

A. COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING AND BURSA LISTING REQUIREMENTS

1. Basis of Preparation

These condensed consolidated interim financial statements (Condensed Report) have been prepared in accordance with MFRS 134: Interim Financial Reporting, International Accounting Standards 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This Condensed Report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022. The audited financial statements of the Group for the year ended 31 December 2022 were prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The accounting policies and presentation adopted by the Group for the condensed consolidated financial statements are consistent with those adopted in the Group’s consolidated audited financial statements for the financial year ended 31 December 2022, except for the adoption of the following:

| Description | Effective for annual periods beginning on or after |
|--|---|
| MFRS 17 and Amendments to MFRS 17: Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 101 and MFRS Practice Statement 2: Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to MFRS 108: Definition of Accounting Estimates | 1 January 2023 |
| Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendments to MFRS 112: International Tax Reform—Pillar Two Model Rules | 1 January 2023 |

The adoption of the above new standard and amendments to published standards above did not have any material financial impact to the Group.

2. Audit Report of Preceding Annual Financial Statements

The audit report of the annual financial statements of the Group for the financial year ended 31 December 2022 was not subject to any qualification.

3. Seasonal or Cyclical Factors

There were no major seasonal or cyclical factors that affected operations.

4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence during the current quarter and financial period ended 30 September 2023.

5. Changes in Estimates

There were no changes in the nature and estimates of amounts reported in prior financial years that have had any material effect in the current quarter and financial period ended 30 September 2023.

6. Issues, Repurchases, and Repayments of Debt and Equity Securities

There were no issuances, repurchases, or repayments of debt and equity securities during the current quarter and financial period ended 30 September 2023.

7. Dividends Paid

Dividends paid during the financial period ended 30 September 2023 are as follows:

- i) Fourth single tier interim dividend of 5.0 sen net per share and a special single tier interim dividend of 18.0 sen net per share totalling RM37,808,000 in respect of financial year ended 31 December 2022 was paid on 29 March 2023;
- ii) First single tier interim dividend of 5.0 sen net per share amounting to RM8,219,282 in respect of financial year ending 31 December 2023 was paid on 23 June 2023; and
- iii) Second single tier interim dividend of 5.0 sen net per share amounting to RM8,219,282 in respect of financial year ending 31 December 2023 was paid on 22 September 2023.

8. Operating Segment Information

As in the prior financial year, the Group operates solely in the direct selling industry and distributes its products in Malaysia and Brunei. The results and total assets of the subsidiary in Negara Brunei Darussalam are insignificant to the Group. Accordingly, information on geographical and business segments of the Group's operations is not presented.

9. Events after the Interim Period

There was no material event subsequent to the current quarter and the financial period ended 30 September 2023 up to the date of this report.

10. Effects of Changes in the Composition of the Group

There were no changes in the composition of the Group, including business combinations, acquisitions or disposals of subsidiaries and long-term investments, restructuring, or discontinued operations during the current quarter and the financial period ended 30 September 2023.

11. Capital Commitments

Capital commitments not provided in the interim financial statements as at 30 September 2023 are as follows:

| | 30/09/2023 |
|--|-------------------|
| | RM'000 |
| Development costs and property, plant and equipment: | |
| - Approved and contracted for | 4,118 |
| - Approved and not contracted for | 2,338 |
| | <u>6,456</u> |
| | |
| Contracted commitments are analysed as follows: | |
| - Purchase of equipment, building improvement and system development costs | <u>4,118</u> |

12. Related Party Transactions

Significant related party transactions with related companies are as follows:

| RM'000 | Quarter ended | | Year-to-date ended | |
|--------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| Sales of goods | 25 | 30 | 143 | 54 |
| Purchases of goods | (65,588) | (119,259) | (243,472) | (439,015) |
| Royalties expense | (947) | (1,240) | (3,047) | (3,631) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS

1. Performance Review

| | Quarter ended | | Changes | Year-to-date ended | | Changes |
|-------------------|---------------|------------|----------|--------------------|------------|---------|
| | 30/09/2023 | 30/09/2022 | | 30/09/2023 | 30/09/2022 | |
| | (RM'000) | (RM'000) | (RM'000) | (RM'000) | | |
| Revenue | 333,473 | 371,790 | (10.3%) | 1,049,981 | 1,117,638 | (6.1%) |
| Cost of Sales | (223,585) | (282,992) | (21.0%) | (795,969) | (886,889) | (10.3%) |
| Gross Profit | 109,888 | 88,798 | 23.8% | 254,012 | 230,749 | 10.1% |
| Profit Before Tax | 60,340 | 24,488 | 146.4% | 109,749 | 71,173 | 54.2% |
| Profit After Tax | 46,211 | 18,754 | 146.4% | 83,521 | 53,904 | 54.9% |

Group revenue for the quarter and year-to-date ended 30 September 2023 were lower by 10.3% and 6.1% respectively than the same period last year. The decline was largely due to softer demand in health and wellness products and home appliances.

However, the Group's profit before tax for the quarter and year-to-date ended 30 September 2023 increased by 146.4% and 54.2% respectively against the same period last year. This was largely attributable to significantly lower ABO incentives in line with lower sales.

2. Comparison with the Preceding Quarter's Results

| RM'000 | Current quarter ended 30/09/2023 | Preceding quarter ended 30/06/2023 | Changes |
|-------------------|-------------------------------------|---------------------------------------|---------|
| Revenue | 333,473 | 343,693 | (3.0%) |
| Cost of Sales | (223,585) | (272,347) | (17.9%) |
| Gross Profit | 109,888 | 71,346 | 54.0% |
| Profit Before Tax | 60,340 | 23,650 | 155.1% |
| Profit After Tax | 46,211 | 17,744 | 160.4% |

Group revenue for the current quarter ended 30 September 2023 was 3.0% lower than the preceding quarter mainly due to softer demand.

The Group's profit before tax for the current quarter ended 30 September 2023 increased by 155.1% compared to the preceding quarter mainly attributable to lower ABO incentives as mentioned above.

3. Commentary on Prospects

In the first nine months of 2023, the Group saw a decline in its revenue compared to the previous year. This reduction was primarily due to the persistent inflationary pressure, which had a significant impact on consumer sentiment and spending capacity, as well as shifts in consumer spending patterns post COVID-19 pandemic. The Group remains committed to its mission of "Helping people live better, healthier lives" by continuously developing and promoting "BIG Health" solutions which offer an innovative and comprehensive approach to health and wellbeing, coupled with the introduction of various sales and marketing programs. Given the ongoing challenges, the Group anticipates a reduction in its revenue for the full year of 2023.

The Group remains committed to a strong focus on ensuring business sustainability and improving ABO-centric programs, supply chain capacity, and ongoing digital platform upgrades, as well as enhancing delivery infrastructure. While these business investments exert pressure on the operating margin, the Group reported an improvement in profit for the first nine months of 2023 largely attributable to a lower ABO incentives payout in the third quarter of 2023 as a result of lower sales. The Group foresees an increase in profit for the full year 2023 but this increase is expected to be of a smaller magnitude when compared to the first nine months.

4. Financial Forecast or Profit Guarantee

There was no financial forecast or profit guarantee issued by the Group.

5. Revenue

Set out below is the disaggregation of the Group's revenue from contract with customers:

| RM'000 | Quarter ended | | Year-to-date ended | |
|---|----------------|----------------|--------------------|------------------|
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| Sales of consumer products | 327,959 | 366,758 | 1,035,013 | 1,102,347 |
| Sign up and renewal fees and other service fees | 5,514 | 5,032 | 14,968 | 15,291 |
| Total | 333,473 | 371,790 | 1,049,981 | 1,117,638 |
| Timing of revenue recognition: | | | | |
| At point in time | 329,547 | 368,100 | 1,038,670 | 1,106,763 |
| Over time | 3,926 | 3,690 | 11,311 | 10,875 |
| Total | 333,473 | 371,790 | 1,049,981 | 1,117,638 |

6. Income Tax Expense

| RM'000 | Quarter ended | | Year-to-date ended | |
|---------------------------------|---------------|--------------|--------------------|---------------|
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| Tax charges/(credits) comprise: | | | | |
| Current income tax | 9,893 | 8,493 | 31,328 | 36,971 |
| Deferred tax | 4,236 | (2,759) | (5,100) | (19,702) |
| Total | 14,129 | 5,734 | 26,228 | 17,269 |

The effective tax rate of the Group for the current quarter and financial year-to-date ended 30 September 2023 is lower than the statutory tax rate due to the overprovision of tax in prior year.

7. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at 15 November 2023.

8. Group Borrowings and Debt Securities

There were no borrowings or debt securities as at 30 September 2023.

9. Material Litigation

There was no material litigation as at 15 November 2023.

10. Dividends proposed or declared

- i) A third single tier interim dividend of 5.0 sen net per share has been declared on 15 November 2023.

In respect of deposited securities, entitlement to the third single tier interim dividend will be determined based on shareholders registered in the record of depositors as at 1 December 2023. The payment date will be on 15 December 2023.

- ii) In the previous year corresponding quarter, a third single tier interim dividend of 5.0 sen net per share was declared on 16 November 2022.

The total dividend declared for the financial year ending 31 December 2023 is as follows:

- i) First single tier interim dividend of 5.0 sen net per share.
ii) Second single tier interim dividend of 5.0 sen net per share.
iii) Third single tier interim dividend of 5.0 sen net per share.

11. Earnings Per Share

| | Quarter ended | | Year-to-date ended | |
|--|---------------|------------|--------------------|------------|
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| Profit after tax attributable to owners of the parent (RM'000) | 46,211 | 18,754 | 83,521 | 53,904 |
| Numbers of shares in issue ('000) | 164,386 | 164,386 | 164,386 | 164,386 |
| Basic and diluted earnings per share (sen) | 28.11 | 11.41 | 50.81 | 32.79 |

12. Notes to the Condensed Consolidated Statement of Comprehensive Income

| RM'000 | Quarter ended | | Year-to-date ended | |
|--|---------------|------------|--------------------|------------|
| | 30/09/2023 | 30/09/2022 | 30/09/2023 | 30/09/2022 |
| Depreciation of property, plant and equipment | 987 | 1,117 | 3,059 | 3,342 |
| Depreciation of right-of-use assets | 917 | 940 | 2,746 | 2,804 |
| Amortisation of intangible assets | 1,925 | 2,220 | 5,787 | 6,776 |
| Net allowance for inventory obsolescence | 254 | 3,446 | 3,360 | 1,367 |
| Inventories written off | 864 | 1,578 | 2,324 | 3,414 |
| Net changes in provision for assurance-type warranties | (104) | 589 | 726 | 1,761 |
| Net (reversal of allowance)/allowance for expected credit loss | (55) | 86 | 167 | 9 |
| Realised foreign exchange loss | 122 | 53 | 533 | 77 |
| Unrealised foreign exchange gain | (11) | (103) | (71) | (117) |
| Finance costs | 142 | 139 | 426 | 430 |
| Interest income | (2,116) | (1,159) | (5,109) | (3,236) |
| Intangible asset written off | - | - | 13 | - |
| Property, plant and equipment written off | 3 | 51 | 3 | 57 |
| Gain on disposal of property, plant and equipment | - | (161) | - | (162) |

No other income including investment income, gain/(loss) on disposal of quoted or unquoted investments or properties, impairment of assets and gain/(loss) on derivatives was recognised for the current quarter and financial period ended 30 September 2023.