.16 million or 130.91% respectively, compared to the same period last year. The decline in revenue and shift from profit to loss before tax was mainly due to the highly challenging market condition and the writing-off of slow-moving inventories during this reporting period.

#### **Fungi Cultivation**

The revenue reported for this period increased by RM0.11 million or 3.24%, and the loss before tax decreased by 14.85%. HeveaGro had started Grey Oyster Mushrooms cultivation towards the end of June 2023. With 2 types of mushrooms, HeveaGro will be able to increase its capacity utilization to achieve better economies of scale. The management will continue to capture market share by expanding its local distribution channels for both eryngii and grey oyster mushrooms.

# HeveaBoard Berhad

Registration No: 199301020774 (275512-A)

(Incorporated in Malaysia)

## QUARTERLY REPORT – FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2023

### A9. Subsequent events

There was no material event subsequent to the end of the period reported that had not been reflected in the financial statement for the said period.

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

No valuation was conducted during the period on the Group's property, plant and equipment.

### A11. Effect of Changes in the Composition of the Group

There were no changes in the composition of the Group for the current financial year to date.

### A12. Contingent Liabilities

Corporate guarantees of RM13.00 million were given to financial institutions for term loans granted to subsidiaries as at 22 February 2024 (the latest practicable date not earlier than seven (7) days from the date of issue of this report).

### A13. Capital Commitments

The commitments for the purchase of property, plant and equipment not provided for in the financial statements as at 31 December 2023 were as follows:

Approved and contracted for

The Group  
RM'000  
3,000

---

# **HeveaBoard Berhad**

Registration No: 199301020774 (275512-A)

(Incorporated in Malaysia)

## **QUARTERLY REPORT – FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2023**

### **B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES LISTING REQUIREMENTS**

#### **B1. Review of performance**

The revenue and profit before tax of the Group for the current quarter ended 31 December 2023 were RM87.70 million and RM6,000 respectively. The revenue decreased by RM11.46 million or 11.55% and profit before tax decreased by RM10.25 million or 99.94% respectively as compared to the corresponding quarter in FY 2022.

For the 12 months ended 31 December 2023, the revenue and loss before tax for the Group were RM296.42 million and RM6.02 million, a decrease of RM116.23 million or 28.17% and a change from profit to loss before tax by RM22.58 million or 136.37% respectively as compared to the corresponding period in FY 2022.

The reasons for the decrease in the Group revenue and shift from profit to loss before tax for the reporting period were highlighted in Segmental Reporting A8.

#### **B2. Material change in profit before taxation for the quarter against the immediate preceding quarter**

The Group reported a profit before tax of RM6,000 for the current quarter as compared to a profit before tax of RM426,000 for the immediate preceding quarter that ended 30 September 2023, a decrease of profit before tax of RM420,000 or 98.59%.

#### **B3. Prospect for the current financial year**

The outlook of the Company is expected to remain challenging in the near future given the volatile external environment, geopolitical instability arising from Russia-Ukraine conflict and tension in the Middle East. The management will continue to be innovative in facing the challenges ahead by ensuring high product quality, better cost management, improving operational efficiencies, scaling up automation initiatives, and continuing to differentiate ourselves from our competitors. The Board is cautiously optimistic that the Group can overcome the current challenges with better strategies in place.

# HeveaBoard Berhad

Registration No: 199301020774 (275512-A)

(Incorporated in Malaysia)

## QUARTERLY REPORT – FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2023

### B4. Variances from Profit Forecasts and Profit Guarantee

Not applicable.

### B5. Profit/(Loss) Before Taxation

Profit/(Loss) before taxation is arrived at after charging/(crediting):-

	Current Quarter Ended 31.12.2023 RM'000	Corresponding Quarter Ended 31.12.2022 RM'000	Current Year To Date Ended 31.12.2023 RM'000	Corresponding Year to date Ended 31.12.2022 RM'000
Interest income	(958)	(681)	(3,837)	(2,109)
Interest expense	163	107	527	425
Depreciation	5,563	7,146	20,529	28,658
Net realised foreign exchange loss/(gain)	748	1,045	2,094	1,121
Net unrealised foreign exchange loss/(gain)	248	441	(149)	(360)

### B6. Taxation

	Current Quarter		Cumulative Quarter	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Taxation				
- Income tax	2,678	(2,890)	2,373	(4,428)
- Deferred tax	-	(2,800)	-	(2,800)
	<u>2,678</u>	<u>(5,690)</u>	<u>2,373</u>	<u>(7,228)</u>

There was a reversal of income tax expenses at the RTA sector due to over-provision of tax for FY2022.

The particleboard sector still has unabsorbed investment tax allowance (ITA), reinvestment allowance (RA) and unutilized tax losses available to offset against the statutory business income.

# HeveaBoard Berhad

Registration No: 199301020774 (275512-A)

(Incorporated in Malaysia)

## QUARTERLY REPORT – FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2023

### B7. Corporate Proposal

There was no corporate proposal announced during the financial period to date.

### B8. Loans and Borrowings

The Group's borrowings are as follows:

	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
Short term borrowings - secured		
-finance lease liabilities	931	1,065
-term loans	3,366	2,047
	<u>4,297</u>	<u>3,112</u>
Long term borrowings - secured		
-finance lease liabilities	3,477	4,750
-term loans	11,041	1,338
	<u>14,518</u>	<u>6,088</u>

### B9. Material Litigation

The Group is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any proceedings pending or threatened against the Group, which might materially and adversely affect the financial position or business of the Group.

### B10. Dividend

The Board of Directors does not recommend any interim dividend during this reporting quarter for the financial year ending 31 December 2023.



## HeveaBoard Berhad

Registration No: 199301020774 (275512-A)

(Incorporated in Malaysia)

### QUARTERLY REPORT – FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2023

#### B11. Earnings/(Loss) per Share

The earnings/(loss) per Share are calculated by dividing the Group's profits attributable to shareholders by the weighted number of ordinary shares in issue in the respective periods as follows: -

##### a) *Basic*

	31 December 2023		31 December 2022	
	Quarter ended	Period to-date	Quarter ended	Period to-date
Profit/(Loss) attributable to the shareholders (RM'000)	<u>2,684</u>	<u>(3,650)</u>	<u>4,564</u>	<u>9,333</u>
Weighted average number of shares (units '000)	<u>567,746</u>	<u>567,746</u>	<u>567,746</u>	<u>567,746</u>
Basic earnings/(loss) per share (sen)	<u>0.47</u>	<u>(0.64)</u>	<u>0.80</u>	<u>1.64</u>

##### b) *Diluted*

The diluted earnings per ordinary share equal basic earnings per ordinary share because there were no potential dilutive shares as at the end of the reporting period.

#### B12. Authorisation

These Quarterly Results for the financial period ended 31 December 2023 have been viewed and approved by the Board of Directors of HeveaBoard Berhad for release to Bursa Securities.