

**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, 2023

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2023**

	INDIVIDUAL 4TH QUARTER		CUMULATIVE 4TH QUARTER	
	31/12/2023 Unaudited RM'000	31/12/2022 Unaudited RM'000	31/12/2023 Unaudited RM'000	31/12/2022 Audited RM'000
1 Revenue	1,930,526	1,769,537	7,524,314	7,162,687
2 Operating expenses	(1,882,260)	(1,722,002)	(7,363,055)	(7,004,698)
3 Other operating income	2,781	1,352	12,635	15,275
4 Profit before interest and tax	51,047	48,887	173,894	173,264
5 Finance costs	(6,643)	(7,738)	(26,691)	(28,002)
6 Profit before tax	44,404	41,149	147,203	145,262
7 Taxation	(12,070)	(15,395)	(36,688)	(41,048)
8 Profit for the period, net of tax	32,334	25,754	110,515	104,214
9 Net profit for the period	32,334	25,754	110,515	104,214
10 Other comprehensive income :				
- Currency translation differences arising from consolidation	(1)	5	12	26
11 Total comprehensive income	32,333	25,759	110,527	104,240
12 Net profit attributable to owners of the parent	32,334	25,754	110,515	104,214
13 Total comprehensive income attributable to owners of the parent	32,333	25,759	110,527	104,240
14 Earnings per share (EPS) based on item 12 above (See Note 1 below)				
(i) EPS attributable to owners of parent (sen)	20.51	16.34	70.10	66.10
15 Cash earnings per share (EPS) (See Notes 1 and 2 below)				
(i) Cash EPS attributable to owners of parent (sen)	26.21	22.25	87.54	81.55

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

	31/12/2023 Unaudited RM'000	31/12/2022 Audited RM'000
1 Non Current Assets		
Property, plant and equipment	28,978	27,644
Right-of-use assets	117,867	132,313
Intangible assets	364,168	378,064
Deferred tax assets	8,865	7,751
	<u>519,878</u>	<u>545,772</u>
2 Current Assets		
Inventories	858,158	789,954
Trade and other receivables	1,624,210	1,559,361
Derivative financial instrument	27	-
Cash and bank balances	39,025	35,923
	<u>2,521,420</u>	<u>2,385,238</u>
3 Total Assets	<u><b>3,041,298</b></u>	<u><b>2,931,010</b></u>
4 Equity		
Ordinary share capital	182,172	182,172
Foreign currency translation reserve	185	173
Retained earnings	709,276	649,211
Equity attributable to owners of parent	<u><b>891,633</b></u>	<u><b>831,556</b></u>
5 Current Liabilities		
Trade and other payables	1,544,459	1,557,925
Derivative financial instrument	30	1,108
Lease liabilities	35,735	34,288
Borrowings	358,000	188,259
Taxation	9,038	15,003
	<u>1,947,262</u>	<u>1,796,583</u>
6 Non Current Liabilities		
Borrowings	105,708	186,289
Lease liabilities	91,977	106,426
Long term liabilities	2,832	5,251
Deferred tax liabilities	1,886	4,905
	<u>202,403</u>	<u>302,871</u>
7 Total Liabilities	<u><b>2,149,665</b></u>	<u><b>2,099,454</b></u>
8 Total Equity and Liabilities	<u><b>3,041,298</b></u>	<u><b>2,931,010</b></u>
9 Net assets per share attributable to ordinary equity holders of the company (RM)	<u>5.6555</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 THE YEAR  
ENDED DECEMBER 31, 2023**

	----- Attributable to owners of the parent -----				Total Equity
	----- Non-distributable -----		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, 2023</u>					
At January 1, 2023	157,658	182,172	173	649,211	831,556
Total comprehensive income for the period	-	-	12	110,515	110,527
Dividends	-	-	-	(50,450)	(50,450)
At December 31, 2023	157,658	182,172	185	709,276	891,633
<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	104,214	104,240
Dividends	-	-	-	(17,342)	(17,342)
At December 31, 2022	157,658	182,172	173	649,211	831,556

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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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

	31/12/2023 Unaudited RM'000	31/12/2022 Audited RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	147,203	145,262
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	9,741	10,011
Depreciation of right-of-use assets	37,835	37,155
Amortization of intangible assets	13,896	13,028
Net unrealized derivative gains	(994)	(179)
Gain on disposal of property, plant and equipment	(83)	(23)
Property, plant and equipment written off	46	314
Interest income	(277)	(510)
Interest expenses	19,951	20,659
Interest expenses on lease liabilities	6,740	7,343
Loss allowance/(reversal of loss allowance) on trade receivables	6,131	(2,325)
Inventories written off	25,634	21,886
Net reversal of write-down of slow moving inventories	(712)	(3,618)
Net unrealized foreign exchange gains	(1,187)	(348)
Reversal of provision for property restoration cost	-	(28)
Rent concession	-	(131)
Operating cash flows before changes in working capital	<u>263,924</u>	<u>248,496</u>
Changes in working capital:		
Inventories	(92,265)	(78,815)
Trade and other receivables	(74,363)	(227,136)
Trade and other payables	(13,671)	232,236
	<u>(180,299)</u>	<u>(73,715)</u>
Interest paid	(26,567)	(28,028)
Interest received	277	483
Tax paid	(46,935)	(38,853)
	<u>(73,225)</u>	<u>(66,398)</u>
<b>Net cash flows generated from operating activities</b>	<b><u>10,400</u></b>	<b><u>108,383</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(13,257)	(10,835)
Acquisition of subsidiary, net cash paid	-	(18,450)
Proceed from disposal of property, plant and equipment	245	102
<b>Net cash flows used in investing activities</b>	<b><u>(13,012)</u></b>	<b><u>(29,183)</u></b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Borrowings	92,692	(107,987)
Repayment of lease liabilities	(36,540)	(35,710)
Dividend paid	(50,450)	(17,342)
<b>Net cash flows generated from/(used in) financing activities</b>	<b><u>5,702</u></b>	<b><u>(161,039)</u></b>
<b>CHANGES IN CASH AND CASH EQUIVALENTS</b>	<b>3,090</b>	<b>(81,839)</b>
CURRENCY TRANSLATION DIFFERENCES	12	26
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	35,923	109,477
<b>CASH AND CASH EQUIVALENTS AT END OF REPORTING YEAR</b>	<b><u>39,025</u></b>	<b><u>27,664</u></b>
Note : Cash and cash equivalents comprise of :-		
Cash and bank balances	<u>39,025</u>	<u>27,664</u>
	<u>39,025</u>	<u>27,664</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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The figures have not been audited

**SEGMENTAL INFORMATION**

<b><u>For the Year Ended December 31, 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>	
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>				
<b>Type of goods or services:</b>				
Sales of goods	4,115,260	3,190,474	88,059	7,393,793
Rendering of services	40,175	90,346	-	130,521
<b>Total revenue from contracts with customers</b>	<b>4,155,435</b>	<b>3,280,820</b>	<b>88,059</b>	<b>7,524,314</b>
<b>Results</b>				
Segment profit/(loss) before interest and tax	100,703	77,448	(4,257)	173,894
Finance costs				(26,691)
Taxation				(36,688)
Profit for the financial year, net of tax				<b>110,515</b>
<b><u>As at December 31, 2023</u></b>				
<b>Net assets</b>				
Segment assets	1,477,662	1,056,718	71,064	2,605,444
Unallocated assets				435,854
Total assets				<b>3,041,298</b>
Segment liabilities	(678,742)	(757,018)	(56,587)	(1,492,347)
Unallocated liabilities				(657,318)
Total liabilities				<b>(2,149,665)</b>
<b>Other information</b>				
Capital expenditure	2,191	4,089	5,583	11,863
Depreciation of property, plant and equipment	2,567	4,545	3,209	10,321
Depreciation of right-of-use assets	20,426	8,327	9,362	38,115
Amortization of intangible assets	12,159	1,737	-	13,896
Loss allowance/(reversal of loss allowance) on				
trade receivables	6,093	119	(81)	6,131
Inventories written off	21,423	3,912	299	25,634

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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## QUARTERLY REPORT

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### SEGMENTAL INFORMATION

<u>For the Year Ended December 31, 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	3,965,643	3,020,245	62,789	7,048,677
Rendering of services	38,886	75,124	-	114,010
<b>Total revenue from contracts with customers</b>	<b>4,004,529</b>	<b>3,095,369</b>	<b>62,789</b>	<b>7,162,687</b>
<b>Results</b>				
Segment profit/(loss) before interest and tax	116,541	61,407	(4,684)	173,264
Finance costs				(28,002)
Taxation				(41,048)
Profit for the financial year, net of tax				<u>104,214</u>
<b>As at December 31, 2022</b>				
<b>Net assets</b>				
Segment assets	1,453,617	940,841	78,483	2,472,941
Unallocated assets				458,069
Total assets				<u>2,931,010</u>
Segment liabilities	(699,541)	(755,157)	(65,736)	(1,520,434)
Unallocated liabilities				(579,020)
Total liabilities				<u>(2,099,454)</u>
<b>Other information</b>				
Capital expenditure	4,777	4,595	2,628	12,000
Depreciation of property, plant and equipment	2,375	3,849	4,200	10,424
Depreciation of right-of-use assets	19,315	8,477	9,643	37,435
Amortization of intangible assets	12,159	869	-	13,028
Reversal of loss 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.

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## **QUARTERLY REPORT**

Quarterly report on consolidated results for the financial quarter and year ended December 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 February 27, 2024.

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

The unaudited condensed consolidated interim financial statements for the current quarter and year ended December 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 auditor's report on the financial statements of the Group for the year ended December 31, 2022, was unqualified.

##### **4. Seasonal or Cyclical Factors**

The Group's segments primarily encompass 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 in preparing these interim financial statements.

#### **7. Changes in Debt and Equity Securities**

There were 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, 2023.

#### **9. Segment Information**

The Group's segmental information for the financial years ended December 31, 2023, and December 31, 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	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant and equipment	2,516	2,440	9,741	10,011
Depreciation of right-of-use assets	11,420	10,978	37,835	37,155
Amortization of intangible assets	3,474	3,474	13,897	13,028
Net unrealized derivative losses/(gains)	801	4,149	(994)	(179)
Rental income	(673)	(998)	(2,577)	(2,947)
Interest income	(46)	(152)	(277)	(510)
Interest expenses	4,799	5,180	19,951	19,738
Interest expenses on lease liabilities	1,844	2,558	6,740	7,343
Interest - other	-	-	-	921
(Gain)/loss on disposal of property, plant and equipment	(2)	3	(83)	291
Loss allowance/(reversal of loss allowance) on trade receivables	1,882	(37)	6,131	(2,325)
Inventories written off	7,940	9,375	25,634	21,886
Net reversal of write-down of slow-moving inventories	(20)	(4,227)	(712)	(3,618)
Net unrealized foreign exchange losses/(gains)	(3,937)	(57)	(1,187)	(348)
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 reported period that have not been reflected in the interim financial statements for the year ended December 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 year ended December 31, 2023, and December 31, 2022, as well as the balances with the related parties as of December 31, 2023, and December 31, 2022:

	Current year ended December 31, 2023 RM'000	Preceding year ended December 31, 2022 RM'000	Intercompany balances - due from/(to) as at	
			December 31, 2023 RM'000	December 31, 2022 RM'000
<b>Sale of goods and services:</b>				
- related companies (goods and services)	5,842	9,675	885	564
- related companies (rental)	708	1,122	146	139
- related companies (cost sharing)	767	735	430	89
- related companies (human resource and information technology charges)	586	779	87	132
	<u>7,903</u>	<u>12,311</u>	<u>1,548</u>	<u>924</u>
<b>Purchase of goods and services:</b>				
- related companies (goods and services)	(21,910)	(34,973)	(3,915)	(8,468)
- related company (management fee)	(9,376)	(8,927)	-	-
- related companies (royalty fee)	(4,377)	(3,934)	(655)	-
- related company (information technology charges)	(39,057)	(29,421)	(588)	(292)
<b>Others:</b>				
interest expense				
- immediate holding company	(234)	(110)	(89)	-
- intermediate holding company	(457)	(357)	(81)	(64)
	<u>(75,411)</u>	<u>(77,722)</u>	<u>(5,328)</u>	<u>(8,824)</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 have been no changes in contingent liabilities or contingent assets since the quarter ended December 31, 2023, and up to February 27, 2024.

#### **16. Capital Commitments**

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

	RM'000
Contracted	<u>842</u>
Analyzed as follows:	
- Property, plant and equipment	<u>842</u>

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – FINANCIAL YEAR ENDED DECEMBER 31, 2023**
**(II) Compliance with Appendix 9B of the Listing Requirements**
**1. Review of Performance**

	Individual 4 <sup>th</sup> Quarter				Immediately Preceding 3 <sup>rd</sup> Quarter			Cumulative 4 <sup>th</sup> Quarter			
	31/12/2023	31/12/2022	Changes		30/09/2023	Changes		31/12/2023	31/12/2022	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	1,930,526	1,769,537	160,989	9.1%	1,808,887	121,639	6.7%	7,524,314	7,162,687	361,627	5.0%
Profit before interest and tax	51,047	48,887	2,160	4.4%	27,386	23,661	86.4%	173,894	173,264	630	0.4%
Profit before tax	44,404	41,149	3,255	7.9%	20,785	23,619	113.6%	147,203	145,262	1,941	1.3%
Profit after tax	32,334	28,029	4,305	15.4%	17,357	14,977	86.3%	110,515	104,214	6,301	6.0%
Profit attributable to owners of the parent	32,334	28,029	4,305	15.4%	17,357	14,977	86.3%	110,515	104,214	6,301	6.0%

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

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

##### **Quarterly**

Revenue for the quarter improved by 9.1% compared to the corresponding fourth quarter of 2022, from RM 1.8 billion to RM 1.9 billion, and increased by 6.7% compared to the preceding third quarter of 2023, reaching RM 1.8 billion. The improvement in revenue was driven by strong growth from existing clients and sales from new clients in the Healthcare segment, stable sales for the Consumer Goods segment, and higher outlet sales for the Others segment.

Operating expenses for the quarter increased by 9.3%, from RM 1.7 billion to RM 1.9 billion compared to the corresponding fourth quarter of 2022 was largely in line with movement in revenue, with higher personnel expenses, information technology costs and allowance on trade receivables. Operating expenses increased by 5.4% compared to the preceding third quarter of 2023 largely in line with the movement in revenue together with higher freight volume to East Malaysia to cater for festive sales in January 2024.

Profit before tax for the quarter improved by 7.9% compared to the same quarter of 2022 and increased by over 100.0% compared to the preceding third quarter of 2023. The improvement was driven by sales growth in all segments.

##### **Year-to-date**

Revenue grew by 5.0% from RM 7.2 billion to RM 7.5 billion compared to 2022, reflecting the ongoing growth with existing and new clients in the Healthcare and Consumer Goods segments, and the resumption of batter supply in the Others segment.

Operating expenses increased by 5.1% from RM 7.0 billion to RM 7.4 billion, which was largely in line with the revenue growth and higher cost base in 2023 While 2022 benefited from debt recovery.

Profit before tax improved by 1.3% compared to 2022 due to the above-mentioned results.

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Quarterly report on consolidated results for the financial quarter and year ended December 31, 2023

### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

#### Consumer Goods segment

Under the Consumer Goods segment, 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 4 <sup>th</sup> Quarter				Immediately Preceding 3 <sup>rd</sup> Quarter			Cumulative 4 <sup>th</sup> Quarter			
	31/12/2023	31/12/2022	Changes		30/09/2023	Changes		31/12/2023	31/12/2022	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	1,051,326	999,107	52,219	5.2%	967,754	83,572	8.6%	4,155,435	4,004,529	150,906	3.8%
Segment profit before interest and tax	27,481	30,002	(2,521)	(8.4%)	10,928	16,553	>100.0%	100,703	116,541	(15,838)	(13.6%)

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

## **QUARTERLY REPORT**

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

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

##### **Quarterly**

Revenue for the quarter improved by 5.2% compared to the corresponding fourth quarter of 2022, from RM 999.1 million to RM 1,051.3 million, and improved by 8.6% compared to the preceding third quarter of 2023, which amounted to RM 967.8 million. The growth in revenue compared to the corresponding fourth quarter of 2022 reflects the ongoing growth of existing clients. The improvement in revenue in comparison with the preceding third quarter of 2023 was due to a change in normal seasonal flows.

The operating profit for the quarter was RM 27.5 million, 8.4% lower than RM 30.0 million reported for the same fourth quarter in 2022, while improved by over 100.0% or RM 16.6 million reported for the preceding third quarter of 2023. The decline in operating profit against the corresponding fourth quarter was due to loss allowance on trade receivables and higher personnel expense, while the improved operating profit compared to preceding third quarter was driven by sales growth and an improved margin mix.

##### **Year-to-date**

Revenue grew by 3.8% compared to 2022, from RM 4.00 billion to RM 4.2 billion as compared, due to the ongoing growth of existing and new clients secured in the segment.

The operating profit for 2023 was RM 100.7 million, 13.6% lower than RM 116.5 million reported in 2022. The decline in operating profit was largely due to higher personnel expense and loss allowance on trade receivables in 2023, while 2022 had a lower cost base from debt recovery.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**Healthcare segment**

Under the Healthcare segment, 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 4 <sup>th</sup> Quarter				Immediately Preceding 3 <sup>rd</sup> Quarter			Cumulative 4 <sup>th</sup> Quarter			
	31/12/2023	31/12/2022	Changes		30/09/2023	Changes		31/12/2023	31/12/2022	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	853,110	751,611	101,499	13.5%	820,538	32,572	4.0%	3,280,820	3,095,369	185,451	6.0%
Segment profit before interest and tax	25,180	18,933	6,247	33.0%	17,447	7,733	44.3%	77,448	61,407	16,041	26.1%



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

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

##### **Quarterly**

Revenue for the quarter improved by 13.5% compared to the corresponding fourth quarter of 2022, rising from RM 751.6 million to RM 853.1 million, and improved by 4.0% compared to the preceding third quarter of 2023, which was RM 820.5 million. The improvement in revenue was driven by strong growth from existing and newly secured clients.

The operating profit for the quarter was RM 25.2 million, 33.0% higher than RM 18.9 million reported for the same quarter in 2022, and 44.3% higher than RM 17.5 million reported for the preceding third quarter of 2023. The improvement in operating profit was driven by sales growth.

##### **Year-to-date**

Revenue for 2023 grew by 6.0% from RM 3.1 billion to RM 3.3 billion compared to 2022, contributed by overall growth in the segment.

The operating profit for 2023 was RM 77.5 million, a 26.1% increase than RM 61.4 million reported in the prior year, contributed by revenue growth and an improved margin mix.

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## QUARTERLY REPORT

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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 4 <sup>th</sup> Quarter				Immediately Preceding 3 <sup>rd</sup> Quarter			Cumulative 4 <sup>th</sup> Quarter			
	31/12/2023	31/12/2022	Changes		30/09/2023	Changes		31/12/2023	31/12/2022	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	26,090	18,819	7,271	38.6%	20,595	5,495	26.7%	88,059	62,789	25,270	40.2%
Segment loss before interest and tax	(1,614)	(48)	(1,566)	(<100.0%)	(989)	(625)	(63.2%)	(4,257)	(4,684)	427	9.1%

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

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

##### **Quarterly**

Revenue for the quarter grew by 38.6% from RM 18.8 million to RM 26.1 million compared to the corresponding fourth quarter of 2022 and improved by 26.7% in comparison with the preceding third quarter of 2023, which was RM 20.6 million. The higher revenue compared to the corresponding fourth quarter of 2022 reflects the resumption of batter supply, while the increase in revenue compared to the preceding third quarter of 2023 was due to normal seasonal flows with higher festive sales. At the end of the fourth quarter of 2023, there were a total of 89 outlets located in West and East Malaysia, as well as two outlets in Brunei.

The operating loss for the quarter was RM 1.6 million, higher than the same fourth quarter in 2022, and the preceding third quarter of 2023 mainly due to increase in information technology costs and one-off cost.

##### **Year-to-date**

Revenue for 2023 grew by 40.2% compared to 2022, increased from RM 62.8 million to RM 88.1 million, contributed by strong sales and the resumption of batter supply.

The operating loss for 2023 improved by RM 0.4 million compared to the prior year. The revenue growth contributed to the improvement in the operating loss, offset by the increase in information technology costs and one-off cost.

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

#### **3. Prospects**

In 2023, the Group performance has been resilient given the weaker consumer sentiment and subdued market volumes. While the current macroeconomic environment poses certain challenges, the Group has a well-diversified portfolio, and 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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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**5. Taxation**

	Quarter ended December 31, 2023 RM'000	Quarter ended December 31, 2022 RM'000	Year ended December 31, 2023 RM'000	Year ended December 31, 2022 RM'000
Current year income tax	11,589	16,166	40,820	43,825
Deferred tax	481	(771)	(4,132)	(2,777)
	<u>12,070</u>	<u>15,395</u>	<u>36,688</u>	<u>41,048</u>

The effective tax rate for the quarter and year ended was lower than the corresponding quarter due to a one-off prosperity tax for a subsidiary in the prior period. 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 that are not completed as of February 27, 2024.

**7. Group Borrowings and Debt Securities**

	As at December 31, 2023 RM'000	As at December 31, 2022 RM'000
Unsecured and fully denominated in Ringgit Malaysia:		
<u>Short Term Borrowings</u>		
- Bank borrowings	<u>358,000</u>	<u>188,259</u>
	<u>358,000</u>	<u>188,259</u>
<u>Long Term Borrowings</u>		
- Advances from holding companies	20,708	11,289
- Bank borrowings	85,000	175,000
	<u>105,708</u>	<u>186,289</u>
Total borrowings	<u>463,708</u>	<u>374,548</u>

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**8. Disclosure of Derivatives**

Type of derivatives	Contract / Notional Value December 31, 2023 RM'000	Fair Value December 31, 2023 RM'000
Foreign exchange contracts		
- less than 1 year	31,789	31,786
<b>Total</b>	<b>31,789</b>	<b>31,786</b>

Foreign currency transactions in the Group 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 has been 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 December 31, 2023, resulting in minimal unrealized derivative loss.

In total, a net unrealized gain on derivative contracts amounting to RM 1.2 million had been credited to the statement of comprehensive income for the year ended December 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 an unrealized loss of RM 0.1 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.

**10. Changes in Material Litigation**

There is no material litigation as of February 27, 2024.

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## **QUARTERLY REPORT**

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

#### **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 year ended December 31, 2023, are RM 32,334,000 and RM 110,515,000, 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 year ended December 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

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

Petaling Jaya  
February 27, 2024