

DKSH HOLDINGS (MALAYSIA) BERHAD (199101021067 (231378-A))

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and three months ended March 31, 2022

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER
AND THREE MONTHS ENDED MARCH 31, 2022**

	<u>INDIVIDUAL 1ST QUARTER</u>		<u>CUMULATIVE 1ST QUARTER</u>	
	31/03/2022 Unaudited RM'000	31/03/2021 Unaudited RM'000	31/03/2022 Unaudited RM'000	31/03/2021 Unaudited RM'000
1 Revenue	1,814,884	1,755,099	1,814,884	1,755,099
2 Operating expenses	(1,773,478)	(1,715,431)	(1,773,478)	(1,715,431)
3 Other operating income	2,915	2,166	2,915	2,166
4 Profit before interest and tax	44,321	41,834	44,321	41,834
5 Finance cost	(6,525)	(8,200)	(6,525)	(8,200)
6 Profit before tax	37,796	33,634	37,796	33,634
7 Taxation	(9,442)	(9,557)	(9,442)	(9,557)
8 Profit for the period, net of tax	28,354	24,077	28,354	24,077
9 Net profit for the period	28,354	24,077	28,354	24,077
10 Other comprehensive income :				
- Currency translation differences arising from consolidation	4	8	4	8
11 Total comprehensive income	28,358	24,085	28,358	24,085
12 Net profit attributable to owners of the parent	28,354	24,077	28,354	24,077
13 Total comprehensive income attributable to owners of the parent	28,358	24,085	28,358	24,085
14 Earnings per share (EPS) based on item 12 above (See Note 1 below)				
(i) EPS attributable to owners of parent (sen)	17.98	15.27	17.98	15.27
15 Cash earnings per share (EPS) (See Notes 1 and 2 below)				
(i) Cash EPS attributable to owners of parent (sen)	21.54	19.00	21.54	19.00

Note:

- The weighted average number of shares used in item 14 and 15 above is computed : 157,658,076 shares.
- The cash earnings used as the numerator in calculating cash EPS is defined as net profit attributable to owners of parent excluding depreciation, amortization and MFRS 16 impact.

The unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited annual financial statements for the year ended December 31, 2021 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2022**

	31/03/2022 Unaudited RM'000	31/12/2021 Audited RM'000
1 Non Current Assets		
Property, plant and equipment	25,822	26,406
Right-of-use assets	112,634	115,294
Intangible assets	366,590	369,631
Deferred tax assets	8,534	7,975
	<u>513,580</u>	<u>519,306</u>
2 Current Assets		
Inventories	800,039	726,928
Trade and other receivables	1,552,263	1,324,417
Derivative financial instrument	8	-
Cash and bank balances	79,228	109,477
	<u>2,431,538</u>	<u>2,160,822</u>
3 Total Assets	<u>2,945,118</u>	<u>2,680,128</u>
4 Equity		
Ordinary share capital	182,172	182,172
Foreign currency translation reserve	151	147
Retained earnings	590,693	562,339
Equity attributable to owners of parent	<u>773,016</u>	<u>744,658</u>
5 Current Liabilities		
Trade and other payables	1,496,063	1,321,499
Derivative financial instrument	-	1,287
Lease liabilities	26,291	27,738
Borrowings	300,000	450,000
Taxation	12,499	10,262
	<u>1,834,853</u>	<u>1,810,786</u>
6 Non Current Liabilities		
Borrowings	235,137	20,744
Lease liabilities	93,372	94,494
Long term liabilities	2,747	2,771
Deferred tax liabilities	5,993	6,675
	<u>337,249</u>	<u>124,684</u>
7 Total Liabilities	<u>2,172,102</u>	<u>1,935,470</u>
8 Total Equity and Liabilities	<u>2,945,118</u>	<u>2,680,128</u>
9 Net assets per share attributable to ordinary equity holders of the company (RM)	<u>4.9031</u>	<u>4.7232</u>

The unaudited Condensed Consolidated Statement of Finance Position should be read in conjunction with the audited annual financial statements for the year ended December 31, 2021 and the accompanying explanatory notes attached to the interim financial statements.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THREE MONTHS ENDED MARCH 31, 2022

	----- Attributable to owners of the parent -----			Distributable	Total Equity
	----- Non-distributable -----				
	Issued and fully paid ordinary shares				
	Number of shares 000	Amount RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000	RM'000
<u>THREE MONTHS ENDED MARCH 31, 2022</u>					
At January 1, 2022	157,658	182,172	147	562,339	744,658
Total comprehensive income for the period	-	-	4	28,354	28,358
At March 31, 2022	157,658	182,172	151	590,693	773,016
<u>THREE MONTHS ENDED MARCH 31, 2021</u>					
At January 1, 2021	157,658	182,172	145	486,830	669,147
Total comprehensive income for the period	-	-	8	24,077	24,085
At March 31, 2021	157,658	182,172	153	510,907	693,232

The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited annual financial statements for the year ended December 31, 2021 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THREE MONTHS ENDED MARCH 31, 2022**

	31/03/2022 Unaudited RM'000	31/03/2021 Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	37,796	33,634
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	2,548	2,704
Depreciation of right-of-use assets	8,584	8,684
Amortization of intangible assets	3,041	3,040
Net unrealized derivative gains	(1,296)	(3,202)
Loss/(gain) on disposal of property, plant and equipment	285	(10)
Provision for property restoration cost	-	55
Interest income	(103)	(141)
Interest expenses	4,975	6,467
Interest expenses on lease liabilities	1,550	1,733
Reversal of loss allowance on trade receivables	(1,226)	(163)
Inventories written off	2,326	5,075
Net (reversal of write-down)/write-down of slow moving inventories	(879)	5,155
Net unrealized foreign exchange losses/(gains)	433	(173)
Operating cash flows before changes in working capital	<u>58,034</u>	<u>62,858</u>
Changes in working capital:		
Inventories	(74,410)	39,046
Trade and other receivables	(226,738)	(205,635)
Trade and other payables	174,521	147,981
	<u>(126,627)</u>	<u>(18,608)</u>
Interest paid	(6,707)	(6,736)
Interest received	103	141
Tax paid	(8,328)	(3,526)
	<u>(14,932)</u>	<u>(10,121)</u>
Net cash flows (used in)/generated from operating activities	<u>(83,525)</u>	<u>34,129</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,601)	(2,289)
Proceed from disposal of property, plant and equipment	42	-
Net cash flows used in investing activities	<u>(2,559)</u>	<u>(2,289)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings	64,393	46,000
Repayment of lease liabilities	(8,562)	(10,252)
Net cash flows generated from financing activities	<u>55,831</u>	<u>35,748</u>
CHANGES IN CASH AND CASH EQUIVALENTS	(30,253)	67,588
CURRENCY TRANSLATION DIFFERENCES	4	8
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	109,477	55,402
CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD	<u><u>79,228</u></u>	<u><u>122,998</u></u>
Note : Cash and cash equivalents comprise of :-		
Cash and bank balances	79,228	122,998
	<u><u>79,228</u></u>	<u><u>122,998</u></u>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended December 31, 2021 and the accompanying explanatory notes attached to the interim financial statements.

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The figures have not been audited

SEGMENTAL INFORMATION

<u>For the Three Months Ended March 31, 2022</u>	<u>Marketing & Distribution Services</u>	<u>Logistics Services</u>	<u>Others</u>	<u>Consolidated</u>
	RM'000	RM'000	RM'000	RM'000
Revenue				
Type of goods or services:				
Sales of goods	1,016,226	757,767	14,283	1,788,276
Rendering of services	8,264	18,344	-	26,608
Total revenue from contracts with customers	1,024,490	776,111	14,283	1,814,884
Results				
Segment profit/(loss) before interest and tax	31,312	14,336	(1,327)	44,321
Finance cost				(6,525)
Taxation				(9,442)
Profit for the period, net of tax				28,354
<u>As at March 31, 2022</u>				
Net assets				
Segment assets	1,445,942	920,535	85,342	2,451,819
Unallocated assets				493,299
Total assets				2,945,118
Segment liabilities	(705,022)	(646,189)	(1,822)	(1,353,033)
Unallocated liabilities				(819,069)
Total liabilities				(2,172,102)
Other information				
Capital expenditure	145	1,051	1,176	2,372
Depreciation of property, plant and equipment	504	920	1,124	2,548
Depreciation of right-of-use assets	4,603	2,096	1,885	8,584
Amortization of intangible assets	3,041	-	-	3,041
Reversal of allowance on trade receivables	(974)	(116)	(136)	(1,226)
Inventories written off	1,154	1,008	164	2,326

The Group recognized revenue from sales of goods at a point in time, upon delivery of goods and revenue from rendering of services over time.

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SEGMENTAL INFORMATION

<u>For the Three Months Ended March 31, 2021</u>	<u>Marketing & Distribution Services</u>	<u>Logistics Services</u>	<u>Others</u>	<u>Consolidated</u>
	RM'000	RM'000	RM'000	RM'000
Revenue				
Type of goods or services:				
Sales of goods	989,280	731,817	11,214	1,732,311
Rendering of services	7,545	15,243	-	22,788
Total revenue from contracts with customers	996,825	747,060	11,214	1,755,099
Results				
Segment profit/(loss) before interest and tax	31,650	12,919	(2,735)	41,834
Finance cost				(8,200)
Taxation				(9,557)
Profit for the period, net of tax				<u>24,077</u>
As at March 31, 2021				
Net assets				
Segment assets	1,415,882	882,473	80,499	2,378,854
Unallocated assets				551,969
Total assets				<u>2,930,823</u>
Segment liabilities	(637,553)	(679,508)	(603)	(1,317,664)
Unallocated liabilities				(919,927)
Total liabilities				<u>(2,237,591)</u>
Other information				
Capital expenditure	299	791	1,010	2,100
Depreciation of property, plant and equipment	633	756	1,315	2,704
Depreciation of right-of-use assets	5,113	1,999	1,572	8,684
Amortization of intangible assets	3,040	-	-	3,040
Loss/(reversal of) allowance on trade receivables	586	(616)	(133)	(163)
Inventories written off	4,005	755	315	5,075

The Group recognized revenue from sales of goods at a point in time, upon delivery of goods and revenue from rendering of services over time.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(I) Compliance with MFRS 134: Interim Financial Reporting

1. Corporate Information

The Company is a public limited company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad.

These condensed consolidated interim financial statements were approved by the Board of Directors on May 25, 2022.

2. Accounting Policies and Basis of Preparation

The unaudited condensed consolidated interim financial statements for the current quarter and three months ended March 31, 2022 have been prepared in accordance with MFRS 134 (Interim Financial Reporting) and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. The condensed consolidated interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended December 31, 2021.

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements of the Group for the year ended December 31, 2021. The new, revised and amended MFRS and IC Interpretations, which are effective for the financial periods beginning on or after January 1, 2022, did not have any material impact on the financial results of the Group.

3. Disclosure of Audit Report Qualification and Status of Matters Raised

The auditors' report on the financial statements of the Group for the year ended December 31, 2021 was not qualified.

4. Seasonal or Cyclical Factors

The Group's segments cover primarily Consumer Goods and Healthcare businesses. Consequently, net sales are influenced by the festive seasons of Chinese New Year, Hari Raya, Deepavali and Christmas.

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 for the quarter under review.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Material Changes in Estimates

There were no material changes in estimates used to prepare these interim financial statements.

7. Changes in Debt and Equity Securities

There were no changes in debt and equity securities during the quarter under review.

8. Dividend Paid

No dividend was paid during the quarter ended March 31, 2022.

9. Segment Information

The Group's segmental information for the financial three months ended March 31, 2022 and March 31, 2021 is presented separately in this interim financial report.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Profit before Tax

The following items are included in profit before tax:

	Current quarter ended		Cumulative Year-to-Date ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	2,548	2,704	2,548	2,704
Depreciation of right-of-use assets	8,584	8,684	8,584	8,684
Amortization of intangible assets	3,041	3,040	3,041	3,040
Net unrealized derivative gains	(1,296)	(3,202)	(1,296)	(3,202)
Rental income	(201)	(290)	(201)	(290)
Interest income	(103)	(141)	(103)	(141)
Interest expenses	4,575	5,342	4,575	5,342
Interest expenses on lease liabilities	1,550	1,733	1,550	1,733
Interest - other	400	1,125	400	1,125
Loss/(gain) on disposal of property, plant and equipment	285	(10)	285	(10)
Reversal of loss allowance on trade receivables	(1,226)	(163)	(1,226)	(163)
Inventories written off	2,326	5,075	2,326	5,075
Net (reversal of write-down)/write-down of slow-moving inventories	(879)	5,115	(879)	5,115
Net unrealized foreign exchange losses/(gains)	433	(173)	433	(173)
Exceptional items	-	-	-	-
Impairment of assets	-	-	-	-

11. Valuation of Property, Plant and Equipment

Property, plant and equipment have been brought forward without amendment from the previous audited annual financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

12. Material Events subsequent to the end of the Financial Period

There were no material events subsequent to the end of the period reported that have not been reflected in the interim financial statements for the three months ended March 31, 2022.

13. Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter under review.

13. Related Party Disclosures

The following table provides information on significant transactions which have been entered into with related parties during financial three months ended March 31, 2022 and March 31, 2021, as well as the balances with the related parties as at March 31, 2022 and March 31, 2021:

	Current period ended March 31, 2022 RM'000	Preceding period ended March 31, 2021 RM'000	Intercompany balances - due from/(to) as at	
			March 31, 2022 RM'000	March 31, 2021 RM'000
Sale of goods and services:				
- related companies (goods)	1,763	1,448	651	881
- related companies (rental)	201	290	124	222
- related companies (cost sharing)	226	193	394	154
- related companies (human resource and information technology charges)	206	173	130	99
	<u>2,396</u>	<u>2,104</u>	<u>1,299</u>	<u>1,356</u>
Purchase of goods and services:				
- related companies (goods and services)	(6,949)	(5,177)	(6,996)	(4,623)
- related company (management fee)	(2,503)	(2,463)	(97)	(111)
- related company (royalty fee)	(1,521)	(1,375)	-	-
- related company (information technology charges)	(7,412)	(5,886)	(619)	(237)
Others (interest):				
- immediate holding company	(72)	(182)	(43)	(126)
- intermediate holding company	(87)	(75)	(57)	(49)
	<u>(18,544)</u>	<u>(15,158)</u>	<u>(7,812)</u>	<u>(5,146)</u>

The amounts receivable from or payable to related parties are unsecured, non-interest bearing and carry credit terms of 60 days. There were no overdue balances from related parties as at March 31, 2022.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the quarter ended March 31, 2022 and up to May 25, 2022.

15. Capital Commitments

Authorized capital commitments not provided for in this interim financial report as at March 31, 2022 are as follows:

	RM'000
Contracted	<u>124</u>
Analyzed as follows:	
- Property, plant and equipment	<u>124</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – THREE MONTHS ENDED MARCH 31, 2022

(II) Compliance with Appendix 9B of the Listing Requirements

1. Review of Performance

	Individual 1 st Quarter				Immediately Preceding 4 th Quarter			Cumulative 1 st Quarter			
	31/03/2022	31/03/2021	Changes		31/12/2021	Changes		31/03/2022	31/03/2021	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	1,814,884	1,755,099	59,785	3.4%	1,591,005	223,879	14.1%	1,814,884	1,755,099	59,785	3.4%
Profit before interest and tax	44,321	41,834	2,487	5.9%	49,234	(4,913)	(10.0%)	44,321	41,834	2,487	5.9%
Profit before tax	37,796	33,634	4,162	12.4%	42,577	(4,781)	(11.2%)	37,796	33,634	4,162	12.4%
Profit after tax	28,354	24,077	4,277	17.8%	30,312	(1,958)	(6.5%)	28,354	24,077	4,277	17.8%
Profit attributable to owners of the parent	28,354	24,077	4,277	17.8%	30,312	(1,958)	(6.5%)	28,354	24,077	4,277	17.8%

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Review of Performance (continued)

Quarterly

Revenues for the quarter increased by 3.4% compared to the corresponding first quarter of 2021, increasing from RM 1.76 billion to RM 1.81 billion, while improving by 14.1% against those of the preceding fourth quarter of 2021 which were RM 1.59 billion. The improved revenue in comparison to the corresponding first quarter was mainly due to the ongoing organic growth of existing clients from both the Marketing and Distribution and Logistics segments and recovery of customer demand from the COVID-19 pandemic for all segments. The increase in revenue compared to the preceding fourth quarter of 2021 was due to improved margin mix and timing of hospital tender sales in Logistics segment, ongoing organic growth of existing clients from both the Marketing and Distribution and Logistics segments, offset by lower sales recorded in Others segments due to normal seasonal flows.

Operating expenses for the quarter increase by 3.4% from RM 1.72 billion to RM 1.77 billion as compared to the corresponding first quarter of 2021, while increasing by 14.1% against those of the preceding fourth quarter of 2021 which were at RM 1.55 billion. The changes in operating expenses were in line with movement in revenue.

Profit before tax for the quarter improved by 12.4% compared to the same quarter of 2021, while decreased by 11.2% as compared to the preceding fourth quarter of 2021. The improved profit before tax performance was due to increase in revenue and lower financing cost recorded. The reduction as compared to preceding fourth quarter of 2021 was partially the results of a one-off gain recognized by the Group selling its Performance Materials business to DKSH Switzerland Ltd of RM 8.5 million in preceding fourth quarter of 2021, offset by revenue growth listed above. With the one-off gain removed, the profit before tax attributable to the underlying business activities increased by 11.0% compared to preceding fourth quarter of 2021, The improved results from the underlying business were due to increase in revenue as abovementioned.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Comments to the Performance of the Business Segments

Marketing and Distribution segment

Under the segment Marketing and Distribution, the Group provides the full range of services. The service portfolio ranges from marketing and sales to distribution and logistics, invoicing and credit control, handling of inventory and trade returns and other value-added services.

	Individual 1 st Quarter				Immediately Preceding 4 th Quarter			Cumulative 1 st Quarter			
	31/03/2022	31/03/2021	Changes		31/12/2021	Changes		31/03/2022	31/03/2021	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	1,024,490	996,825	27,665	2.8%	934,869	89,621	9.6%	1,024,490	996,825	27,665	2.8%
Segment profit before interest and tax	31,312	31,650	(338)	(1.1%)	24,804	6,508	26.2%	31,312	31,650	(338)	(1.1%)

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Marketing and Distribution segment (continued)

Quarterly

Revenues for the quarter grew by 2.8% compared to the corresponding first quarter of 2021, increasing from RM 996.8 million to RM 1,024.5 million, while improving by 9.6% against those of the preceding fourth quarter of 2021 which was RM 934.9 million. This segment's improved revenue compared to the corresponding first quarter and preceding fourth quarter of 2021 reflects the ongoing organic growth of existing clients and recovery from the effects of the COVID-19 pandemic in 2021.

The operating result for the quarter was RM 31.3 million, which was a 1.1% decrease from RM 31.7 million reported for the same first quarter in 2021 and a 26.2% improvement from RM24.8 million reported for the preceding fourth quarter of 2021. The minimal reduction in operating result against the corresponding first quarter was due to slightly higher operating expense as compared to the revenue growth. The improvement compared to the preceding fourth quarter of 2021 was due to increase in sales, improved margin mix and lower operating expenses from the improved operational efficiencies.

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Logistics segment

Under the segment Logistics, the Group provides supply chain services ranging from warehousing and distribution, to order processing and sales collections. Sales and marketing services for clients in this segment are generally not provided by the Group but are mostly run by the clients. The businesses represented under this segment include the Healthcare business.

	Individual 1 st Quarter				Immediately Preceding 4 th Quarter			Cumulative 1 st Quarter			
	31/03/2022	31/03/2021	Changes		31/12/2021	Changes		31/03/2022	31/03/2021	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	776,111	747,060	29,051	3.9%	638,521	137,590	21.5%	776,111	747,060	29,051	3.9%
Segment profit before interest and tax	14,336	12,919	1,417	11.0%	15,947	(1,611)	(10.1%)	14,336	12,919	1,417	11.0%

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Logistics segment (continued)

Quarterly

Revenues for the quarter grew by 3.9% compared to the corresponding first quarter of 2021, increasing from RM 747.1 million to RM 776.1 million, while improving by 21.5% against those of the preceding fourth quarter of 2021 which were RM 638.5 million. The growth in revenue compared to the corresponding first quarter of 2021 reflects the organic growth in this segment and new clients secured in fourth quarter of 2021. The improvement compared to the preceding fourth quarter of 2021 was due to the organic growth of existing clients, change in sales mix and timing of hospital tender sales.

The operating result for the quarter was RM 14.3 million, which was a 11.0% increase on RM 12.9 million reported for the same quarter in 2021 and a 10.1% reduction from RM 15.9 million reported for the preceding fourth quarter of 2021. The improvement in operating result against the corresponding first quarter reflects revenue growth and improved margin mix, offset by higher operating expenses which in line with revenue growth listed above. The decrease compared to the preceding fourth quarter of 2021 was due to higher operating expenses which is slightly more than revenue growth, offset by better margin mix.

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Others segment

This segment consists most notably of the Famous Amos chocolate chip cookie retail chain as well as central overheads.

	Individual 1 st Quarter				Immediately Preceding 4 th Quarter			Cumulative 1 st Quarter			
	31/03/2022	31/03/2021	Changes		31/12/2021	Changes		31/03/2022	31/03/2021	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	14,283	11,214	3,069	27.4%	17,615	(3,332)	(18.9%)	14,283	11,214	3,069	27.4%
Segment (loss)/profit before interest and tax	(1,327)	(2,735)	1,408	51.5%	8,484	(9,810)	(115.6%)	(1,327)	(2,735)	1,408	51.5%

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Others segment (continued)

Quarterly

Revenues for the quarter grew by 27.4% from RM 11.2 million to RM 14.3 million as compared to the corresponding first quarter of 2021, while reduced by 18.9% against those of the preceding fourth quarter of 2021 which were RM 17.6 million. The improvement in revenue compared to the corresponding first quarter was due to business operations being affected by movement control order imposed by the government in 2021. The reduction in revenue compared to the preceding fourth quarter of 2021 was due to normal seasonal flows which create much larger festive sales in the fourth quarter of the year. At the end of the first quarter of 2022, there were a total of 95 outlets located in West and East Malaysia as well as two outlets in Brunei.

The operating result for the quarter was -RM1.3 million which was higher than -RM2.7 million reported for the same first quarter of 2021, while reducing by 115.6% against those of the preceding fourth quarter of 2021 which was RM 8.5 million. The improved result in comparison to the corresponding first quarter of 2021 was largely due to higher sales recorded as abovementioned with the corresponding increase in operating expenses because of full operation of all outlets. The reduction as compared to the preceding fourth quarter of 2021 was partially the results of a one-off gain recognized by the Group selling its Performance Materials business to DKSH Switzerland Ltd of RM 8.5 million in preceding fourth quarter of 2021 and lower sales recorded as abovementioned.

2. Material Changes in Profit before Taxation for the Current Quarter as compared to the Immediately Preceding Quarter

There were no material items that have affected the performance of the first quarter of 2022 compared to the fourth quarter of 2021.

3. Prospects

This year 2022 begins with Malaysia still in the midst of the COVID-19 pandemic and is now in transition to endemic phase. Up to this point, the Group has successfully navigated the pandemic, consumer demand remains relatively stable and only shows some fluctuations in relation to the current phase of recovery.

Overall, market demand has proven relatively stable and even in areas with short-term disruption, recovery comes quickly. Therefore, we continue to focus on winning new business, cost efficiency improvements, working capital management, and other growth initiatives while closely monitoring the short-term outlook to ensure prudent navigation of the current situation. The medium and long-term outlook remains positive, and the Group is well positioned for growth post-COVID-19.

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4. Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast.

5. Taxation

	Quarter ended March 31, 2022 RM'000	Quarter ended March 31, 2021 RM'000	Year ended March 31, 2022 RM'000	Year ended March 31, 2021 RM'000
Current year income tax	10,683	11,163	10,683	11,163
Deferred tax	(1,241)	(1,606)	(1,241)	(1,606)
	<u>9,442</u>	<u>9,557</u>	<u>9,442</u>	<u>9,557</u>

The effective tax rate for the quarter ended March 31, 2022, was better compared to the corresponding quarter due to the impact from the non-deductible financing cost and derivative expenses has reduced significantly. The overall effective tax rate is slightly higher than statutory tax rate as all subsidiaries contributed positively to the bottom line.

6. Status of Corporate Proposals Announced

There were no corporate proposals announced but not completed as of May 25, 2022.

7. Group Borrowings and Debt Securities

	As at March 31, 2022 RM'000	As at March 31, 2021 RM'000
Unsecured and fully denominated in Ringgit Malaysia:		
<u>Short Term Borrowings</u>		
- Bank borrowings	<u>300,000</u>	<u>355,000</u>
<u>Long Term Borrowings</u>		
- Advances from holding companies	15,137	32,967
- Bank borrowings	<u>220,000</u>	<u>225,000</u>
	<u>235,137</u>	<u>257,967</u>
Total borrowings	<u>535,137</u>	<u>612,967</u>

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8. Disclosure of Derivatives

Type of derivatives	Contract / Notional Value March 31, 2022 RM'000	Fair Value March 31, 2021 RM'000
Foreign exchange contracts - less than 1 year	100,284	100,292
Total	100,284	100,292

Foreign currency transactions in Group companies are accounted for at exchange rates ruling at transaction dates. Foreign currency monetary assets and liabilities are translated at exchange rates ruling at the date of the statement of financial position, unless hedged by forward foreign exchange contracts when the rates specified in such forward contracts are used. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in the statement of comprehensive income.

Future liabilities in foreign currencies are covered by forward-purchased currencies from reputable banks when their amounts and due dates are known. Forward hedges are exclusively used for bona-fide and documented trade transactions and not for speculative purposes in line with the DKSH Treasury policy. There is no change to the type of derivative financial contracts entered, cash requirements of the derivatives, risk associated with the derivatives and the risk management objectives and policies to mitigate this risk since the financial year ended December 31, 2021.

The Group's open foreign exchange contracts have been fair valued using the current market rates as of March 31, 2022, resulting in an unrealized derivative gain of RM 0.01 million.

This unrealized derivative gain was due to the slight strengthening of the MYR after forex contracts were entered.

In total, a net unrealized gain on derivative contracts amounting to RM 1.3 million had been credited to the statement of comprehensive income for the three months ended March 31, 2022, from the reversal of the unrealized loss on derivatives of RM 1.3 million on the outstanding contracts on December 31, 2021 and RM 0.01 million for the current period.

9. Fair Value Changes of Financial Liabilities

Other than derivatives which are classified as liabilities only when they are at fair value loss position as at the end of the reporting period, the Group does not remeasure its financial liabilities at fair value after the initial recognition.

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10. Changes in Material Litigation

There is no material litigation as of May 25, 2022.

11. Dividend Proposed or Declared

No dividend was declared or recommended for the quarter under review.

12. Earnings Per Share

(a) The earnings used as the numerator in calculating basic and diluted earnings per share for the quarter under review and for three months ended March 31, 2022 are RM 28,354,000 and RM 28,354,000 respectively.

(b) The weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share for the quarter under review and for three months ended March 31, 2022 is 157,658,076.

13. Auditors' report on preceding annual financial statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended December 31, 2021.

By Order of the Board

Yuen Yoke Ping (MAICSA 7014044)
SSM PC No. 201908002645
Company Secretary

Petaling Jaya
May 25, 2022