

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

(Incorporated in Malaysia)

**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter and nine months ended September 30, 2023

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2023**

	INDIVIDUAL 3RD QUARTER		CUMULATIVE 3RD QUARTER	
	30/09/2023 Unaudited RM'000	30/09/2022 Unaudited RM'000	30/09/2023 Unaudited RM'000	30/09/2022 Unaudited RM'000
1 Revenue	1,808,887	1,829,659	5,593,788	5,393,150
2 Operating expenses	(1,784,030)	(1,804,899)	(5,480,795)	(5,282,696)
3 Other operating income	2,529	5,820	9,854	13,923
4 Profit before interest and tax	27,386	30,580	122,847	124,377
5 Finance costs	(6,601)	(6,883)	(20,048)	(20,264)
6 Profit before tax	20,785	23,697	102,799	104,113
7 Taxation	(3,428)	(6,044)	(24,618)	(25,653)
8 Profit for the period, net of tax	17,357	17,653	78,181	78,460
9 Net profit for the period	17,357	17,653	78,181	78,460
10 Other comprehensive income :				
- Currency translation differences arising from consolidation	(1)	6	13	21
11 Total comprehensive income	17,356	17,659	78,194	78,481
12 Net profit attributable to owners of the parent	17,357	17,653	78,181	78,460
13 Total comprehensive income attributable to owners of the parent	17,356	17,659	78,194	78,481
14 Earnings per share (EPS) based on item 12 above (See Note 1 below)				
(i) EPS attributable to owners of parent (sen)	11.01	11.20	49.59	49.77
15 Cash earnings per share (EPS) (See Notes 1 and 2 below)				
(i) Cash EPS attributable to owners of parent (sen)	14.92	15.20	61.33	61.00

## 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.

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**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter and nine months ended September 30, 2023

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT SEPTEMBER 30, 2023**

	30/09/2023 Unaudited RM'000	31/12/2022 Audited RM'000
1 Non Current Assets		
Property, plant and equipment	27,653	27,644
Right-of-use assets	118,330	132,313
Intangible assets	367,642	378,064
Deferred tax assets	10,130	7,751
	<u>523,755</u>	<u>545,772</u>
2 Current Assets		
Inventories	942,052	789,954
Trade and other receivables	1,650,686	1,559,361
Derivative financial instrument	686	-
Cash and bank balances	37,726	35,923
	<u>2,631,150</u>	<u>2,385,238</u>
3 Total Assets	<u><b>3,154,905</b></u>	<u><b>2,931,010</b></u>
4 Equity		
Ordinary share capital	182,172	182,172
Foreign currency translation reserve	186	173
Retained earnings	676,942	649,211
Equity attributable to owners of parent	<u><b>859,300</b></u>	<u><b>831,556</b></u>
5 Current Liabilities		
Trade and other payables	1,566,505	1,557,925
Derivative financial instrument	-	1,108
Lease liabilities	35,119	34,288
Borrowings	478,000	188,259
Taxation	11,690	15,003
	<u>2,091,314</u>	<u>1,796,583</u>
6 Non Current Liabilities		
Borrowings	106,093	186,289
Lease liabilities	92,678	106,426
Long term liabilities	2,851	5,251
Deferred tax liabilities	2,669	4,905
	<u>204,291</u>	<u>302,871</u>
7 Total Liabilities	<u><b>2,295,605</b></u>	<u><b>2,099,454</b></u>
8 Total Equity and Liabilities	<u><b>3,154,905</b></u>	<u><b>2,931,010</b></u>
9 Net assets per share attributable to ordinary equity holders of the company (RM)	<u>5.4504</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.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR NINE MONTHS  
ENDED SEPTEMBER 30, 2023**

	----- Attributable to owners of the parent -----		Foreign currency translation reserve RM'000	Distributable Retained earnings RM'000	Total Equity RM'000
	----- Non-distributable -----				
	Issued and fully paid ordinary shares				
	Number of shares 000	Amount RM'000			
<u>NINE MONTHS ENDED SEPTEMBER 30, 2023</u>					
At January 1, 2023	157,658	182,172	173	649,211	831,556
Total comprehensive income for the period	-	-	13	78,181	78,194
Dividends	-	-	-	(50,450)	(50,450)
At September 30, 2023	157,658	182,172	186	676,942	859,300
<u>NINE MONTHS ENDED SEPTEMBER 30, 2022</u>					
At January 1, 2022	157,658	182,172	147	562,339	744,658
Total comprehensive income for the period	-	-	21	78,460	78,481
Dividends	-	-	-	(17,342)	(17,342)
At September 30, 2022	157,658	182,172	168	623,457	805,797

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.

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(Incorporated in Malaysia)

## QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and nine months ended September 30, 2023

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR NINE MONTHS ENDED SEPTEMBER 30, 2023**

	30/09/2023 Unaudited RM'000	30/09/2022 Unaudited RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	102,799	104,113
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	7,225	7,571
Depreciation of right-of-use assets	26,415	26,177
Amortization of intangible assets	10,422	9,554
Net unrealized derivative gains	(1,795)	(4,328)
Gain on disposal of property, plant and equipment	(81)	(20)
Property, plant and equipment written off	1	308
Interest income	(231)	(358)
Interest expenses	15,152	15,479
Interest expenses on lease liabilities	4,896	4,785
Loss allowance/(reversal of loss allowance) on trade receivables	4,249	(2,288)
Inventories written off	17,694	12,511
Net (reversal of write-down)/write-down of slow moving inventories	(692)	609
Net unrealized foreign exchange losses/(gains)	2,750	(291)
Operating cash flows before changes in working capital	<u>188,804</u>	<u>173,822</u>
Changes in working capital:		
Inventories	(168,460)	(105,451)
Trade and other receivables	(99,035)	(214,571)
Trade and other payables	4,623	164,941
	<u>(262,872)</u>	<u>(155,081)</u>
Interest paid	(19,981)	(20,446)
Interest received	228	358
Tax paid	(32,614)	(25,720)
	<u>(52,367)</u>	<u>(45,808)</u>
<b>Net cash flows used in operating activities</b>	<u>(126,435)</u>	<u>(27,067)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(9,211)	(7,408)
Acquisition of subsidiary, net cash paid	-	(18,450)
Proceed from disposal of property, plant and equipment	236	98
<b>Net cash flows used in investing activities</b>	<u>(8,975)</u>	<u>(25,760)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings	213,077	77,735
Repayment of lease liabilities	(25,427)	(25,592)
Dividend paid	(50,450)	(17,342)
<b>Net cash flows generated from/(used in) financing activities</b>	<u>137,200</u>	<u>34,801</u>
<b>CHANGES IN CASH AND CASH EQUIVALENTS</b>	<u>1,790</u>	<u>(18,026)</u>
CURRENCY TRANSLATION DIFFERENCES	13	21
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	35,923	109,477
<b>CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD</b>	<u><u>37,726</u></u>	<u><u>91,472</u></u>
Note : Cash and cash equivalents comprise of :-		
Cash and bank balances	<u>37,726</u>	<u>91,472</u>
	<u><u>37,726</u></u>	<u><u>91,472</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.

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**QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter and nine months ended September 30, 2023

The figures have not been audited

**SEGMENTAL INFORMATION**

<b><u>For the Nine Months Ended September 30, 2023</u></b>	<b><u>Consumer</u></b>			<b><u>Consolidated</u></b>
	<b><u>Goods</u></b>	<b><u>Healthcare</u></b>	<b><u>Others</u></b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Revenue</b>				
<b>Type of goods or services:</b>				
Sales of goods	3,076,610	2,361,182	61,969	5,499,761
Rendering of services	27,499	66,528	-	94,027
<b>Total revenue from contracts with customers</b>	<b>3,104,109</b>	<b>2,427,710</b>	<b>61,969</b>	<b>5,593,788</b>
<b>Results</b>				
Segment profit/(loss) before interest and tax	73,222	52,268	(2,643)	122,847
Finance costs				(20,048)
Taxation				(24,618)
Profit for the period, net of tax				<b>78,181</b>
<b><u>As at September 30, 2023</u></b>				
<b>Net assets</b>				
Segment assets	1,513,938	1,120,127	75,957	2,710,022
Unallocated assets				444,883
Total assets				<b>3,154,905</b>
Segment liabilities	(668,626)	(799,170)	(60,682)	(1,528,478)
Unallocated liabilities				(767,127)
Total liabilities				<b>(2,295,605)</b>
<b>Other information</b>				
Capital expenditure	1,352	2,649	3,817	7,818
Depreciation of property, plant and equipment	1,960	3,427	2,268	7,655
Depreciation of right-of-use assets	15,258	6,294	5,072	26,624
Amortization of intangible assets	9,119	1,303	-	10,422
Loss allowance/(reversal of loss allowance) on trade receivables	3,430	893	(74)	4,249
Inventories written off	14,411	3,275	8	17,694

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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(Incorporated in Malaysia)

## QUARTERLY REPORT

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### SEGMENTAL INFORMATION

<u>For the Nine Months Ended September 30, 2022</u>	<u>Consumer</u>			<u>Consolidated</u> RM'000
	<u>Goods</u> RM'000	<u>Healthcare</u> RM'000	<u>Others</u> RM'000	
<b>Revenue</b>				
<b>Type of goods or services:</b>				
Sales of goods	2,978,730	2,289,766	43,970	5,312,466
Rendering of services	26,692	53,992	-	80,684
<b>Total revenue from contracts with customers</b>	<b>3,005,422</b>	<b>2,343,758</b>	<b>43,970</b>	<b>5,393,150</b>
<b>Results</b>				
Segment profit/(loss) before interest and tax	86,539	42,474	(4,636)	124,377
Finance costs				(20,264)
Taxation				(25,653)
Profit for the period, net of tax				<u>78,460</u>
<b>As at September 30, 2022</b>				
<b>Net assets</b>				
Segment assets	1,454,368	943,078	80,081	2,477,527
Unallocated assets				520,537
Total assets				<u>2,998,064</u>
Segment liabilities	(655,492)	(727,082)	(70,873)	(1,453,447)
Unallocated liabilities				(738,820)
Total liabilities				<u>(2,192,267)</u>
<b>Other information</b>				
Capital expenditure	2,111	3,399	1,669	7,179
Depreciation of property, plant and equipment	1,208	2,831	3,238	7,277
Depreciation of right-of-use assets	14,200	6,319	5,449	25,968
Amortization of intangible assets	9,120	434	-	9,554
Reversal of allowance on trade receivables	(1,542)	(590)	(156)	(2,288)
Inventories written off	8,477	3,420	614	12,511

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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(Incorporated in Malaysia)

## **QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter and nine months ended September 30, 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 November 21, 2023.

##### **2. Accounting Policies and Basis of Preparation**

The unaudited condensed consolidated interim financial statements for the current quarter and nine months ended September 30, 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.

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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 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 quarter ended September 30, 2023:

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

**9. Segment Information**

The Group's segmental information for the financial nine months ended September 30, 2023 and September 30, 2022 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	
	September 30, 2023	September 30, 2022	September 30, 2023	September 30, 2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	2,381	2,537	7,225	7,571
Depreciation of right-of-use assets	8,859	8,828	26,415	26,177
Amortization of intangible assets	3,474	3,474	10,422	9,554
Net unrealized derivative losses/(gains)	203	(1,747)	(1,795)	(4,328)
Rental income	(623)	(814)	(1,904)	(1,948)
Interest income	(39)	(96)	(231)	(358)
Interest expenses	5,012	5,294	15,152	15,079
Interest expenses on lease liabilities	1,589	1,589	4,896	4,785
Interest - other	-	-	-	400
(Gain)/loss on disposal of property, plant and equipment	(10)	(9)	(81)	288
Loss allowance/(reversal of loss allowance) on trade receivables	4,537	(36)	4,249	(2,288)
Inventories written off	6,194	5,117	17,694	12,511
Write-down/(net reversal of write-down) of slow-moving inventories	1,389	1,565	(692)	609
Net unrealized foreign exchange losses/(gains)	388	(179)	2,750	(291)
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 nine months ended September 30, 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 nine months ended September 30, 2023 and September 30, 2022, as well as the balances with the related parties as at September 30, 2023 and September 30, 2022:

	Current period ended September 30, 2023 RM'000	Preceding period ended September 30, 2022 RM'000	Intercompany balances - due from/(to) as at	
			September 30, 2023 RM'000	September 30, 2022 RM'000
<b>Sale of goods and services:</b>				
- related companies (goods)	4,430	7,865	1,192	176
- related companies (rental)	535	749	90	110
- related companies (cost sharing)	596	465	183	223
- related companies (human resource and information technology charges)	524	583	88	128
	<u>6,085</u>	<u>9,662</u>	<u>1,553</u>	<u>637</u>
<b>Purchase of goods and services:</b>				
- related companies (goods and services)	(17,200)	(25,601)	(2,058)	(8,450)
- related company (management fee)	(7,494)	(7,532)	(51)	-
- related companies (royalty fee)	(3,332)	(3,210)	(942)	-
- related company (information technology charges)	(28,984)	(21,068)	(542)	(431)
<b>Others:</b>				
interest expense				
- immediate holding company	(100)	(110)	(55)	(14)
- intermediate holding company	(336)	(262)	(78)	(57)
	<u>(57,446)</u>	<u>(57,783)</u>	<u>(3,726)</u>	<u>(8,952)</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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

**15. Changes in Contingent Liabilities or Contingent Assets**

There were no changes in contingent liabilities or contingent assets since the quarter ended September 30, 2023 and up to November 21, 2023.

**16. Capital Commitments**

Authorized capital commitments not provided for in this interim financial report as at September 30, 2023 are as follows:

	RM'000
Contracted	<u>1,472</u>
Analyzed as follows:	
- Property, plant and equipment	<u>1,472</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – NINE MONTHS ENDED SEPTEMBER 30, 2023**

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

1. **Review of Performance**

	Individual 3 <sup>rd</sup> Quarter				Immediately Preceding 2 <sup>nd</sup> Quarter			Cumulative 3 <sup>rd</sup> Quarter			
	30/09/2023	30/09/2022	Changes		30/06/2023	Changes		30/09/2023	30/09/2022	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	1,808,887	1,829,659	(20,772)	(1.1%)	1,821,524	(12,637)	(0.7%)	5,593,788	5,393,150	200,638	3.7%
Profit before interest and tax	27,386	30,580	(3,194)	(10.4%)	39,032	(11,646)	(29.8%)	122,847	124,377	(1,530)	(1.2%)
Profit before tax	20,785	23,697	(2,912)	(12.3%)	32,433	(11,648)	(35.9%)	102,799	104,113	(1,314)	(1.3%)
Profit after tax	17,357	17,653	(296)	(1.7%)	23,790	(6,433)	(27.0%)	78,181	78,460	(279)	(0.4%)
Profit attributable to owners of the parent	17,357	17,653	(296)	(1.7%)	23,790	(6,433)	(27.0%)	78,181	78,460	(279)	(0.4%)

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**1. Review of Performance (continued)**

**Quarterly**

Revenue for the quarter reduced by 1.1% compared to the corresponding third quarter of 2022, from RM 1.83 billion to RM 1.81 billion, and reduced marginally by 0.7% against the preceding second quarter of 2023 which was RM 1.82 billion. Revenue declined compared to the corresponding third quarter of 2022 due to non recurring hospital tender offset by sales from new clients and strong growth from existing clients in Healthcare segments, higher outlet sales for Others segment with resumption of batter supply and relatively stable sales for Consumer Goods segment. There was marginal reduction in revenue against preceding second quarter of 2023. Second quarter of the year is typically one of strongest quarters due to seasonal festivity.

Operating expense for the quarter decreased 1.2% from RM 1.80 billion to RM 1.78 billion compared to the corresponding third quarter of 2022 and flat against the preceding second quarter of 2023. The decrease in operating expense was largely in line with the movement in revenue. The operating expense increased more than the revenue growth as compared to the corresponding third quarter of 2022 largely due to higher cost base.

Profit before tax for the quarter decreased by 12.3% compared to the same quarter of 2022 and decreased by 35.9% as compared to the preceding second quarter of 2023. The decline as compared to the corresponding third quarter of 2022 was the outcome of higher operating expenses and lower forex gains from hedging. The decrease in profit before tax against the preceding second quarter of 2023 was due to lower sales.

**Period-to-date**

Revenue grew by 3.7% from RM 5.39 billion to RM 5.59 billion compared to 2022, reflecting the ongoing growth with existing clients and new clients in Consumer Goods and Healthcare segments and resumption of batter supply in Others segment.

Operating expense increased by 3.7% from RM 5.28 billion to RM 5.48 billion, which was largely in line with the revenue growth.

Profit before tax declined by 1.3% compared to 2022 due to lower foreign currency gain from hedging.

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## QUARTERLY REPORT

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### Comments to the Performance of the Business Segments

#### **Consumer Goods segment**

Under the segment Consumer Goods, the Group provides 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 3 <sup>rd</sup> Quarter				Immediately Preceding 2 <sup>nd</sup> Quarter			Cumulative 3 <sup>rd</sup> Quarter			
	30/09/2023	30/09/2022	Changes		30/06/2023	Changes		30/09/2023	30/09/2022	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	967,754	964,108	3,646	0.4%	999,695	(31,941)	(3.2%)	3,104,109	3,005,422	98,687	3.3%
Segment profit before interest and tax	10,928	19,347	(8,419)	(43.5%)	24,522	(13,594)	(55.4%)	73,222	86,539	(13,317)	(15.4%)

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### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

#### **Consumer Goods segment (continued)**

##### **Quarterly**

Revenue for the quarter grew marginally by 0.4% compared to the corresponding third quarter of 2022, increased from RM 964.1 million to RM 967.8 million, but declined 3.2% against the preceding second quarter of 2023 which was RM 999.7 million. The growth in revenue compared to the corresponding third quarter of 2022 reflect stable sales while the decline in revenue compared to the preceding second quarter was due to change in sales mix.

The operating profit for the quarter was RM 10.9 million, 43.5% lower than RM 19.3 million reported for the same third quarter in 2022 and 55.4% or RM 13.6 million lower than reported for the preceding second quarter of 2023. The decline in operating profit against corresponding third quarter and preceding second quarter was due to higher cost base for logistics and selling expense.

##### **Period-to-date**

Revenue grew 3.3% from RM 3.01 billion to RM 3.10 billion as compared to 2022 mainly due to ongoing growth with existing clients and new clients secured in the segment.

The operating profit for 2023 was RM 73.2 million, 15.4% lower than RM 86.5 million reported in 2022. The decline in operating profit was largely due to higher cost base for logistics and personnel expense.

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**Healthcare segment**

Under the segment Healthcare, 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 3 <sup>rd</sup> Quarter				Immediately Preceding 2 <sup>nd</sup> Quarter			Cumulative 3 <sup>rd</sup> Quarter			
	30/09/2023	30/09/2022	Changes		30/06/2023	Changes		30/09/2023	30/09/2022	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	820,538	854,279	(33,741)	(3.9%)	800,687	19,851	2.5%	2,427,710	2,343,758	83,952	3.6%
Segment profit before interest and tax	17,447	14,956	2,491	16.7%	15,628	1,819	11.6%	52,268	42,474	9,794	23.1%



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### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

#### **Healthcare segment (continued)**

##### **Quarterly**

Revenue for the quarter reduced 3.9% as compared to the corresponding third quarter of 2022 from RM 854.3 million to RM 820.5 million but improved 2.5% against the preceding second quarter of 2023 of RM 800.7 million. The decline in revenue compared to the corresponding third quarter was due to non recurring hospital tender, offset by sales from new clients and strong growth from existing clients.

The operating profit for the quarter was RM 17.5 million, 16.7% higher than RM 15.0 million reported for the same quarter in 2022, and 11.6% higher than RM 15.7 million reported for the preceding second quarter of 2023. The improvement in operating profit was driven by improved margin mix.

##### **Period-to-date**

Revenue for 2023 increased 3.7% from RM 2.34 billion to RM 2.43 billion as compared to 2022, contributed by overall growth in this segment.

The operating profit for 2023 was RM 52.3 million, 23.1% higher than RM 42.5 million reported in the prior year due to revenue growth and improved margin mix.

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### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### Others segment

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

	Individual 3 <sup>rd</sup> Quarter				Immediately Preceding 2 <sup>nd</sup> Quarter			Cumulative 3 <sup>rd</sup> Quarter			
	30/09/2023	30/09/2022	Changes		30/06/2023	Changes		30/09/2023	30/09/2022	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	20,595	11,272	9,323	82.7%	21,142	(547)	(2.6%)	61,969	43,970	17,999	40.9%
Segment loss before interest and tax	(989)	(3,723)	2,734	73.4%	(1,118)	129	11.5%	(2,643)	(4,636)	1,993	43.0%

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### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

#### **Others segment (continued)**

##### **Quarterly**

Revenue for the quarter grew 82.7% from RM 11.3 million to RM 20.6 million as compared to the corresponding third quarter of 2022, reflecting the resumption of batter supply. At the end of the third quarter of 2023, there was a total of 86 outlets located in West and East Malaysia as well as two outlets in Brunei.

The operating result for the quarter was (RM 1.0 million), improved by 73.4% against corresponding third quarter of 2022 and 11.5% against preceding second quarter of 2023. The improvement was a result of strong sales in the current quarter.

##### **Period-to-date**

Revenue for 2023 grew 40.9% compared to 2022, increased from RM 44.0 million to RM 62.0 million. The improvement reflects the strong sales and resumption of batter supply.

The operating loss for 2023 improved by RM 2.0 million compared to the prior year.

#### **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 third quarter of 2023 compared to the second quarter of 2023.

#### **3. Prospects**

In 2023, the Group celebrates 100 years of presence in Malaysia. Whilst the current macroeconomic environment poses certain challenges, the Group has a well-diversified portfolio and we will continue to prioritize gaining new businesses, optimizing productivity and managing working capital.

#### **4. Variance of Actual Profit from Forecast Profit**

The Group did not issue any profit forecast.

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**5. Taxation**

	Quarter ended September 30, 2023 RM'000	Quarter ended September 30, 2022 RM'000	Period ended September 30, 2023 RM'000	Period ended September 30, 2022 RM'000
Current year income tax	6,323	7,035	29,231	27,659
Deferred tax	(2,895)	(991)	(4,613)	(2,006)
	<u>3,428</u>	<u>6,044</u>	<u>24,618</u>	<u>25,653</u>

The effective tax rate for the quarter ended lower than the corresponding quarter due to over provision of prior year income tax. Adjusting for the over provision of prior year income tax, the effective tax rate for the quarter ended and nine months period ended September 30, 2023 was higher due to higher non-deductible expenses in current period.

**6. Status of Corporate Proposals Announced**

There were no corporate proposals announced that is not completed as of November 21, 2023.

**7. Group Borrowings and Debt Securities**

	As at September 30, 2023 RM'000	As at September 30, 2022 RM'000
Unsecured and fully denominated in Ringgit Malaysia:		
<u>Short Term Borrowings</u>		
- Bank borrowings	<u>478,000</u>	<u>369,000</u>
	<u>478,000</u>	<u>369,000</u>
<u>Long Term Borrowings</u>		
- Advances from holding companies	21,093	11,249
- Bank borrowings	<u>85,000</u>	<u>175,000</u>
	<u>106,093</u>	<u>186,249</u>
Total borrowings	<u>584,093</u>	<u>555,249</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**8. Disclosure of Derivatives**

Type of derivatives	Contract / Notional Value September 30, 2023 RM'000	Fair Value September 30, 2023 RM'000
Foreign exchange contracts - less than 1 year	53,159	53,845
<b>Total</b>	<b>53,159</b>	<b>53,845</b>

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 September 30, 2023, resulting in an unrealized derivative gain of RM 0.7 million.

This unrealized derivative gain was due to the contractual foreign exchange rate lower than fair value.

In total, a net unrealized gain on derivative contracts amounting to RM 1.8 million had been credited to the statement of comprehensive income for the nine months ended September 30, 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 0.7 million for the current financial 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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### **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

#### **10. Changes in Material Litigation**

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

#### **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 the nine months ended September 30, 2023, are RM 17,357,000 and RM 78,181,000 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 nine months ended September 30, 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

Teo Soh Fung (MAICSA 7046614)  
SSM PC No. 202008001818  
Company Secretary

Petaling Jaya  
November 21, 2023