

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, 2024

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER
AND NINE MONTHS ENDED SEPTEMBER 30, 2024**

	INDIVIDUAL 3RD QUARTER		CUMULATIVE 3RD QUARTER	
	30/09/2024 Unaudited RM'000	30/09/2023 Unaudited RM'000	30/09/2024 Unaudited RM'000	30/09/2023 Unaudited RM'000
1 Revenue	1,966,227	1,808,887	5,897,725	5,593,788
2 Operating expenses	(1,941,179)	(1,784,030)	(5,774,594)	(5,480,795)
3 Other operating income	2,982	2,529	7,486	9,854
4 Profit before interest and tax	28,030	27,386	130,617	122,847
5 Finance costs	(6,110)	(6,601)	(18,808)	(20,048)
6 Profit before tax	21,920	20,785	111,809	102,799
7 Taxation	(4,461)	(3,428)	(27,179)	(24,618)
8 Profit for the period, net of tax	17,459	17,357	84,630	78,181
9 Net profit for the period	17,459	17,357	84,630	78,181
10 Other comprehensive income :				
- Currency translation differences arising from consolidation	(13)	(1)	(8)	13
11 Total comprehensive income	17,446	17,356	84,622	78,194
12 Net profit attributable to owners of the parent	17,459	17,357	84,630	78,181
13 Total comprehensive income attributable to owners of the parent	17,446	17,356	84,622	78,194
14 Earnings per share (EPS) based on item 12 above (See Note 1 below)				
(i) EPS attributable to owners of parent (sen)	11.07	11.01	53.68	49.59
15 Cash earnings per share (EPS) (See Notes 1 and 2 below)				
(i) Cash EPS attributable to owners of parent (sen)	13.02	14.92	61.42	61.33

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 SEPTEMBER 30, 2024**

	30/09/2024 Unaudited RM'000	31/12/2023 Audited RM'000
1 Non Current Assets		
Property, plant and equipment	29,210	28,978
Right-of-use assets	97,922	117,867
Intangible assets	359,814	364,168
Deferred tax assets	13,007	8,864
	<u>499,953</u>	<u>519,877</u>
2 Current Assets		
Inventories	1,081,440	870,330
Trade and other receivables	1,750,889	1,641,689
Cash and bank balances	39,893	39,026
	<u>2,872,222</u>	<u>2,551,045</u>
3 Total Assets	<u>3,372,175</u>	<u>3,070,922</u>
4 Equity		
Ordinary share capital	182,172	182,172
Foreign currency translation reserve	177	185
Retained earnings	767,104	709,276
Equity attributable to owners of parent	<u>949,453</u>	<u>891,633</u>
5 Current Liabilities		
Trade and other payables	1,789,944	1,574,106
Derivative financial instrument	5,344	4
Lease liabilities	31,201	35,735
Borrowings	479,716	358,000
Taxation	11,078	9,038
	<u>2,317,283</u>	<u>1,976,883</u>
6 Non Current Liabilities		
Borrowings	24,859	105,708
Lease liabilities	76,791	91,979
Long term liabilities	2,830	2,833
Deferred tax liabilities	959	1,886
	<u>105,439</u>	<u>202,406</u>
7 Total Liabilities	<u>2,422,722</u>	<u>2,179,289</u>
8 Total Equity and Liabilities	<u>3,372,175</u>	<u>3,070,922</u>
9 Net assets per share attributable to ordinary equity holders of the company (RM)	<u>6.0222</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 NINE MONTHS
ENDED SEPTEMBER 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>NINE MONTHS ENDED SEPTEMBER 30, 2024</u>					
At January 1, 2024	157,658	182,172	185	709,276	891,633
Total comprehensive income for the period	-	-	(8)	84,630	84,622
Dividends	-	-	-	(26,802)	(26,802)
At September 30, 2024	157,658	182,172	177	767,104	949,453
<u>NINE MONTHS ENDED SEPTEMBER 30, 2024</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

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 NINE MONTHS ENDED SEPTEMBER 30, 2024**

	30/09/2024 Unaudited RM'000	30/09/2023 Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	111,809	102,799
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	7,843	7,225
Depreciation of right-of-use assets	26,585	26,415
Amortization of intangible assets	4,355	10,422
Net unrealized derivative losses/(gains)	5,339	(1,795)
Gain on disposal of property, plant and equipment	(11)	(81)
Property, plant and equipment written off	-	1
Interest income	(161)	(231)
Interest expenses	14,461	15,152
Interest expenses on lease liabilities	4,347	4,896
Allowance for trade receivables	1,648	4,249
Inventories written off	19,475	17,694
Net write-down/(reversal of write-down) of slow moving inventories	5,831	(692)
Net unrealized foreign exchange losses	933	2,750
Operating cash flows before changes in working capital	<u>202,454</u>	<u>188,804</u>
Changes in working capital:		
Inventories	(235,690)	(168,460)
Trade and other receivables	(111,716)	(99,035)
Trade and other payables	215,013	4,623
	<u>(132,393)</u>	<u>(262,872)</u>
Interest paid	(18,904)	(19,981)
Interest received	159	228
Tax paid	(29,340)	(32,614)
	<u>(48,085)</u>	<u>(52,367)</u>
Net cash flows generated from/(used in) operating activities	<u>21,976</u>	<u>(126,435)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(8,773)	(9,211)
Proceed from disposal of property, plant and equipment	107	236
Net cash flows used in investing activities	<u>(8,666)</u>	<u>(8,975)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings	40,867	213,077
Repayment of lease liabilities	(26,500)	(25,427)
Dividend paid	(26,802)	(50,450)
Net cash flows (used in)/generated from financing activities	<u>(12,435)</u>	<u>137,200</u>
CHANGES IN CASH AND CASH EQUIVALENTS	875	1,790
CURRENCY TRANSLATION DIFFERENCES	(8)	13
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	39,026	35,923
CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD	<u>39,893</u>	<u>37,726</u>
Note : Cash and cash equivalents comprise of :-		
Cash and bank balances	39,893	37,726
	<u>39,893</u>	<u>37,726</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 Nine Months Ended September 30, 2024</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	3,171,688	2,553,678	75,143	5,800,509
Rendering of services	22,973	74,243	-	97,216
Total revenue from contracts with customers	3,194,661	2,627,921	75,143	5,897,725
Results				
Segment profit/(loss) before interest and tax	74,367	57,432	(1,182)	130,617
Finance costs				(18,808)
Taxation				(27,179)
Profit for the financial period, net of tax				<u>84,630</u>
<u>As at September 30, 2024</u>				
Net assets				
Segment assets	1,883,543	1,329,196	67,987	3,280,726
Unallocated assets				91,449
Total assets				<u>3,372,175</u>
Segment liabilities	(688,080)	(967,258)	(53,846)	(1,709,184)
Unallocated liabilities				(713,538)
Total liabilities				<u>(2,422,722)</u>
Other information				
Capital expenditure	2,700	2,877	3,180	8,757
Depreciation of property, plant and equipment	1,984	3,433	3,012	8,429
Depreciation of right-of-use assets	15,132	6,314	5,349	26,795
Amortization of intangible assets	3,052	1,303	-	4,355
(Reversal of)/allowance for trade receivables	(467)	2,129	(14)	1,648
Inventories written off	15,650	3,825	-	19,475

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 Nine Months Ended September 30, 2023</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	3,076,610	2,361,182	61,969	5,499,761
Rendering of services	27,499	66,528	-	94,027
Total revenue from contracts with customers	3,104,109	2,427,710	61,969	5,593,788
Results				
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				<u>78,181</u>
<u>As at September 30, 2023</u>				
Net assets				
Segment assets	1,513,938	1,120,127	75,957	2,710,022
Unallocated assets				444,883
Total assets				<u>3,154,905</u>
Segment liabilities	(668,626)	(799,170)	(60,682)	(1,528,478)
Unallocated liabilities				(767,127)
Total liabilities				<u>(2,295,605)</u>
Other information				
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
Allowance/(reversal of allowance) for 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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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, 2024.

2. Accounting Policies and Basis of Preparation

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

The following dividend payment was made during the quarter ended September 30, 2024:

	RM'000
In respect of the financial year ended December 31, 2023:	
- a final single tier dividend of 17.0 sen per share paid on July 18, 2024	<u>26,802</u>

9. Segment Information

The Group's segmental information for the financial nine months ended September 30, 2024, and September 30, 2023, 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, 2024	September 30, 2023	September 30, 2024	September 30, 2023
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant, and equipment	2,707	2,381	7,843	7,225
Depreciation of right-of-use assets	8,422	8,859	26,585	26,415
Amortization of intangible assets	439	3,474	4,355	10,422
Net unrealized derivative losses/(gains)	5,463	203	5,339	(1,795)
Rental income	(760)	(623)	(2,281)	(1,904)
Interest income	(73)	(39)	(161)	(231)
Interest expenses	4,879	5,012	14,461	15,152
Interest expenses on lease liabilities	1,231	1,589	4,347	4,896
Loss/(gain) on disposal of property, plant, and equipment	19	(10)	(11)	(81)
Allowance for trade receivables	836	4,537	1,648	4,249
Inventories written off	9,405	6,194	19,475	17,694
Net write-down/(reversal of write-down) of slow-moving inventories	2,621	1,389	5,831	(692)
Net unrealized foreign exchange losses	1,423	388	933	2,750
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 nine months ended September 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 nine months ended September 30, 2024 and September 30, 2023, as well as the balances with the related parties as at September 30, 2024 and September 30, 2023:

	Current period ended September 30, 2024 RM'000	Preceding period ended September 30, 2023 RM'000	Intercompany balances - due from/(to) as at	
			September 30, 2024 RM'000	September 30, 2023 RM'000
Sale of goods and services:				
- related companies (goods and services)	32,550	4,430	14,394	1,192
- related companies (rental)	515	535	97	90
- related companies (cost sharing)	356	596	124	183
- related companies (human resource and information technology charges)	406	524	92	88
	33,827	6,085	14,707	1,553
Purchase of goods and services:				
- related companies (goods and services)	(8,675)	(17,200)	(2,155)	(2,058)
- related company (management fee)	(8,433)	(7,494)	(4)	(51)
- related companies (royalty fee)	(3,945)	(3,332)	(120)	(942)
- related company (information technology charges)	(29,729)	(28,984)	(328)	(542)
Others:				
interest expense				
- immediate holding company	(216)	(100)	(100)	(55)
- intermediate holding company	(376)	(336)	(84)	(78)
	(51,374)	(57,446)	(2,791)	(3,726)

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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 September 30, 2024, and up to November 21, 2024.

16. Capital Commitments

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

	RM'000
Contracted	<u>3,929</u>
Analyzed as follows:	
- Property, plant, and equipment	<u>3,929</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, 2024
(II) Compliance with Appendix 9B of the Listing Requirements
1. Review of Performance

	Individual 3 rd Quarter				Immediately Preceding 2 nd Quarter			Cumulative 3 rd Quarter			
	30/09/2024	30/09/2023	Changes		30/06/2024	Changes		30/09/2024	30/09/2023	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	1,966,227	1,808,887	157,340	8.7%	1,863,446	102,781	5.5%	5,897,725	5,593,788	303,937	5.4%
Profit before interest and tax	28,030	27,386	644	2.4%	42,036	(14,006)	(33.3%)	130,617	122,847	7,770	6.3%
Profit before tax	21,920	20,785	1,135	5.5%	35,803	(13,883)	(38.8%)	111,809	102,799	9,010	8.8%
Profit after tax	17,459	17,357	102	0.6%	26,724	(9,265)	(34.7%)	84,630	78,181	6,449	8.2%
Profit attributable to owners of the parent	17,459	17,357	102	0.6%	26,724	(9,265)	(34.7%)	84,630	78,181	6,449	8.2%

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Review of Performance (Continued)

Quarterly

Revenue for the quarter improved by 8.7% compared to the corresponding third quarter of 2023, from RM 1.81 billion to RM 1.97 billion, and increased by 5.5% compared to the preceding second quarter of 2024, which amounted to RM 1.86 billion.

The improved revenue in comparison to the corresponding third quarter of 2023 and the preceding second quarter of 2024 was driven by growth from new and existing clients in both Consumer Goods and Healthcare segments, and higher outlet sales for the Others segment. The higher revenue was partially offset by lower gross margins due to change in client mix.

Operational expenses for the quarter were RM 1.94 billion, which increased 8.8% compared to the corresponding third quarter of 2023 and increased by 6.4% compared to the preceding second quarter of 2024. The changes in operational expenses moved largely in line with revenue.

Profit before tax for the quarter improved 5.5% compared to the same quarter of 2023 and decreased 38.8% compared to the preceding second quarter of 2024. The increase in profit before tax against the corresponding third quarter of 2023 was driven by sales growth in all segments, whereas the decline as compared to the preceding second quarter of 2024 was the result of unrealized foreign exchange losses, due to accounting mark-to-market of hedging instruments.

Period-to-date

Revenue grew by 5.4% from RM 5.59 billion to RM 5.90 billion compared to 2023, reflecting the ongoing growth with existing clients and new clients in the Consumer Goods and Healthcare segments and expansion in the Others segment.

Operating expenses increased by 5.4% from RM 5.48 billion to RM 5.77 billion, which was largely in line with the revenue growth as mentioned above.

Profit before tax improved by 8.8% compared to 2023, largely due to movement in revenue and continued operation efficiencies, offset by unrealized foreign exchange losses.

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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 services, and other value-added services.

	Individual 3 rd Quarter				Immediately Preceding 2 nd Quarter			Cumulative 3 rd Quarter			
	30/09/2024	30/09/2023	Changes		30/06/2024	Changes		30/09/2024	30/09/2023	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	1,057,842	967,754	90,088	9.3%	1,009,528	48,314	4.8%	3,194,661	3,104,109	90,552	2.9%
Segment profit before interest and tax	10,383	10,928	(545)	(5.0%)	25,201	(14,818)	(58.8%)	74,367	73,222	1,145	1.6%

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Consumer Goods Segment (Continued)

Quarterly

Revenue for the quarter improved by 9.3% compared to the corresponding third quarter of 2023, increasing from RM 967.8 million to RM 1,057.8 million, and grew by 4.8% compared to the preceding second quarter of 2024, which was RM 1,009.5 million. The improvement in revenue compared to the corresponding third quarter and the preceding second quarter was due to growth from existing and newly secured clients.

The segment profit for the quarter was RM 10.4 million, 5.0% lower than RM 10.9 million reported for the same third quarter in 2023, and 58.8% lower than the RM 25.2 million reported in the preceding second quarter of 2024. The segment profit declined against the corresponding third quarter and the preceding second quarter of 2024 due to client mix and unrealized foreign exchanges losses. These impacts were partially offset by lower operating cost from continued distribution cost optimization.

Period-to-date

Revenue for 2024 grew by 2.9% compared to 2023, increasing from RM 3.10 billion to RM 3.19 billion contributed by ongoing growth of existing and new clients.

The segment profit for 2024 improved marginally by 1.6% compared to 2023, improving from RM 73.2 million to RM 74.4 million contributed by lower allowances for receivables, lower amortization cost and continued operational efficiencies offset with impact from unrealized foreign exchange losses.

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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 3 rd Quarter				Immediately Preceding 2 nd Quarter			Cumulative 3 rd Quarter			
	30/09/2024	30/09/2023	Changes		30/06/2024	Changes		30/09/2024	30/09/2023	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	883,277	820,538	62,739	7.6%	828,308	54,969	6.6%	2,627,921	2,427,710	200,211	8.2%
Segment profit before interest and tax	18,656	17,447	1,209	6.9%	16,865	1,791	10.6%	57,432	52,268	5,164	9.9%

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Healthcare Segment (Continued)

Quarterly

Revenue for the quarter improved by 7.6% compared to the corresponding third quarter of 2023, rising from RM 820.5 million to RM 883.3million, and it increased by 6.6% against the preceding second quarter of 2024, which was RM 828.3 million. The improvement in revenue compared to the corresponding third quarter was driven by strong growth from existing and newly secured clients.

The segment profit for the quarter was RM 18.7 million, 6.9% higher than RM 17.4 million reported for the same quarter in 2023, and 10.6% higher than RM 16.9 million reported for the preceding second quarter of 2024. The improvement in segment profit compared to the corresponding third quarter of 2023 was driven substantially by sales growth offset with higher selling expenses. The improvement against the preceding second quarter of 2024 was substantially driven by sales growth in the current quarter.

Period-to-date

Revenue for 2024 increased 8.2% from RM 2.43 billion to RM 2.63 billion as compared to 2023 due to the growth of existing and new clients secured in the segment.

The segment profit for 2024 was RM 57.4 million, 9.9% higher than RM 52.3 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 3 rd Quarter				Immediately Preceding 2 nd Quarter			Cumulative 3 rd Quarter			
	30/09/2024	30/09/2023	Changes		30/06/2024	Changes		30/09/2024	30/09/2023	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	25,108	20,595	4,513	21.9%	25,610	(502)	(2.0%)	75,143	61,969	13,174	21.3%
Segment loss before interest and tax	(1,009)	(989)	(20)	(2.0%)	(30)	(979)	(>100.0%)	(1,182)	(2,643)	1,461	55.3%

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Others Segment (Continued)

Quarterly

Revenue for the quarter grew by 21.9% from RM 20.6 million to RM 25.1 million compared to the corresponding third quarter of 2023 and reduced marginally by 2.0% in comparison with the preceding second quarter of 2024, which was RM 25.6 million.

The improvement in revenue compared to the corresponding third quarter of 2023 was driven by strong growth and outlets expansion, whereas the marginal decrease in revenue against the preceding second quarter of 2024 was attributed to higher festive sales in the previous quarter.

The segment loss for the quarter was RM 1.0 million, marginally increased by 2.0% as compared the corresponding third quarter of 2023 and increased by RM 1.0 million against the preceding second quarter of 2024.

The increase in operating losses against the corresponding third quarter and preceding second quarter of 2024 was due to the higher selling, personnel expenses and unrealized foreign exchange losses.

Period-to-date

Revenue for 2024 grew by 21.3% as compared to 2023, increasing from RM 61.7 million to RM 75.1 million driven by strong sales and outlet expansion.

The segment loss for YTD 2024 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 third quarter of 2024 compared to the second quarter of 2024.

3. Prospects

The economy continues to be resilient, although consumer spending remains under pressure. The Group maintains a well-diversified portfolio and is cautiously optimistic on the outlook.

The Group will continue to focus on enhancing its people capabilities, accelerating digitalization, and leveraging automation. The Groups' strategy 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. The Group is 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 September 30, 2024 RM'000	Quarter ended September 30, 2023 RM'000	Period ended September 30, 2024 RM'000	Period ended September 30, 2023 RM'000
Current year income tax	6,779	6,323	32,250	29,231
Deferred tax	(2,318)	(2,895)	(5,071)	(4,613)
	<u>4,461</u>	<u>3,428</u>	<u>27,179</u>	<u>24,618</u>

The effective tax rate for the quarter ended and the nine months period ended September 30, 2024 was higher than the corresponding third quarter and period ended September 30, 2023 due to lower overprovision of prior year income tax. Adjusting for the overprovision of prior year income tax, the effective tax rate for the quarter ended was higher than the corresponding quarter due to adjustments on non-deductible expenses in the current quarter, while the effective tax rate for the nine months period ended September 30, 2024 remained consistent as per prior period.

6. Status of Corporate Proposals Announced

There were no corporate proposals announced that remain incomplete as of November 21, 2024.

7. Group Borrowings and Debt Securities

	As at September 30, 2024 RM'000	As at September 30, 2023 RM'000
Unsecured and fully denominated in Ringgit Malaysia:		
<u>Short Term Borrowings</u>		
- Bank borrowings	<u>479,716</u>	<u>478,000</u>
<u>Long Term Borrowings</u>		
- Advances from holding companies	24,859	21,093
- Bank borrowings	-	85,000
	<u>24,859</u>	<u>106,093</u>
Total borrowings	<u>504,575</u>	<u>584,093</u>

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8. Disclosure of Derivatives

Type of derivatives	Contract / Notional Value September 30, 2024 RM'000	Fair Value September 30, 2024 RM'000
Foreign exchange contracts - less than 1 year	75,266	69,923
Total	75,226	69,923

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 September 30, 2024, resulting in an unrealized derivative loss of RM 5.3 million.

In total, a net unrealized loss on derivative contracts amounting to RM 5.3 million for the nine months ended September 30, 2024 and RM5.5 million for the current quarter had been debited to the statement of comprehensive income due to strengthening of MYR against USD.

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 November 21, 2024.

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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, 2024, are RM 17,459,000 and RM 84,630,000, 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, 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

Lim Lee Chin (MAICSA 7045204)
SSM PC No. 201908001041
Company Secretary

Petaling Jaya
November 21, 2024