

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, 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND THREE MONTHS ENDED MARCH 31, 2023

	INDIVIDUAL 1ST QUARTER		CUMULATIVE 1ST QUARTER	
	31/03/2023 Unaudited RM'000	31/03/2022 Unaudited RM'000	31/03/2023 Unaudited RM'000	31/03/2022 Unaudited RM'000
1 Revenue	1,963,377	1,814,884	1,963,377	1,814,884
2 Operating expenses	(1,911,138)	(1,773,478)	(1,911,138)	(1,773,478)
3 Other operating income	4,190	2,915	4,190	2,915
4 Profit before interest and tax	56,429	44,321	56,429	44,321
5 Finance costs	(6,848)	(6,525)	(6,848)	(6,525)
6 Profit before tax	49,581	37,796	49,581	37,796
7 Taxation	(12,547)	(9,442)	(12,547)	(9,442)
8 Profit for the period, net of tax	37,034	28,354	37,034	28,354
9 Net profit for the period	37,034	28,354	37,034	28,354
10 Other comprehensive income :				
- Currency translation differences arising from consolidation	3	4	3	4
11 Total comprehensive income	37,037	28,358	37,037	28,358
12 Net profit attributable to owners of the parent	37,034	28,354	37,034	28,354
13 Total comprehensive income attributable to owners of the parent	37,037	28,358	37,037	28,358
14 Earnings per share (EPS) based on item 12 above (See Note 1 below)				
(i) EPS attributable to owners of parent (sen)	23.49	17.98	23.49	17.98
15 Cash earnings per share (EPS) (See Notes 1 and 2 below)				
(i) Cash EPS attributable to owners of parent (sen)	27.41	21.54	27.41	21.54

Note:

1 The weighted average number of shares used in items 14 and 15 above is computed : 157,658,076 shares.

2 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, 2022 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 three months ended March 31, 2023

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023**

	31/03/2023 Unaudited RM'000	31/12/2022 Audited RM'000
1 Non Current Assets		
Property, plant and equipment	28,016	27,644
Right-of-use assets	130,489	132,313
Intangible assets	374,591	378,064
Deferred tax assets	8,038	7,751
	<u>541,134</u>	<u>545,772</u>
2 Current Assets		
Inventories	928,197	789,954
Trade and other receivables	1,717,883	1,559,361
Derivative financial instrument	370	-
Cash and bank balances	102,115	35,923
	<u>2,748,565</u>	<u>2,385,238</u>
3 Total Assets	<u>3,289,699</u>	<u>2,931,010</u>
4 Equity		
Ordinary share capital	182,172	182,172
Foreign currency translation reserve	176	173
Retained earnings	661,020	649,211
Equity attributable to owners of parent	<u>843,368</u>	<u>831,556</u>
5 Current Liabilities		
Trade and other payables	1,708,984	1,557,925
Derivative financial instrument	-	1,108
Lease liabilities	36,416	34,288
Borrowings	426,000	188,259
Taxation	19,094	15,003
	<u>2,190,494</u>	<u>1,796,583</u>
6 Non Current Liabilities		
Borrowings	143,676	186,289
Lease liabilities	102,784	106,426
Long term liabilities	5,251	5,251
Deferred tax liabilities	4,126	4,905
	<u>255,837</u>	<u>302,871</u>
7 Total Liabilities	<u>2,446,331</u>	<u>2,099,454</u>
8 Total Equity and Liabilities	<u>3,289,699</u>	<u>2,931,010</u>
9 Net assets per share attributable to ordinary equity holders of the company (RM)	<u>5.3494</u>	<u>5.2744</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, 2022 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 three months ended March 31, 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THREE MONTHS ENDED MARCH 31, 2023

	----- Attributable to owners of the parent -----			Distributable	Total Equity
	----- Non-distributable -----				
	Issued and fully paid ordinary shares		Foreign currency translation reserve RM'000	Retained earnings RM'000	RM'000
	Number of shares 000	Amount RM'000			
<u>THREE MONTHS ENDED MARCH 31, 2023</u>					
At January 1, 2023	157,658	182,172	173	649,211	831,556
Total comprehensive income for the period	-	-	3	37,034	37,037
Dividends	-	-	-	(25,225)	(25,225)
At March 31, 2023	157,658	182,172	176	661,020	843,368
<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

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, 2022 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 three months ended March 31, 2023

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THREE MONTHS ENDED MARCH 31, 2023**

	31/03/2023 Unaudited RM'000	31/03/2022 Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	49,581	37,796
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	2,462	2,548
Depreciation of right-of-use assets	8,677	8,584
Amortization of intangible assets	3,473	3,041
Net unrealized derivative gains	(1,479)	(1,296)
(Gain)/loss on disposal of property, plant and equipment	(12)	285
Property, plant and equipment written off	1	-
Interest income	(128)	(103)
Interest expenses	5,176	4,975
Interest expenses on lease liabilities	1,672	1,550
Loss/(reversal of) allowance on trade receivables	375	(1,226)
Inventories written off	6,029	2,326
Net reversal of write-down of slow moving inventories	(1,302)	(879)
Net unrealized foreign exchange losses	457	433
Operating cash flows before changes in working capital	<u>74,982</u>	<u>58,034</u>
Changes in working capital:		
Inventories	(142,771)	(74,410)
Trade and other receivables	(162,234)	(226,738)
Trade and other payables	151,798	174,521
	<u>(153,207)</u>	<u>(126,627)</u>
Interest paid	(6,781)	(6,707)
Interest received	125	103
Tax paid	(9,714)	(8,328)
	<u>(16,370)</u>	<u>(14,932)</u>
Net cash flows used in operating activities	<u>(94,595)</u>	<u>(83,525)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(4,412)	(2,601)
Proceed from disposal of property, plant and equipment	66	42
Net cash flows used in investing activities	<u>(4,346)</u>	<u>(2,559)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings	198,660	64,393
Repayment of lease liabilities	(8,305)	(8,562)
Dividend paid	(25,225)	-
Net cash flows generated from financing activities	<u>165,130</u>	<u>55,831</u>
CHANGES IN CASH AND CASH EQUIVALENTS	66,189	(30,253)
CURRENCY TRANSLATION DIFFERENCES	3	4
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	35,923	109,477
CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD	<u>102,115</u>	<u>79,228</u>
Note : Cash and cash equivalents comprise of :-		
Cash and bank balances	<u>102,115</u>	<u>79,228</u>
	<u><u>102,115</u></u>	<u><u>79,228</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, 2022 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 three months ended March 31, 2023

The figures have not been audited

SEGMENTAL INFORMATION

<u>For the Three Months Ended March 31, 2023</u>	<u>Consumer Goods</u> RM'000	<u>Healthcare</u> RM'000	<u>Others</u> RM'000	<u>Consolidated</u> RM'000
Revenue				
Type of goods or services:				
Sales of goods	1,126,746	782,916	20,232	1,929,894
Rendering of services	9,914	23,569	-	33,483
Total revenue from contracts with customers	1,136,660	806,485	20,232	1,963,377
Results				
Segment profit/(loss) before interest and tax	37,772	19,193	(536)	56,429
Finance costs				(6,848)
Taxation				(12,547)
Profit for the period, net of tax				<u>37,034</u>
As at March 31, 2023				
Net assets				
Segment assets	1,626,500	1,070,931	76,728	2,774,159
Unallocated assets				515,540
Total assets				<u>3,289,699</u>
Segment liabilities	(815,114)	(798,198)	(69,518)	(1,682,830)
Unallocated liabilities				(763,501)
Total liabilities				<u>(2,446,331)</u>
Other information				
Capital expenditure	585	1,606	826	3,017
Depreciation of property, plant and equipment	706	1,124	762	2,592
Depreciation of right-of-use assets	4,949	2,227	1,570	8,746
Amortization of intangible assets	3,040	433	-	3,473
Reversal of/(loss) allowance on trade receivables	(43)	473	(55)	375
Inventories written off	4,948	939	142	6,029

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 three months ended March 31, 2023

SEGMENTAL INFORMATION

<u>For the Three Months Ended March 31, 2022</u>	<u>Consumer</u>			<u>Consolidated</u>
	<u>Goods</u>	<u>Healthcare</u>	<u>Others</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 costs				(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	(717,802)	(678,328)	(76,566)	(1,472,696)
Unallocated liabilities				(699,406)
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.

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, 2023

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 18, 2023.

2. Accounting Policies and Basis of Preparation

The unaudited condensed consolidated interim financial statements for the current quarter and three months ended March 31, 2023 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, 2022.

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, 2022. The new, revised and amended MFRS and IC Interpretations, which are effective for the financial periods beginning on or after January 1, 2023, 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, 2022 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 three months ended March 31, 2023

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

The following dividend payment was made during the period ended March 31, 2023:

	RM'000
In respect of the financial year ended December 31, 2022:	
- a special single tier dividend of 16.0 sen per share paid on March 20, 2023	<u>25,225</u>

9. Segment Information

The Group's segmental information for the financial three months ended March 31, 2023 and March 31, 2022 is presented separately in this interim financial report.

The following segments have been renamed to reflect the current operational structure of the Group:

- Marketing and Distribution Segment is now renamed as Consumer Goods
- Logistics Segment is now renamed as Healthcare

The renaming does not cause the composition of the reportable segments to change and thus no restatement of corresponding information for earlier periods.

[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 three months ended March 31, 2023

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, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	2,462	2,548	2,462	2,548
Depreciation of right-of-use assets	8,677	8,584	8,677	8,584
Amortization of intangible assets	3,473	3,041	3,473	3,041
Net unrealized derivative gains	(1,479)	(1,296)	(1,479)	(1,296)
Rental income	(646)	(657)	(646)	(657)
Interest income	(128)	(103)	(128)	(103)
Interest expenses	5,176	4,575	5,176	4,575
Interest expenses on lease liabilities	1,672	1,550	1,672	1,550
Interest - other	-	400	-	400
(Gain)/loss on disposal of property, plant and equipment	(12)	285	(12)	285
Loss/(reversal of) allowance on trade receivables	375	(1,226)	375	(1,226)
Inventories written off	6,029	2,326	6,029	2,326
Net reversal of slow-moving inventories	(1,302)	(879)	(1,302)	(879)
Net unrealized foreign exchange losses	457	433	457	433
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 three months ended March 31, 2023

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, 2023.

13. Changes in the Composition of the Group

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

14. 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, 2023 and March 31, 2022, as well as the balances with the related parties as at March 31, 2023 and March 31, 2022:

	Current period ended March 31, 2023 RM'000	Preceding period ended March 31, 2022 RM'000	Intercompany balances - due from/(to) as at	
			March 31, 2023 RM'000	March 31, 2022 RM'000
Sale of goods and services:				
- related companies (goods)	1,824	1,763	1,178	651
- related companies (rental)	190	201	110	124
- related companies (cost sharing)	216	226	405	394
- related companies (human resource and information technology charges)	165	206	124	130
	<u>2,395</u>	<u>2,396</u>	<u>1,817</u>	<u>1,299</u>
Purchase of goods and services:				
- related companies (goods and services)	(6,915)	(6,949)	(4,605)	(6,996)
- related company (management fee)	(2,595)	(2,503)	-	(97)
- related company (royalty fee)	(1,748)	(1,521)	-	-
- related company (information technology charges)	(9,418)	(7,412)	(521)	(619)
Others:				
interest income/(expense)				
- immediate holding company	8	(72)	-	(43)
- intermediate holding company	(106)	(87)	(69)	(57)
	<u>(20,774)</u>	<u>(18,544)</u>	<u>(5,195)</u>	<u>(7,812)</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 three months ended March 31, 2023

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 March 31, 2023 and up to May 18, 2023.

16. Capital Commitments

Authorized capital commitments not provided for in this interim financial report as at March 31, 2023 are as follows:

	RM'000
Contracted	<u>1,014</u>
Analyzed as follows:	
- Property, plant and equipment	<u>1,014</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 three months ended March 31, 2023

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – THREE MONTHS ENDED MARCH 31, 2023

(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			
	31/03/2023	31/03/2022	Changes		31/12/2022	Changes		31/03/2023	31/03/2022	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	1,963,377	1,814,884	148,493	8.2%	1,769,537	193,480	11.0%	1,963,377	1,814,884	148,493	8.2%
Profit before interest and tax	56,429	44,321	12,108	27.3%	48,887	7,542	15.4%	56,429	44,321	12,108	27.3%
Profit before tax	49,581	37,796	11,785	31.2%	41,149	8,432	20.5%	49,581	37,796	11,785	31.2%
Profit after tax	37,034	28,354	8,680	30.6%	28,029	9,005	32.1%	37,034	28,354	8,680	30.6%
Profit attributable to owners of the parent	37,034	28,354	8,680	30.6%	28,029	9,005	32.1%	37,034	28,354	8,680	30.6%

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, 2023

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Review of Performance (continued)

Quarterly

Revenues for the quarter improved by 8.2% compared to the corresponding first quarter of 2022, increasing from RM 1.81 billion to RM 1.96 billion, while increasing by 11.0% against those of the preceding fourth quarter of 2022 which were RM 1.77 billion. The improved revenue in comparison to the corresponding first quarter of 2022 and preceding fourth quarter of 2022 was due to higher sales recorded in Consumer Goods (formerly known as Marketing and Distribution) and Others segments from higher festive sales in this quarter, strong sales from new clients in Healthcare (formerly known as Logistics) segments and ongoing growth of existing clients in both Consumer Goods (formerly known as Marketing and Distribution) and Healthcare (formerly known as Logistics) segments.

Operating expenses for the quarter increased by 7.8% from RM 1.77 billion to RM 1.91 billion as compared to the corresponding first quarter of 2022, while increasing by 11.0% against those of the preceding fourth quarter of 2022 which were at RM 1.72 billion. The changes in operating expenses as compared to the corresponding first quarter and preceding fourth quarter of 2022 were largely in line with the movement in revenue. The operating expenses reduced more than the revenue growth as compared to the corresponding first quarter of 2022 were largely due to improved margin mix for Healthcare (formerly known as Logistics) Segment.

Profit before tax for the quarter increased by 31.2% compared to the same quarter of 2022, while improved by 20.5% as compared to the preceding fourth quarter of 2022. The improved profit before tax performance compared to the corresponding first quarter of 2022 and preceding quarter of 2022 was the outcome of increased revenue 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 three months ended March 31, 2023

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Comments to the Performance of the Business Segments

Consumer Goods (formerly known as Marketing and Distribution) segment

Under the segment Consumer Goods (formerly known as Marketing and Distribution), the Group provides the full range of services. The service portfolio ranges from product feasibility studies and registration to importation, customs clearance, marketing, sales, warehousing, physical distribution, invoicing, cash collection, after-sales and other value-added services.

	Individual 1 st Quarter				Immediately Preceding 4 th Quarter			Cumulative 1 st Quarter			
	31/03/2023	31/03/2022	Changes		31/12/2022	Changes		31/03/2023	31/03/2022	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	1,136,660	1,024,490	112,170	10.9%	1,008,729	127,931	12.7%	1,136,660	1,024,490	112,170	10.9%
Segment profit before interest and tax	37,772	31,312	6,460	20.6%	30,002	7,770	25.9%	37,772	31,312	6,460	20.6%

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, 2023

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Consumer Goods (formerly known as Marketing and Distribution) segment (continued)

Quarterly

Revenues for the quarter grew by 10.9% compared to the corresponding first quarter of 2022, increasing from RM 1,024.5 million to RM 1,136.7 million, and improved by 12.7% against those of the preceding fourth quarter of 2022 which was RM 1,008.7 million. This segment's improved revenue compared to the corresponding first quarter and preceding fourth quarter was due to a change in normal seasonal flows which creates higher festive sales (Chinese New Years and Hari Raya) in this quarter.

The operating result for the quarter was RM 37.8 million, which was a 20.6% increase from RM 31.3 million reported for the same first quarter in 2022, while improved by 25.9% or RM 7.8 million reported for the preceding fourth quarter of 2022. The improvement in operating result against the corresponding fourth quarter and preceding fourth quarter of 2022 was due to revenue growth and change in sales mix.

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, 2023

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Healthcare (formerly known as Logistics) segment

Under the segment Healthcare (formerly known as Logistics), the Group provides a wide range of integrated and customized solutions, including registration, market entry studies, marketing and sales, redressing, physical distribution, as well as invoicing and cash collection.

	Individual 1 st Quarter				Immediately Preceding 4 th Quarter			Cumulative 1 st Quarter			
	31/03/2023	31/03/2022	Changes		31/12/2022	Changes		31/03/2023	31/03/2022	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	806,485	776,111	30,374	3.9%	741,989	64,496	8.7%	806,485	776,111	30,374	3.9%
Segment profit before interest and tax	19,193	14,336	4,857	33.9%	18,933	260	1.4%	19,193	14,336	4,857	33.9%

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, 2023

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Healthcare (formerly known as Logistics) segment (continued)

Quarterly

Revenues for the quarter improved by 3.9% compared to the corresponding first quarter of 2022, increasing from RM 776.1 million to RM 806.5 million, while improving by 8.7% against those of the preceding fourth quarter of 2022 which were RM 742.0 million. The improvement in revenue compared to the corresponding first quarter and preceding fourth quarter was driven by new clients secured and strong growth from existing clients.

The operating result for the quarter was RM 19.2 million, which was a 33.9% increase on RM 14.3 million reported for the same quarter in 2022 and a 1.4% increase from RM 18.9 million reported for the preceding fourth quarter of 2022. The improvement in operating result against the corresponding first quarter of 2022 and preceding fourth quarter was driven by sales growth and improved margin mix.

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, 2023

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 1 st Quarter				Immediately Preceding 4 th Quarter			Cumulative 1 st Quarter			
	31/03/2023	31/03/2022	Changes		31/12/2022	Changes		31/03/2023	31/03/2022	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	20,232	14,283	5,949	41.7%	18,819	1,413	7.5%	20,232	14,283	5,949	41.7%
Segment loss before interest and tax	(536)	(1,327)	791	59.6%	(48)	(488)	<(100.0%)	(536)	(1,327)	791	59.6%

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, 2023

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Others segment (continued)

Quarterly

Revenues for the quarter grew by 41.7% from RM 14.3 million to RM 20.2 million as compared to the corresponding first quarter of 2022 and improved by 7.5% against those of the preceding fourth quarter of 2022 which were RM 18.8 million. Higher revenue compared to the corresponding first quarter of 2022 reflects the recovery from the effects of COVID-19 pandemic and resumption of raw material supply, while the increase in revenue compared to the preceding fourth quarter of 2022 was due to normal seasonal flows with higher festive sales. At the end of the first quarter of 2023, there were a total of 87 outlets located in West and East Malaysia as well as two outlets in Brunei.

The operating result for the quarter was (RM 0.5 million), improved by 59.6% against those of corresponding first quarter of 2022, while reduced by >100.0% as compared to the preceding fourth quarter of 2022 which were (RM 0.04 million). The improvement in operating result against the corresponding first quarter of 2022 was largely driven by sales growth, while the reduction against preceding fourth quarter of 2022 was due to higher operating expenses to support future growth.

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 2023 compared to the fourth quarter of 2022.

3. Prospects

The Group has persevered and demonstrated resilience throughout the pandemic. Overall, consumer demand is still largely stable despite inflationary pressure. As we navigate through the current climate, we continue to prioritise in gaining new businesses, increasing cost efficiency, managing working capital, and continuously monitoring of the short-term outlook.

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.

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, 2023

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Taxation

	Quarter ended March 31, 2023 RM'000	Quarter ended March 31, 2022 RM'000	Period ended March 31, 2023 RM'000	Period ended March 31, 2022 RM'000
Current year income tax	13,611	10,683	13,611	10,683
Deferred tax	(1,064)	(1,241)	(1,064)	(1,241)
	<u>12,547</u>	<u>9,442</u>	<u>12,547</u>	<u>9,442</u>

The effective tax rate for the quarter ended March 31, 2023 was approximately the same as similar quarter, there was no significant fluctuation on the non-deductible expenses. The overall effective tax rate is slightly higher than statutory tax rate due to adjustment on non-deductible expenses.

6. Status of Corporate Proposals Announced

There were no corporate proposals announced but not completed as of May 18, 2023.

7. Group Borrowings and Debt Securities

	As at March 31, 2023 RM'000	As at March 31, 2022 RM'000
Unsecured and fully denominated in Ringgit Malaysia:		
<u>Short Term Borrowings</u>		
- Bank borrowings	<u>426,000</u>	<u>300,000</u>
<u>Long Term Borrowings</u>		
- Advances from holding companies	13,676	15,137
- Bank borrowings	<u>130,000</u>	<u>220,000</u>
	<u>143,676</u>	<u>235,137</u>
Total borrowings	<u>569,676</u>	<u>535,137</u>

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, 2023

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

8. Disclosure of Derivatives

Type of derivatives	Contract / Notional	Fair Value
	Value	March 31,
	March 31,	March 31,
	2023	2023
	RM'000	RM'000
Foreign exchange contracts		
- less than 1 year	53,082	53,452
Total	53,082	53,452

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, 2022.

The Group's open foreign exchange contracts have been fair valued using the current market rates as of March 31, 2023, resulting in an unrealized derivative gain of RM 0.4 million.

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

In total, a net unrealized gain on derivative contracts amounting to RM 1.5 million had been credited to the statement of comprehensive income for the three months ended March 31, 2023 from the reversal of the unrealized loss on derivatives of RM 1.1 million on the outstanding contracts on December 31, 2022 and unrealized gain of RM 0.4 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.

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, 2023

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

10. Changes in Material Litigation

There is no material litigation as of May 18, 2023.

11. Dividend Proposed or Declared

The Directors have recommended a final 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 three months ended March 31, 2023, are RM 37,034,000 and RM 37,034,000 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 three months ended March 31, 2023 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, 2022.

By Order of the Board

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

Petaling Jaya
May 18, 2023