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MR D.I.Y. GROUP (M) BERHAD

【Company No.: 201001034084 (918007-M)】

INTERIM FINANCIAL REPORT
FOR THE FIRST QUARTER ENDED 31 MARCH 2024

9 MAY 2024

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31/3/2024	31/3/2023	31/3/2024	31/3/2023
	RM'000	RM'000	RM'000	RM'000
Revenue	1,143,051	1,046,401	1,143,051	1,046,401
Cost of sales	(619,784)	(583,123)	(619,784)	(583,123)
Gross profit	523,267	463,278	523,267	463,278
Other operating income	12,326	8,313	12,326	8,313
Administrative expenses	(49,742)	(42,340)	(49,742)	(42,340)
Other operating expenses	(272,369)	(239,415)	(272,369)	(239,415)
Profit from operations	213,482	189,836	213,482	189,836
Finance costs	(18,838)	(17,927)	(18,838)	(17,927)
Share of profit of associates	464	657	464	657
Profit before tax	195,108	172,566	195,108	172,566
Income tax expense	(50,226)	(44,796)	(50,226)	(44,796)
Profit for the period	144,882	127,770	144,882	127,770
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Gain on foreign currency translation	88	310	88	310
Other comprehensive income, net of tax	88	310	88	310
Total comprehensive income for the period	144,970	128,080	144,970	128,080
Profit attributable to:				
Owners of the Company	144,882	127,770	144,882	127,770
Non-controlling interests	-	-	-	-
	144,882	127,770	144,882	127,770
Total comprehensive income attributable to:				
Owners of the Company	144,970	128,080	144,970	128,080
Non-controlling interests	-	-	-	-
	144,970	128,080	144,970	128,080
Basic earnings per share (sen)	1.53	1.35	1.53	1.35
Diluted earnings per share (sen)	1.53	1.35	1.53	1.35

Note:

(1) The condensed consolidated statements 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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ⁽¹⁾

	Unaudited As at 31/3/2024 RM'000	Audited As at 31/12/2023 RM'000
ASSETS		
<i>Non-current assets</i>		
Property, plant and equipment	842,505	827,107
Intangible assets	7,518	7,652
Right-of-use assets	1,240,611	1,232,092
Investments in associates	45,915	34,251
Deferred tax assets	20,491	20,963
	<u>2,157,040</u>	<u>2,122,065</u>
<i>Current assets</i>		
Inventories	1,108,984	1,084,396
Trade and other receivables	111,438	106,638
Current tax assets	4,957	5,504
Cash and bank balances	330,410	232,321
	<u>1,555,789</u>	<u>1,428,859</u>
TOTAL ASSETS	<u>3,712,829</u>	<u>3,550,924</u>
EQUITY AND LIABILITIES		
<i>Equity attributable to owners of the Company</i>		
Share capital	338,005	332,664
Reserves	1,462,470	1,412,568
TOTAL EQUITY	<u>1,800,475</u>	<u>1,745,232</u>
LIABILITIES		
<i>Non-current liabilities</i>		
Borrowings	11,060	11,435
Lease liabilities	1,130,623	1,123,075
Provision for restoration costs	22,771	22,331
Deferred tax liabilities	12,346	7,977
	<u>1,176,800</u>	<u>1,164,818</u>
<i>Current liabilities</i>		
Trade and other payables	178,575	189,211
Borrowings	291,214	191,056
Lease liabilities	202,624	199,064
Provision for restoration costs	1,248	900
Current tax liabilities	61,893	60,643
	<u>735,554</u>	<u>640,874</u>
TOTAL LIABILITIES	<u>1,912,354</u>	<u>1,805,692</u>
TOTAL EQUITY AND LIABILITIES	<u>3,712,829</u>	<u>3,550,924</u>
Net assets per share attributable to owners of the Company (sen)	<u>19.06</u>	<u>18.48</u>

Note:

(1) 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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY ⁽¹⁾

	Share capital RM'000	Merger reserve RM'000	Foreign currency translation reserve RM'000	Share options reserve RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 January 2024	332,664	(117,450)	2,408	6,037	1,521,573	1,745,232
Net profit for the period	-	-	-	-	144,882	144,882
Other comprehensive income	-	-	88	-	-	88
Total comprehensive income	-	-	88	-	144,882	144,970
Transactions with owners						
Issuance of shares	5,341	-	-	(730)	-	4,611
Dividends paid	-	-	-	-	(94,466)	(94,466)
ESOS share options expenses	-	-	-	128	-	128
Total transactions with owners	5,341	-	-	(602)	(94,466)	(89,727)
At 31 March 2024	338,005	(117,450)	2,496	5,435	1,571,989	1,800,475
At 1 January 2023	316,689	(117,450)	1,189	7,281	1,225,148	1,432,857
Net profit for the period	-	-	-	-	127,770	127,770
Other comprehensive income	-	-	310	-	-	310
Total comprehensive income	-	-	310	-	127,770	128,080
Transactions with owners						
Issuance of shares	2,701	-	-	(462)	-	2,239
Dividends paid	-	-	-	-	(56,595)	(56,595)
ESOS share options expenses	-	-	-	327	-	327
Total transactions with owners	2,701	-	-	(135)	(56,595)	(54,029)
At 31 March 2023	319,390	(117,450)	1,499	7,146	1,296,323	1,506,908

Note:

(1) 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.

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾

	CUMULATIVE QUARTER	
	31/3/2024	31/3/2023
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	195,108	172,566
Adjustments for:		
Amortisation of intangible assets	695	596
Amortisation of deposits of right-of-use assets	610	543
Depreciation of property, plant and equipment	25,337	23,255
Depreciation of right-of-use assets	52,380	48,334
Interest expense	18,838	17,927
Interest income	(1,909)	(677)
Other non-cash items	9,011	7,992
Operating profit before changes in working capital	300,070	270,536
Changes in working capital:		
Inventories	(34,060)	1,956
Trade and other receivables	(5,005)	26,935
Trade and other payables	(24,620)	(25,827)
Cash generated from operations	236,385	273,600
Tax paid	(43,597)	(39,545)
Net cash from operating activities	192,788	234,055
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment in an associate	(11,200)	-
Dividend received from an associate	-	96
Interest income received	1,909	677
Purchase of property, plant and equipment	(28,479)	(35,349)
Purchase of intangible assets	(570)	(762)
Proceeds from disposal of property, plant and equipment	596	205
Proceeds from disposal of intangible assets	9	15
Net cash used in investing activities	(37,735)	(35,118)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(94,466)	(56,595)
Drawdowns of revolving credits	130,000	-
Interest expense paid on:		
-borrowings	(2,940)	(3,048)
-lease liabilities	(15,110)	(14,203)
Payments of lease liabilities	(48,440)	(42,929)
Proceeds from share issuance	4,611	2,239
Repayments of hire purchase creditors	(229)	(185)
Repayments of term loans	(250)	(1,204)
Repayments of revolving credits	(30,000)	(60,000)
Net cash used in financing activities	(56,824)	(175,925)
Net increase in cash and cash equivalents	98,229	23,012
Effects of exchange rate changes on cash and cash equivalents	(174)	108
Cash and cash equivalents at the beginning of financial period	212,981	114,874
Cash and cash equivalents at the end of financial period	311,036	137,994

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS ⁽¹⁾ (continued)

	CUMULATIVE QUARTER	
	31/3/2024	31/3/2023
	RM'000	RM'000
Cash and cash equivalents comprise:		
Cash and bank balances	117,239	96,246
Deposits with licensed banks	213,171	64,033
	<u>330,410</u>	<u>160,279</u>
Less: Bank overdraft included in borrowings	(19,374)	(22,285)
	<u>311,036</u>	<u>137,994</u>

Note:

- (1) 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.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

1. Basis of Preparation

The interim financial report of Mr D.I.Y. Group (M) Berhad (the "Company") and its subsidiaries (collectively, the "Group") is unaudited and has been prepared in accordance with the requirements of the Malaysian Financial Reporting Standards ("MFRS") 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board and Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report 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.

2. Accounting Policies

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements of the Group for the financial year ended 31 December 2023 except for the adoption of the following new accounting standards, amendments and interpretation:

2.1 New MFRS adopted during the financial period

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 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024

The adoption of the above amendments to MFRSs do not have a material impact on the financial statements of the Group.

3. Auditors' Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2023.

4. Seasonal or Cyclical Factors

The business operations of the Group typically experience higher customer traffic, transaction value and sales during weekends, public holidays, school holidays and festive periods.

5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

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

6. Material Changes in Estimates

There was no changes in estimates of amounts reported that have a material effect in the current quarter and financial period under review.

7. Debts and Equity Securities

Employees' Share Option Scheme

During the current financial period under review, the Company issued 4,309,200 ordinary shares at the price of RM1.07 arising from the exercise of the Employees' Share Option Scheme.

Other than the above, there was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current financial period under review.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

8. Dividend

RM'000

In respect of the financial year ended 31 December 2023:

Interim single tier dividend of RM0.010 per ordinary share, paid on 22 March 2024 94,466

Declared

On 9 May 2024, the Company declared an interim single tier dividend of RM0.01 per ordinary share approximately RM94.5 million in respect of the financial year ending 31 December 2024, to be paid on 21 June 2024 to shareholders of the Company whose name appear in the Record of Depositors on 31 May 2024.

9. Segment reporting

The Group is organised into two (2) reportable segments based on their geographical locations. The reportable segments are summarised as follows:

- (i) Malaysia; and
- (ii) Brunei

The segmental information for the financial period ended 31 March 2024 is as follows:

	Malaysia RM'000	Brunei RM'000	Eliminations RM'000	Total RM'000
Revenue				
Sales to external customers	1,131,503	11,548	-	1,143,051
Inter-segment sales	4,513	-	(4,513)	-
Total revenue	1,136,016	11,548	(4,513)	1,143,051
Results				
Profit from operations	209,571	3,955	(44)	213,482
Interest expense	(18,533)	(305)	-	(18,838)
Share of profit of associates	464	-	-	464
Profit before tax	191,502	3,650	(44)	195,108
Income tax expense	(49,653)	(585)	12	(50,226)
Net profit for the financial period	141,849	3,065	(32)	144,882
Segment assets	3,661,763	52,310	(1,244)	3,712,829
Segment liabilities	1,883,462	29,621	(729)	1,912,354

The segmental information for the financial period ended 31 March 2023 is as follows:

	Malaysia RM'000	Brunei RM'000	Eliminations RM'000	Total RM'000
Revenue				
Sales to external customers	1,035,319	11,082	-	1,046,401
Inter-segment sales	5,967	-	(5,967)	-
Total revenue	1,041,286	11,082	(5,967)	1,046,401
Results				
Profit from operations	186,588	3,470	(222)	189,836
Interest expense	(17,593)	(334)	-	(17,927)
Share of profit of associates	657	-	-	657
Profit before tax	169,652	3,136	(222)	172,566
Income tax expense	(44,223)	(613)	40	(44,796)
Net profit for the financial period	125,429	2,523	(182)	127,770
Segment assets	3,296,626	54,904	(955)	3,350,575
Segment liabilities	1,812,209	31,851	(393)	1,843,667

NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

10. Property, Plant and Equipment

(a) Acquisitions and disposals

There was no material acquisition and disposals of property, plant and equipment during the current quarter and financial period under review.

(b) Valuation

There was no valuation of property, plant and equipment in the current quarter and financial period under review as the Group has not adopted a revaluation policy on its property, plant and equipment.

11. Capital Commitments

Capital expenditure in respect of purchase of property, plant and equipment:

	31/3/2024	31/12/2023
	RM'000	RM'000
- Approved but not contracted for	173,952	202,646
- Contracted but not provided for	46,037	60,375
	<u>219,989</u>	<u>263,021</u>

12. Material Events Subsequent to the End of Financial Period

There was no material event subsequent to the end of the current quarter up to the date of the interim financial report.

13. Changes in the Composition of the Group

There was no material changes in the composition of the Group during the current quarter and financial period under review.

14. Changes in Contingent Liability

There was no material contingent liability as at the end of the current financial period and up to the date of the interim financial report.

15. Significant Related Party Transactions

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31/3/2024	31/3/2023	31/3/2024	31/3/2023
	RM'000	RM'000	RM'000	RM'000
Associates:				
Purchases of equipment and computer software	1,710	2,029	1,710	2,029
Purchases of goods	9,536	1,314	9,536	1,314
Companies in which certain Directors have financial interests:				
Sales of goods	4,698	4,636	4,698	4,636
Management fees received/ receivables	8,213	6,005	8,213	6,005

The related party transactions described above were carried out in the ordinary course of business and have been established under negotiated and mutually agreed terms.

16. Fair Value of Financial Liabilities

There was no gain or loss arising from fair value changes of the Group's financial liabilities for the current quarter and financial period under review.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

17. Performance Review

1QFY2024 vs 1QFY2023

Group revenue in 1QFY2024 rose 9.2% year-on-year (“y-o-y”) to RM1,143.1 million, from RM1,046.4 million in 1QFY2023. This increase in revenue is primarily attributed to positive contributions from new stores. The Group grew its store network by 15.4% in 1QFY2024, from 1,125 to 1,298 stores. This led to a 15.8% y-o-y increase in total transactions, to 44.2 million.

Gross profit (“GP”) saw a 12.9% y-o-y increase to RM523.3 million, driven mainly by the higher revenue and a higher GP margin, which rose 1.5 percentage points to 45.8% compared to 1QFY2023 as a result of the normalisation of supply chain and freight costs issues.

The Group reported other operating income of RM12.3 million, which mainly consisted of management fees, interest income from short-term fixed deposits, and accretion of discounts from security and utility deposits on leases.

Administrative and other operating expenses for the quarter increased by 17.5% and 13.8% y-o-y to RM49.7 million and RM272.4 million respectively, in line with the Group’s business expansion efforts. The expansion of the Group’s store network resulted in higher expenses, particularly staff costs and utilities, as well as depreciation of fixed assets and the right-of-use assets.

Administrative and other operating expenses accounted for 4.4% and 23.8% of total revenue respectively in 1QFY2024, compared to 4.0% and 22.9% in 1QFY2023. The increase was primarily to support the Group’s business expansion. Looking ahead, we expect the Group’s administrative and other operating expenses to continue to rise in tandem with our store expansion strategy.

In 1QFY2024, profit before tax (“PBT”) increased by 13.1% to RM195.1 million, while profit after tax (“PAT”) rose by 13.4% to RM144.9 million. These gains were consistent with the increase in revenue and gross profit.

18. Comparison With Immediate Preceding Quarter's Results

Group revenue for 1QFY2024 amounted to RM1,143.1 million, a 0.3% decrease compared to the previous quarter. The slight decline can be attributed to the typically high sales in 4QFY2023, which coincided with the year-end school holidays and other festivities. Our business tends to be seasonal, with the highest sales usually occurring in the fourth quarter of the year. Consequently, the PBT was RM195.1 million, marking an 8.1% decrease compared to the previous quarter.

19. Prospects

The Group remains steadfast in its commitment to delivering long-term sustainable growth for all stakeholders, via a measured store expansion strategy while also pursuing opportunities through horizontal and vertical acquisitions to accelerate growth.

Central to this is our promise to offer customers a wide variety of everyday essentials, with over 16,000 active product SKUs available at “Always Low Prices” in convenient locations nationwide. We practise strict data discipline and use data analytics extensively to optimise our product mix.

We are confident of our core business strategies and believe that the Group is well-positioned to capitalise on growth opportunities by leveraging the strength of our robust business model.

20. Variance of Actual Profit from Profit Forecast or Profit Guarantee

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

21. Status of Corporate Proposal

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

22. Profit Before Tax

Profit before tax for the current quarter and current year is arrived at after charging/(crediting):-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31/3/2024	31/3/2023	31/3/2024	31/3/2023
	RM'000	RM'000	RM'000	RM'000
Accretion of discount on deposits	(590)	(516)	(590)	(516)
Amortisation of deposits of right-of-use assets	610	543	610	543
Amortisation of intangible assets	695	596	695	596
Depreciation of property, plant and equipment	25,337	23,255	25,337	23,255
Depreciation of right-of-use assets	52,380	48,334	52,380	48,334
Interest income	(1,909)	(677)	(1,909)	(677)
Inventory losses	5,394	5,796	5,394	5,796
Inventories written off	4,380	3,782	4,380	3,782
Reversal of written-down of slow-moving inventories	(265)	(551)	(265)	(551)
Loss/(Gain) on disposal of property, plant and equipment	203	(11)	203	(11)
Gain on reassessments and modifications of leases	(566)	(232)	(566)	(232)
Realised (gain)/loss on foreign exchange	(187)	77	(187)	77
Unrealised loss on foreign exchange	201	56	201	56

Save as disclosed above, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad are not applicable.

23. Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31/3/2024	31/3/2023	31/3/2024	31/3/2023
	RM'000	RM'000	RM'000	RM'000
Current year tax expense				
- current period	45,387	45,663	45,387	45,663
- under provision in prior years	-	118	-	118
	45,387	45,781	45,387	45,781
Deferred tax				
- relating to origination and reversal of temporary differences	4,839	(985)	4,839	(985)
	4,839	(985)	4,839	(985)
Tax expense	50,226	44,796	50,226	44,796
Effective tax rate	25.7%	26.0%	25.7%	26.0%

The tax charge for the Group reflects an effective tax rate which is higher than the statutory tax rate of 24% mainly due to certain expenses which are not deductible for tax purposes.

NOTES TO INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2024

24. Borrowings

	As at 31/3/2024 RM'000	As at 31/12/2023 RM'000
Non-current liabilities		
Secured		
Hire purchase creditors	3,708	3,790
Term loans	7,352	7,645
	11,060	11,435
Current liabilities		
Unsecured		
Revolving credits	270,000	170,000
Secured		
Bank overdraft	19,374	19,340
Hire purchase creditors	820	738
Term loans	1,020	978
	291,214	191,056
Total borrowings		
Bank overdraft	19,374	19,340
Revolving credits	270,000	170,000
Hire purchase creditors	4,528	4,528
Term loans	8,372	8,623
	302,274	202,491

The above borrowings are denominated in Ringgit Malaysia.

25. Derivatives

There was no derivatives in the current quarter and financial period under review.

26. Material Litigation

There is no material litigation for the current financial period to date.

27. Earnings Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31/3/2024	31/3/2023	31/3/2024	31/3/2023
Profit attributable to owners of the Company (RM'000)	144,882	127,770	144,882	127,770
Weighted average number of ordinary shares in issue ('000)	9,445,600	9,432,084	9,445,600	9,432,084
Basic earnings per ordinary share (sen)	1.53	1.35	1.53	1.35
Weighted average number of ordinary shares in issue ('000)	9,445,600	9,432,084	9,445,600	9,432,084
Effect of dilution of share options ('000)	10,787	23,058	10,787	23,058
Weighted average number of ordinary shares in issue (Diluted) ('000)	9,456,387	9,455,142	9,456,387	9,455,142
Diluted earnings per ordinary share (sen)	1.53	1.35	1.53	1.35