

**UNAUDITED INTERIM FINANCIAL REPORT FOR THE FOURTH (4<sup>TH</sup>) QUARTER ENDED  
31 DECEMBER 2020**

**PART B – EXPLNATORY NOTES PERSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING  
REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

**B1 Performance Review**

**(a) Results for current quarter**

The Group recorded a revenue of RM24.71 million and profit before tax of RM3.19 million for the current financial quarter ended 31 December 2020.

The Group's revenue mainly derived from the design, manufacture and sales of home furniture and furniture parts. North America was the largest market contributed approximately 46.94% to the Group's revenue in current financial quarter

**(b) Results for financial year-to-date**

The Group recorded a revenue of RM76.40 million and profit before tax of RM9.66 million for the current financial year ended 31 December 2020.

This is the first interim financial report on the Company's unaudited condensed consolidated financial results for the fourth (4<sup>th</sup>) quarter ended 31 December 2020 announced in compliance with the Listing Requirements and as such, there are no comparative figures for the preceding year's corresponding quarter.

**B2 Comparison with Immediate Preceding Quarter Results**

|         | Individual Quarter                                      |  | Changes |     |
|---------|---|--|---------|-----|
|         | Unaudited<br>Current<br>Quarter<br>31.12.2020<br>RM'000 | Unaudited<br>Preceding<br>Quarter <sup>(1)</sup><br>30.09.2020<br>RM'000 | RM'000  | %   |
| Revenue | 24,712  | N/A  | N/A     | N/A |
| PBT     | 3,192   | N/A  | N/A     | N/A |

Note:

(1) This is the first interim financial report on the Company's unaudited condensed consolidated financial results for the fourth (4<sup>th</sup>) quarter ended 31 December 2020 announced in compliance with the Listing requirements and as such, there are no comparative figures for the immediate preceding quarter.

***N/A – Not applicable***

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**B3 Prospect and Outlook for the Current Financial Year**

**Industry Outlook**

As disclosed in the Prospectus of the Company dated 3 February 2021, the Covid-19 pandemic has caused many countries to impose mandatory movement control and business operation restrictions in order to curb the spread of the virus, halting economic and business activities, including furniture businesses. This has temporarily disrupted the supply of furniture as global supply chains were affected. With the IMF's revision of world GDP forecast for 2020 to -4.4%, overall consumer spending is expected to decline and consequently affect the demand for furniture.

Nevertheless, as people increasingly purchase home furniture to improve their living space at home due to the movement controls imposed in their countries, the increase in the demand for home furniture driven by the abovementioned factor is expected to cushion the negative impact arising from the Covid-19 pandemic and to support global demand for furniture.

Further, as furniture is an essential item for comfort and functional purposes to support daily activities, the global demand for furniture is expected to remain strong over the longer term. Premised to this, the furniture export industry in Malaysia is expected to recover when global supply chains resume, economic conditions recover and the impact of the Covid-19 pandemic subsides or ends. This will eventually benefit the furniture export industry players in Malaysia, including Mobilia Group, as industry players will be able to leverage on the resumption of growth in global demand for furniture to continue expanding their business.

The ongoing economic conflict between China and the US escalate when the US increased its import tariff from 10% to 25% on USD200 billion worth of products, including furniture from China effective 10 May 2019. The increase in import tariff led to a sharp drop of 25.74% in China's export of furniture to the US. As a result, furniture exports in Malaysia benefited from the trade war, resulting in an increase in export for Malaysian furniture in 2019, contributed a growth of 24.44% in the exports of furniture to the US.

*Source: Independent Market Research Report on the Furniture Industry in Malaysia and Global Furniture Market dated 22 January 2021 prepared by Smith Zander International Sdn. Bhd.*

**Corporate Prospect**

The Group operates within the furniture manufacturing industry in Malaysia. The Group is expected to benefit from the future plans and strategies as disclosed in the Prospectus of the Company dated 3 February 2021, as follows:

- (a) We plan to expand our current manufacturing plant to support our long term business growth;
- (b) We plan to purchase additional machinery to increase automation in our manufacturing process;

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- (c) We will continue to expand our range of home furniture through our continuous D&D efforts;
- (d) We plan to expand our customer base and export markets.

**B4 Variance of Actual Profit from Forecast Profit**

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

**B5 Tax Expense**

|  | Individual Quarter                |  | Cumulative Quarter                |                                 |
|--|-----------------------------------|--|-----------------------------------|---------------------------------|
|  | Unaudited<br>31.12.2020<br>RM'000 | Unaudited<br>31.12.2019 <sup>(1)</sup><br>RM'000 | Unaudited<br>31.12.2020<br>RM'000 | Audited<br>31.12.2019<br>RM'000 |
| Current tax expense:                             |                                   |  |                                   |                                 |
| Current financial period / year                  | 419                               | N/A  | 819                               | 2,422                           |
| Overprovision in prior year                      | -                                 | N/A  | (290)                             | 123                             |
|  | <u>419</u>                        | <u>N/A</u>                                       | <u>529</u>                        | <u>2,545</u>                    |
| Deferred tax expense:                            |                                   |  |                                   |                                 |
| Relating to origination of temporary differences | (126)                             | N/A  | 491                               | 24                              |
| Under provision in prior year                    | -                                 | N/A  | (19)                              | 38                              |
| Total tax expense                                | <u>293</u>                        | <u>N/A</u>                                       | <u>1,001</u>                      | <u>2,607</u>                    |
| Effective tax rate <sup>(2)</sup>                | <u>9.18%</u>                      | <u>N/A</u>                                       | <u>10.37%</u>                     | <u>23.64%</u>                   |

Note:

- (1) This is the first interim financial report on the Company's unaudited condensed consolidated financial results for the fourth (4<sup>th</sup>) quarter ended 31 December 2020 announced in compliance with the Listing requirements and as such, there are no comparative figures for the preceding year's corresponding quarter.
- (2) The applicable Malaysian income tax rate is 24% for the financial year ended 31 December 2020 (17% / 24% for the financial year ended 31 December 2019). The Group's effective tax rate for the current quarter and financial year under review is lower than the statutory tax rate primarily due to utilization of reinvestment allowance.

***N/A – Not applicable***

**B6 Status of Corporate Proposals**

Save for the IPO as disclosed in Note A12, there were no other corporate proposals announced but not implemented as at the date of this report.