



MST GOLF GROUP BERHAD

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

**INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024**

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FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024**

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	CURRENT QUARTER		YEAR-TO-DATE	
		30.09.2024	30.09.2023	30.09.2024	30.09.2023
		Unaudited RM'000	Unaudited RM'000	Unaudited RM'000	Unaudited RM'000
Revenue	A9	82,973	82,343	241,710	244,567
Cost of sales		(49,188)	(46,076)	(142,408)	(137,736)
Gross profit		<u>33,785</u>	<u>36,267</u>	<u>99,302</u>	<u>106,831</u>
Other income		468	687	2,567	1,640
Administrative and other expenses		(28,201)	(30,062)	(84,949)	(78,069)
Selling and distribution expenses		(2,266)	(2,232)	(5,877)	(5,660)
Operating profit		<u>3,786</u>	<u>4,660</u>	<u>11,043</u>	<u>24,742</u>
Finance cost		(1,785)	(1,579)	(5,576)	(4,257)
Finance income		85	290	715	290
Profit before tax	B5	<u>2,086</u>	<u>3,371</u>	<u>6,182</u>	<u>20,775</u>
Tax expense	B6	<u>(1,167)</u>	<u>(1,743)</u>	<u>(2,902)</u>	<u>(6,345)</u>
Profit for the financial period		<u>919</u>	<u>1,628</u>	<u>3,280</u>	<u>14,430</u>
Equity attributable to equity owners					
Other comprehensive income: -					
<i>Items that may be reclassified subsequently to profit or loss</i>					
Foreign currency translation		(5,826)	170	(7,552)	2,094
Other comprehensive income/(loss) for the financial		<u>(5,826)</u>	<u>170</u>	<u>(7,552)</u>	<u>2,094</u>
Total comprehensive income/(loss) for the financial period		<u>(4,907)</u>	<u>1,798</u>	<u>(4,272)</u>	<u>16,524</u>
Profit/(Loss) for the financial period attributable to: -					
Owners of the Company		808	1,628	3,790	14,430
Non-controlling interests		111	-	(510)	-
		<u>919</u>	<u>1,628</u>	<u>3,280</u>	<u>14,430</u>
Total comprehensive income/(loss) attributable to: -					
Owners of the Company		(4,043)	1,798	(2,188)	16,524
Non-controlling interests		(864)	-	(2,084)	-
		<u>(4,907)</u>	<u>1,798</u>	<u>(4,272)</u>	<u>16,524</u>
Basic earnings per share ("Basic EPS") (sen) ⁽¹⁾	B12	<u>0.10</u>	<u>0.21</u>	<u>0.46</u>	<u>2.05</u>

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial report.

Notes:

- (1) Basic EPS for the current quarter and the year-to-date period ended 30 September 2024 are computed based on profit attributable to owners of MST Golf Group Berhad divided by the weighted average number of ordinary shares in issue of 820,868,600 respectively. For the corresponding quarter and year-to-date period ended 30 September 2023, the weighted average number of ordinary shares in issue were 787,825,122 and 703,652,483 respectively.

**INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	Unaudited as at 30.09.2024 RM'000	Audited as at 31.12.2023 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		55,174	53,223
Right-of-use assets		59,493	56,479
Intangible assets		1,417	1,417
Other receivables		300	437
Other Investment		17	17
Deferred tax assets		291	272
Total non-current assets		116,692	111,845
Current assets			
Inventories		177,854	150,636
Trade receivables		12,507	11,834
Other receivables		19,149	19,109
Tax recoverable		3,061	-
Other investment ⁽¹⁾		19,821	26,655
Fixed deposits with licensed banks		27,153	57,374
Cash and bank balances		32,859	35,264
Total current assets		292,404	300,872
TOTAL ASSETS		409,096	412,717
EQUITY AND LIABILITIES			
EQUITY			
Equity attributable to equity owners of the Company: -			
Share capital		165,902	165,902
Foreign exchange reserve		(2,115)	5,437
Retained earnings		65,867	66,181
		229,654	237,520
Non-controlling interests		15,977	18,061
TOTAL EQUITY		245,631	255,581
LIABILITIES			
Non-current liabilities			
Lease liabilities		48,030	46,835
Borrowings	B9	15,030	17,518
Deferred tax liabilities		906	1,477
Total non-current liabilities		63,966	65,830
Current liabilities			
Trade payables		14,231	12,804
Other payables		24,453	13,179
Contract liabilities		6,802	5,011
Dividend payable	A8	-	4,104
Borrowings	B9	40,829	41,153
Lease liabilities		13,126	12,944
Tax payable		58	2,111
Total current liabilities		99,499	91,306
TOTAL LIABILITIES		163,465	157,136
TOTAL EQUITY AND LIABILITIES		409,096	412,717
Net assets per share attributable to owners of the Company (RM) ⁽²⁾		0.28	0.29

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial report.

Notes:

- (1) Other investment consists of fund placement in money market deposit.
- (2) Computed based on respective period's total equity attributable to equity owners of the Company divided by the number of outstanding ordinary shares in issue of 820,868,600.

**INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024**

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to owners of the Company →				Non-controlling interest	Total equity
	Share capital	Foreign exchange reserve	Distributable retained earnings	Sub-total		
<u>Audited</u>	RM'000	RM'000	RM'000	RM'000	RM'000	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/(Loss) for the financial year	-	-	17,631	17,631	(257)	17,374
Other comprehensive income/(loss) for the financial year	-	2,311	-	2,311	(373)	1,938
	-	2,311	17,631	19,942	(630)	19,312
Transactions with owners: -						
Issuance of ordinary shares pursuant to Initial Public Offering	129,600	-	-	129,600	-	129,600
Share issuance expenses	(3,534)	-	-	(3,534)	-	(3,534)
Dividend payable	-	-	(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>5,437</u>	<u>66,181</u>	<u>237,520</u>	<u>18,061</u>	<u>255,581</u>
Unaudited						
Balance as at 1 January 2024	165,902	5,437	66,181	237,520	18,061	255,581
Total comprehensive income for the financial period						
Profit/(Loss) for the financial period	-	-	3,790	3,790	(510)	3,280
Other comprehensive loss for the financial period	-	(7,552)	-	(7,552)	(1,574)	(9,126)
	-	(7,552)	3,790	(3,762)	(2,084)	(5,846)
Transactions with owners: -						
Dividend paid	-	-	(4,104)	(4,104)	-	(4,104)
Balance as at 30 September 2024	<u>165,902</u>	<u>(2,115)</u>	<u>65,867</u>	<u>229,654</u>	<u>15,977</u>	<u>245,631</u>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial report.

**INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	YEAR-TO-DATE	
		Unaudited 30.09.2024 RM'000	Unaudited 30.09.2023 RM'000
OPERATING ACTIVITIES			
Profit before tax		6,182	20,775
Adjustments for: -			
Depreciation on property, plant, and equipment		8,166	5,926
Depreciation on right-of-use assets		12,363	9,964
Property, plant and equipment written off		9	1
Gain on lease modification		(201)	(15)
(Gain)/Loss on disposal of property, plant and equipment		(10)	5
Allowance for slow moving inventories (net)		1,922	194
Fair value gain on other investment		(661)	-
Interest income		(715)	(290)
Interest expenses		5,576	4,257
Unrealised (gain)/loss on foreign exchange		(71)	176
Operating profit before changes in working capital		32,560	40,993
Inventories		(29,140)	(41,400)
Payables		13,212	(2,313)
Receivables		(3,416)	(7,780)
Contract liabilities		1,792	1,534
Cash (used in)/generated from operations		15,008	(8,966)
Tax paid		(7,444)	(9,241)
Net cash (used in)/from operating activities		7,564	(18,207)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(11,441)	(8,765)
Proceeds from disposal of property, plant and equipment		46	169
Interest income		715	290
Net investment in other investment		7,496	-
Drawdown/(Placement) of fixed deposits pledged with licensed bank		1,850	(450)
Net cash used in investing activities		(1,334)	(8,756)
FINANCING ACTIVITIES			
Proceeds from issuance of ordinary shares		-	129,600
Shares issuance expenses		-	(3,534)
Interest paid		(5,576)	(4,257)
Dividend paid		(8,209)	(12,500)
Payment of principal portion of lease liabilities		(11,423)	(9,160)
Drawdown of borrowings		89,285	87,434
Repayment of borrowings		(91,146)	(86,470)
Net cash (used in)/generated from financing activities		(27,069)	101,113
CASH AND CASH EQUIVALENTS			
Net changes		(20,839)	74,150
Effect of foreign exchange rate changes		(9,503)	2,417
Brought forward		79,345	17,585
Carried forward	A	49,003	94,152

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to the interim financial report.

**INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

NOTE TO STATEMENT OF CASH FLOWS

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

	YEAR-TO-DATE	
	Unaudited	Unaudited
	30.09.2024	30.09.2023
	RM'000	RM'000
Fixed deposits with licensed banks	27,153	73,504
Cash and bank balances	32,859	33,535
Less: Bank overdrafts	(10,593)	(10,782)
	49,419	96,257
Less: Fixed deposits pledged with licensed bank	(416)	(2,105)
	49,003	94,152

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A. NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024

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 and requirements of the Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2023.

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 2023 except for the adoption of the following new MFRSs and amendments to MFRSs, as disclosed below: -

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.

The adoption of the above did not result in any significant changes to the Group’s results and financial position for this interim report period.

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 2023.

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 the financial period to date.

A6. Material Changes in Estimates

There were no material changes in estimates that had a material effect during the current quarter and the financial period to date.

A7. Debt and Equity Securities

There were no 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 current quarter and the financial period to date.

A. NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024 (CONT'D)

A9. Segmental Reporting (Cont'd)

The segmental information based on three (3) geographical operations for the year-to-date period ended 30 September 2024 is as follows:

	Year-to-date period ended 30 September 2024			
	Malaysia's Operation	Singapore's Operation ⁽¹⁾	Indonesia's Operation	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
Sales to external customers	148,054	71,578	22,078	241,710
Result				
Profit from operations				11,043
Finance cost				(5,576)
Finance income				715
Profit before tax				6,182
Income tax expense				(2,902)
Net profit for the financial period				3,280

Notes:

1) Singapore's operation includes wholesale to Indonesia and other foreign countries.

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

There were no 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

There were no changes in the composition of the Group during the current quarter and the financial period to date.

A12. Contingent Assets and Contingent Liabilities

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

A. NOTES TO THE INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024 (CONT'D)

A13. Material Capital Commitments

	As at 30.09.2024 Unaudited RM'000	As at 31.12.2023 Audited RM'000
Approved and contracted for: -		
- Purchase of property, plant and equipment and renovation	1,392	1,431

A14. Significant Related Party Transactions

The significant related party transactions of the Group for current quarter and the year-to-date period ended 30 September 2024 are shown below:

	Current Quarter		Year-to-date	
	30.09.2024 RM'000	30.09.2023 RM'000	30.09.2024 RM'000	30.09.2023 RM'000
Transactions with related parties:				
Payment of lease liabilities	120	111	311	297
Premises rental expenses	4	8	23	23
Premises rental received	(162)	(162)	(486)	(486)
Loan interest	79	-	88	-
Purchases of golf accessories	2	-	154	-
Purchases of computer equipment	-	-	10	-
Purchases of audio and other equipment	-	-	24	-

A15. Derivatives

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

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

B1. Review of the Performance

Comparison of the current quarter and year-to-date period ended 30 September 2024 against the corresponding quarter and year-to-date period ended 30 September 2023

The Group's performance for the current quarter ("Q3 FY2024") and year-to-date against the corresponding quarter and year-to-date of the preceding year ("Q3 FY2023") are tabled below:

	Current Quarter		Variance +/- (-)		Year-to-date		Variance +/- (-)	
	30.09.2024 RM'000	30.09.2023 RM'000	RM'000	%	30.09.2024 RM'000	30.09.2023 RM'000	RM'000	%
Revenue	82,973	82,343	630	0.8	241,710	244,567	(2,857)	-1.2
(a) Business segment								
- Retail	71,302	70,074	1,228	1.8	203,439	194,345	9,094	4.7
- Wholesale	6,131	6,640	(509)	-7.7	22,993	35,921	(12,928)	-36.0
- Golf Services	4,152	3,999	153	3.8	10,945	10,118	827	8.2
- Indoor Golf	1,388	1,630	(242)	-14.8	4,333	4,183	150	3.6
(b) Geographical locations								
- Malaysia	51,643	56,465	(4,822)	-8.5	148,054	154,400	(6,346)	-4.1
- Singapore	21,222	25,878	(4,656)	-18.0	71,578	90,167	(18,589)	-20.6
- Indonesia	10,108	-	10,108	100%	22,078	-	22,078	100%
Gross Profit	33,785	36,267	(2,482)	-6.8	99,302	106,831	(7,529)	-7.0
Gross Margin (%)	40.7%	44.0%			41.1%	43.7%		
Profit before tax ("PBT")	2,086	3,371	(1,285)	-38.1	6,182	20,775	(14,593)	-70.2
Profit after tax ("PAT")	919	1,628	(709)	-43.6	3,280	14,430	(11,150)	-77.3

The Group recorded a total revenue of RM82.97 million for Q3 FY2024, reflecting a marginal increase of RM0.63 million or 0.8%, compared to RM82.34 million in Q3 FY2023. On a year-to-date basis, the Group recorded a total revenue of RM241.71 million, a decline of RM2.86 million or 1.2% mainly due to lower contributions from Singapore. In Singapore, the Retail segment declined by 16.7% and the Wholesale segment by 43.4%. The decline in the Wholesale segment was mainly attributable to the Group's retail expansion in Indonesia.

i) Trading Segments

The Trading segment comprises the Group's Retail and Wholesale businesses. In the current reporting quarter, the Retail segment recorded a higher revenue of RM71.30 million, reflecting a 1.8% increase. This was primarily driven by continued retail expansion in Indonesia, with the opening of a new outlet at Pacific Place Mall in South Jakarta, bringing the Group's total outlets to four as of 30 September 2024.

In Malaysia, sales declined by 8.5%, due to a 6.3% decrease in equipment sales compared to the same quarter last year. This was partially offset by a 2.0% growth in apparel sales. In Singapore, revenue decreased by 18.0%, aligning with broader retail sentiment challenges. Notably, Singapore's Department of Statistics reported a 9.3% year-on-year decline in Wearing and Apparel Industry for September 2024.

The Wholesale segment mainly trading in golf equipment, posted a slightly lower revenue for the quarter at RM6.13 million compared to RM6.64 million in the corresponding quarter. The Group started its wholesale operations in Indonesia during the quarter, contributing a revenue of RM0.45 million.

ii) Golf Services & Indoor Golf Segments

The Golf Services segment saw an increase in revenue for the current quarter, recording RM4.15 million compared to RM4.00 million in the corresponding quarter.

In the Indoor Golf segment, sales decreased 14.8% primarily due to a decrease in Food and Beverage (F&B) sales. The decline was attributed to the strategic outsourcing of F&B operations at one of the outlets to improve operational cost efficiencies.

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

B1. Review of the Performance (Cont'd)

Comparison of the current quarter and year-to-date period ended 30 September 2024 against the corresponding quarter and year-to-date period ended 30 September 2023 (Cont'd)

Gross Profit

The Group recorded a lower gross profit margin of 40.7% for the current quarter compared to 44.0% recorded in the corresponding quarter. This decrease was attributed to a drop in gross profit margin, provision of slow-moving inventories in Singapore as well as sales with lower margin in Indonesia.

PBT and PAT

The Group recorded a lower PBT and PAT for the current financial period compared to the preceding period. This decline was primarily due to the lower gross profit contribution from Singapore and Indonesia.

The decline in year-to-date PBT and PAT was due to lower gross profit and startup costs of Indonesia's operation.

B2. Comparison with the Immediate Preceding Quarter's Results

The Group's performance for current quarter ended 30 September 2024 ("Q3 FY2024") compared to the preceding quarter ended 30 June 2024 ("Q2 FY2024") are tabled below: -

	Current Quarter	Preceding Quarter	Variance + / (-)	
	30.09.2024	30.06.2024	RM'000	%
Revenue	82,973	81,731	1,242	1.5
(a) Business segments				
- Retail	71,302	68,390	2,912	4.3
- Wholesale	6,131	6,794	(663)	-9.8
- Golf Services	4,152	4,886	(734)	-15.0
- Indoor Golf	1,388	1,661	(273)	-16.4
(b) Geographical operations				
- Malaysia	51,643	50,069	1,574	3.1
- Singapore	21,222	24,358	(3,136)	-12.9
- Indonesia	10,108	7,304	2,804	38.4
Gross Profit	33,785	34,091	(306)	-0.9
Gross Margin (%)	40.7%	41.7%		
Profit before tax ("PBT")	2,086	2,389	(303)	-12.7
Profit after tax ("PAT")	919	1,333	(414)	-31.1

The Group recorded a total revenue of RM82.97 million for Q3 FY2024, an increase of 1.5% compared to RM81.73 million in Q2 FY2024. This was primarily driven by the contributions from the Retail segment of 7.6% in Malaysia and 36.8% in Indonesia. However, the Retail segment in Singapore decreased by 7.8%.

The Wholesale segment recorded a lower revenue by RM0.66 million or 9.8% compared to the preceding quarter in line with the typical trend of lower wholesale sales in the third quarter compared to first half of the year.

In terms of geographical operations, Malaysia experienced a 3.1% quarter on quarter revenue growth, primarily driven by improved performance in the Retail segment in the current period. In Indonesia, revenue increased by RM2.80 million or 38.4%, with a total revenue of RM10.1 million mainly driven by the strong revenue performance across the four stores located in Jakarta. In Singapore, revenue decreased by RM3.14 million, or 12.9%, resulted by declines in both the Retail and Wholesale segments.

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

B2. Comparison with the Immediate Preceding Quarter's Results (Cont'd)

Gross profit margin decreased to 40.7% from 41.7% primarily attributable to higher provision of slow-moving stock and lower product margin in Retail segment.

The Group recorded a lower PBT and PAT for the current quarter with a decrease of 12.7% and 31.1% respectively from the preceding quarter mainly due to lower gross profit margin as mentioned above.

B3. Prospects

The Group remains optimistic about its long-term growth potential, with the planned regional expansion and market diversification plans. In October 2024, the Group opened its fifth store in Jakarta within a year, signalling strong progress in penetrating the Indonesia market. Looking ahead, the Group is working on its growth in Indonesia, with plans to open more stores both in Jakarta and other cities by 2025.

While the entry into Thailand has faced delays due to challenges in securing a suitable local partner, the Group is actively exploring multiple strategies to penetrate the market. The Group is also actively pursuing to enter Vietnam market to strengthen its presence across Southeast Asia.

In Singapore, the retail sector continues to face weakened local and foreign consumer demand affecting most of the retailers in Singapore including golf retailers. However, golf remains active with Singapore hosting many of Southeast Asia's major international golf tournaments. Leveraging on its strong market position, the Group is implementing strategies to grow its market share while focusing on operational costs efficiency.

With a younger demographic embracing golf as a lifestyle, the Group is excited about the potential growth in the soft goods segment, particularly apparel, which also appeals to non-golfers. This aligns with the Group's commitment to evolving and elevating its brand and product offerings to meet shifting consumer demands. With the Group's strong presence and experience in Malaysia's golf retail market, this segment will represent a growth opportunity for the Group.

The Group aims to grow its e-commerce presence alongside its golf business services. This is part of the Group's strategy to establish an integrated online golf ecosystem, delivering a seamless omnichannel experience to golfers with the Group's brick-and-mortar stores and services aiming to further strengthen the Group's position to gain more market share.

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.

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

B5. Profit Before Tax

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

	Current Quarter		Year-to-date	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant & equipment	2,838	2,073	8,166	5,926
Depreciation of right-of-use assets	4,350	3,428	12,363	9,964
Interest expense on lease liabilities	951	797	3,062	1,800
Interest expense on borrowings	782	782	2,396	2,457
Interest expense on the unwinding discount on restoration costs	52	-	118	-
Interest income	(85)	(290)	(715)	(290)
Provision for and write-off of inventories	785	43	2,208	235
Reversal of written-down of slow-moving inventories	-	-	(286)	(41)
Loss/(Gain) on disposal of property, plant & equipment	(1)	-	(10)	5
Write-off of property, plant & equipment	1	-	9	-
Realised (gain)/loss on foreign exchange	(457)	(164)	(206)	312
Unrealised (gain)/loss on foreign exchange	423	-	(71)	176
Fair value gain on other investment	(148)	-	(661)	-
Share listing expenses	-	4,390	-	4,390

Notes:

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

B6. Tax Expense

	Current Quarter		Year-to-date	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM'000	RM'000	RM'000	RM'000
In respect of current period:				
Income tax	1,555	2,001	3,450	6,656
Deferred tax	(388)	(258)	(548)	(311)
Total tax expense	1,167	1,743	2,902	6,345
Effective tax rate (%)	56.0	51.7	46.9	30.5
Statutory tax rate (%)	24.0	24.0	24.0	24.0

The Group's effective tax rate is at 46.9% for the year-to-date period ended 30 September 2024. The effective tax rate is higher than the statutory tax rate of 24.0% due to losses of the Singapore's operation, the new Indoor Golf operations in Malaysia and the start-up costs of Indonesia's operations.

B7. Status of Corporate Proposals

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

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

B8. Utilisation of Proceeds from the Public Issue

The status of the utilisation of proceeds from the Initial Public Offering as at 30 September 2024 is as follows:

Purpose	Proposed Utilisation RM'000	Re-allocation RM'000 ⁽¹⁾	Reallocated Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Intended Timeframe for Utilisation
Expansion in Malaysia and Singapore	62,755	(19,308)	43,447	20,239	23,208	Within 36 months
Expansion into new geographical markets	53,550	19,308	72,858	34,219	38,639	Within 36 months
Upgrade of digital technology facilities	3,000	-	3,000	891	2,109	Within 36 months
Working capital requirements	3,259	-	3,259	3,259	-	Within 24 months
Estimated share listing and share issuance	7,036	-	7,036	7,036	-	Within 1 month
	129,600	-	129,600	65,644	63,956	

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

Notes:

- (1) The Group undertook a Proposed Variation for the utilisation of proceeds raised from initial public offering as disclosed in the announcement dated 28 August 2024, with total amount of RM22.31 million.
- The amount of RM19.31 million has been reallocated from Expansion in Malaysia and Singapore to expansion into new geographical markets to fast track the expansion of its business operations in Indonesia.
 - The Group has also reallocated RM3.00 million from the expansion of new outlets in Malaysia and Singapore to the refurbishment of existing retail outlets, warehouse and head office in Malaysia.

B9. Borrowings

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

	As at 30.09.2024 Unaudited RM'000	As at 31.12.2023 Audited RM'000
Secured		
Non-current liability		
Term Loans	15,030	17,518
	<u>15,030</u>	<u>17,518</u>
Secured		
Current liabilities		
Bankers' acceptance	20,780	16,935
Bank overdraft	10,593	11,027
Term loans	3,212	2,796
Invoice financing	3,776	803
Trust receipts	2,468	6,113
Revolving loan	-	3,479
	<u>40,829</u>	<u>41,153</u>
	<u>55,859</u>	<u>58,671</u>

All borrowings are secured and denominated in Ringgit Malaysia except for the borrowings in Singapore Dollar which total SGD1.94 million (2023: SGD2.99 million).

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

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 28 November 2024, the Board of Directors approved an interim single tier dividend of 0.25 sen per ordinary share amounting to RM2,052,172 in respect of financial year ending 31 December 2024 with entitlement date on 16 December 2024 and payment date on 30 December 2024 to the shareholders of the Company.

B12. Earnings per Share ("EPS")

The basic EPS for current quarter and the year-to-date period ended 30 September 2024 are computed as follows:

	Current Quarter		Year-to-date	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Profit attributable to owners of the Company (RM'000)	808	1,628	3,790	14,430
Weighted average number of ordinary shares in issue	820,868,600	787,825,122	820,868,600	703,652,483
Basic EPS (sen) ⁽¹⁾	0.10	0.21	0.46	2.05

Notes:

(1) Basic EPS for the current quarter and the year-to-date period ended 30 September 2024 are computed based on profit attributable to owners of MST Golf Group Berhad divided by the weighted average number of ordinary shares in issue of 820,868,600 respectively. For the corresponding quarter and year-to-date period ended 30 September 2023, the weighted average number of ordinary shares in issue were 787,825,122 and 703,652,483 respectively.

There were no diluted 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 authorised for issuance by the Board of Directors of MST Golf Group Berhad on 28 November 2024.

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