

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

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER
AND YEAR ENDED DECEMBER 31, 2022**

	INDIVIDUAL 4TH QUARTER		CUMULATIVE 4TH QUARTER	
	31/12/2022 Unaudited RM'000	31/12/2021 Unaudited RM'000	31/12/2022 Unaudited RM'000	31/12/2021 Audited RM'000
1 Revenue	1,769,537	1,591,005	7,162,687	6,738,388
2 Operating expenses	(1,722,002)	(1,554,796)	(7,004,698)	(6,607,260)
3 Other operating income	1,352	13,025	15,275	23,788
4 Profit before interest and tax	48,887	49,234	173,264	154,916
5 Finance costs	(7,738)	(6,657)	(28,002)	(28,033)
6 Profit before tax	41,149	42,577	145,262	126,883
7 Taxation	(13,120)	(12,265)	(38,773)	(35,608)
8 Profit for the period, net of tax	28,029	30,312	106,489	91,275
9 Net profit for the period	28,029	30,312	106,489	91,275
10 Other comprehensive income :				
- Currency translation differences arising from consolidation	5	-	26	2
11 Total comprehensive income	28,034	30,312	106,515	91,277
12 Net profit attributable to owners of the parent	28,029	30,312	106,489	91,275
13 Total comprehensive income attributable to owners of the parent	28,034	30,312	106,515	91,277
14 Earnings per share (EPS) based on item 12 above (See Note 1 below)				
(i) EPS attributable to owners of parent (sen)	17.78	19.23	67.54	57.89
15 Cash earnings per share (EPS) (See Notes 1 and 2 below)				
(i) Cash EPS attributable to owners of parent (sen)	23.70	23.53	83.00	73.44

Note:

- The weighted average number of shares used in items 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.

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

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

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

	31/12/2022 Unaudited RM'000	31/12/2021 Audited RM'000
1 Non Current Assets		
Property, plant and equipment	27,644	26,406
Right-of-use assets	132,313	115,294
Intangible assets	378,063	369,631
Deferred tax assets	10,027	7,975
	<u>548,047</u>	<u>519,306</u>
2 Current Assets		
Inventories	771,094	726,928
Trade and other receivables	1,551,674	1,324,417
Cash and bank balances	27,664	109,477
	<u>2,350,432</u>	<u>2,160,822</u>
3 Total Assets	<u>2,898,479</u>	<u>2,680,128</u>
4 Equity		
Ordinary share capital	182,172	182,172
Foreign currency translation reserve	173	147
Retained earnings	651,486	562,339
Equity attributable to owners of parent	<u>833,831</u>	<u>744,658</u>
5 Current Liabilities		
Trade and other payables	1,531,380	1,321,499
Derivative financial instrument	1,108	1,287
Lease liabilities	34,287	27,738
Borrowings	180,000	450,000
Taxation	15,003	10,262
	<u>1,761,778</u>	<u>1,810,786</u>
6 Non Current Liabilities		
Borrowings	186,289	20,744
Lease liabilities	106,426	94,494
Long term liabilities	5,250	2,771
Deferred tax liabilities	4,905	6,675
	<u>302,870</u>	<u>124,684</u>
7 Total Liabilities	<u>2,064,648</u>	<u>1,935,470</u>
8 Total Equity and Liabilities	<u>2,898,479</u>	<u>2,680,128</u>
9 Net assets per share attributable to ordinary equity holders of the company (RM)	<u>5.2889</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.

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

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR
ENDED DECEMBER 31, 2022**

	----- Attributable to owners of the parent -----			Distributable	Total Equity
	----- Non-distributable -----				
	Issued and fully paid ordinary shares		Foreign currency translation reserve	Retained earnings	
	Number of shares 000	Amount RM'000	RM'000	RM'000	RM'000
<u>YEAR ENDED DECEMBER 31, 2022</u>					
At January 1, 2022	157,658	182,172	147	562,339	744,658
Total comprehensive income for the period	-	-	26	106,489	106,515
Dividends	-	-	-	(17,342)	(17,342)
At December 31, 2022	157,658	182,172	173	651,486	833,831
<u>YEAR ENDED DECEMBER 31, 2021</u>					
At January 1, 2021	157,658	182,172	145	486,830	669,147
Total comprehensive income for the period	-	-	2	91,275	91,277
Dividends	-	-	-	(15,766)	(15,766)
At December 31, 2021	157,658	182,172	147	562,339	744,658

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.

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

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR YEAR ENDED DECEMBER 31, 2022**

	31/12/2022 Unaudited RM'000	31/12/2021 Audited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	145,262	126,883
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	10,011	10,422
Depreciation of right-of-use assets	37,155	36,909
Amortization of intangible assets	13,029	12,159
Net unrealized derivative gains	(179)	(4,835)
Gain on disposal of property, plant and equipment	(24)	(42)
Property, plant and equipment written off	315	123
Interest income	(510)	(664)
Interest expenses	20,659	20,951
Interest expenses on lease liabilities	7,343	7,082
Reversal of loss allowance on trade receivables	(2,325)	(820)
Inventories written off	21,886	26,366
Net reversal of write-down of slow moving inventories	(3,618)	(2,421)
Net unrealized foreign exchange (gains)/losses	(348)	103
Loss on lease modification and addition	-	(47)
Rent concession	(131)	(1,684)
Gain on disposal of a subsidiary	-	(8,520)
Operating cash flows before changes in working capital	<u>248,525</u>	<u>221,965</u>
Changes in working capital:		
Inventories	(59,955)	(12,267)
Trade and other receivables	(219,476)	40,829
Trade and other payables	207,341	2,211
	<u>(72,090)</u>	<u>30,773</u>
Interest paid	(28,184)	(28,169)
Interest received	510	664
Tax paid	(38,854)	(36,275)
	<u>(66,528)</u>	<u>(63,780)</u>
Net cash flows generated from operating activities	<u>109,907</u>	<u>188,958</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(12,227)	(8,411)
Acquisition of subsidiary, net cash paid	(18,450)	-
Net cash inflows from disposal of a subsidiary	-	18,657
Proceed from disposal of property, plant and equipment	102	197
Net cash flows used in/(generated from) investing activities	<u>(30,575)</u>	<u>10,443</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings	(107,987)	(95,523)
Repayment of lease liabilities	(35,842)	(34,039)
Dividend paid	(17,342)	(15,766)
Net cash flows used in financing activities	<u>(161,171)</u>	<u>(145,328)</u>
CHANGES IN CASH AND CASH EQUIVALENTS	<u>(81,839)</u>	<u>54,073</u>
CURRENCY TRANSLATION DIFFERENCES	26	2
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>109,477</u>	<u>55,402</u>
CASH AND CASH EQUIVALENTS AT END OF REPORTING YEAR	<u>27,664</u>	<u>109,477</u>
Note : Cash and cash equivalents comprise of :-		
Cash and bank balances	<u>27,664</u>	<u>109,477</u>
	<u>27,664</u>	<u>109,477</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.

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

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

The figures have not been audited

SEGMENTAL INFORMATION

<u>For the Year Ended December 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	3,977,700	3,008,188	62,789	7,048,677
Rendering of services	38,886	75,124	-	114,010
Total revenue from contracts with customers	4,016,586	3,083,312	62,789	7,162,687
Results				
Segment profit/(loss) before interest and tax	116,541	61,407	(4,684)	173,264
Finance costs				(28,002)
Taxation				(38,773)
Profit for the financial year, net of tax				106,489
<u>As at December 31, 2022</u>				
Net assets				
Segment assets	1,443,054	927,911	78,492	2,449,457
Unallocated assets				449,022
Total assets				2,898,479
Segment liabilities	(639,275)	(716,180)	(753)	(1,356,208)
Unallocated liabilities				(708,440)
Total liabilities				(2,064,648)
Other information				
Capital expenditure	4,777	4,595	2,626	11,998
Depreciation of property, plant and equipment	2,377	3,849	4,198	10,424
Depreciation of right-of-use assets	19,315	8,477	9,643	37,435
Amortization of intangible assets	12,160	869	-	13,029
Reversal of allowance on trade receivables	(799)	(1,371)	(155)	(2,325)
Inventories written off	16,745	4,360	781	21,886

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.

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

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

SEGMENTAL INFORMATION

<u>For the Year Ended December 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	3,765,952	2,824,297	47,451	6,637,700
Rendering of services	34,025	66,663	-	100,688
Total revenue from contracts with customers	3,799,977	2,890,960	47,451	6,738,388
Results				
Segment profit/(loss) before interest and tax	103,139	52,262	(485)	154,916
Finance costs				(28,033)
Taxation				(35,608)
Profit for the financial year, net of tax				<u>91,275</u>
As at December 31, 2021				
Net assets				
Segment assets	1,235,135	832,586	88,548	2,156,269
Unallocated assets				523,859
Total assets				<u>2,680,128</u>
Segment liabilities	(548,512)	(615,346)	(510)	(1,164,368)
Unallocated liabilities				(771,102)
Total liabilities				<u>(1,935,470)</u>
Other information				
Capital expenditure	1,259	4,591	2,762	8,612
Depreciation of property, plant and equipment	2,709	3,271	4,749	10,729
Depreciation of right-of-use assets	20,598	8,008	8,579	37,185
Amortization of intangible assets	12,159	-	-	12,159
Loss/(reversal of) allowance on trade receivables	2,172	(2,805)	(187)	(820)
Inventories written off	22,520	3,132	714	26,366

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.

DKSH HOLDINGS (MALAYSIA) BERHAD (199101021067 (231378-A))
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

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 February 21, 2023.

2. Accounting Policies and Basis of Preparation

The unaudited condensed consolidated interim financial statements for the current quarter and year ended December 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.

DKSH HOLDINGS (MALAYSIA) BERHAD (199101021067 (231378-A))
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

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 is no debt and equity securities in the Group and there were no changes during the quarter under review.

8. Dividend Paid

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

9. Segment Information

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

[The rest of this page has been left blank intentionally]

DKSH HOLDINGS (MALAYSIA) BERHAD (199101021067 (231378-A))
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

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	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	2,440	2,493	10,011	10,422
Depreciation of right-of-use assets	10,978	10,598	37,155	36,909
Amortization of intangible assets	3,475	3,040	13,029	12,159
Net unrealized derivative losses/(gains)	4,149	(1,136)	(179)	(4,835)
Rental income	(373)	(290)	(1,122)	(1,161)
Interest income	(152)	(165)	(510)	(664)
Interest expenses	5,180	4,685	20,259	19,826
Interest expenses on lease liabilities	2,558	1,972	7,343	7,082
Interest - other	-	-	400	1,125
Gain on disposal of property, plant and equipment	(4)	(25)	(24)	(42)
Reversal of loss allowance on trade receivables	(37)	(871)	(2,325)	(820)
Inventories written off	9,375	3,546	21,886	26,366
Net reversal of slow-moving inventories	(4,227)	(4,147)	(3,618)	(2,421)
Net unrealized foreign exchange (gains)/losses	(57)	(304)	(348)	103
Gain on disposal of a subsidiary	-	(8,520)	-	(8,520)
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.

DKSH HOLDINGS (MALAYSIA) BERHAD (199101021067 (231378-A))
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

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 year ended December 31, 2022.

13. Changes in the Composition of the Group

(a) Acquisition of a subsidiary

On July 4, 2022, the Group closed the acquisition of 100% of the shares of AcuTest Systems (M) Sdn. Bhd. ("AcuTest Systems"). AcuTest Systems is a distributor of clinical diagnostic point-of-care testing analyzers, diagnostic and screening devices, instruments, and laboratory systems in Malaysia.

Summary of effects of the acquisition on the statement of financial position of the Group is illustrated as follows:

The provisional fair values of the identifiable assets and liabilities relating to acquisition:	Total fair value recognized on acquisition of AcuTest Systems RM'000
Assets	
Plant and equipment	55
Intangible assets	5,212
Deferred tax assets	20
Inventories	1,786
Trade and other receivables	2,155
Cash and bank balances	2,783
Total assets	12,011
Liabilities	
Trade and other payables	(976)
Deferred tax liabilities	(1,251)
Total liabilities	(2,227)
Total identifiable net assets acquired	9,784
Goodwill on acquisition	16,249
Purchase consideration	26,033

The allocation of purchase price was based upon a preliminary valuation, and the estimates and assumptions used are subject to change within the one-year measurement period.

DKSH HOLDINGS (MALAYSIA) BERHAD (199101021067 (231378-A))
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

13. Changes in the Composition of the Group (contd.)

(a) Acquisition of a subsidiary (contd.)

Summary of effects of the acquisition on the statement of cash flows:

	RM'000
Purchase consideration	26,033
Less: Contingent consideration	(4,800)
Less: Cash and cash equivalent of subsidiary	(2,783)
Net cash outflows from acquisition of subsidiary	<u>18,450</u>

The purchase consideration of RM26.0 million comprises a base consideration of up to RM 21.2 million and subsequent payments of up to RM4.8 million payable upon achieving financial performance targets.

(b) Liquidation of a subsidiary

On November 22, 2022, the Group announced the commencement of members' voluntary winding up of DKSH Central Services Malaysia Sdn. Bhd., a wholly owned dormant subsidiary.

The voluntary winding-up is part of the Group continuing rationalization exercise to improve efficiency within the Group and to save future costs associated with maintaining this non-trading subsidiary.

The voluntary winding-up does not have any effect on the share capital, substantial shareholders' shareholdings and material effect on the earnings and net assets of the Group for the financial year ended December 31, 2022.

DKSH HOLDINGS (MALAYSIA) BERHAD (199101021067 (231378-A))
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

14. Related Party Disclosures

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

	Current year ended December 31, 2022 RM'000	Preceding year ended December 31, 2021 RM'000	Intercompany balances - due from/(to) as at	
			December 31, 2022 RM'000	December 31, 2021 RM'000
Sale of goods and services:				
- related companies (goods)	9,674	5,270	564	148
- related companies (rental)	1,122	1,161	139	164
- related companies (cost sharing)	626	601	89	235
- related companies (human resource and information technology charges)	779	702	132	108
	<u>12,201</u>	<u>7,734</u>	<u>924</u>	<u>655</u>
Purchase of goods and services:				
- related companies (goods and services)	(34,973)	(25,850)	(8,468)	(5,674)
- related company (management fee)	(8,926)	(8,826)	-	-
- related company (royalty fee)	(3,934)	(4,502)	-	-
- related company (information technology charges)	(29,403)	(25,154)	(292)	(271)
Others (interest):				
- immediate holding company	(110)	(406)	-	(44)
- intermediate holding company	(357)	(323)	(64)	(57)
	<u>(77,703)</u>	<u>(65,061)</u>	<u>(8,824)</u>	<u>(6,046)</u>

The amounts receivable from or payable to related parties are unsecured, non-interest bearing and carry credit terms of 60 days.

DKSH HOLDINGS (MALAYSIA) BERHAD (199101021067 (231378-A))
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Changes in Contingent Liabilities or Contingent Assets

There were no changes in contingent liabilities or contingent assets since the quarter ended December 31, 2022 and up to February 21, 2023.

16. Capital Commitments

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

	RM'000
Contracted	<u>2,642</u>
Analyzed as follows:	
- Property, plant and equipment	<u>2,642</u>

[The rest of this page has been intentionally left blank]

DKSH HOLDINGS (MALAYSIA) BERHAD (199101021067 (231378-A))
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – FINANCIAL YEAR ENDED DECEMBER 31, 2022

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

1. Review of Performance

	Individual 4 th Quarter				Immediately Preceding 3 rd Quarter			Cumulative 4 th Quarter			
	31/12/2022	31/12/2021	Changes		30/09/2022	Changes		31/12/2022	31/12/2021	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	1,769,537	1,591,005	178,532	11.2%	1,829,659	(60,122)	(3.3%)	7,162,687	6,738,388	424,299	6.3%
Profit before interest and tax	48,887	49,234	(347)	(0.7%)	30,580	18,307	59.9%	173,264	154,916	18,348	11.8%
Profit before tax	41,149	42,577	(1,428)	(3.4%)	23,697	17,452	73.6%	145,262	126,883	18,379	14.5%
Profit after tax	28,029	30,312	(2,283)	(7.5%)	17,653	10,376	58.8%	106,498	91,275	15,223	16.7%
Profit attributable to owners of the parent	28,029	30,312	(2,283)	(7.5%)	17,653	10,376	58.8%	106,498	91,275	15,223	16.7%

DKSH HOLDINGS (MALAYSIA) BERHAD (199101021067 (231378-A))
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Review of Performance (continued)

Quarterly

Revenues for the quarter improved by 11.2% compared to the corresponding fourth quarter of 2021, increasing from RM 1.59 billion to RM 1.77 billion, while reducing by 3.3% against those of the preceding third quarter of 2022 which were RM 1.83 billion. The improved revenue in comparison to the corresponding fourth quarter reflects ongoing growth of existing clients in both Marketing and Distribution and Logistics segments and recovery of customer demand from the COVID-19 pandemic for all segments. The reduction as compared to preceding third quarter of 2022 was mainly due to the timing of a major hospital tender in Logistics segment, offset by higher sales recorded in Marketing and Distribution and Others segments from higher festive sales in the fourth quarter.

Operating expenses for the quarter increased by 10.8% from RM 1.55 billion to RM 1.72 billion as compared to the corresponding fourth quarter of 2021, while reducing by 4.6% against those of the preceding third quarter of 2022 which were at RM 1.80 billion. The changes in operating expenses as compared to the corresponding fourth quarter were largely in line with the movement in revenue. The operating expenses reduced more than the revenue growth as compared to the preceding third quarter of 2022 were largely due to improved margin mix for Logistics Segment.

Profit before tax for the quarter reduced by 3.4% compared to the same quarter of 2021, while improved by 73.6% as compared to the preceding third quarter of 2022. The reduction in profit before tax as compared to the corresponding fourth quarter of 2021 was mainly due to a one-off gain on internal reorganization of the business of the Performance Materials of RM 8.5 million recognized in prior year. Excluding this one-off gain, profit before tax improved by 20.8%. The improved profit before tax performance compared to the preceding third quarter of 2022 was largely driven by sales growth in Marketing and Distribution and Others segments and improved margin mix and lower receivable provisions in Logistic segment.

Year-to-date

Revenues grew by 6.3% from RM 6.74 billion to RM 7.16 billion as compared to 2021, reflecting the ongoing growth of existing clients and new clients secured as well as recovery from the effects of COVID-19 pandemic in all segments.

Operating costs increased by 6.0% from RM 6.61 billion to RM 7.00 billion, which were lesser than the revenue growth, reflecting improvements in cost efficiencies.

Profit before tax improved by 14.5% compared to 2021 due to the above-mentioned results and gains from foreign exchange derivatives. Excluding the one-off gain recognized on internal reorganization of the business of the Performance Materials of RM 8.5 million in 2021, profit before tax improved by 22.7%.

DKSH HOLDINGS (MALAYSIA) BERHAD (199101021067 (231378-A))
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

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 4 th Quarter				Immediately Preceding 3 rd Quarter			Cumulative 4 th Quarter			
	31/12/2022	31/12/2021	Changes		30/09/2022	Changes		31/12/2022	31/12/2021	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	1,008,729	934,869	73,860	7.9%	966,543	42,186	4.4%	4,016,586	3,799,977	216,609	5.7%
Segment profit before interest and tax	30,002	24,804	5,198	21.0%	19,347	10,655	55.1%	116,541	103,139	13,402	13.0%

DKSH HOLDINGS (MALAYSIA) BERHAD (199101021067 (231378-A))
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Marketing and Distribution segment (continued)

Quarterly

Revenues for the quarter grew by 7.9% compared to the corresponding fourth quarter of 2021, increasing from RM 934.9 million to RM 1,008.7 million, and improved by 4.4% against those of the preceding third quarter of 2022 which was RM 966.5 million. This segment's improved revenue compared to the corresponding fourth quarter reflects the ongoing growth of existing clients and recovery from the effects of the COVID-19 pandemic in 2021. The improvement in revenue against the preceding third quarter of 2022 was due to a change in normal seasonal flows.

The operating result for the quarter was RM 30.0 million, which was a 21.0% increase from RM 24.8 million reported for the same fourth quarter in 2021, while improved by 55.1% from RM 19.3 million reported for the preceding third quarter of 2022. The improvement in operating result against the corresponding fourth quarter and preceding third quarter of 2022 was due to revenue growth and change in sales mix.

Year-to-date

Revenues grew by 5.7% from RM 3.80 billion to RM 4.02 billion as compared to 2021. This revenue growth was mainly contributed by the ongoing growth with existing clients.

The operating result for 2022 was RM 116.5 million, a 13.0% increase on RM 103.1 million reported in 2021. The improved result was largely driven by sales growth as mentioned above.

DKSH HOLDINGS (MALAYSIA) BERHAD (199101021067 (231378-A))
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Logistics segment

Under the segment Logistics, the Group provides supply chain services ranging from warehousing and distribution, to order processing, sales and marketing services and sales collections. The businesses represented under this segment include the Healthcare business.

	Individual 4 th Quarter				Immediately Preceding 3 rd Quarter			Cumulative 4 th Quarter			
	31/12/2022	31/12/2021	Changes		30/09/2022	Changes		31/12/2022	31/12/2021	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	741,989	638,521	103,468	16.2%	851,844	(109,855)	(12.9%)	3,083,312	2,890,960	192,352	6.7%
Segment profit before interest and tax	18,933	15,947	2,986	18.7%	14,956	3,977	26.6%	61,407	52,262	9,145	17.5%

DKSH HOLDINGS (MALAYSIA) BERHAD (199101021067 (231378-A))
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Logistics segment (continued)

Quarterly

Revenues for the quarter improved by 16.2% compared to the corresponding fourth quarter of 2021, increasing from RM 638.5 million to RM 742.0 million, while reducing by 12.9% against those of the preceding third quarter of 2022 which were RM 851.8 million. The improvement in revenue compared to the corresponding fourth quarter was due to strong growth from existing clients, while the reduction in revenue compared to the preceding third quarter of 2022 was due to the timing of a major hospital tender.

The operating result for the quarter was RM 18.9 million, which was a 18.7% increase on RM 15.9 million reported for the same quarter in 2021 and a 26.6% increase from RM 15.0 million reported for the preceding third quarter of 2022. The improvement in operating result against the corresponding fourth quarter of 2021 was largely in line with sales growth and improved margin mix whilst the improvement compared to the preceding third quarter of 2022 was due to improved margin mix and lower receivable provisions.

Year-to-date

Revenues for 2022 increased by 6.7% compared to 2021, increasing from RM 2.89 billion to RM 3.08 billion. The improvement was due to growth in existing clients and new clients secured in the fourth quarter of 2021.

The operating result for 2022 was RM 61.4 million, a 17.5% increase from RM 52.3 million reported in the prior year due to improved margin mix and a one-off bad debt recovery.

DKSH HOLDINGS (MALAYSIA) BERHAD (199101021067 (231378-A))
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Others segment

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

	Individual 4 th Quarter				Immediately Preceding 3 rd Quarter			Cumulative 4 th Quarter			
	31/12/2022	31/12/2021	Changes		30/09/2022	Changes		31/12/2022	31/12/2021	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	18,819	17,615	1,204	6.8%	11,272	7,547	67.0%	62,789	47,451	15,338	32.3%
Segment (loss)/profit before interest and tax	(48)	8,483	(8,531)	>(100.0%)	(3,723)	3,675	98.7%	(4,684)	(485)	(4,199)	>(100.0%)

DKSH HOLDINGS (MALAYSIA) BERHAD (199101021067 (231378-A))
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Others segment (continued)

Quarterly

Revenues for the quarter grew by 6.8% from RM 17.6 million to RM 18.8 million as compared to the corresponding fourth quarter of 2021 and improved by 67.0% against those of the preceding third quarter of 2022 which were RM 11.3 million. Higher revenue compared to the corresponding fourth quarter of 2021 reflects the recovery from the effects of COVID-19 pandemic, while the increase in revenue compared to the preceding third quarter of 2022 was due to normal seasonal flows with higher festive sales and resumption of raw material supply in the fourth quarter. At the end of the fourth quarter of 2022, there were a total of 89 outlets located in West and East Malaysia as well as two outlets in Brunei.

The operating result broke even for the quarter while preceding third quarter of 2022 which were -RM 3.7 million. The positive segment result for the corresponding fourth quarter of 2021 was due to a one-off gain recognized on internal reorganization of the business of Performance Materials of RM 8.5 million. Excluding this one-off gain, the operating result reduced by 29.7% due to higher operating expenses from full operation of all outlets in 2022, and lower rental rebates and government grants received. The higher segment loss in the preceding third quarter of 2022 was due to lower sales from delay in raw material supply.

Year-to-date

Revenues for 2022 grew by 32.3% compared to 2021, increasing from RM 47.5 million to RM 62.8 million. The improvement reflects the recovery from the effects of COVID-19 pandemic.

The operating result for 2022 reduced by RM 4.2 million compared to the prior year due to one-off gain recognized on internal reorganization of the business of the Performance Materials of RM 8.5 million in 2021. Excluding this one-off gain, the operating result improved by 48.0% compared to the prior year, predominantly from higher sales recorded as above mentioned.

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 fourth quarter of 2022 compared to the third quarter of 2022.

DKSH HOLDINGS (MALAYSIA) BERHAD (199101021067 (231378-A))
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

3. Prospects

The Group has shown resilience and has successfully navigated the pandemic, overall consumer demand remains relatively stable despite inflationary pressure. The prospect for future growth is positive. We continue to focus on winning new business, cost efficiency improvements, working capital management, and closely monitoring the short-term outlook to ensure prudent navigation of the current environment.

In 2023, the Group celebrates 100 years of presence in Malaysia. The Group is well positioned to benefit from favorable long-term market, industry, and consolidation trends in Asia Pacific.

4. Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast.

5. Taxation

	Quarter ended December 31, 2022 RM'000	Quarter ended December 31, 2021 RM'000	Year ended December 31, 2022 RM'000	Year ended December 31, 2021 RM'000
Current year income tax	16,166	9,378	43,825	36,237
Deferred tax	(3,046)	2,887	(5,052)	(629)
	<u>13,120</u>	<u>12,265</u>	<u>38,773</u>	<u>35,608</u>

The effective tax rate for the quarter ended December 31, 2022 was higher compared to the prec quarter due to a one-off prosperity tax for a subsidiary. Excluding the one-off prosperity tax, there is an improvement in the effective tax rate for quarter ended December 31, 2022 and financial year end December 31, 2022 compared to similar fourth quarter of 2022 and prior year mainly due to lower non-deductible expenses and recognition of deferred tax assets.

6. Status of Corporate Proposals Announced

There were no corporate proposals announced but not completed as of February 21, 2023.

DKSH HOLDINGS (MALAYSIA) BERHAD (199101021067 (231378-A))
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Group Borrowings and Debt Securities

	As at December 31, 2022 RM'000	As at December 31, 2021 RM'000
Unsecured and fully denominated in Ringgit Malaysia:		
<u>Short Term Borrowings</u>		
- Bank borrowings	180,000	450,000
	<u>180,000</u>	<u>450,000</u>
<u>Long Term Borrowings</u>		
- Advances from holding companies	11,289	20,744
- Bank borrowings	175,000	-
	<u>186,289</u>	<u>20,744</u>
Total borrowings	<u>366,289</u>	<u>470,744</u>

8. Disclosure of Derivatives

Type of derivatives	Contract / Notional Value December 31, 2022 RM'000	Fair Value December 31, 2022 RM'000
Foreign exchange contracts		
- less than 1 year	73,561	72,453
Total	<u>73,561</u>	<u>72,454</u>

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.

DKSH HOLDINGS (MALAYSIA) BERHAD (199101021067 (231378-A))
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Group's open foreign exchange contracts have been fair valued using the current market rates as of December 31, 2022, resulting in an unrealized derivative loss of RM 1.1 million.

This unrealized derivative loss was due to the weakening of the MYR after foreign exchange currency contracts were entered.

In total, a net unrealized gain on derivative contracts amounting to RM 0.2 million had been credited to the statement of comprehensive income for the financial year ended December 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 1.1 million for the current financial year.

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.

10. Changes in Material Litigation

There is no material litigation as of February 21, 2023.

11. Dividend Proposed or Declared

The Directors have recommended a special single tier dividend of 16.0 sen per ordinary shares in respect of the financial year ended December 31, 2022.

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 the financial year ended December 31, are RM 28,029,000 and RM 106,489,000 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 the financial year ended December 31, 2022 is 157,658,076.

DKSH HOLDINGS (MALAYSIA) BERHAD (199101021067 (231378-A))
(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and year ended December 31, 2022

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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
February 21, 2023