



MST GOLF GROUP BERHAD

Registration No. 199301009307 (264044-M)
(Incorporated in Malaysia)

**INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023**

**INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾

	Note	CURRENT QUARTER		YEAR-TO-DATE	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Audited RM'000
Revenue	A9	80,864	N/A	325,431	300,875
Cost of sales		(44,766)	N/A	(182,502)	(171,680)
Gross profit		36,098	N/A	142,929	129,195
Other income		1,559	N/A	3,199	2,933
Administrative and other expenses		(27,619)	N/A	(105,689) ⁽²⁾	(78,270)
Selling and distribution expenses		(2,097)	N/A	(7,757)	(10,852)
Operating profit		7,941	N/A	32,682	43,006
Finance cost		(2,035)	N/A	(6,292)	(4,173)
Finance Income		573	N/A	863	7
Profit before tax	B5	6,479	N/A	27,253	38,840
Tax expense	B6	(3,222)	N/A	(9,567)	(9,726)
Profit for the financial period/year		3,257	N/A	17,686	29,114
Other comprehensive income: - <i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation		148	N/A	2,241	2,277
Other comprehensive income for the financial period/year		148	N/A	2,241	2,277
Total comprehensive income for the financial period/year		3,405	N/A	19,927	31,391
Profit/(Loss) for the financial period/year attributable to:-					
Shareholders of the Company		3,514	N/A	17,943 ⁽²⁾	26,652
Non-controlling interests		(257)	N/A	(257)	2,462
		3,257	N/A	17,686	29,114
Total comprehensive income attributable to:-					
Shareholders of the Company		4,035	N/A	20,557	28,478
Non-controlling interests		(630)	N/A	(630)	2,913
		3,405	N/A	19,927	31,391
Basic earnings per share ("Basic EPS") (sen) ⁽³⁾	B12	0.43	N/A	2.45	20.76
Diluted earnings per share ("Diluted EPS") (sen) ⁽⁴⁾	B12	0.43	N/A	2.45	20.76
Weighted average number of ordinary shares in issue		820,868,600	N/A	733,197,367	128,375,603

This is the fourth interim financial report announced in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad. There are no comparative figures for the preceding year corresponding quarter as there is no interim financial report prepared for the comparative financial quarter.

Notes:

N/A means "Not applicable"

- The basis of preparation of the Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of MST Golf Group Berhad dated 28 June 2023 and the accompanying explanatory notes attached to this interim financial report.
- Included in the "Administrative and other expenses" is a one-off listing expenses of RM4.39 million in the financial year ended 31 December 2023. The normalised Profit after tax and minority interest (PATAMI) excluding the one-off listing expense of RM4.39 million in the financial year would have been RM22.33 million.

	YEAR-TO-DATE	
	31.12.2023 Unaudited RM'000	31.12.2022 Audited RM'000
Normalised profit attributable to shareholders of the Company	22,333	26,652

- Basic EPS for current quarter and financial year ended 31 December 2023 are computed based on profit attributable to shareholders of MST Golf Group Berhad divided by the weighted average number of ordinary shares in issue of 820,868,600 and 733,197,367 respectively for the financial period ended, after the completion of the Initial Public Offering ("IPO") of the Company on 20 July 2023. For the preceding year ended 31 December 2022, the weighted average number of ordinary shares in issue was 128,375,603.
- Diluted EPS of MST Golf Group Berhad is equivalent to the basic EPS as the Company does not have convertible securities at the end of the current quarter and financial year ended.

**INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾

	Note	Unaudited as at 31.12.2023 RM'000	Audited as at 31.12.2022 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		53,223	44,024
Right-of-use assets		56,414	46,111
Intangible assets		1,417	1,417
Other receivables		437	-
Other Investment		17	17
Deferred tax assets		272	219
Total non-current assets		111,780	91,788
Current assets			
Inventories		150,541	113,567
Trade receivables		12,097	8,506
Other receivables		19,658	15,979
Tax recoverable		-	7
Other investment ⁽²⁾		26,655	-
Fixed deposits with licensed banks		57,363	2,059
Cash and bank balances		35,264	26,825
Total current assets		301,578	166,943
TOTAL ASSETS		413,358	258,731
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to equity shareholders of the Company: -			
Share capital		165,902	39,836
Foreign exchange reserve		5,367	3,126
Retained earnings		66,493	52,654
		237,762	95,616
Non-controlling interest		18,061	-
TOTAL EQUITY		255,823	95,616
LIABILITIES			
Non-current liabilities			
Lease liabilities		46,836	38,728
Borrowings	B9	17,518	15,478
Deferred tax liabilities		1,461	805
Total non-current liabilities		65,815	55,011
Current liabilities			
Trade payables		12,489	17,240
Other payables		14,297	13,984
Contract liabilities		4,928	4,417
Dividend payable	A8	4,104	12,500
Borrowings	B9	41,153	45,713
Lease liabilities		12,943	10,682
Tax payable		1,806	3,568
Total current liabilities		91,720	108,104
TOTAL LIABILITIES		157,535	163,115
TOTAL EQUITY AND LIABILITIES		413,358	258,731
Net assets per share attributable to shareholders of the Company (RM) ⁽³⁾		0.29	0.14
Number of outstanding ordinary shares in issue		820,868,600	660,868,600

Notes:

- The basis of preparation of the Condensed Consolidated Statement of Financial Position is disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of MST Golf Group Berhad dated 28 June 2023 and the accompanying explanatory notes attached to this interim financial report.
- Other investment consists of fund placement in money market deposit.
- Computed based on respective period's total equity attributable to equity shareholders of the Company divided by the number of outstanding ordinary shares in issue of 820,868,600 as at 31 December 2023 and 660,868,600 as at 31 December 2022 respectively.

**INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾

Unaudited	← Attributable to Equity Shareholders of the Company →					
	<u>Share capital</u> RM'000	<u>Foreign exchange reserve</u> RM'000	<u>Distributable retained earnings</u> RM'000	<u>Sub-total</u> RM'000	<u>Non-controlling interest</u> RM'000	<u>Total equity</u> RM'000
Balance as at 1 January 2023	39,836	3,126	52,654	95,616	-	95,616
Total comprehensive income for the financial year						
Profit for the financial year	-	-	17,943	17,943	(257)	17,686
Other comprehensive income for the financial year	-	2,241	-	2,241	(373)	1,868
	-	2,241	17,943	20,184	(630)	19,554
Transactions with shareholders of the Company:-						
Issuance of ordinary shares pursuant to Initial Public Offering	129,600	-	-	129,600	-	129,600
Share issuance expenses	(3,534)	-	-	(3,534)	-	(3,534)
Dividends paid	-	-	(4,104)	(4,104)	-	(4,104)
Acquisition of non-controlling interest	-	-	-	-	18,691	18,691
	126,066	-	(4,104)	121,962	18,691	140,653
Balance as at 31 December 2023	<u>165,902</u>	<u>5,367</u>	<u>66,493</u>	<u>237,762</u>	<u>18,061</u>	<u>255,823</u>

Notes:

- The basis of preparation of the Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of MST Golf Group Berhad dated 28 June 2023 and the accompanying explanatory notes attached to this interim financial report.

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**INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾

	Notes	YEAR-TO-DATE	
		Unaudited 31.12.2023 RM'000	Audited 31.12.2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		27,253	38,840
Adjustments for :-			
Depreciation on property, plant, and equipment		8,149	5,934
Depreciation on right-of-use assets		13,219	8,836
Property, plant and equipment written off		2	109
Gain on derecognition of right-of-use assets and lease liabilities		(139)	-
Loss on lease modification		-	104
Gain on disposal of property, plant and equipment		(20)	-
Allowance for slow moving inventories		175	1,418
Rent concession related to COVID-19		-	(70)
Fair value gain on other investment		(305)	-
Interest income		(863)	(7)
Interest expenses		6,292	4,173
Unrealised gain on foreign exchange		(49)	(312)
Operating profit before changes in working capital		53,714	59,025
Inventories		(37,149)	(41,340)
Payables		(4,349)	6,123
Receivables		(7,749)	(8,958)
Contract liabilities		511	4,096
Cash used in operations		4,978	18,946
Tax paid		(10,888)	(9,993)
Cash generated (used in)/from operating activities		(5,910)	8,953
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(17,305)	(23,866)
Purchase of right-of-use assets	A	(32)	-
Proceeds from disposal of property, plant and equipment		348	2
Acquisition of interest from non-controlling interests		18,691	-
Interest income		863	7
Net investment in other investment		(26,350)	-
Repayment from related party		-	15
Placement of fixed deposits pledged with licensed bank		(600)	(1,004)
Net cash used in investing activities		(24,385)	(24,846)
FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares		129,600	-
Shares issuance expenses		(3,534)	-
Interest paid		(6,292)	(4,173)
Dividends paid		(12,500)	(11,500)
Lease incentives		-	654
Advances from holding company		-	3,923
Repayment to related party		-	(15)
Drawdown of trust receipts		11,900	18,654
Repayment of trust receipts		(11,933)	(15,710)
Drawdown of term loans		4,224	4,974
Repayment of term loans		(2,303)	(6,292)
Payment of principal portion of lease liabilities		(13,095)	(8,002)
Drawdown on bankers' acceptance		83,455	53,271
Repayment of bankers' acceptance		(88,373)	(45,863)
Drawdown of invoice financing		8,578	2,240
Repayment of invoice financing		(10,118)	-
Drawdown of revolving loan		-	3,274
Net cash generated from/(used in) financing activities		89,609	(4,565)
CASH AND CASH EQUIVALENTS			
Net changes		59,314	(20,458)
Effect of foreign exchange rate changes		2,447	2,076
Brought forward		17,585	35,967
Carried forward	B	79,346	17,585

**INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾ (CONT'D)

NOTE TO STATEMENT OF CASH FLOWS

A. Purchase of right-of-use asset: -

	YEAR-TO-DATE	
	Unaudited 31.12.2023 RM'000	Audited 31.12.2022 RM'000
Total purchase consideration	313	-
Less: Purchase through lease liabilities arrangement	(281)	-
Total cash consideration	32	-

B. Cash and cash equivalents included in the Statement of Cash Flows comprise the following: -

	YEAR-TO-DATE	
	Unaudited 31.12.2023 RM'000	Audited 31.12.2022 RM'000
Cash and bank balances	35,264	26,825
Fixed deposits with licensed banks	57,363	2,059
Less: Bank overdraft	(11,027)	(9,645)
	81,600	19,239
Less: Fixed deposits pledged with licensed banks	(2,254)	(1,654)
	79,346	17,585

Notes:

- The basis of preparation of the Condensed Consolidated Statement of Cash Flows is disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in the Prospectus of MST Golf Group Berhad dated 28 June 2023 and the accompanying explanatory notes attached to this interim financial report.

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A. NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023

A1. Basis of Preparation

The interim financial report of MST Golf Group Berhad (“the Company”) and its subsidiaries (“the Group”) are unaudited and have been prepared in accordance with Paragraph 9.22 as well as Appendix 9B of the Listing Requirements, requirements of the Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”).

This is the fourth interim financial report on MST Golf Group Berhad’s unaudited consolidated results for the fourth quarter ended 31 December 2023 in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding corresponding quarter.

This interim financial report does not include all the information required for a full annual financial statement and should be read in conjunction with the Accountants’ Report as disclosed in the Prospectus of MST Golf Group Berhad dated 28 June 2023 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited consolidated financial statements for the financial year ended 31 December 2022.

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s financial statements are disclosed below. The Group intend to adopt these new and amended standards and interpretations, if applicable, when they become effective in the respective financial period.

Effective for financial period beginning on or after 1 January 2023

- MFRS 17 Insurance Contracts and Amendments to MFRS 17 Insurance Contracts*
- Amendments to MFRS 17 – Initial Application of MFRS 17 and MFRS 9 Comparative Information*
- 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 - International Tax Reform: Pillar Two Model Rules
- Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for financial period 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 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current
- Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments-Disclosure.

Effective for financial period beginning on or after 1 January 2025

- Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates

Deferred to a date to be determined by the MASB

- 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*

* Not applicable to the Group’s operations.

**A. NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
(CONT'D)**

A3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification on the audited consolidated financial statements of the Group for the financial year ended 31 December 2022.

A4. Seasonal or Cyclical Factors

The business operations of the Group would typically experience lower customer traffic, transaction value and sales during festive seasons and holidays.

A5. Material Unusual Item

There were no material unusual items affecting assets, liabilities, equity, net income, or cash flows during the current quarter and financial year ended.

A6. Material Changes in Estimates

There were no material changes in estimates that have a material effect during the current quarter and financial year ended.

A7. Debt and Equity Securities

On 20 July 2023, the Company was listed on the Main Market of Bursa Malaysia Securities Berhad pursuant to the Initial Public Offering of 160,000,000 new ordinary shares at IPO price of RM0.81 per share.

Other than the above, there were no other issuance and repayment of debt and equity securities, share buy-backs, share cancellation, share held as treasury shares and resale of treasury shares during the financial year.

A8. Dividends Paid

In respect of the dividend paid for the financial year ended 31 December 2022:

- i) A single tier dividend amounting to RM12,500,000 and was paid on 20 February 2023.

In respect of the dividend paid for the financial year ended 31 December 2023:

- i) A single tier interim dividend of 0.5 sen per ordinary share amounting to RM4,104,343 was declared on 22 November 2023, and paid on 10 January 2024.

Save for the above, there were no other dividends paid during the current quarter and financial year ended.

**A. NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
(CONT'D)**

A9. Segmental Reporting

For management purposes, the Group is organised into reportable segments based on four (4) business sectors and three (3) geographical locations of business operation.

The segmental information based on four (4) business sectors for current quarter ended 31 December 2023 is as follows:

	Current quarter ended 31 December 2023				
	Retail	Wholesale	Golf Services	Indoor Golf	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
Sales to external customers	69,212	6,170	3,890	1,592	80,864

The segmental information based on four (4) business sectors for the financial year ended 31 December 2023 is as follows:

	Financial year ended 31 December 2023				
	Retail	Wholesale	Golf Services	Indoor Golf	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
Sales to external customers	263,556	42,091	14,008	5,776	325,431

The segmental information based on three (3) geographical locations of business operations for current quarter ended 31 December 2023 is as follows:

	Current quarter ended 31 December 2023			
	Malaysia's Operation	Singapore's Operation ⁽¹⁾	Indonesia's Operation ⁽²⁾	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
Sales to external customers	55,514	25,197	153	80,864
Result				
Profit from operations				7,941
Finance cost				(2,035)
Finance income				573
Profit before tax				6,479
Income tax expense				(3,222)
Net profit for the current quarter				3,257

**A. NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
(CONT'D)**

A9. Segmental Reporting (cont'd)

The segmental information based on three (3) geographical locations of business operations for financial year ended 31 December 2023 is as follows:

	Financial year ended 31 December 2023			
	Malaysia's Operation	Singapore's Operation ⁽¹⁾	Indonesia's Operation ⁽²⁾	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
Sales to external customers	209,915	115,363	153	325,431
Result				
Profit from operations				32,682
Finance cost				(6,292)
Finance income				863
Profit before tax				<u>27,253</u>
Income tax expense				(9,567)
Net profit for the financial year				<u>17,686</u>

Notes:

- (1) Singapore's operation includes wholesale to Indonesia and other foreign countries.
- (2) Indonesia's operation consists of revenue of the first retail store which commenced operation on 26th December 2023.

A10. Material Events Subsequent to the End of the Current Quarter

There were no other material events subsequent to the end of the current quarter that have not been reflected in this interim financial report.

A11. Changes in Composition of the Group

On 7 September 2023, a joint venture company named PT MST Golf Indonesia ("MGI") was incorporated under the laws of the Republic of Indonesia, to undertake the golf business in Indonesia. The Group owns 51.0% equity interest in MGI, the balance 49.0% equity interest is held by PT Sinar Eka Selaras Tbk ("SES"), Indonesia.

On 11 September 2023, MGI incorporated a 99.9% owned subsidiary company under the laws of the Republic of Indonesia, named PT MST Golf Distribution ("MGD"), to manage the import of golf products for MGI. The balance 0.1% equity interest is held by SES.

Apart from the above, there were no other changes in the composition of the Group during the current quarter and financial year to date.

**A. NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2023
(CONT'D)**

A12. Contingent Assets and Contingent Liabilities

There were no material contingent assets or contingent liabilities as at the date of this interim financial report.

A13. Material Capital Commitments

	Unaudited	Audited
	as at	as at
	31.12.2023	31.12.2022
	RM'000	RM'000
Approved and contracted for: -		
- Purchase of property, plant and equipment and renovation	1,508	786

A14. Significant Related Party Transactions

The significant related party transactions of the Group for current quarter and financial year ended 31 December 2023 are shown below:

	Current Quarter		Year-to-date	
	31.12.2023	31.12.2022 ⁽¹⁾	31.12.2023	31.12.2022
	Unaudited	Unaudited	Unaudited	Audited
	RM'000	RM'000	RM'000	RM'000
Transactions with related parties:				
Payment of lease liabilities	111	N/A	408	408
Rental expenses paid	7	N/A	30	30
Rental received	162	N/A	648	648
Purchases of trade related goods	320	N/A	320	-
Rental of office	4	N/A	4	-
Purchases of property plant and equipment	65	N/A	65	-

Notes:

N/A means "Not applicable"

(1) This is the fourth interim financial report announced in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad. There are no comparative figures for the preceding year corresponding quarter as there is no interim financial report prepared for the comparative financial quarter.

A15. Derivatives

There were no derivatives used in the current quarter and financial year to date.

A16. Fair Value of Financial Liabilities

There were no gains or losses arising from fair value changes of the Group's financial liabilities for the current quarter and financial year to date.

B. EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS

B1. Review of the Performance

The Group's performance for current quarter ("Q4 FY2023") and financial year ended 31 December 2023 are tabled below:

	Current Quarter		Year-to-date	
	31.12.2023	31.12.2022 ⁽¹⁾	31.12.2023	31.12.2022
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Audited RM'000
Revenue	80,864	N/A	325,431	300,875
(a) Business sectors				
- Retail	69,212	N/A	263,556	241,308
- Wholesale	6,170	N/A	42,091	47,374
- Golf Services	3,890	N/A	14,008	8,361
- Indoor Golf	1,592	N/A	5,776	3,832
(b) Geographical locations				
- Malaysia	55,514	N/A	209,915	200,112
- Singapore	25,197	N/A	115,363	100,763
- Indonesia	153	N/A	153	-
Profit before tax ("PBT")	6,479	N/A	27,253	38,840
Profit after tax ("PAT")	3,257	N/A	17,686	29,114
<u>Financial Performance excluding share listing expenses expensed out in Q3 FY2023</u>				
Normalised Profit before tax ("PBT")			31,643	38,840
Normalised Profit after tax ("PAT")			22,076	29,114

Notes:

N/A means "Not applicable"

(1) This is the fourth interim financial report announced in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad. There are no comparative figures for the preceding year corresponding quarter as there is no interim financial report prepared for the comparative financial quarter.

The Group recorded total revenue of RM80.86 million during Q4 FY2023, mainly derived from the Retail sector which contributed RM69.21 million or 85.6% of the total revenue, this is followed by the Wholesale sector of RM6.17 million or 7.6%, Golf Services sector of RM3.89 million or 4.8% and Indoor Golf sector of RM1.59 million or 2.0%. Geographically, Malaysia's Operation contributed RM55.52 million or 68.6% whilst Singapore's Operation contributed RM25.20 million or 31.2% and Indonesia which began operation this quarter contributed to RM0.15 million or 0.2% of the total revenue for the current quarter. PBT and PAT were at RM6.48 million or 8.0% and RM3.26 million or 4.0% of the total revenue respectively.

The Group recorded a full financial year revenue of RM325.43 million in FY2023, mainly derived from the Retail sector which contributed RM263.56 million or 81.0%, followed by the Wholesale sector of RM42.09 million or 12.9%, Golf Services sector of RM14.01 million or 4.3% and Indoor Golf sector of RM5.78 million or 1.8% of the total revenue for the financial year. Geographically, Malaysia's Operation contributed RM209.92 million or 64.5% whilst Singapore's Operation contributed RM115.36 million or 35.4% of the total revenue for the financial year. PBT and PAT were at RM27.25 million or 8.4% and RM17.69 million or 5.4% of the total revenue respectively.

B. EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B1. Review of the Performance (cont'd)

In assessing the financial performance, the Group calculated a normalised PBT and PAT excluding the one-off impact of RM4.39 million related to the share listing expenses expensed out in Q3 FY2023. The Group would record a normalised financial year PBT amount of RM31.64 million or a margin of 9.7%. The Group would also record a normalised financial year PAT of RM22.08 million or a margin of 6.8%.

Business Sector

Overall, the Group's financial year revenue increased by RM24.56 million or 8.2% compared to the preceding year. All business sectors contributed to revenue growth for the financial year apart from the Wholesale sector.

Retail sector contributed to the highest revenue growth recording an increase of RM22.25 million or 9.2%, followed by the Golf Services sector recording an increase of RM5.65 million or 67.5% and the Indoor Golf sector which saw an increase of RM1.94 million or 50.7%, whereas Wholesale sector saw a decrease of RM5.28 million or 11.2% compared to the preceding year.

The growth in revenue was mainly driven by the stores opened in FY2022 having a full year operation during FY2023 as well as new outlets opened in FY2023. On the other hand, the Wholesale sector contributed a lower revenue in Singapore, as dealers in Singapore and Indonesia were more cautious in buying post Covid year of 2023. The Group's Golf Services revenue was significantly contributed by the delivery of more golf tournament services including an inaugural professional golf tour.

Geographical Location

Based on performance by Geographical locations, Singapore's operation has significantly contributed to an increase in revenue of RM14.60 million or 14.5% compared to the previous financial year due to the full year performance of outlet opened in FY2022.

On the other hand, Malaysia's operation was showing a steady year-on-year growth of RM9.80 million or 4.9% for the financial year which was driven by the opening of new retail and indoor golf outlets and an increase delivery of golf tournament services.

The Group also started its Indonesia operation on 7 September 2023 with the first outlet officially opened in Jakarta on 26 December 2023 contributing RM0.15 million revenue.

PBT & PAT

The group recorded lower PBT and PAT for the current financial year in comparison to the preceding year mainly due to higher operating costs as a result of high inflation, more staff head count for opening of new outlets, the one-off share listing expenses incurred during the year, the gestation period of the Indoor Golf operations and the initial start-up costs for Indonesia's operation.

B. EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B2. Comparison with the Immediate Preceding Quarter's Results

The Group's performance for current quarter ended 31 December 2023 ("Q4 FY2023") compared to the preceding quarter ended 30 September 2023 ("Q3 FY2023") are tabled below:

	Current Quarter 31.12.2023 Unaudited RM'000	Preceding Quarter 30.09.2023 Unaudited RM'000	Variance + / (-) RM'000 %	
Revenue	80,864	82,343	(1,479)	-1.8%
(a) Business sectors				
- Retail	69,212	70,074	(862)	-1.2%
- Wholesale	6,170	6,640	(470)	-7.1%
- Golf Services	3,890	3,999	(109)	-2.7%
- Indoor Golf	1,592	1,630	(38)	-2.3%
(b) Geographical locations				
- Malaysia	55,514	56,465	(951)	-1.7%
- Singapore	25,197	25,878	(681)	-2.6%
- Indonesia	153	-	153	0.0%
Gross Profit	36,098	36,267	(169)	-0.5%
Gross Margin (%)	44.6	44.0		
Profit before tax ("PBT")	6,479	3,371	3,108	92.2%
Profit after tax ("PAT")	3,257	1,628	1,629	100.1%

The Group recorded a total revenue of RM80.86 million for Q4 FY2023, a decrease of RM1.48 million or 1.8% compared to Q3 FY2023 of RM82.34 million.

Retail sector registered slightly lower revenue by RM0.86 million or 1.2% mainly due to lower than expected sales in Singapore for the month of December where more golfers were travelling during the year end festive season post Covid. The Wholesale and Golf Services sectors recorded RM0.47 million and RM0.11 million or 7.1% or 2.7% lower respectively which were in line with the Group's historical sales trends.

The Group's lower sales were mainly contributed by Singapore's operation with a decrease of RM0.68 million or 2.6% while Malaysia's operation recorded marginal decrease of RM0.95 million or 1.7% than the preceding quarter.

The Group was able to continue achieving a higher gross profit margin of 44.6%, an increase from 44.0% in Q3 FY2023. This is attributable to higher Retail sector revenue mix versus Wholesale sector, as Retail sector generally contributes a higher margin.

The Group recorded PBT of RM6.48 million and PAT of RM3.26 million, increased by 92.2% and 100.1% from RM3.37 million and RM1.63 million respectively compared to the preceding quarter which included the one-off RM4.39 million related to share listing expenses.

B. EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B3. Prospects

The Group remains committed to strengthening its position as the market leader in both Malaysia and Singapore with a total presence of 48 retail locations in both countries. Plans are currently ongoing to elevate some of the current Group's retail outlets in 2024 to improve store efficiency and to enhance the Group's strategic brand's collaboration providing better retail experience to golfers. We will also focus on increasing footfall and enhancing cost efficiency of our Indoor Golf operations. Despite the challenging market outlook with rising business costs and uncertainties of the current global geo-political situation, the Group remains cautiously optimistic about its growth prospects in Malaysia and Singapore. The Group's brand is well-known to golf consumers who are generally less affected by the economic downturns.

The Group successfully opened its first retail outlet in Jakarta, Indonesia on 26 December 2023 with a unique 3-in-1 total golf retail concept outlet comprising golf retail, golf academy and indoor golf and subsequently its second retail outlet on 1 February 2024. These stores have been well-received by the local golf consumers and the brand principals, as well as created a lot of excitement within the Indonesian golf industry. Together with the strategic partnership with PT Sinar Eka Selaras Tbk, the Group has already identified four more strategic locations in Jakarta's prime areas which are set to be unveiled this year. The Group plans to open more outlets throughout Indonesia to gain market share and be the dominant golf retailer within the next three years.

One of the Group's ongoing strategies is to gain more brand distributorship and retail partnership to cover more countries. The Group has successfully obtained exclusive Honma Golf distributorship for Indonesia on 4 January 2024, extending from the existing distributorship for Malaysia. Honma Golf is one of the world's most premium golf brands and a key brand in Indonesia with strong demands in the market providing additional opportunities for the Group's wholesale operations in Indonesia. The Honma Golf distributorship will further strengthen the Group's retail outlets and overall market positioning in Indonesia. The Group is well positioned to serve as a regional solution for the brands and is continuously pursuing to gain additional brand distribution rights or retailer partnership for Indonesia and the region.

Discussions with a potential joint venture partner in Thailand is ongoing. The Group's target is still on track to open two new retail outlets in Thailand by 2024. Meanwhile, the Group is actively pursuing to enter the Vietnam market by 2025.

The Group remains focused on growing the golf retail business in Southeast Asia which is regarded as a key growth region by the golf industry, especially by the brands and indoor golf technology players. This is contributed by the abundance of golf courses and ready golf infrastructure, dynamic and growing economy and wealth, younger and growing population, and relatively stable region. Brands are particularly focusing on this region with more frequent visits and looking for more opportunities to grow. With the strong growth outlook by global industry players toward Southeast Asia, the Group is in a good position and optimistic about its geographical expansion plan in the region and financial growth moving forward. As the prominent Malaysian homegrown golf specialist, the Group is also keeping a lookout for other golf-related opportunities in Malaysia and the region.

In upgrading of digital technology infrastructure, the Group is enhancing its IT facilities, systems and processes in an ongoing upgrading project and is at the final stages of selecting a new ERP system and vendor. This is to enhance the operational and analytical capabilities and increase the efficiency of running and managing the business to lead the company forward in line with the Group's business expansion.

B. EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B4. Profit Forecast or Profit Guarantee

The Group did not issue any revenue or profit estimate, forecast, projection or internal targets in any public announcement or public documents.

B5. Profit Before Tax

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

	Current Quarter		Year-to-date	
	31.12.2023 Unaudited RM'000	31.12.2022 ⁽¹⁾ Unaudited RM'000	31.12.2023 Unaudited RM'000	31.12.2022 Audited RM'000
Depreciation of property, plant & equipment	2,223	N/A	8,149	5,934
Depreciation of right-of-use assets	3,255	N/A	13,219	8,836
Interest expense on lease liabilities	1,265	N/A	3,065	2,095
Interest expense on borrowings	770	N/A	3,227	2,078
Interest income	(573)	N/A	(863)	(7)
Provision for and write-off of inventories	265	N/A	500	1,418
Reversal of written-down of slow-moving inventories	(284)	N/A	(325)	-
Gain on disposal of property, plant & equipment	(25)	N/A	(20)	-
Realised loss on foreign exchange	628	N/A	940	970
Unrealised gain on foreign exchange	(225)	N/A	(49)	(312)
Share listing expenses	-	N/A	4,390	-

Notes:

N/A means "Not applicable"

(1) This is the fourth interim financial report announced in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad. There are no comparative figures for the preceding year corresponding quarter as there is no interim financial report prepared for the comparative financial quarter.

Save as disclosed above, the other disclosure items pursuant to Paragraph 16 of Appendix 9B of the Listing Requirements are not applicable.

B. EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B6. Tax Expense

	Current Quarter		Year-to-date	
	31.12.2023	31.12.2022 ⁽¹⁾	31.12.2023	31.12.2022
	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Audited RM'000
In respect of current period:				
Income tax	2,347	N/A	9,003	10,090
Deferred tax	875	N/A	564	(364)
Total tax expense	3,222	N/A	9,567	9,726
Effective tax rate (%)	49.7%	N/A	35.0% ⁽²⁾	25.0%
Statutory tax rate (%)	24.0%	N/A	24.0%	24.0%

Notes:

N/A means "Not applicable"

- (1) This is the fourth interim financial report announced in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad. There are no comparative figures for the preceding year corresponding quarter as there is no interim financial report prepared for the comparative financial quarter.
- (2) The Group's effective tax rate was at 35.0% for the financial year ended 31 December 2023. The effective tax rate was higher than the statutory tax rate of 24.0% principally due to a non-deductible one-off share listing expenses of RM4.39 million incurred, unabsorbed losses of the new Indoor Golf operations and deferred tax provision.

B7. Status of Corporate Proposals

There were no corporate proposals announced by the Group but not completed as at the date of this interim financial report.

B8. Utilisation of Proceeds from the Public Issue

The status of the utilisation of proceeds from the Initial Public Offering as at 31 December 2023 is as follows:

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Intended Timeframe for Utilisation
Expansion in Malaysia and Singapore	62,755	14,417	48,338	Within 36 months
Expansion into new geographical markets	53,550	7,700	45,850	Within 36 months
Upgrade of digital technology facilities	3,000	250	2,750	Within 36 months
Working capital requirements	3,259	3,259	-	Within 24 months
Estimated share listing and share issuance expenses	7,036	7,036	-	Within 1 month
Total	129,600	32,662	96,938	

The utilisation of proceeds as disclosed above should be read in conjunction with the IPO Prospectus dated 28 June 2023.

B. EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B9. Borrowings

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

	As at 31.12.2023 Unaudited RM'000	As at 31.12.2022 Audited RM'000
Secured		
Non-current liability		
Term Loans	17,518	15,478
	<u>17,518</u>	<u>15,478</u>
Secured		
Current liabilities		
Bankers' acceptance	16,935	21,853
Bank overdraft	11,027	9,645
Term loans	2,796	2,915
Invoice financing	803	2,240
Trust receipts	6,113	5,786
Revolving loan	3,479	3,274
	<u>41,153</u>	<u>45,713</u>
	<u>58,671</u>	<u>61,191</u>

All borrowings are secured and denominated in Ringgit Malaysia except for the borrowings in Singapore Dollar which total SGD2.99 million (2022: SGD3.45 million).

B10. Material Litigation

As of the date of this interim financial report, the Group is not engaged in any governmental, legal or arbitration proceedings which may have or have had material or significant effects on the Group's financial position or profitability.

B11. Proposed Dividend

On 26 February 2024, the Board of Directors approved the second interim single tier dividend of 0.5 sen per ordinary share amounting to RM4,104,343 in respect of financial year ended 31 December 2023 with entitlement date on 20 March 2024 and payment date on 8 April 2024 to the shareholders of the company.

B. EXPLANATORY NOTES PURSUANT TO PART A, APPENDIX 9B OF THE LISTING REQUIREMENTS (CONT'D)

B12. Basic and Diluted Earnings per Share (“EPS”)

The basic and diluted EPS for current quarter and financial year ended 31 December 2023 are computed as follows:

	Current Quarter		Year-to-date	
	Unaudited	Unaudited	Unaudited	Audited
	31.12.2023	31.12.2022 ⁽¹⁾	31.12.2023	31.12.2022
Profit attributable to shareholders of the Company (RM'000)	3,514	N/A	17,943	26,652
Weighted average number of ordinary shares in issue	820,868,600	N/A	733,197,367	128,375,603
Basic EPS (sen) ⁽²⁾	0.43	N/A	2.45	20.76
Diluted EPS (sen) ⁽³⁾	0.43	N/A	2.45	20.76

Notes:

N/A means “Not applicable”

- (1) This is the fourth interim financial report announced in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad. There are no comparative figures for the preceding year corresponding quarter as there is no interim financial report prepared for the comparative financial quarter.
- (2) Basic EPS for current quarter and financial year ended 31 December 2023 are computed based on profit attributable to shareholders of MST Golf Group Berhad divided by the weighted average number of ordinary shares in issue of 820,868,600 and 733,197,367 respectively for the financial period ended, after the completion of the Initial Public Offering (“IPO”) of the Company on 20 July 2023. For the preceding year ended 31 December 2022, the weighted average number of ordinary shares in issue was 128,375,603.
- (3) Diluted EPS of MST Golf Group Berhad is equivalent to the basic EPS as the Company does not have convertible securities at the end of the current quarter.

B13. Approval of interim Financial Report

The interim financial report as set out above was authorized for issuance by the Board of Directors of MST Golf Group Berhad on 26 February 2024.

By Order of the Board
Queck Wai Fong (MAICSA 7023051)
Secretary
Kuala Lumpur
26 February 2024