

KGW GROUP BERHAD

Registration No. 202201009353 (1455050-D)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2023

KGW GROUP BERHAD

Registration No. 202201009353 (1455050-D)
(Incorporated in Malaysia)

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Third Quarter Ended 30 September 2023⁽¹⁾**

	Note	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
		Unaudited Current Quarter 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Quarter ⁽³⁾ 30.09.2022 RM'000	Unaudited Current Year-to-date 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Year-to-date ⁽³⁾ 30.09.2022 RM'000
Revenue		20,247	N/A	54,049	N/A
Cost of sales		(17,178)	N/A	(44,476)	N/A
Gross profit ("GP")		3,069	N/A	9,573	N/A
Other income		363	N/A	1,604	N/A
Administrative expenses		(2,558)	N/A	(7,033)	N/A
Other operating expenses ⁽⁴⁾		(2,118)	N/A	(2,174)	N/A
Reversal of impairment on financial assets, net		-	N/A	13	N/A
Finance costs		(92)	N/A	(311)	N/A
(Loss)/profit before tax ("LBT"/"PBT")	B12	(1,336)	N/A	1,672	N/A
Tax expense	B5	(182)	N/A	(913)	N/A
Net (loss)/profit/ Total comprehensive (loss)/ income for the financial period attributable to Owners of the Group		(1,518)	N/A	759	N/A
(Loss)/earnings per share - Basic/diluted (sen) ⁽²⁾	B11	(0.31)	N/A	0.16	N/A

NOTES:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in Section 13 of the prospectus of KGW Group Berhad ("KGW" or the "Company") dated 30 June 2023 ("Prospectus") and the accompanying explanatory notes attached to this report.
- (2) The basic (loss)/earnings per share is calculated based on the Company's share capital of 482,798,567 ordinary shares after the Company was listed on the ACE Market of Bursa Malaysia Securities Berhad ("Bursa Securities") on 1 August 2023. The diluted (loss)/earnings per share is equivalent to the basic (loss)/earnings per share as there were no potential dilutive securities in issue during the financial quarter under review.
- (3) This is the first interim financial report for the third quarter ended 30 September 2023 being announced by the Company in compliance with the ACE Market Listing Requirements of Bursa Securities ("Listing Requirements"), hence there are no comparative figures for the preceding corresponding quarter and year-to-date.

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**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Third Quarter Ended 30 September 2023⁽¹⁾ (Cont'd)**

NOTES:

- (4) For illustration purposes only, the Company's financial performance after adjusting for the one-off listing expenses is as follows:

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	Unaudited Current Quarter 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Quarter 30.09.2022 RM'000	Unaudited Current Year-to-date 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2022 RM'000
(Loss)/Profit before tax	(1,336)	N/A	1,672	N/A
Add: Listing expenses	<u>2,074</u>	<u>N/A</u>	<u>2,130</u>	<u>N/A</u>
Adjusted profit before tax	<u>738</u>	<u>N/A</u>	<u>3,802</u>	<u>N/A</u>

- (5) N/A denotes not applicable.

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KGW GROUP BERHAD

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**Unaudited Condensed Consolidated Statement of Financial Position
As at 30 September 2023⁽¹⁾**

	Note	Unaudited As at 30.09.2023 RM'000	Audited As at 31.12.2022 RM'000
Non-current assets			
Property, plant and equipment		22,524	23,130
Deferred tax assets		410	369
		22,934	23,499
Current assets			
Inventories		13	14
Trade receivables		8,089	7,729
Other receivables, deposits and prepayments		2,494	311
Contract costs		364	726
Short term investment		-	3,007
Tax recoverable		947	-
Fixed deposits with financial institutions		16,073	14,030
Cash and bank balances		12,172	10,929
		40,152	36,746
Total assets		63,086	60,245
Equity			
Share capital		28,167	(2)-
Reorganisation reserve		(10,594)	-
Invested equity		-	1,500
Retained earnings		27,689	26,930
Total equity attributable to owners of the Company		45,262	28,430
Non-current liabilities			
Bank borrowings	B8	6,982	18,256
Lease liabilities		502	768
		7,484	19,024
Current liabilities			
Trade payables		2,028	2,386
Other payables and accruals		4,685	5,594
Contract liabilities		2,077	2,271
Bank borrowings	B8	1,188	761
Lease liabilities		362	385
Income tax payable		-	1,394
		10,340	12,791
Total liabilities		17,824	31,815
Total equity and liabilities		63,086	60,245
Net assets per ordinary share attributable to owners of the Company (RM)⁽³⁾			
		0.09	0.07

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**Unaudited Condensed Consolidated Statement of Financial Position
As at 30 September 2023⁽¹⁾ (Cont'd)**

NOTES:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in Section 13 of the Prospectus and the accompanying explanatory notes attached to this report.
- (2) Represents less than RM1,000.
- (3) Net assets per ordinary share as at 31 December 2022 is calculated based on the Company's share capital of 403,136,767 ordinary shares after the issuance of shares for the acquisition of KGW Logistics (M) Sdn Bhd, Mattroy Logistics (Malaysia) Sdn Bhd and KGW Medica Sdn Bhd but before the initial public offering of the Company ("IPO"). Net assets per ordinary share as at 30 September 2023 is calculated based on the Company's enlarged share capital of 482,798,567 ordinary shares after the IPO.

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**Unaudited Condensed Consolidated Statement of Changes in Equity
For The Third Quarter Ended 30 September 2023⁽¹⁾**

	-----Attributable to Owners of the Company-----				Total equity RM'000
	Share capital RM'000	<u>Non-Distributable</u> Reorganisation reserve RM'000	Invested equity RM'000	<u>Distributable</u> Retained earnings RM'000	
At 31 December 2022/ 1 January 2023 (Audited)	(2)_	-	1,500	26,930	28,430
Share issue for the acquisition of subsidiaries	12,094	(10,594)	(1,500)	-	-
Issuance of ordinary shares	16,729	-	-	-	16,729
Share issuance expenses	(656)	-	-	-	(656)
Net profit/Total comprehensive income for the financial period	-	-	-	759	759
At 30 September 2023 (unaudited)	28,167	(10,594)	-	27,689	45,262

NOTES:

- (1) 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 Accountants' Report as disclosed in Section 13 of the Prospectus and the accompanying explanatory notes attached to this report.
- (2) Represents less than RM1,000.

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**Unaudited Condensed Consolidated Statements of Cash Flows
for the Third Quarter Ended 30 September 2023⁽¹⁾**

	Unaudited Current Year-to-date 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Year-to-date ⁽³⁾ 30.09.2022 RM'000
Cash flows from operating activities		
Profit before tax	1,672	N/A
Adjustments for: -		
Depreciation of property, plant and equipment	616	N/A
Interest expenses	311	N/A
Interest income	(541)	N/A
Property, plant and equipment written off	⁽²⁾ -	N/A
Reversal of impairment on financial assets, net	(13)	N/A
Unrealised (gain)/loss on foreign exchange, net	(1,039)	N/A
Operating profit before changes in working capital	<u>1,006</u>	N/A
Decrease in inventories	1	N/A
Increase in trade and other receivables	(2,408)	N/A
Decrease in trade and other payables	(1,324)	N/A
Decrease in contract costs	361	N/A
Decrease in contract liabilities	(194)	N/A
Cash used in operations	<u>(2,558)</u>	N/A
Interest paid	⁽²⁾ -	N/A
Income tax paid	(3,296)	N/A
Net cash used in operating activities	<u>(5,854)</u>	N/A
Cash flows from investing activities		
Acquisition of property, plant and equipment	(10)	N/A
Repayments from related parties, net	-	N/A
Net cash used in investing activities	<u>(10)</u>	N/A
Cash flows from financing activities		
Interest received	541	N/A
Interest paid	(311)	N/A
Proceeds from issuance of share capital	16,073	N/A
Withdrawal of fixed deposits pledged with financial institution	4	N/A
Repayment of lease liabilities	(288)	N/A
Repayment of term loans	(10,847)	N/A
Net cash generated from financing activities	<u>5,172</u>	N/A
Net decrease in cash and cash equivalents	(692)	N/A
Effect of exchange rate changes	974	N/A
Cash and cash equivalents at beginning of financial period	27,494	N/A
Cash and cash equivalents at end of financial period⁽⁵⁾	<u>27,776</u>	N/A

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**Unaudited Condensed Consolidated Statements of Cash Flows
for the Third Quarter Ended 30 September 2023⁽¹⁾ (Cont'd)**

NOTES:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows is disclosed in Note A1 and should be read in conjunction with the Accountants' Report as disclosed in Section 13 of the Prospectus and the accompanying explanatory notes attached to this report.
- (2) Represents less than RM1,000.
- (3) This is the first interim financial report for the third quarter ended 30 September 2023 being announced by the Company in compliance with the Listing Requirements, hence there are no comparative figures for the preceding corresponding year-to-date.
- (4) N/A denotes not applicable.
- (5) Cash and cash equivalents at the end of the financial periods consist of:

	Unaudited Current Year-to-date 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Year-to-date 30.09.2022 RM'000
Cash and bank balances	12,172	N/A
Fixed deposits with financial institutions	16,073	N/A
	28,245	N/A
Less: Fixed deposit pledged for bank borrowings	(469)	N/A
	27,776	N/A

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

A1. BASIS OF PREPARATION

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

This is the first interim financial report for the third quarter ended 30 September 2023 announced by the Company in compliance with the Listing Requirements. As such, there are no comparative figures for the preceding year’s corresponding period.

The interim financial report should be read in conjunction with the Accountants’ Report as disclosed in Section 13 of the Prospectus and the accompanying explanatory notes attached to this report.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and presentation adopted for this interim financial report are consistent with those adopted as disclosed in the Accountants’ Report in the Prospectus.

The new and amended standards and interpretations that are issued, but not yet effective and have not been adopted by the Group are as follows:

MFRS (Including the Consequential Amendments)		Effective Date
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group intends to adopt these amendments to MFRSs, if applicable, when they become effective in the following financial year.

The initial application of the abovementioned amendments to MFRSs, where applicable, is not expected to have any material impact on the financial statements of the Group.

A3. MATERIAL CHANGES IN ACCOUNTING ESTIMATES

There were no material changes in accounting estimates during the current financial quarter and financial year-to-date under review.

A4. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The audited financial statements of the Group for the preceding financial year ended 31 December 2022 were issued without any qualifications.

A5. SEASONAL OR CYCLICAL FACTORS

The Group’s performance has not been materially affected by any seasonal and cyclical factors during the current financial quarter and financial year-to-date under review.

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MFRS 134: INTERIM FINANCIAL REPORTING (Cont'd)**A6. ITEMS OR INCIDENCES OF AN UNUSUAL NATURE**

There were no material and unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and financial year-to-date under review.

A7. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

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

A8. DEBT AND EQUITY SECURITIES

In conjunction with the Company's listing on the ACE Market of Bursa Securities on 1 August 2023, the Company issued 79,661,800 new shares at an issue price of RM0.21 per share via public issue that were allocated in the following manner: -

- (i) 24,140,000 new IPO Shares available for application by the Malaysian public;
- (ii) 9,656,000 new IPO Shares available for application by our eligible directors and employees, and other persons who have contributed to success of the Group;
- (iii) 7,241,800 new IPO Shares by way of private placement to selected investors; and
- (iv) 38,624,000 new IPO Shares by way of private placement to Bumiputra investors approved by the Ministry of Investment, Trade and Industry ("MITI").

Pursuant thereto, the Company was admitted to Official List of Bursa Securities and the Company's entire enlarge issued share capital of 482,798,567 shares was listed and quoted on the ACE Market of Bursa Securities on 1 August 2023.

Save as disclosed above, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter under review.

A9. DIVIDEND PAID

There was no dividend paid during the current financial quarter under review.

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MFRS 134: INTERIM FINANCIAL REPORTING (Cont'd)
A10. SEGMENTAL INFORMATION

The Group is principally involved in the following businesses:

<u>Operating segments</u>	<u>Nature</u>
(a) Logistics services	Provision of ocean freight, air freight and freight forwarding services
(b) Warehousing and distribution	Warehousing and distribution of healthcare-related products and devices
(c) Investment holding	Activities of holding company

(a) Revenue by business activities

The table below sets out the breakdown of the Group's revenue by business activities for the financial quarter under review:

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	Unaudited Current Quarter 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Quarter ⁽¹⁾30.09.2022 RM'000	Unaudited Current Year-to-date 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Year-to-date ⁽¹⁾30.09.2022 RM'000
Logistics services	20,143	N/A	53,707	N/A
Warehousing and distribution	82	N/A	320	N/A
Investment holding	22	N/A	22	N/A
	<u>20,247</u>	<u>N/A</u>	<u>54,049</u>	<u>N/A</u>

Ocean freight segment within our logistics services was the major revenue contributor during the financial periods under review. The key factor affecting our major revenue contributor is the fluctuation in ocean freight rate.

NOTES:

(1) This is the first interim financial report for the third quarter ended 30 September 2023 being announced by the Company in compliance with the Listing Requirements, hence there are no comparative figures for the preceding corresponding quarter and year-to-date.

(2) N/A denotes not applicable.

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MFRS 134: INTERIM FINANCIAL REPORTING (Cont'd)
A10. SEGMENTAL INFORMATION (CONT'D)
(b) Revenue by geographical region of customers

The table below sets out the breakdown of the Group's revenue by geographical region of customers for the financial quarter under review:

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	Unaudited Current Quarter 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Quarter ⁽¹⁾30.09.2022 RM'000	Unaudited Current Year-to-date 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Year-to-date ⁽¹⁾30.09.2022 RM'000
Malaysia	13,017	N/A	32,430	N/A
Overseas	7,230	N/A	21,619	N/A
	<u>20,247</u>	<u>N/A</u>	<u>54,049</u>	<u>N/A</u>

NOTES:

(1) This is the first interim financial report for the third quarter ended 30 September 2023 being announced by the Company in compliance with the Listing Requirements, hence there are no comparative figures for the preceding corresponding quarter and year-to-date.

(2) N/A denotes not applicable.

A11. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MFRS 134: INTERIM FINANCIAL REPORTING (Cont’d)

A12. CHANGES IN THE COMPOSITION OF THE GROUP

The Company's wholly-owned subsidiary, KGW Logistics (M) Sdn Bhd, had on 16 October 2023 incorporated a new subsidiary company, Annexon Logistics Sdn Bhd (“Annexon”) with a total issued share capital of RM1,000 comprising 1,000 ordinary shares. The intended principal activity for Annexon is as a logistic service provider.

Save as disclosed in Note A8 and the above, there were no material changes in the composition of the Group during the current financial quarter under review.

A13. CAPITAL COMMITMENTS

	Unaudited
	As at
	30.09.2023
	RM'000
<u>Approved and contracted for:</u>	
Renovation of property	1,877

A14. CONTINGENT ASSETS OR CONTINGENT LIABILITIES

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

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PART A – EXPLANATORY NOTES ON COMPLIANCE WITH MFRS 134: INTERIM FINANCIAL REPORTING (Cont'd)
A15. SIGNIFICANT RELATED PARTY TRANSACTIONS

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	Unaudited Current Quarter 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Quarter ⁽¹⁾30.09.2022 RM'000	Unaudited Current Year-to-date 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Year-to-date ⁽¹⁾30.09.2022 RM'000
Entities in which Directors have interest				
- Rental expenses paid	32	N/A	85	N/A
Directors of the subsidiary				
-Rental expenses paid	<u>20</u>	<u>N/A</u>	<u>53</u>	<u>N/A</u>

NOTES:

- (1) This is the first interim financial report for the third quarter ended 30 September 2023 being announced by the Company in compliance with the Listing Requirements, hence there are no comparative figures for the preceding corresponding quarter and year-to-date.
- (2) N/A denotes not applicable.

A16. FAIR VALUE OF FINANCIAL LIABILITIES

There were no gains or losses arising from fair value changes in the Group's financial liabilities for the current financial quarter under review.

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PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (Cont'd)

B1. REVIEW OF PERFORMANCE

The Group recorded revenue of RM20.25 million and RM54.05 million for the current financial quarter and financial year-to-date ended 30 September 2023 respectively. The Group's revenue was mainly attributable to the ocean freight segment within the logistics services, contributing approximately 96.02% and 94.73% of the total revenue for the current financial quarter and the financial year-to-date under review respectively.

The Group registered a LBT of RM1.34 million for the current financial quarter mainly due to the RM2.07 million one-off listing expenses, and after deducting administrative expenses of RM2.56 million for the current financial quarter. For the financial year-to-date, the Group PBT was RM1.67 million after deducting administrative expenses of RM7.03 million. The administrative expenses mainly consist of staff costs, sales commissions, and depreciation of property, plant and equipment.

There are no comparative figures for the corresponding preceding quarter or year-to-date results as this is the first interim financial report for the third quarter ended 30 September 2023 being announced by the Company in compliance with the Listing Requirements.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER'S RESULTS

	<i>Individual Quarter</i>		<i>Variance</i>	
	Unaudited Current Quarter 30.09.2023 RM'000	Unaudited Immediate Preceding Quarter 30.06.2023 RM'000	RM'000	%
Revenue	20,247	15,761	4,486	28.46
(LBT)/PBT	(1,336)	1,325	(2,661)	(200.83)

The Group recorded an increase in revenue by RM4.49 million or 28.46% from RM15.76 million in the immediate preceding quarter ended 30 June 2023 ("2Q 2023") to RM20.25 million in 3Q 2023, mainly attributable to the increase in revenue derived from our ocean freight segment.

The Group registered a decrease in PBT by RM2.66 million or 200.83% from PBT of RM1.33 million in 2Q 2023 to LBT of RM1.34 million in 3Q 2023 mainly attributable to the one-off listing expenses of RM2.07 million.

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**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
(Cont'd)****B3. PROSPECTS AND OUTLOOK FOR THE CURRENT FINANCIAL YEAR**

The trajectory of Malaysia's logistics industry is intricately tied to the ebbs and flows of both the global and local economies. The recently unveiled 2024 Budget anticipates Malaysia's GDP growth rate of +4.0~5.0%. This encouraging outlook is underpinned by a steadfast expansion in domestic demand, a key driver supporting economic recovery and bolstering external trade.

The World Trade Organization (WTO) echoes this optimism, predicting a resurgence in global trade come 2024. Malaysia, in turn, envisions a stabilization and resurgence of its external trade from 4Q2023 onwards. This resurgence is anticipated to be fueled by a more robust recovery in China, positive sentiments surrounding stabilizing monetary policies in major economies, and the sustained elevation of commodity prices.

(Source: MIDF Budget 2024 Report)

As outlined in Section 7.23 of the Prospectus, the Group is poised to embark on the following strategic initiatives:

- (a) **Relocation to a new Warehouse cum Office in Hicom Glenmarie Industrial Park, Shah Alam, Selangor:**
This move is a pivotal step in facilitating the Group's expansion plans, including the scaling up of operations through an increase in headcount. The ongoing renovation of the warehouse cum office is slated for completion by first quarter, 2024. In alignment with the Government's vision of achieving net-zero greenhouse gases emissions by 2025 and in line with our commitment to ESG compliance, we are set to install solar panels on our rooftops. Furthermore, we have identified a café operator to occupy a section of the premises, providing an additional food and beverage option for our staffs.
- (b) **Enhancement of Warehouse Facilities and Capabilities:**
This strategic move is geared towards offering enhanced warehousing services to our logistics clients. It will also enable the expansion of our warehousing and distribution services, particularly for healthcare-related products and devices. The Group is presently in the process of soliciting quotations for the necessary equipment to equip the warehouse and prepare to kick-start operations.
- (c) **Venturing into E-commerce Solutions:**
By delving into this dynamic realm, the Group aims to carve out new business avenues within the logistics services sector.

Armed with these strategic plans and buoyed by the anticipated resurgence of the global and local economy, the Group maintains a positive outlook regarding its ability to achieve satisfactory financial performance in the coming years.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

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

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**PART B – EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
(Cont'd)****B5. INCOME TAX EXPENSES**

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	Unaudited Current Quarter 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Quarter (²)30.09.2022 RM'000	Unaudited Current Year-to-date 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Year-to-date (²)30.09.2022 RM'000
Tax expenses ⁽¹⁾	182	N/A	913	N/A
Effective tax rate (%)	N/A	N/A	54.6	N/A
Statutory tax rate (%)	24.0	N/A	24.0	N/A

NOTES:

- (1) Income tax is recognized based on management's best estimate.
- (2) This is the first interim financial report for the third quarter ended 30 September 2023 being announced by the Company in compliance with the Listing Requirements, hence there are no comparative figures for the preceding corresponding quarter and year-to-date.
- (3) N/A denotes not applicable.

The effective tax rate was higher than the statutory tax rate mainly due to the non-recurring listing expenses which are non-tax-deductible. If listing expenses were excluded, the year-to-date effective tax rate would have been 24.01%.

B6. STATUS OF CORPORATE PROPOSALS

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

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**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS
(Cont'd)**
B7. UTILISATION OF PROCEEDS FROM IPO

The gross proceeds of approximately RM16.73 million raised from the IPO are to be utilized in the following manner:

<u>Details of utilisation of proceeds</u>	<u>Proposed Utilisation RM'000</u>	<u>Actual Utilisation RM'000</u>	<u>Reallocation RM'000</u>	<u>Balance to be utilised RM'000</u>	<u>Estimated timeframe for the utilisation upon listing</u>
Renovation of property	2,000	1,643	-	357	Within 12 months
Repayment of bank borrowings	10,000	10,000	-	-	Within 3 months
Working capital	729	153	278	854	Within 12 months
Estimated listing expenses	4,000	3,722	(278)	-	Within 1 months
	<u>16,729</u>	<u>15,518</u>	<u>-</u>	<u>1,211</u>	

B8. BORROWINGS

	Unaudited As at 30.09.2023 RM'000	Audited As at 31.12.2022 RM'000
<u>Current</u>		
Lease Liabilities ⁽¹⁾	190	195
Term Loans	1,188	761
	<u>1,378</u>	<u>956</u>
<u>Non-current</u>		
Lease Liabilities ⁽¹⁾	412	552
Term Loans	6,982	18,256
	<u>7,394</u>	<u>18,808</u>

NOTE:

(1) Excluding lease liabilities arising from rental of land and buildings.

These borrowings are secured and denominated in Ringgit Malaysia.

B9. MATERIAL LITIGATION

There was no material litigation involving the Group as of 30 September 2023.

B10. DIVIDEND PROPOSED

No dividend has been declared or recommended by the Board of Directors for the current financial quarter under review.

KGW GROUP BERHAD

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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS

(Cont'd)

B11. EARNINGS PER SHARE

The basic and diluted (loss)/earnings per share are computed as follows:

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	Unaudited Current Quarter 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Quarter (²)30.09.2022 RM'000	Unaudited Current Year-to-date 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Year-to-date (²)30.09.2022 RM'000
(Loss)/Profit attributable to the Owners of the Company (RM'000)	(1,518)	N/A	759	N/A
Number of ordinary shares ('000) ⁽¹⁾	482,799	N/A	482,799	N/A
Basic/diluted (loss)/earnings per share (sen) ⁽¹⁾	(0.31)	N/A	0.16	N/A

NOTES:

- (1) The basic (loss)/earnings per share is calculated based on the Company's share capital of 482,798,567 ordinary shares after the Company was listed on the ACE Market of Bursa Securities on 1 August 2023. The diluted (loss)/earnings per share is equivalent to the basic (loss)/earnings per share as there were no potential dilutive securities in issue during the financial quarter under review.
- (2) This is the first interim financial report for the third quarter ended 30 September 2023 being announced by the Company in compliance with the Listing Requirements, hence there are no comparative figures for the preceding corresponding quarter and year-to-date.
- (3) N/A denotes not applicable.

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PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS

(Cont'd)

B12. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

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

	<i>Individual Quarter</i>		<i>Cumulative Quarter</i>	
	Unaudited Current Quarter 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Quarter (²)30.09.2022 RM'000	Unaudited Current Year-to-date 30.09.2023 RM'000	Unaudited Preceding Year Corresponding Year-to-date (²)30.09.2022 RM'000
Depreciation of property, and equipment	205	N/A	616	N/A
Interest expenses	92	N/A	311	N/A
Interest income	(197)	N/A	(541)	N/A
Property, plant and equipment written off (Reversal of impairment)/ impairment losses on the trade receivables:	(¹)	N/A	(¹)	N/A
- lifetime ECL allowances	-	N/A	(13)	N/A
- specific allowances	-	N/A	(¹)	N/A
Realised loss on foreign exchange	41	N/A	44	N/A
Rental expenses	26	N/A	77	N/A
Unrealised gain on foreign exchange	(199)	N/A	(1,039)	N/A

NOTES:

- (1) Represents less than RM1,000.
- (2) This is the first interim financial report for the third quarter ended 30 September 2023 being announced by the Company in compliance with the Listing Requirements, hence there are no comparative figures for the preceding corresponding quarter and year-to-date.
- (3) N/A denotes not applicable.

Other disclosure items pursuant to Note 16, Appendix 9B of the Listing Requirements are not applicable.

B13. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors of the Company in accordance with a resolution passed by the Board of Directors on 27 November 2023.

**BY ORDER OF THE BOARD
KGW GROUP BERHAD**