

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

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and six months ended June 30, 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND SIX MONTHS ENDED JUNE 30, 2023

	INDIVIDUAL 2ND QUARTER		CUMULATIVE 2ND QUARTER	
	30/06/2024 Unaudited RM'000	30/06/2023 Unaudited RM'000	30/06/2024 Unaudited RM'000	30/06/2023 Unaudited RM'000
1 Revenue	1,863,446	1,821,524	3,931,498	3,784,901
2 Operating expenses	(1,824,030)	(1,785,627)	(3,833,415)	(3,696,765)
3 Other operating income	2,620	3,135	4,504	7,325
4 Profit before interest and tax	42,036	39,032	102,587	95,461
5 Finance costs	(6,233)	(6,599)	(12,698)	(13,447)
6 Profit before tax	35,803	32,433	89,889	82,014
7 Taxation	(9,079)	(8,643)	(22,718)	(21,190)
8 Profit for the period, net of tax	26,724	23,790	67,171	60,824
9 Net profit for the period	26,724	23,790	67,171	60,824
10 Other comprehensive income :				
- Currency translation differences arising from consolidation	-	11	5	14
11 Total comprehensive income	26,724	23,801	67,176	60,838
12 Net profit attributable to owners of the parent	26,724	23,790	67,171	60,824
13 Total comprehensive income attributable to owners of the parent	26,724	23,801	67,176	60,838
14 Earnings per share (EPS) based on item 12 above (See Note 1 below)				
(i) EPS attributable to owners of parent (sen)	16.95	15.09	42.61	38.58
15 Cash earnings per share (EPS) (See Notes 1 and 2 below)				
(i) Cash EPS attributable to owners of parent (sen)	18.85	19.00	48.40	46.41

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, 2023 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024**

	30/06/2024 Unaudited RM'000	31/12/2023 Audited RM'000
1 Non Current Assets		
Property, plant and equipment	29,000	28,978
Right-of-use assets	108,197	117,867
Intangible assets	360,253	364,168
Deferred tax assets	10,761	8,864
	<u>508,211</u>	<u>519,877</u>
2 Current Assets		
Inventories	975,374	870,330
Trade and other receivables	1,714,112	1,641,689
Cash and bank balances	74,261	39,026
	<u>2,763,747</u>	<u>2,551,045</u>
3 Total Assets	<u>3,271,958</u>	<u>3,070,922</u>
4 Equity		
Ordinary share capital	182,172	182,172
Foreign currency translation reserve	190	185
Retained earnings	749,645	709,276
Equity attributable to owners of parent	<u>932,007</u>	<u>891,633</u>
5 Current Liabilities		
Trade and other payables	1,858,273	1,574,106
Derivative financial instrument	37	4
Lease liabilities	36,760	35,735
Borrowings	332,000	358,000
Taxation	15,835	9,038
	<u>2,242,905</u>	<u>1,976,883</u>
6 Non Current Liabilities		
Borrowings	11,675	105,708
Lease liabilities	81,508	91,979
Long term liabilities	2,833	2,833
Deferred tax liabilities	1,030	1,886
	<u>97,046</u>	<u>202,406</u>
7 Total Liabilities	<u>2,339,951</u>	<u>2,179,289</u>
8 Total Equity and Liabilities	<u>3,271,958</u>	<u>3,070,922</u>
9 Net assets per share attributable to ordinary equity holders of the company (RM)	<u>5.9116</u>	<u>5.6555</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, 2023 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR SIX MONTHS
ENDED JUNE 30, 2024**

	----- 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>SIX MONTHS ENDED JUNE 30, 2024</u>					
At January 1, 2024	157,658	182,172	185	709,276	891,633
Total comprehensive income for the period	-	-	5	67,171	67,176
Dividends	-	-	-	(26,802)	(26,802)
At June 30, 2024	157,658	182,172	190	749,645	932,007
<u>SIX MONTHS ENDED JUNE 30, 2023</u>					
At January 1, 2023	157,658	182,172	173	649,211	831,556
Total comprehensive income for the period	-	-	14	60,824	60,838
Dividends	-	-	-	(50,450)	(50,450)
At June 30, 2023	157,658	182,172	187	659,585	841,944

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, 2023 and the accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2024**

	30/06/2024 Unaudited RM'000	30/06/2023 Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	89,889	82,014
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	5,136	4,844
Depreciation of right-of-use assets	18,163	17,556
Amortization of intangible assets	3,916	6,948
Net unrealized derivative gains	(124)	(1,998)
Gain on disposal of property, plant and equipment	(30)	(71)
Property, plant and equipment written off	-	1
Interest income	(88)	(192)
Interest expenses	9,582	10,140
Interest expenses on lease liabilities	3,116	3,307
Allowance for/(reversal of) trade receivables	812	(288)
Inventories written off	10,070	11,500
Net write-down/(reversal of write-down) of slow moving inventories	3,210	(2,081)
Net unrealized foreign exchange (gains)/losses	(490)	2,362
Operating cash flows before changes in working capital	<u>143,162</u>	<u>134,042</u>
Changes in working capital:		
Inventories	(117,786)	(222,921)
Trade and other receivables	(74,344)	(139,237)
Trade and other payables	<u>285,004</u>	<u>385,328</u>
	<u>92,874</u>	<u>23,170</u>
Interest paid	(12,875)	(13,380)
Interest received	38	189
Tax paid	<u>(17,516)</u>	<u>(16,962)</u>
	<u>(30,353)</u>	<u>(30,153)</u>
Net cash flows generated from operating activities	<u>205,683</u>	<u>127,059</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,622)	(6,498)
Proceed from disposal of property, plant and equipment	80	225
Net cash flows used in investing activities	<u>(5,542)</u>	<u>(6,273)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings	(120,033)	(37,423)
Repayment of lease liabilities	(18,076)	(16,802)
Dividend paid	<u>(26,802)</u>	<u>(25,225)</u>
Net cash flows used in financing activities	<u>(164,911)</u>	<u>(79,450)</u>
CHANGES IN CASH AND CASH EQUIVALENTS	35,230	41,336
CURRENCY TRANSLATION DIFFERENCES	5	14
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	39,026	35,923
CASH AND CASH EQUIVALENTS AT END OF REPORTING YEAR	<u>74,261</u>	<u>77,273</u>
Note : Cash and cash equivalents comprise of :-		
Cash and bank balances	74,261	77,273
	<u>74,261</u>	<u>77,273</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, 2023 and the accompanying explanatory notes attached to the interim financial statements.

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The figures have not been audited

SEGMENTAL INFORMATION

<u>For the Six Months Ended June 30, 2024</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	2,122,342	1,694,051	50,035	3,866,428
Rendering of services	14,477	50,593	-	65,070
Total revenue from contracts with customers	2,136,819	1,744,644	50,035	3,931,498
Results				
Segment profit/(loss) before interest and tax	63,984	38,776	(173)	102,587
Finance costs				(12,698)
Taxation				(22,718)
Profit for the financial period, net of tax				<u>67,171</u>
<u>As at June 30, 2024</u>				
Net assets				
Segment assets	1,879,427	1,195,104	71,612	3,146,143
Unallocated assets				125,815
Total assets				<u>3,271,958</u>
Segment liabilities	(737,325)	(962,497)	(55,316)	(1,755,138)
Unallocated liabilities				(584,813)
Total liabilities				<u>(2,339,951)</u>
Other information				
Capital expenditure	870	2,143	2,593	5,606
Depreciation of property, plant and equipment	1,272	2,271	1,991	5,534
Depreciation of right-of-use assets	10,639	4,290	3,373	18,303
Amortization of intangible assets	3,048	869	-	3,916
Allowance for trade receivables	58	753	1	812
Inventories written off	8,083	2,182	(195)	10,070

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

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SEGMENTAL INFORMATION

<u>For the Six Months Ended June 30, 2023</u>	<u>Consumer</u>			<u>Consolidated</u> RM'000
	<u>Goods</u> RM'000	<u>Healthcare</u> RM'000	<u>Others</u> RM'000	
Revenue				
Type of goods or services:				
Sales of goods	2,118,323	1,562,845	41,374	3,722,542
Rendering of services	18,032	44,327	-	62,359
Total revenue from contracts with customers	2,136,355	1,607,172	41,374	3,784,901
Results				
Segment profit/(loss) before interest and tax	62,294	34,821	(1,654)	95,461
Finance costs				(13,447)
Taxation				(21,190)
Profit for the financial period, net of tax				60,824
As at June 30, 2023				
Net assets				
Segment assets	1,566,857	1,179,414	73,718	2,819,989
Unallocated assets				488,020
Total assets				3,308,009
Segment liabilities	(874,548)	(969,486)	(61,529)	(1,905,563)
Unallocated liabilities				(560,502)
Total liabilities				(2,466,065)
Other information				
Capital expenditure	976	2,271	1,857	5,104
Depreciation of property, plant and equipment	1,347	2,282	1,494	5,123
Depreciation of right-of-use assets	10,036	4,300	3,358	17,694
Amortization of intangible assets	6,079	869	-	6,948
(Reversal of)/loss allowance on trade receivables	(674)	454	(68)	(288)
Inventories written off	9,568	2,296	(364)	11,500

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(I) Compliance with MFRS 134: Interim Financial Reporting

1. Corporate Information

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

These condensed consolidated interim financial statements were approved by the Board of Directors on August 23, 2024.

2. Accounting Policies and Basis of Preparation

The unaudited condensed consolidated interim financial statements for the current quarter and six months ended June 30, 2024 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, 2023.

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, 2023. The new, revised, and amended MFRS and IC Interpretations, which are effective for the financial periods beginning on or after January 1, 2024, 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, 2023, 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 within the Group, and there were no changes during the quarter under review.

8. Dividend Paid

No dividend was paid during the quarter ended June 30, 2024.

9. Segment Information

The Group's segmental information for the financial six months ended June 30, 2024, and June 30, 2023, is presented separately in this interim financial report.

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10. Profit Before Tax

The following items are included in profit before tax:

	Current Quarter Ended		Cumulative Year-to-Date Ended	
	June 30, 2024	June 30, 2023	June 30, 2024	June 30, 2023
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant, and equipment	2,550	2,382	5,136	4,844
Depreciation of right-of-use assets	9,186	8,879	18,163	17,556
Amortization of intangible assets	441	3,475	3,916	6,948
Net unrealized derivative gains	(122)	(519)	(124)	(1,998)
Rental income	(760)	(635)	(1,521)	(1,281)
Interest income	(50)	(64)	(88)	(192)
Interest expenses	4,708	4,964	9,582	10,140
Interest expenses on lease liabilities	1,525	1,635	3,116	3,307
Gain on disposal of property, plant, and equipment	(30)	(59)	(30)	(71)
(Reversal of)/ allowance for trade receivables	(536)	(663)	812	(288)
Inventories written off	4,872	5,471	10,070	11,500
Net write-down/(reversal of write-down) of slow-moving inventories	1,256	(779)	3,210	(2,081)
Net unrealized foreign exchange (gains)/losses	(449)	1,905	(490)	2,362
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 six months ended June 30, 2024.

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 that have been entered into with related parties during the financial six months ended June 30, 2024 and June 30, 2023, as well as the balances with the related parties as at June 30, 2024 and June 30, 2023:

	Current Period Ended June 30, 2024 RM'000	Preceding Period Ended June 30, 2023 RM'000	Intercompany Balances - Due From/(to) As at	
			June 30, 2024 RM'000	June 30, 2023 RM'000
Sale of goods and services:				
- related companies (goods and services)	17,916	2,743	16,761	663
- related companies (rental)	343	368	97	97
- related companies (cost sharing)	241	437	113	226
- related companies (human resource and information technology charges)	269	393	90	137
	<u>18,769</u>	<u>3,941</u>	<u>17,061</u>	<u>1,123</u>
Purchase of goods and services:				
- related companies (goods and services)	(5,059)	(13,768)	(2,017)	(4,715)
- related company (management fee)	(5,708)	(5,002)	-	(5)
- related companies (royalty fee)	(3,129)	(2,673)	(91)	-
- related company (information technology charges)	(19,099)	(18,869)	(995)	(237)
Others:				
interest (expense)/income				
- immediate holding company	(148)	(32)	(19)	(30)
- intermediate holding company	(251)	(221)	(84)	(76)
	<u>(33,394)</u>	<u>(40,565)</u>	<u>(3,206)</u>	<u>(5,063)</u>

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

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Changes in Contingent Liabilities or Contingent Assets

There have been no changes in contingent liabilities or contingent assets since the quarter ended June 30, 2024, and up to August 23, 2024.

16. Capital Commitments

Authorized capital commitments not provided for in this interim financial report as of June 30, 2024, are as follows:

	RM'000
Contracted	<u>2,718</u>
Analyzed as follows:	
- Property, plant, and equipment	<u>2,718</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – SIX MONTHS ENDED JUNE 30, 2024

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

1. Review of Performance

	Individual 2 nd Quarter				Immediately Preceding 1 st Quarter			Cumulative 2 nd Quarter			
	30/06/2024	30/06/2023	Changes		31/03/2024	Changes		30/06/2024	30/06/2023	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	1,863,446	1,821,524	41,922	2.3%	2,068,052	(204,606)	(9.9%)	3,931,498	3,784,901	146,597	3.9%
Profit before interest and tax	42,036	39,032	3,004	7.7%	60,551	(18,515)	(30.6%)	102,587	95,461	7,126	7.5%
Profit before tax	35,803	32,433	3,370	10.4%	54,086	(18,283)	(33.8%)	89,889	82,014	7,875	9.6%
Profit after tax	26,724	23,790	2,934	12.3%	40,447	(13,723)	(33.9%)	67,171	60,824	6,347	10.4%
Profit attributable to owners of the parent	26,724	23,790	2,934	12.3%	40,447	(13,723)	(33.9%)	67,171	60,824	6,347	10.4%

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1. Review of Performance (Continued)

Quarterly

Revenue for the quarter improved by 2.3% compared to the corresponding second quarter of 2023, from RM 1.8 billion to RM 1.9 billion, and decreased by 9.9% compared to the preceding first quarter of 2024, which amounted to RM 2.1 billion.

The improved revenue in comparison to the corresponding second quarter of 2023 was driven by strong growth from new and existing clients in both Consumer Goods and Healthcare segments, and higher outlet sales for the Others segment. Revenue declined compared to the preceding first quarter of 2024, largely due to festive sales in the first few months of the year coupled with changes in sales mix in the Healthcare segment.

Operating expenses for the quarter were RM 1.8 billion, which increased 2.2% compared to the corresponding second quarter of 2023 and decreased by 9.2% compared to the preceding first quarter of 2024. The changes in operating expenses were largely in line with the movement in revenue.

Profit before tax for the quarter improved 10.4% compared to the same quarter of 2023 and decreased 33.8% compared to the preceding first quarter of 2024.

Period-to-date

Revenue grew by 3.9% from RM 3.78 billion to RM 3.93 billion compared to 2023, reflecting the ongoing growth with existing clients and new clients in the Healthcare segment and expansion in the Others segment, whilst the Consumer Goods segment remained resilient.

Operating expenses increased 3.7% from RM 3.80 billion to RM 3.83 billion, which was largely in line with the revenue growth and improved cost efficiency.

Profit before tax improved by 9.6% compared to 2023, largely due to the movement in revenue and operation efficiencies.

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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 services, and other value-added services.

	Individual 2 nd Quarter				Immediately Preceding 1 st Quarter			Cumulative 2 nd Quarter			
	30/06/2024	30/06/2023	Changes		31/03/2024	Changes		30/06/2024	30/06/2023	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	1,009,528	999,695	9,833	1.0%	1,127,291	(117,763)	(10.4%)	2,136,819	2,136,355	464	0.0%
Segment profit before interest and tax	25,201	24,522	679	2.8%	38,783	(13,582)	(35.0%)	63,984	62,294	1,690	2.7%

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Consumer Goods Segment (Continued)

Quarterly

Revenue for the quarter improved slightly compared to the corresponding second quarter of 2023, increased from RM 999.7 million to RM 1,009.5 million, and declined 10.4% against those of the preceding first quarter of 2024 which was RM 1,127.3 million. The improvement of revenue compared to the corresponding second quarter was due to growth from existing and newly secured clients. The decline in revenue compared to the preceding first quarter was due to normal seasonal flow with higher festive sales in the preceding first quarter.

The operating profit for the quarter was RM 25.2 million, 2.8% higher than RM 24.5 million reported for the same second quarter in 2023, while 35.0% lower than the RM38.8 million reported in the preceding first quarter of 2024. The operating profit growth against the corresponding second quarter was largely contributed from increased revenue and improved margin mix in the quarter. The decline in operating results compared to the preceding first quarter of 2024 was due to the seasonal decline in revenue, partially offset by lower operating cost.

Period-to-date

Revenue remained resilient as compared to 2023, with marginal increase of RM 0.5 million as compared to 2023.

The operating profit for 2024 was RM 64.0 million, 2.7% higher than RM 62.3 million reported in 2023. The improved operating profit was largely contributed by lower allowances for trade receivables and operational efficiencies.

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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 2 nd Quarter				Immediately Preceding 1 st Quarter			Cumulative 2 nd Quarter			
	30/06/2024	30/06/2023	Changes		31/03/2024	Changes		30/06/2024	30/06/2023	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	828,308	800,687	27,621	3.4%	916,336	(88,028)	(9.6%)	1,744,644	1,607,172	137,472	8.6%
Segment profit before interest and tax	16,865	15,628	1,237	7.9%	21,911	(5,046)	(23.0%)	38,776	34,821	3,955	11.4%

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Healthcare Segment (Continued)

Quarterly

Revenue for the quarter improved by 3.4% compared to the corresponding second quarter of 2023, rising from RM 800.7 million to RM 828.3 million, while it declined by 9.6% against the preceding first quarter of 2024, which was RM 916.3 million. The improvement in revenue compared to the corresponding second quarter was driven by strong growth from existing and newly secured clients, whereas the decrease against the preceding first quarter of 2024 was due to timing of tenders won.

The operating profit for the quarter was RM 16.9 million, 7.9% higher than RM 15.6 million reported for the same quarter in 2023, while 23.0% lower than RM 21.9 million reported for the preceding first quarter of 2024. The improvement in operating profit compared to the corresponding second quarter of 2023 was driven by sales growth and cost efficiency initiatives in logistics and distribution, while the decline in operating profit against preceding first quarter of 2024 was mainly due to lower sales.

Period-to-date

Revenue for 2024 increased 8.6% from RM 1.61 billion to RM 1.74 billion as compared to 2023 due to the growth of existing and new clients secured in the segment.

The operating profit for 2024 was RM 38.8 million, 11.4% higher than RM 34.8 million reported in the prior year driven by revenue growth and logistics and distribution efficiencies.

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Others Segment

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

	Individual 2 nd Quarter				Immediately Preceding 1 st Quarter			Cumulative 2 nd Quarter			
	30/06/2024	30/06/2023	Changes		31/03/2024	Changes		30/06/2024	30/06/2023	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	25,610	21,142	4,468	21.1%	24,425	1,185	4.9%	50,035	41,374	8,661	20.9%
Segment loss before interest and tax	(30)	(1,118)	1,088	97.3%	(143)	113	79.0%	(173)	(1,654)	1,481	89.5%

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Others Segment (Continued)

Quarterly

Revenue for the quarter grew by 21.1% from RM 21.1 million to RM 25.6 million compared to the corresponding second quarter of 2023 and improved by 4.9% in comparison with the preceding first quarter of 2024, which was RM 24.4 million. The higher revenue reflects stronger festive sales and price adjustments effective from mid-June 2023.

The operating loss for the quarter was minimal.

Period-to-date

Revenue for 2024 grew 20.9% compared to 2023, increasing from RM 41.4 million to RM 50.0 million driven by strong sales and outlet expansion.

The operating loss for YTD 2023 reduced by RM 1.5 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 second quarter of 2024 compared to the first quarter of 2024.

3. Prospects

The economy continues to be resilient. The Group maintains a well-diversified portfolio and is cautiously optimistic on the outlook.

To sustain our success, we will continue to focus on enhancing our people capabilities, accelerating digitalization, and leveraging automation. Our strategic emphasis remains on growing existing businesses and securing new businesses, improving cost and resource efficiency, managing working capital, and prudently monitoring the short-term outlook to navigate the prevailing environment. We are well positioned to benefit from favourable long-term market dynamics, industry trends, and consolidation opportunities in the Asia Pacific region.

4. Variance of Actual Profit from Forecast Profit

The Group did not issue any profit forecast.

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5. Taxation

	Quarter ended June 30, 2024 RM'000	Quarter ended June 30, 2023 RM'000	Period ended June 30, 2024 RM'000	Period ended June 30, 2023 RM'000
Current year income tax	9,641	9,297	25,471	22,908
Deferred tax	(562)	(654)	(2,753)	(1,718)
	<u>9,079</u>	<u>8,643</u>	<u>22,718</u>	<u>21,190</u>

The effective tax rate for the quarter and six months ended June 30, 2024 was lower compared to the corresponding second quarter and period ended June 30, 2023 due to adjustment on non-deductible expenses in the corresponding second quarter and period.

6. Status of Corporate Proposals Announced

There were no corporate proposals announced that remain incomplete as of August 23, 2024.

7. Group Borrowings and Debt Securities

	As at June 30, 2024 RM'000	As at June 30, 2023 RM'000
Unsecured and fully denominated in Ringgit Malaysia:		
<u>Short Term Borrowings</u>		
- Bank borrowings	<u>332,000</u>	<u>188,000</u>
<u>Long Term Borrowings</u>		
- Advances from holding companies	11,675	15,593
- Bank borrowings	<u>-</u>	<u>130,000</u>
	<u>11,675</u>	<u>145,593</u>
Total borrowings	<u>343,675</u>	<u>333,593</u>

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8. Disclosure of Derivatives

Type of derivatives	Contract / Notional Value June 30, 2024 RM'000	Fair Value June 30, 2024 RM'000
Foreign exchange contracts		
- less than 1 year	68,568	68,531
Total	68,568	68,531

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, 2023.

The Group's open foreign exchange contracts have been fair valued using the current market rates as of June 30, 2024, resulting in minimal unrealized derivative loss.

In total, a net unrealized gain on derivative contracts amounting to RM 0.1 million had been credited to the statement of comprehensive income for the six months ended June 30, 2024 from the reversal of minimal unrealized loss on derivatives on the outstanding contracts on December 31, 2023 and unrealized gain 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 a 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 August 23, 2024.

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11. Dividend Proposed or Declared

The final single tier dividend of 17.0 sen per ordinary shares in respect of the financial year ended December 31, 2023 was approved by shareholders at the Thirty-First Annual General Meeting of the Company held on May 17, 2024 and paid on July 18, 2024.

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 six months ended June 30, 2024, are RM 26,724,000 and RM 67,171,000, 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 six months ended June 30, 2024, 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, 2023.

By Order of the Board

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

Petaling Jaya
August 23, 2024