



**WELLSPIRE HOLDINGS BERHAD**

Registration No: 202101026155 (1426455-A)

Incorporated in Malaysia

**UNAUDITED INTERIM FINANCIAL REPORT  
FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2023**

**WELLSPIRE HOLDINGS BERHAD**

Registration No: 202101026155 (1426455-A)

Unaudited Interim Financial Report for the Fourth Quarter ended 31 December 2023

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME<sup>(1)</sup>**

	Note	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Unaudited Current Year Quarter	Unaudited Preceding Year Corresponding Quarter	Unaudited Current Year-to-date	Audited Preceding Year-to-date
		3 months 31.12.2023	3 months 31.12.2022	12 months 31.12.2023	12 months 31.12.2022
		RM'000	RM'000	RM'000	RM'000
Revenue		32,989	32,577	124,881	123,366
Cost of sales		<u>(26,584)</u>	<u>(26,114)</u>	<u>(99,970)</u>	<u>(97,411)</u>
Gross profit		6,405	6,463	24,911	25,955
Other operating income / (expense)		253	(342)	1,243	745
Net reversal of impairment loss / (loss on impairment) of financial instruments		1	(10)	13	66
Selling and administrative expenses		<u>(5,506)</u>	<u>(6,229)</u>	<u>(18,563)</u>	<u>(20,570)</u>
Finance costs		<u>(35)</u>	<u>(52)</u>	<u>(163)</u>	<u>(294)</u>
Profit / (Loss) before tax	B12	1,118	(170)	7,441	5,902
Tax expense	B5	<u>(634)</u>	<u>(407)</u>	<u>(2,987)</u>	<u>(2,947)</u>
<b>Profit / (Loss) for the financial period</b>		484	(577)	4,454	2,955
<b>Other comprehensive income</b>					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Foreign currency translation gain, net of tax		<u>1,401</u>	<u>587</u>	<u>1,554</u>	<u>265</u>
<b>Total comprehensive income for the financial period</b>		<u>1,885</u>	<u>10</u>	<u>6,008</u>	<u>3,220</u>
<b>Profit / (Loss) attributable to:</b>					
Owners of the Company		91	(896)	2,638	1,138
Non-controlling interests		<u>393</u>	<u>319</u>	<u>1,816</u>	<u>1,817</u>
		<u>484</u>	<u>(577)</u>	<u>4,454</u>	<u>2,955</u>
<b>Total comprehensive income / (loss) attributable to:</b>					
Owners of the Company		1,141	(456)	3,804	1,337
Non-controlling interests		<u>744</u>	<u>466</u>	<u>2,204</u>	<u>1,883</u>
		<u>1,885</u>	<u>10</u>	<u>6,008</u>	<u>3,220</u>
<b>Earnings / (Loss) per share to Owners of the Company</b>					
Basic/Diluted (sen)	B11	<sup>(2)</sup> 0.01	<sup>(2)</sup> (0.15)	<sup>(2)</sup> 0.37	<sup>(2)</sup> 0.19

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME<sup>(1)</sup> (CONTINUED)**

**Notes:**

1. The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report issued on 28 April 2023 and the accompanying explanatory notes attached to this interim financial report.
2. The diluted earnings per share of the Company are equivalent to the basic earnings per share as the Company does not have any convertible securities as at the end of the reporting period. The basic earnings per share is calculated based on 707,004,452 weighted average number of ordinary shares in issue as at current year-to-date and 587,525,000 ordinary shares in issue as at preceding year-to-date.

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Unaudited Interim Financial Report for the Fourth Quarter ended 31 December 2023

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION<sup>(1)</sup>**

	Note	Unaudited As at 31.12.2023 RM'000	Audited As at 31.12.2022 RM'000
<b>ASSETS</b>			
<i>Non-current assets</i>			
Property, plant and equipment		814	913
Right-of-use assets		986	1,060
		1,800	1,973
<i>Current assets</i>			
Inventories		6,131	7,817
Trade and other receivables		21,583	20,365
Cash and bank balances		41,805	10,470
		69,519	38,652
<b>TOTAL ASSETS</b>		<b>71,319</b>	<b>40,625</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital		50,529	23,501
Reserves		(9,916)	(11,082)
Retained earnings		12,087	9,449
		52,700	21,868
Non-controlling interests		8,148	5,843
<b>TOTAL EQUITY</b>		<b>60,848</b>	<b>27,711</b>
<b>LIABILITIES</b>			
<i>Non-current liabilities</i>			
Lease liabilities		520	339
Deferred tax liabilities		3,146	2,334
Borrowings	B8	129	221
		3,795	2,894
<i>Current liabilities</i>			
Lease liabilities		308	470
Borrowings	B8	2,793	5,077
Trade and other payables		2,551	3,917
Current tax liabilities		1,024	556
		6,676	10,020
<b>TOTAL LIABILITIES</b>		<b>10,471</b>	<b>12,914</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>71,319</b>	<b>40,625</b>
Net assets per share (Sen) <sup>(2)</sup>		7.40	3.72

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION<sup>(1)</sup> (CONTINUED)**

**Notes:**

1. The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position is disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report issued on 28 April 2023 and the accompanying explanatory notes attached to this interim financial report.
2. Net assets per ordinary share is calculated based on the Company's issued share capital of 712,125,000 ordinary shares as at current year-to-date and 587,525,000 ordinary shares as at preceding year-to-date.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY<sup>(1)</sup>**

	-----Non-distributable-----				Distributable		Non-	Total
	Share	Foreign	Merger	Legal	Retained	Total	controlling	equity
	capital	currency	reserve	reserve	earnings	RM'000	interests	RM'000
	RM'000	translation	RM'000	RM'000	RM'000		RM'000	RM'000
		reserve						
		RM'000						
<b>Unaudited</b>								
<b>Balance as at 1 January 2023 (Audited)</b>	23,501	(414)	(10,721)	53	9,449	21,868	5,843	27,711
Profit for the financial year	-	-	-	-	2,638	2,638	1,816	4,454
Other comprehensive income, net of tax	-	1,166	-	-	-	1,166	388	1,554
Total comprehensive income	-	1,166	-	-	2,638	3,804	2,204	6,008
Issuance of ordinary shares	28,658	-	-	-	-	28,658	101	28,759
Listing expenses attributable to initial public offering	(1,630)	-	-	-	-	(1,630)	-	(1,630)
<b>Balance as at 31 December 2023</b>	<b>50,529</b>	<b>752</b>	<b>(10,721)</b>	<b>53</b>	<b>12,087</b>	<b>52,700</b>	<b>8,148</b>	<b>60,848</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY<sup>(1)</sup> (CONTINUED)**

	-----Non-distributable-----								
	Share capital	Invested equity	Foreign currency translation reserve	Merger reserve	Legal reserve	Distributable Retained earnings	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Audited</b>									
<b>Balance as at 1 January 2022</b>	2,000	11,501	(613)	(10,721)	53	8,311	10,531	3,941	14,472
Profit for the financial year	-	-	-	-	-	1,138	1,138	1,817	2,955
Other comprehensive income, net of tax	-	-	199	-	-	-	199	66	265
Total comprehensive income	-	-	199	-	-	1,138	1,337	1,883	3,220
Issuance of ordinary shares	10,000	-	-	-	-	-	10,000	-	10,000
Issuance of ordinary shares for the acquisition of subsidiary	11,501	(11,501)	-	-	-	-	-	-	-
Issuance of ordinary shares to non-controlling interests by a subsidiary	-	-	-	-	-	-	-	19	19
	21,501	(11,501)	-	-	-	-	10,000	19	10,019
<b>Balance as at 31 December 2022</b>	<b>23,501</b>	<b>-</b>	<b>(414)</b>	<b>(10,721)</b>	<b>53</b>	<b>9,449</b>	<b>21,868</b>	<b>5,843</b>	<b>27,711</b>

**Note:**

- The basis of preparation of the Unaudited Condensed Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report issued on 28 April 2023 and the accompanying explanatory notes attached to this interim financial report.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS<sup>(1)</sup>**

	<b>Unaudited Current Year- to-date 12 months 31.12.2023 RM'000</b>	<b>Audited Preceding Year- to-date 12 months 31.12.2022 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	7,441	5,902
Adjustments for:		
Depreciation of:		
- property, plant and equipment	346	254
- right-of-use assets	604	1,310
Interest expense on:		
- borrowings	137	240
- lease liabilities	26	110
Gain on disposal of property, plant and equipment	-	(7)
Interest income	(779)	(2)
Reversal of impairment loss on trade receivables	(13)	(66)
Provision for obsolete stocks	11	-
Inventories written down	145	292
Net unrealised gain on foreign exchange	(329)	(505)
Operating profit before changes in working capital	7,589	7,528
Changes in working capital		
Inventories	1,915	(1,859)
Trade and other receivables	303	(1,451)
Trade and other payables	(1,625)	1,112
Cash generated from operations	8,182	5,330
Interest received	499	2
Tax paid	(1,750)	(3,263)
<b>Net cash from operating activities</b>	<b>6,931</b>	<b>2,069</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS<sup>(1)</sup> (CONTINUED)**

	<b>Unaudited Current Year- to-date 12 months 31.12.2023 RM'000</b>	<b>Audited Preceding Year- to-date 12 months 31.12.2022 RM'000</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of:		
- property, plant and equipment	(210)	(702)
Proceeds from disposal of property, plant and equipment	-	59
Placement of fixed deposit	(25,000)	-
<b>Net cash used in investing activities</b>	<b>(25,210)</b>	<b>(643)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdowns of borrowings	17,009	55,181
Payments of lease liabilities	(526)	(2,244)
Proceeds from issuance of shares	28,658	10,000
Payments of listing expenses attributable to initial public offering	(1,630)	-
Proceeds from issuance of shares to non-controlling interest	101	19
Repayments of borrowings	(19,754)	(60,391)
<b>Net cash from financing activities</b>	<b>23,858</b>	<b>2,565</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,579</b>	<b>3,991</b>
Effects of exchange rate changes on cash and cash equivalents	756	597
Cash and cash equivalents at beginning of financial year	10,470	5,882
<b>Cash and cash equivalents at end of financial year</b>	<b>16,805</b>	<b>10,470</b>
<b>Represented by:</b>		
Cash and bank balances	41,805	10,470
Less: Fixed deposits with licensed bank with maturity period more than three (3) months	(25,000)	-
	16,805	10,470

**Note:**

- The basis of the preparation of the Unaudited Condensed Consolidated Statement of Cash Flows is disclosed in Note A1 and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report issued on 28 April 2023 and the accompanying explanatory notes attached to this interim financial report.

# WELLSPIRE HOLDINGS BERHAD

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Unaudited Interim Financial Report for the Fourth Quarter ended 31 December 2023

## PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING

### A1 –Basis of Preparation

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

The interim financial report should also be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2022 as disclosed in the Annual Report issued on 28 April 2023 and the accompanying 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 preparation of the Group’s audited financial statements for the financial year 31 December 2022 as disclosed in the Annual Report issued on 28 April 2023 except for the adoption of new MFRS, Amendments to MFRS and IC Interpretations that are mandatory for annual financial year beginning on or after 1 January 2023.

The adoption of the new MFRS, Amendments to MFRS and IC Interpretations did not have any significant effect on the financial statements of the Group and did not result in significant changes to the Group’s existing accounting policies.

The following MFRSs and Amendments to MFRSs have been issued but has not been early adopted by the Group.

Title	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-Current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

### A3 – Auditors’ Report on Preceding Annual Financial Statements

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

### A4 – Seasonal or Cyclical of Operations

The business operations of the Group during the current year quarter under review have not been materially affected by any seasonal or cyclical factors.

### A5 –Unusual Items Affecting Assets, Liabilities, Equity, Net Income and Cash Flows

There were no items of an unusual nature affecting the assets, liabilities, equity, net income or cash flows in the current year quarter under review.

### A6 – Material changes in Estimates

There were no material changes in estimates during the current year quarter under review.

### A7 – Debt and Equity Securities

There were no other issuances, cancellation, repurchases, resales and repayment of debts and equity securities during the current year quarter under review.

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## PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONTINUED)

### A8 – Dividends Paid

There were no dividend declared or paid during the current year quarter under review.

### A9 – Segmental Information

The primary activities of the Group are in a single industry segment of distribution of consumer packaged foods. Other reporting segment include online retailer of consumer packaged foods, investment holding and trading of biomass fuel, which are not of a sufficient size to be reported separately.

Accordingly, the Group has only one (1) reportable segment.

### A10 – Valuation of Property, Plant and Equipment

There were no valuation of property, plant and equipment in the current year quarter under review.

### A11 – Material Subsequent Events

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

### A12 – Changes in the Composition of The Group

There were no other material changes in the composition of the Group for the current year quarter under review.

### A13 – Contingent Assets and Contingent Liabilities

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

### A14 – Capital Commitment

Save as disclosed below, there were no capital commitments:

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Capital expenditure in respect of purchase of property, plant, and equipment:		
• Approved but not contracted for in relation to the acquisition of a warehouse and operational facility in Thailand	<u>16,000</u>	<u>16,000</u>

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**PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONTINUED)****A15 –Related Party Transaction**

There were no related party transactions to the end of the current year quarter under review, except for the following:

	<b>INDIVIDUAL QUARTER</b>		<b>CUMMULATIVE QUARTER</b>	
	<b>Unaudited</b>	<b>Unaudited</b>	<b>Unaudited</b>	<b>Audited</b>
	<b>Current Year</b>	<b>Preceding Year</b>	<b>Current Year-</b>	<b>Preceding Year-</b>
	<b>Quarter</b>	<b>Corresponding</b>	<b>to-date</b>	<b>to-date</b>
	<b>3 months</b>	<b>3 months</b>	<b>12 months</b>	<b>12 months</b>
	<b>31.12.2023</b>	<b>31.12.2022</b>	<b>31.12.2023</b>	<b>31.12.2022</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Purchase of goods and services	-	-	-	685
Rental expenses paid to a related party	444	423	1,764	1,691

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**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD****B1 – Review of Performance**

	INDIVIDUAL QUARTER		CUMMULATIVE QUARTER	
	Current Year Quarter 3 months 31.12.2023	Preceding Year Corresponding Quarter 3 months 31.12.2022	Current Year-to- date 12 months 31.12.2023	Preceding Year-to- date 12 months 31.12.2022
	RM'000	RM'000	RM'000	RM'000
Revenue	32,989	32,577	124,881	123,366
Gross profit	6,405	6,463	24,911	25,955
Profit / (Loss) before tax	1,118	(170)	7,441	5,902

**Results for current quarter:**

The Group registered a higher revenue of RM32.99 million for the current year quarter as compared to RM32.58 million in the preceding year's corresponding quarter. The Group's higher revenue were mainly due to the commencement of the trading of biomass fuel business in the current quarter and revision to the retail price of sunflower seeds. However, the higher revenue was partly offset by the reduction in sales of snack foods products.

The Group's revenue was mainly derived from customers located in Thailand. Revenue from sales of sunflower seeds accounted for RM29.14 million or 88.33% of the total revenue whereas the amount of RM2.55 million or 7.73% of the total revenue for the current year quarter was mainly consist of other snack foods products. Material costs constituted the largest component in the Group's cost of sales which accounted for RM25.95 million or 97.63% of its total cost of sales of RM26.58 million for the current year quarter. The Group commenced trading for biomass fuel business in current year quarter which contributed RM1.30 million or 3.94% to the Group's revenue.

Overall, the Group recorded a profit before tax of RM1.12 million for the current year quarter as compared to a loss before tax of RM0.17 million in the preceding year's corresponding quarter, which was mainly due to lower unrealised foreign exchange loss and absence of professional fee in relation to the Company's initial public offering ("IPO").

**Results for 12-month year-to-date:**

The Group registered a higher revenue of RM124.88 million for the current year-to-date as compared to RM123.37 million in the corresponding preceding year-to-date. The higher revenue was mainly contributed by the higher revenue generated from other snack foods products and commencement of the trading of biomass fuel business in the current year quarter. The Group recorded higher profit before tax of RM7.44 million for the current year-to-date as compared to the profit before tax of RM5.90 million in the corresponding preceding year-to-date. The higher profit before tax as compared to profit before tax in the preceding year-to-date was mainly due to minimal listing expenses in the current year-to-date.

**B2 – Comparison with immediate preceding quarter's results**

	INDIVIDUAL QUARTER	
	Current Year Quarter 31.12.2023	Immediate Preceding Quarter 30.09.2023
	RM'000	RM'000
Revenue	32,989	28,291
Gross profit	6,405	5,583
Profit before tax	1,118	1,718

The Group registered a higher revenue of RM32.99 million for the current year quarter as compared to RM28.29 million in the immediate preceding quarter. The higher revenue was mainly contributed by the increase in orders placed for snack food products by customers of the Company and commencement of trading business of biomass fuel in current year quarter. The Group recorded lower profit before tax of RM1.12 million as compared to the profit before tax of RM1.72 million in the immediate preceding quarter. The Group recorded a lower profit before tax mainly due to increased spending on advertising and promotions as well as higher salaries cost as compared to profit before tax in the immediate preceding quarter.

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### PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

#### B3 –Prospects and Outlook

The successful listing of Wellspire has thus strengthened the Group's strategies and Management's commitment to be the preferred distribution partner for snack food products from other regions into the Thailand market. In addition, it has laid the foundation for the Group's future trajectory, and will serve as an important enabler for potential synergistic cross-country distribution of snack food products.

Towards this end, the Group intends to implement the following future plans:

- a) As part of the Group's business strategies, the Group intends to acquire/ construct a warehouse and operating facility as a long-term investment to increase the Group's asset base instead of renting the distribution centre. The Group intends to allocate up to RM16.00 million of the IPO proceeds to be utilised within 18 months from its listing, to explore its options either to acquire the abovementioned existing distribution centre from the Promoters or to acquire a new warehouse and operational facility at another suitable location in Thailand.

As at the date of this interim report, the Company had engaged professionals to assess the options (i) to acquire the abovementioned existing distribution centre from the Promoters; or (ii) to acquire a new warehouse and operational facility at another suitable location in Thailand; or (iii) to acquire land and construct new warehouse and operational facility based on the Group's specifications.

- b) As a distributor of consumer packaged snack foods to operators of large chain retail outlets, the Group will continue to expand its range of products to include other types of snack foods as the Group has market access to a large potential end-consumer base. In this respect, the Group plans to widen its existing range of third-party brands of consumer packaged snack foods.

On 23 March 2023, the Group has entered into a distribution agreement with HH International Enterprise Limited ("HH"), whereby the Group has been appointed as the exclusive distributor of "WEILONG" brand products by HH. The products supplied by HH are marketed, distributed and sold by the Group in Thailand. The Group has commenced distribution of WEILONG brand konjac and seasoned flour products, namely Weilong Big Hot stick (Latiao) and Weilong Konjac Shuang.

On 13 July 2023, the Group has entered into a distribution agreement with Cundo Food Co., Ltd ("CUNDO"), whereby the Group has been appointed as the exclusive distributor of "CUNDO" brand products by CUNDO. The products supplied by CUNDO will be marketed, distributed and sold by the Group in Malaysia, Singapore and Thailand. The Group has commenced distribution of CUNDO brand bakery and confectionery products, namely Cundo Cake (Milk Flavour), Cundo Cake (Chocolate Flavour and Cundo Cake (Strawberry Raspberry Flavour) in Thailand.

On 23 August 2023, the Group has entered into a strategic cooperation agreement with Khee San Food Industries Sdn. Bhd. ("KHEE SAN") with the intention to distribute, market and sell KHEE SAN products in Thailand. The Group and KHEE SAN shall within a period of six (6) months from the date of the aforesaid agreement negotiate in good faith and enter into one or more exclusive distribution agreements that shall set forth the specific commercial terms governing the distribution of the specific lines, classes or categories of the "KHEE SAN" brand products. During the commercial discussion process, the brand's owner decided to register Khee San's intellectual property (including but not limited to trademarks, service marks, trade names, patents, know-how, copyrights, designs and software if applicable) ("Intellectual Property") for the purpose of distributing the KHEE SAN's products in Thailand. This process will take approximately up to 18 months for completion, before the Group enters into the exclusive distribution agreement(s). The strategic cooperation agreement dated 23 August 2023 remains effective.

On 28 December 2023, the Group has renewed the distribution agreement and distributor supplementary agreement with QiaQia Food Co., Ltd. ("QIAQIA") and Cha Cha Food (Thailand) Co., Ltd. ("CHACHA THAILAND"), whereby the Group has been appointed as the exclusive distributor of "ChaCha sunflower seeds and nuts" in Thailand since 2013. The products supplied by QIAQIA are marketed, distributed and sold by the Group in Thailand.

- c) Part of the Group's plan is to enhance the features of its existing e-commerce platform operated by its subsidiary, Keymall Retail Co., Ltd., to further complement its existing business model and to increase its online presence. The Group's existing e-commerce platform has basic features to showcase its product offerings on the website which does not have a payment gateway system, and is only available in Thai language. The group has further enhanced the e-commerce platform by adding an additional platform that is able to combine placement order made on our website and other e-commerce channels (such as Lazada and Shopee). The Group has made its final selection for the vendor and plans to implement the payment gateway to be functional by first quarter of 2024. This will be funded through internally generated funds.

According to Statista, the revenue value of Thai snack food market is expected to exceed USD 1 billion in 2024, and is projected to witness a CAGR of 6.61% during the period of 2024-2028. In relation to total population figures, the Thai market is expected to generate a revenue of US\$16.73 per person in 2024.

Based on the above, Wellspire remains positive of the Group's ability to achieve satisfactory financial performance in the financial year ending 31 December 2024.

## WELLSPIRE HOLDINGS BERHAD

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### PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

#### B4 – Variance of Actual Profit 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		CUMMULATIVE QUARTER	
	Unaudited Current Year Quarter  3 months 31.12.2023 RM'000	Unaudited Preceding Year Corresponding Quarter  3 months 31.12.2022 RM'000	Unaudited Current Year- to-date  12 months 31.12.2023 RM'000	Audited Preceding Year- to-date  12 months 31.12.2022 RM'000
<u>Taxation</u>				
- Malaysia	-	-	1	-
- Outside Malaysia	452	263	2,175	1,908
	<b>452</b>	<b>263</b>	<b>2,176</b>	<b>1,908</b>
<u>Deferred tax</u>				
- Malaysia	-	-	-	-
- Outside Malaysia	182	144	811	1,039
	<b>182</b>	<b>144</b>	<b>811</b>	<b>1,039</b>
<b>Tax expense</b>	<b>634</b>	<b>407</b>	<b>2,987</b>	<b>2,947</b>
<b>Profit / (Loss) before taxation</b>	<b>1,118</b>	<b>(170)</b>	<b>7,441</b>	<b>5,902</b>
<b>Effective tax rate</b>	<b>56.71%</b>	<b>N/A</b>	<b>40.14%</b>	<b>49.93%</b>

The higher effective tax rate of the Group for the current year quarter and current year-to-date as compared to the Thailand statutory tax rate of 20% was mainly due to the non-deductibility of certain expenses and tax effects of origination of temporary differences on undistributed retained earnings of consolidated entities for the current year quarter and current year-to-date respectively.

In accordance with Section 70 of Thai Revenue Code, dividends paid to holding companies incorporated under foreign laws and not carrying on business in Thailand are subject to a withholding tax at the rate of 10% of the distributed amount.

#### B6 – Status of Corporate Proposals

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

#### B7 – Utilisation of Proceeds from IPO

The utilisation of proceeds as disclosed below should be read in conjunction with the Prospectus of the Company dated 27 December 2022. The gross proceeds of approximately RM28.66 million raised from the IPO and the status of utilisation as of current year-to-date is as follows:

Details of utilisation	Estimated Timeframe for the utilisation upon listing <sup>(1)</sup>	Proposed Utilisation RM'000	Actual Utilisation RM'000	Reallocation RM'000	Balance to be utilised RM'000
Acquire/ construct a warehouse and operational facility in Thailand	Within 18 months	16,000	-	-	16,000
Working capital	Within 18 months <sup>(3)</sup>	5,958	(3,212)	912	3,658
Estimated listing expenses	Within 3 months	6,700	(5,788)	(912) <sup>(2)</sup>	-
<b>Total</b>		<b>28,658</b>	<b>(9,000)</b>	<b>-</b>	<b>19,658</b>

#### Notes:

- From the date of listing of the Company on the ACE Market of Bursa Securities.

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**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)****B7 – Utilisation of Proceeds from IPO( Cont'd)****Notes:**

- The actual utilisation of listing expenses amounted to RM5.79 million. The surplus of RM0.91 million from the estimated listing expenses was re-allocated to the general working capital requirements of the Group.
- On 28 August 2023, an announcement was issued to extend the timeframe for the utilisation of the IPO proceeds allocated for working capital for an additional 12 months, up to 18 months from date of listing of the Company.

**B8 – Bank Borrowings**

Total Group bank borrowings as at 31 December 2023 are as follows:

	<b>Total RM'000</b>	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>
<b><u>Non-current:</u></b>			
Term loans	129	129	-
	<u>129</u>	<u>129</u>	<u>-</u>
<b><u>Current:</u></b>			
Term loans	107	107	-
Revolving credit	2,686	-	2,686
	<u>2,793</u>	<u>107</u>	<u>2,686</u>

Total Group bank borrowings as at 31 December 2022 are as follows:

	<b>Total RM'000</b>	<b>Secured RM'000</b>	<b>Unsecured RM'000</b>
<b><u>Non-current:</u></b>			
Term loans	221	221	-
	<u>221</u>	<u>221</u>	<u>-</u>
<b><u>Current:</u></b>			
Term loans	97	97	-
Revolving credit	2,544	-	2,544
Invoice financing	2,436	2,436	-
	<u>5,077</u>	<u>2,533</u>	<u>2,544</u>

All of the above borrowings are denominated in THB.

**B9 – Material Litigations**

As at the date of this interim financial report, there is no material litigation or arbitration by/against the Group, which has a material effect on the financial position of the Group and the Board of Directors (“**Board**”) is not aware of any material proceedings pending or of any fact likely to give rise to any proceedings.

**B10 – Dividends**

There were no dividend proposed or declared by the Board of the Company during the current year quarter under review.

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**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

**B11 –Earnings per Share (“EPS”)**

The earnings per share of the current year quarter under review are calculated as follows:

	INDIVIDUAL QUARTER		CUMMULATIVE QUARTER	
	Unaudited	Unaudited	Unaudited	Audited
	Current Year	Preceding Year	Current Year-	Preceding Year-
	Quarter	Corresponding	to-date	to-date
	3 months	3 months	12 months	12 months
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Profit / (Loss) attributable to the Owners of the Company	91	(896)	2,638	1,138
Weighted average number of ordinary shares in issue ('000)	707,004	587,525	707,004	587,525
Basic/ Diluted EPS (sen)	<u>0.01</u>	<u>(0.15)</u>	<u>0.37</u>	<u>0.19</u>

**B12 – Notes to the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

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

	INDIVIDUAL QUARTER		CUMMULATIVE QUARTER	
	Unaudited	Unaudited	Unaudited	Audited
	Current Year	Preceding Year	Current Year-	Preceding Year-
	Quarter	Corresponding	to-date	to-date
	3 months	3 months	12 months	12 months
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of :				
- property, plant and equipment	90	80	346	254
- right-of-use assets	139	332	604	1,310
Interest expenses on :				
- lease liabilities	4	16	26	110
- borrowings	31	39	137	240
Listing expenses	-	1,392	61	3,932
Interest income	(237)	(1)	(779)	(2)
Realised (gain) / loss on foreign exchange	15	(18)	(34)	(193)
Net (reversal of impairment loss) / loss on impairment of financial instruments (Net reversal on) / Provision for obsolete stocks	(48)	-	11	-
Inventories written down	145	95	145	292
Unrealised (gain) / loss on foreign exchange	16	370	(329)	(505)
Gain on disposal of property, plant and equipment	-	(7)	-	(7)

Other disclosure items pursuant to Appendix 9B of the Listing requirement are not applicable.

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**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)**

**B13 – Derivative**

The Group did not enter into any derivatives during the current financial quarter under review.

**By the Order of the Board**

**Company Secretary**

**27 February 2024**

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