

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

(Incorporated in Malaysia)

QUARTERLY REPORT

Quarterly report on consolidated results for the financial quarter and three months ended March 31, 2024

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTER AND THREE MONTHS ENDED MARCH 31, 2024

	INDIVIDUAL 1ST QUARTER		CUMULATIVE 1ST QUARTER	
	31/03/2024 Unaudited RM'000	31/03/2023 Unaudited RM'000	31/03/2024 Unaudited RM'000	31/03/2023 Unaudited RM'000
1 Revenue	2,068,052	1,963,377	2,068,052	1,963,377
2 Operating expenses	(2,009,385)	(1,911,138)	(2,009,385)	(1,911,138)
3 Other operating income	1,884	4,190	1,884	4,190
4 Profit before interest and tax	60,551	56,429	60,551	56,429
5 Finance costs	(6,465)	(6,848)	(6,465)	(6,848)
6 Profit before tax	54,086	49,581	54,086	49,581
7 Taxation	(13,639)	(12,547)	(13,639)	(12,547)
8 Profit for the period, net of tax	40,447	37,034	40,447	37,034
9 Net profit for the period	40,447	37,034	40,447	37,034
10 Other comprehensive income :				
- Currency translation differences arising from consolidation	5	3	5	3
11 Total comprehensive income	40,452	37,037	40,452	37,037
12 Net profit attributable to owners of the parent	40,447	37,034	40,447	37,034
13 Total comprehensive income attributable to owners of the parent	40,452	37,037	40,452	37,037
14 Earnings per share (EPS) based on item 12 above (See Note 1 below)				
(i) EPS attributable to owners of parent (sen)	25.65	23.49	25.65	23.49
15 Cash earnings per share (EPS) (See Notes 1 and 2 below)				
(i) Cash EPS attributable to owners of parent (sen)	29.55	27.41	29.55	27.41

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 MARCH 31, 2024**

	31/03/2024 Unaudited RM'000	31/12/2023 Audited RM'000
1 Non Current Assets		
Property, plant and equipment	29,617	28,978
Right-of-use assets	111,602	117,867
Intangible assets	360,695	364,168
Deferred tax assets	10,258	8,864
	<u>512,172</u>	<u>519,877</u>
2 Current Assets		
Inventories	912,939	870,330
Trade and other receivables	1,820,481	1,641,689
Cash and bank balances	33,167	39,026
	<u>2,766,587</u>	<u>2,551,045</u>
3 Total Assets	<u>3,278,759</u>	<u>3,070,922</u>
4 Equity		
Ordinary share capital	182,172	182,172
Foreign currency translation reserve	190	185
Retained earnings	749,723	709,276
Equity attributable to owners of parent	<u>932,085</u>	<u>891,633</u>
5 Current Liabilities		
Trade and other payables	1,720,742	1,574,106
Derivative financial instrument	159	4
Lease liabilities	32,855	35,735
Borrowings	468,555	358,000
Taxation	14,373	9,038
	<u>2,236,684</u>	<u>1,976,883</u>
6 Non Current Liabilities		
Borrowings	17,324	105,708
Lease liabilities	88,744	91,979
Long term liabilities	2,833	2,833
Deferred tax liabilities	1,089	1,886
	<u>109,990</u>	<u>202,406</u>
7 Total Liabilities	<u>2,346,674</u>	<u>2,179,289</u>
8 Total Equity and Liabilities	<u>3,278,759</u>	<u>3,070,922</u>
9 Net assets per share attributable to ordinary equity holders of the company (RM)	<u>5.9121</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 THREE MONTHS ENDED MARCH 31, 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>THREE MONTHS ENDED MARCH 31, 2024</u>					
At January 1, 2024	157,658	182,172	185	709,276	891,633
Total comprehensive income for the period	-	-	5	40,447	40,452
At March 31, 2024	157,658	182,172	190	749,723	932,085
<u>THREE MONTHS ENDED MARCH 31, 2023</u>					
At January 1, 2023	157,658	182,172	173	649,211	831,556
Total comprehensive income for the period	-	-	3	37,034	37,037
Dividends	-	-	-	(25,225)	(25,225)
At March 31, 2023	157,658	182,172	176	661,020	843,368

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 THREE MONTHS ENDED MARCH 31, 2023**

	31/03/2024 Unaudited RM'000	31/03/2023 Unaudited RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	54,086	49,581
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	2,586	2,462
Depreciation of right-of-use assets	8,977	8,677
Amortization of intangible assets	3,473	3,473
Net unrealized derivative gains	(2)	(1,479)
Gain on disposal of property, plant and equipment	-	(12)
Property, plant and equipment written off	1	1
Interest income	(38)	(128)
Interest expenses	4,874	5,176
Interest expenses on lease liabilities	1,591	1,672
Allowance for trade receivables	1,348	375
Inventories written off	5,198	6,029
Net write-down/(reversal of write-down) of slow moving inventories	1,954	(1,302)
Net unrealized foreign exchange (gains)/losses	(41)	457
Operating cash flows before changes in working capital	<u>84,007</u>	<u>74,982</u>
Changes in working capital:		
Inventories	(49,330)	(142,771)
Trade and other receivables	(181,357)	(162,234)
Trade and other payables	146,819	151,798
	<u>(83,868)</u>	<u>(153,207)</u>
Interest paid	(6,436)	(6,781)
Interest received	38	125
Tax paid	(9,278)	(9,714)
	<u>(15,676)</u>	<u>(16,370)</u>
Net cash flows used in operating activities	<u>(15,537)</u>	<u>(94,595)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(3,393)	(4,412)
Proceed from disposal of property, plant and equipment	-	66
Net cash flows used in investing activities	<u>(3,393)</u>	<u>(4,346)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Borrowings	22,171	198,660
Repayment of lease liabilities	(9,105)	(8,305)
Dividend paid	-	(25,225)
Net cash flows generated from financing activities	<u>13,066</u>	<u>165,130</u>
CHANGES IN CASH AND CASH EQUIVALENTS	<u>(5,864)</u>	<u>66,189</u>
CURRENCY TRANSLATION DIFFERENCES	5	3
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	39,026	35,923
CASH AND CASH EQUIVALENTS AT END OF REPORTING YEAR	<u><u>33,167</u></u>	<u><u>102,115</u></u>
Note : Cash and cash equivalents comprise of :-		
Cash and bank balances	33,167	102,115
	<u><u>33,167</u></u>	<u><u>102,115</u></u>

The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited annual financial statements for the year ended December 31, 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 Three Months Ended March 31, 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	1,119,080	887,302	24,425	2,030,807
Rendering of services	8,211	29,034	-	37,245
Total revenue from contracts with customers	1,127,291	916,336	24,425	2,068,052
Results				
Segment profit/(loss) before interest and tax	38,783	21,911	(143)	60,551
Finance costs				(6,465)
Taxation				(13,639)
Profit for the financial period, net of tax				40,447
<u>As at March 31, 2024</u>				
Net assets				
Segment assets	1,958,129	1,165,382	73,210	3,196,721
Unallocated assets				82,038
Total assets				3,278,759
Segment liabilities	(756,656)	(827,308)	(59,738)	(1,643,702)
Unallocated liabilities				(702,972)
Total liabilities				(2,346,674)
Other information				
Capital expenditure	242	1,463	1,673	3,378
Depreciation of property, plant and equipment	593	1,068	1,076	2,737
Depreciation of right-of-use assets	5,197	2,152	1,697	9,046
Amortization of intangible assets	3,040	433	-	3,473
Allowance for trade receivables	750	598	-	1,348
Inventories written off	4,730	724	(256)	5,198

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 Three Months Ended March 31, 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	1,126,746	782,916	20,232	1,929,894
Rendering of services	9,914	23,569	-	33,483
Total revenue from contracts with customers	1,136,660	806,485	20,232	1,963,377
Results				
Segment profit/(loss) before interest and tax	37,772	19,193	(536)	56,429
Finance costs				(6,848)
Taxation				(12,547)
Profit for the financial period, net of tax				<u>37,034</u>
As at March 31, 2023				
Net assets				
Segment assets	1,980,933	1,091,089	76,728	3,148,750
Unallocated assets				140,949
Total assets				<u>3,289,699</u>
Segment liabilities	(815,114)	(798,198)	(69,518)	(1,682,830)
Unallocated liabilities				(763,501)
Total liabilities				<u>(2,446,331)</u>
Other information				
Capital expenditure	585	1,606	826	3,017
Depreciation of property, plant and equipment	706	1,124	762	2,592
Depreciation of right-of-use assets	4,949	2,227	1,570	8,746
Amortization of intangible assets	3,040	433	-	3,473
(Reversal of)/loss allowance on trade receivables	(43)	473	(55)	375
Inventories written off	4,948	939	142	6,029

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 May 16, 2024.

2. Accounting Policies and Basis of Preparation

The unaudited condensed consolidated interim financial statements for the current quarter and three months ended March 31, 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 March 31, 2024.

9. Segment Information

The Group's segmental information for the financial three months ended March 31, 2024, and March 31, 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	
	March 31, 2024	March 31, 2023	March 31, 2024	March 31, 2023
	RM'000	RM'000	RM'000	RM'000
Depreciation of property, plant, and equipment	2,586	2,462	2,586	2,462
Depreciation of right-of-use assets	8,977	8,677	8,977	8,677
Amortization of intangible assets	3,473	3,473	3,473	3,473
Net unrealized derivative gains	(2)	(1,479)	(2)	(1,479)
Rental income	(761)	(646)	(761)	(646)
Interest income	(38)	(128)	(38)	(128)
Interest expenses	4,874	5,176	4,874	5,176
Interest expenses on lease liabilities	1,591	1,672	1,591	1,672
Gain on disposal of property, plant, and equipment	-	(12)	-	(12)
Allowance for trade receivables	1,348	375	1,348	375
Inventories written off	5,198	6,029	5,198	6,029
Net write-down/(reversal of write-down) of slow-moving inventories	1,954	(1,302)	1,954	(1,302)
Net unrealized foreign exchange (gains)/losses	(41)	457	(41)	457
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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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 three months ended March 31, 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 three months ended March 31, 2024, and March 31, 2023, as well as the balances with the related parties as of March 31, 2024, and March 31, 2023:

	Current Period Ended March 31, 2024 RM'000	Preceding Period Ended March 31, 2023 RM'000	Intercompany Balances - Due From/(to) As at	
			March 31, 2024 RM'000	March 31, 2023 RM'000
Sale of goods and services:				
- related companies (goods and services)	5,241	1,824	5,603	1,178
- related companies (rental)	172	190	96	110
- related companies (cost sharing)	122	216	113	405
- related companies (human resource and information technology charges)	133	165	89	124
	<u>5,668</u>	<u>2,395</u>	<u>5,901</u>	<u>1,817</u>
Purchase of goods and services:				
- related companies (goods and services)	(2,502)	(6,915)	(1,839)	(4,605)
- related company (management fee)	(2,657)	(2,595)	-	-
- related companies (royalty fee)	(2,266)	(1,748)	(118)	-
- related company (information technology charges)	(9,919)	(9,418)	(10,203)	(521)
Others:				
interest (expense)/income				
- immediate holding company	(104)	8	(68)	-
- intermediate holding company	(125)	(106)	(82)	(69)
	<u>(17,573)</u>	<u>(20,774)</u>	<u>(12,310)</u>	<u>(5,195)</u>

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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 March 31, 2024, and up to May 16, 2024.

16. Capital Commitments

Authorized capital commitments not provided for in this interim financial report as of March 31, 2024, are as follows:

	RM'000
Contracted	<u>1,276</u>
Analyzed as follows:	
- Property, plant, and equipment	<u>1,276</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – THREE MONTHS ENDED MARCH 31, 2024
(II) Compliance with Appendix 9B of the Listing Requirements
1. Review of Performance

	Individual 1 st Quarter				Immediately Preceding 4 th Quarter			Cumulative 1 st Quarter			
	31/03/2024	31/03/2023	Changes		31/12/2023	Changes		31/03/2024	31/03/2023	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	2,068,052	1,963,377	104,675	5.3%	1,930,526	137,526	7.1%	2,068,052	1,963,377	104,675	5.3%
Profit before interest and tax	60,551	56,429	4,122	7.3%	51,047	9,504	18.6%	60,551	56,429	4,122	7.3%
Profit before tax	54,086	49,581	4,505	9.1%	44,404	9,682	21.8%	54,086	49,581	4,505	9.1%
Profit after tax	40,447	37,034	3,413	9.2%	32,334	8,113	25.1%	40,447	37,034	3,413	9.2%
Profit attributable to owners of the parent	40,447	37,034	3,413	9.2%	32,334	8,113	25.1%	40,447	37,034	3,413	9.2%

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1. Review of Performance (Continued)

Quarterly

Revenue for the quarter improved by 5.3% compared to the corresponding first quarter of 2023, from RM 2.0 billion to RM 2.1 billion, and increased by 7.1% compared to the preceding fourth quarter of 2023, which amounted to RM 1.9 billion. The improvement in revenue was driven by strong growth from existing clients and sales from new clients in the Healthcare segment, higher outlet sales for the Others segment, and resilient sales for the Consumer Goods segment.

Operating expenses for the quarter increased by 5.1%, from RM 1.9 billion to RM 2.0 billion compared to the corresponding first quarter of 2023 and increased by 6.8% compared to the preceding fourth quarter of 2023. This increase compared to corresponding first quarter of 2023 was largely in line with the movement in revenue with lower logistics costs.

Consequently, the profit before tax for the quarter improved by 9.1% compared to the same quarter of 2023. Compared to the preceding fourth quarter, profit before tax increased by 21.8% benefiting from lower allowance for trade receivables, lower logistics costs and non-recurring one-off cost.

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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 1 st Quarter				Immediately Preceding 4 th Quarter			Cumulative 1 st Quarter			
	31/03/2024	31/03/2023	Changes		31/12/2023	Changes		31/03/2024	31/03/2023	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	1,127,291	1,136,660	(9,369)	(0.8%)	1,051,326	75,965	7.2%	1,127,291	1,136,660	(9,369)	(0.8%)
Segment profit before interest and tax	38,783	37,772	1,011	2.7%	27,481	11,302	41.1%	38,783	37,772	1,011	2.7%

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Consumer Goods Segment (Continued)

Quarterly

Revenue for the quarter remained resilient, reducing by 0.8% compared to the corresponding first quarter of 2023, from RM 1,136.7 million to RM 1,127.3 million, while improving by 7.2% compared to the preceding fourth quarter of 2023, which amounted to RM 1,051.3 million. The slightly lower revenue compared to the corresponding first quarter of 2023 was due to soft consumer demand. The improvement in revenue compared with the preceding fourth quarter of 2023 was contributed by higher festive sales and growth from existing and newly secured clients.

The operating profit for the quarter was RM 38.8 million, 2.7% higher than RM 37.8 million reported for the same first quarter in 2023 and improved by 41.1% or RM 11.3 million reported for the preceding fourth quarter of 2023. The operating profit grew against the corresponding first quarter mainly due to improvements in personnel costs, while compared to preceding fourth quarter, it was contributed by revenue growth and lower allowances for trade receivables and lower logistic costs in the quarter.

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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 1 st Quarter				Immediately Preceding 4 th Quarter			Cumulative 1 st Quarter			
	31/03/2024	31/03/2023	Changes		31/12/2023	Changes		31/03/2024	31/03/2023	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	916,336	806,485	109,851	13.6%	853,110	63,226	7.4%	916,336	806,485	109,851	13.6%
Segment profit before interest and tax	21,911	19,193	2,718	14.2%	25,180	(3,269)	(13.0%)	21,911	19,193	2,718	14.2%

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Healthcare Segment (Continued)

Quarterly

Revenue for the quarter improved by 13.6% compared to the corresponding first quarter of 2023, rising from RM 806.5 million to RM 916.3 million, and improved by 7.4% compared to the preceding fourth quarter of 2023, which was RM 853.1 million. The improvement in revenue was driven by strong growth from existing and newly secured clients.

The operating profit for the quarter was RM 21.9 million, 14.2% higher than RM 19.2 million reported for the same quarter in 2023, while 13.0% lower than RM 25.2 million reported for the preceding fourth quarter of 2023. The improvement in operating profit compared to the corresponding first quarter of 2023 was driven by sales growth, while the decline in operating profit against preceding fourth quarter of 2023 was due to the phasing of promotional expenses.

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Others Segment

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

	Individual 1 st Quarter				Immediately Preceding 4 th Quarter			Cumulative 1 st Quarter			
	31/03/2024	31/03/2023	Changes		31/12/2023	Changes		31/03/2024	31/03/2023	Changes	
	RM'000	RM'000	RM'000	%	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	24,425	20,232	4,193	20.7%	26,090	(1,665)	(6.4%)	24,425	20,232	4,193	20.7%
Segment loss before interest and tax	(143)	(536)	393	73.3%	(1,614)	1,471	91.1%	(143)	(536)	393	73.3%

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Others Segment (Continued)

Quarterly

At the end of the first quarter of 2024, there were a total of 91 outlets located in Malaysia, as well as two outlets in Brunei. Revenue for the quarter grew by 20.7% from RM 20.2 million to RM 24.4 million compared to the corresponding first quarter of 2023 and reduced by 6.4% in comparison with the preceding fourth quarter of 2023, which was RM 26.1 million. The higher revenue compared to the corresponding first quarter of 2023 reflects stronger festive sales and price adjustments effective from mid-June 2023. The lower revenue compared to the preceding fourth quarter of 2023 was due to strong year end sales.

The operating loss for the quarter was RM 0.1 million, improved by 73.3% against corresponding first quarter of 2023 and 91.1% against preceding fourth quarter of 2023. The improvement against the same first quarter of 2023 was a result of strong sales in the current quarter, while compared to preceding fourth quarter, there was a 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 first quarter of 2024 compared to the fourth quarter of 2023.

3. Prospects

Despite challenges arising from the current macroeconomic climate, 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 March 31, 2024 RM'000	Quarter ended March 31, 2023 RM'000	Period ended March 31, 2024 RM'000	Period ended March 31, 2023 RM'000
Current year income tax	15,830	13,611	15,830	13,611
Deferred tax	(2,191)	(1,064)	(2,191)	(1,064)
	<u>13,639</u>	<u>12,547</u>	<u>13,639</u>	<u>12,547</u>

The effective tax rate for the quarter and three months ended was approximately the same as similar quarter, there was no significant fluctuation on the non-deductible expenses. 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 remain incomplete as of May 16, 2024.

7. Group Borrowings and Debt Securities

	As at March 31, 2024 RM'000	As at March 31, 2023 RM'000
Unsecured and fully denominated in Ringgit Malaysia:		
<u>Short Term Borrowings</u>		
- Bank borrowings	<u>468,555</u>	<u>426,000</u>
<u>Long Term Borrowings</u>		
- Advances from holding companies	17,324	13,676
- Bank borrowings	-	130,000
	<u>17,324</u>	<u>143,676</u>
Total borrowings	<u>485,879</u>	<u>569,676</u>

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8. Disclosure of Derivatives

Type of derivatives	Contract / Notional Value March 31, 2024 RM'000	Fair Value March 31, 2024 RM'000
Foreign exchange contracts - less than 1 year	74,404	74,245
Total	74,404	74,245

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 March 31, 2024, resulting in an unrealized derivative loss of RM 0.2 million.

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 May 16, 2024.

11. Dividend Proposed or Declared

The Directors have recommended a final single tier dividend of 17.0 sen per ordinary shares in respect of the financial year ended December 31, 2023.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 three months ended March 31, 2024, are RM 40,447,000 and RM 40,447,000, 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 three months ended March 31, 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
May 16, 2024