



YENHER

YENHER HOLDINGS BERHAD

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia under Companies Act 2016)

**Interim Financial Report
For The First Quarter Ended
31 March 2023**

26 May 2023

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the First Quarter Ended 31 March 2023

Condensed consolidated statement of financial position

| | As at 31.03.2023 | As at 31.12.2022 |
|---|---------------------------|---------------------------|
| | Unaudited RM | Audited RM |
| Assets | | |
| Non-current Assets | | |
| Property, plant and equipment | 49,460,083 | 48,022,346 |
| Intangible assets | 351,141 | 381,277 |
| | <u>49,811,224</u> | <u>48,403,623</u> |
| Current Assets | | |
| Inventories | 41,756,185 | 39,056,790 |
| Trade and other receivables | 86,566,931 | 92,315,440 |
| Placements in money market funds | 22,476,765 | 36,792,106 |
| Short-term deposits, cash and bank balances | 39,810,475 | 27,155,400 |
| | <u>190,610,356</u> | <u>195,319,736</u> |
| Total Assets | <u>240,421,580</u> | <u>243,723,359</u> |
| Equity and Liabilities | | |
| Equity Attributable to Owners of the Company | | |
| Share capital | 177,429,501 | 177,429,501 |
| Merger deficit | (115,534,500) | (115,534,500) |
| Exchange translation reserve | 9,506 | 15,601 |
| Revaluation reserve | 17,160,607 | 17,253,097 |
| Retained profits | 136,129,231 | 135,519,367 |
| Total Equity | <u>215,194,345</u> | <u>214,683,066</u> |
| Non-current Liabilities | | |
| Deferred tax liabilities | 2,372,436 | 2,360,337 |
| Lease liabilities | 462,826 | 694,157 |
| | <u>2,835,262</u> | <u>3,054,494</u> |
| Current Liabilities | | |
| Lease liabilities | 913,958 | 906,435 |
| Bank borrowings | - | 1,000,000 |
| Trade and other payables | 21,441,496 | 23,694,257 |
| Tax payable | 36,519 | 385,107 |
| | <u>22,391,973</u> | <u>25,985,799</u> |
| Total Liabilities | <u>25,227,235</u> | <u>29,040,293</u> |
| Total Equity and Liabilities | <u>240,421,580</u> | <u>243,723,359</u> |
| Number of ordinary shares in issue | 300,000,000 | 300,000,000 |
| Net assets per share of the Company (RM) | <u>0.72</u> | <u>0.72</u> |

The condensed consolidated statement of financial position should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the First Quarter Ended 31 March 2023**Condensed consolidated statement of profit or loss and other comprehensive income**

| | Note | Quarter ended | | Year-to-date ended | |
|--|------|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| | | 31.03.2023 Unaudited RM | 31.03.2022 Unaudited RM | 31.03.2023 Unaudited RM | 31.03.2022 Unaudited RM |
| Revenue | A11 | 78,401,489 | 76,088,347 | 78,401,489 | 76,088,347 |
| Cost of sales | | (66,290,241) | (64,109,025) | (66,290,241) | (64,109,025) |
| Gross profit | | 12,111,248 | 11,979,322 | 12,111,248 | 11,979,322 |
| Other income | | 847,532 | 337,144 | 847,532 | 337,144 |
| Selling and distribution costs | | (2,685,562) | (2,348,565) | (2,685,562) | (2,348,565) |
| Administrative expenses | | (3,679,561) | (3,313,638) | (3,679,561) | (3,313,638) |
| Research and development costs | | (117,321) | (172,982) | (117,321) | (172,982) |
| Other expenses | | (33,929) | (27,072) | (33,929) | (27,072) |
| Operating profit | | 6,442,407 | 6,454,209 | 6,442,407 | 6,454,209 |
| Finance costs | | (8,708) | (32,578) | (8,708) | (32,578) |
| Profit before taxation | B5 | 6,433,699 | 6,421,631 | 6,433,699 | 6,421,631 |
| Taxation | B6 | (1,416,325) | (1,508,762) | (1,416,325) | (1,508,762) |
| Profit for the period | | 5,017,374 | 4,912,869 | 5,017,374 | 4,912,869 |
| Other comprehensive income, net of tax | | | | | |
| <i>Item that will be reclassified subsequently to profit or loss :</i> | | | | | |
| - Exchange (loss)/gain on translation of foreign operation | | (6,095) | 5,298 | (6,095) | 5,298 |
| Total other comprehensive (loss)/income for the period | | (6,095) | 5,298 | (6,095) | 5,298 |
| Total comprehensive income for the period | | 5,011,279 | 4,918,167 | 5,011,279 | 4,918,167 |
| Attributable to owners of the Company | | | | | |
| Profit for the period | | 5,017,374 | 4,912,869 | 5,017,374 | 4,912,869 |
| Total comprehensive income for the period | | 5,011,279 | 4,918,167 | 5,011,279 | 4,918,167 |
| Earnings per share attributable to owners of the Company | | | | | |
| Basic and diluted (Sen) | B12 | 1.67 | 1.64 | 1.67 | 1.64 |
| Weighted average number of ordinary shares in issue | B12 | 300,000,000 | 300,000,000 | 300,000,000 | 300,000,000 |

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the First Quarter Ended 31 March 2023

Condensed consolidated statement of changes in equity

| | Non-distributable | | | Distributable | | Total RM |
|---|---------------------|-------------------------|--|------------------------------|---------------------------|--------------------|
| | Share capital RM | Merger deficit RM | Exchange translation reserve RM | Revaluation reserve RM | Retained profits RM | |
| Year-to-date ended 31 March 2023 (Unaudited) | | | | | | |
| Balance as at 1 January 2023 | 177,429,501 | (115,534,500) | 15,601 | 17,253,097 | 135,519,367 | 214,683,066 |
| Profit for the period | - | - | - | - | 5,017,374 | 5,017,374 |
| Exchange loss on translation of foreign operation | - | - | (6,095) | - | - | (6,095) |
| Total comprehensive (loss)/income for the period | - | - | (6,095) | - | 5,017,374 | 5,011,279 |
| Transfer of revaluation surplus on land and buildings | - | - | - | (92,490) | 92,490 | - |
| Dividends paid (Note A8) | - | - | - | - | (4,500,000) | (4,500,000) |
| Balance as at 31 March 2023 | 177,429,501 | (115,534,500) | 9,506 | 17,160,607 | 136,129,231 | 215,194,345 |
| Year-to-date ended 31 March 2022 (Unaudited) | | | | | | |
| Balance as at 1 January 2022 | 177,429,501 | (115,534,500) | (2,847) | 9,286,916 | 122,758,621 | 193,937,691 |
| Profit for the period | - | - | - | - | 4,912,869 | 4,912,869 |
| Exchange gain on translation of foreign operation | - | - | 5,298 | - | - | 5,298 |
| Total comprehensive income for the period | - | - | 5,298 | - | 4,912,869 | 4,918,167 |
| Transfer of revaluation surplus on land and buildings | - | - | - | (11,011) | 11,011 | - |
| Balance as at 31 March 2022 | 177,429,501 | (115,534,500) | 2,451 | 9,275,905 | 127,682,501 | 198,855,858 |

The condensed consolidated statement of changes in equity should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the First Quarter Ended 31 March 2023**Condensed consolidated statement of cash flows**

| | Year-to-date ended | |
|---|-------------------------------|-------------------------------|
| | 31.03.2023 Unaudited RM | 31.03.2022 Unaudited RM |
| Cash flows from operating activities | | |
| Profit before taxation | 6,433,699 | 6,421,631 |
| <i>Adjustments for :-</i> | | |
| Amortisation of intangible assets | 30,137 | 27,538 |
| Depreciation of property, plant and equipment | 332,415 | 282,141 |
| Depreciation of right-of-use assets | 220,460 | 212,595 |
| Gain on changes in fair value of money market funds | (208,625) | (116,999) |
| Gain on redemption of money market funds | (1,310) | - |
| Gain on disposal of property, plant and equipment | (184,998) | (34,599) |
| Net reversal of impairment losses on trade receivables | (115,406) | (16,443) |
| Write-down in value of inventories | 150,000 | 60,000 |
| Interest expense | 8,708 | 32,578 |
| Income from placements in money market funds | (22,684) | (8,989) |
| Interest income | (294,463) | (130,991) |
| Unrealised loss/(gain) on foreign exchange | 35,735 | (1,668) |
| Operating profit before working capital changes | 6,383,668 | 6,726,794 |
| Increase in inventories | (2,846,566) | (3,152,272) |
| Decrease/(Increase) in trade and other receivables | 4,665,032 | (9,331,561) |
| Decrease in trade and other payables | (1,100,314) | (1,380,262) |
| Cash generated from/(utilised in) operations | 7,101,820 | (7,137,301) |
| Interest received | 294,463 | 130,991 |
| Interest paid | (8,708) | (32,578) |
| Tax paid | (1,752,815) | (1,666,332) |
| Net cash from/(used in) operating activities | 5,634,760 | (8,705,220) |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (1,990,614) | (868,107) |
| Proceeds from disposal of property, plant and equipment | 185,000 | 34,600 |
| Net redemption from money market funds | 14,525,277 | 1,094,285 |
| Income from placements in money market funds | 22,684 | 8,989 |
| Net cash from investing activities | 12,742,347 | 269,767 |

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the First Quarter Ended 31 March 2023**Condensed consolidated statement of cash flows (Cont'd)**

| | Year-to-date ended | |
|--|---------------------------|--------------------------|
| | 31.03.2023 | 31.03.2022 |
| | Unaudited | Audited |
| | RM | RM |
| Cash flows from financing activities | | |
| Net (repayment)/drawdown of borrowings | (1,000,000) | 3,007,000 |
| Payments of lease liabilities | (223,808) | (209,375) |
| Dividend paid | (4,500,000) | - |
| Net cash (used in)/from financing activities | <u>(5,723,808)</u> | <u>2,797,625</u> |
| Net increase/(decrease) in cash and cash equivalents | 12,653,299 | (5,637,828) |
| Effect of foreign exchange difference on cash and cash equivalents | 1,776 | (14,900) |
| Cash and cash equivalents at beginning of period | <u>26,792,250</u> | <u>38,340,466</u> |
| Cash and cash equivalents at end of period | <u>39,447,325</u> | <u>32,687,738</u> |

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise the following amounts from the condensed consolidated statement of financial position :

| | As at | As at |
|---|--------------------------|--------------------------|
| | 31.03.2023 | 31.03.2022 |
| | RM | RM |
| Short-term deposits, cash and bank balances, as presented in the condensed consolidated statement of financial position | 39,810,475 | 34,296,777 |
| Less : Short-term deposits pledged as security | <u>(363,150)</u> | <u>(1,609,039)</u> |
| Cash and cash equivalents, as presented in the condensed consolidated statement of cash flows | <u>39,447,325</u> | <u>32,687,738</u> |

The condensed consolidated statement of cash flows should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

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Interim Financial Report for the First Quarter Ended 31 March 2023

Part A : Explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”)

134 Interim Financial Reporting

A1. Basis of preparation

This interim financial report of Yenher Holdings Berhad (“Yenher” or “Company”) and its subsidiaries (collectively, the “Group”) is unaudited and has been prepared in accordance with the requirements of MFRS 134 and International Accounting Standard (“IAS”) 34 *Interim Financial Reporting* as well as Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”).

This interim financial report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant accounting policies

A2.1 Adoption of new MFRS and amendments to MFRSs

The significant accounting policies and methods of computations adopted by the Group in this interim financial report are consistent with those adopted in the audited consolidated financial statements of the Group for the financial year ended 31 December 2022, except for the adoption of the following new MFRS and amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) and which are relevant and mandatory for the current financial year-to-date under review :

MFRS 17, Insurance Contracts

Amendments to MFRS 17 - Insurance Contracts

Amendment to MFRS 17 - Initial Application of MFRS 17 and MFRS 9 - Comparative Information

Amendments to MFRS 101 - Disclosure of Accounting Policies

Amendments to MFRS 108 - Definition of Accounting Estimates

Amendments to MFRS 112 - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the above new MFRS and amendments to MFRSs did not have any significant effect on the financial statements of the Group and did not result in significant changes to the Group's existing accounting policies.

A2.2 Amendments to MFRSs that are in issue but not yet effective

The Group has not early adopted the following amendments to MFRSs that have been issued by the MASB but are not yet effective :-

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16 - Lease Liability in a Sale and Leaseback

Amendments to MFRS 101 - Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the First Quarter Ended 31 March 2023

**Part A : Explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”)
134 Interim Financial Reporting (Cont'd)**

A2. Significant accounting policies (Cont'd)

A2.2 Amendments to MFRSs that are in issue but not yet effective (Cont'd)

Effective for annual periods beginning on or after a date to be determined by the MASB

Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The Group will apply the above amendments to MFRSs that are applicable once they become effective and their adoption is not expected to have any significant impact on the Group's financial statements in the period of initial application.

A3. Auditors' report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2022.

A4. Seasonal or cyclical factors

The Group's business is not subjected to any seasonal or cyclical trend.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting the assets, liabilities, equity, net income and cash flows of the Group during the current quarter and financial year-to-date under review.

A6. Material changes in estimates

There were no material changes in estimates of amounts reported in the prior financial years that have a material effect on the financial results of the Group for the current quarter and financial year-to-date under review.

A7. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter and financial year-to-date under review.

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the First Quarter Ended 31 March 2023**Part A : Explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”)
134 Interim Financial Reporting (Cont'd)****A8. Dividends paid**

On 27 February 2023, the Directors of the Company declared a second single-tier interim dividend of 1.50 sen per ordinary share amounting to RM4,500,000 for the financial year ended 31 December 2022. The dividend was paid on 31 March 2023 to holders of the ordinary shares whose names appeared in the Record of Depositors at the close of business on 15 March 2023. There were no dividends paid during the previous corresponding financial period.

Save as disclosed above, there were no other dividends paid or declared during the current quarter and year-to-date under review.

A9. Property, plant and equipment (“PPE”)

The Group acquired PPE amounting to RM1.99 million during the current quarter and the financial year-to-date under review.

There were no material disposals of PPE during the current quarter and financial year-to-date under review.

There were no other valuations of PPE during the current quarter and financial year-to-date under review.

A10. Impairment losses

Save as disclosed in Note B5 below, there were no other impairment losses or reversal of impairment losses arising from PPE, financial assets or other assets during the current quarter and financial year-to-date under review.

A11. Operating revenue

The Group's revenue from sales of goods is recognised at a point in time and is derived from the following business activities :

| | Quarter ended | | Year-to-date ended | |
|---------------|-------------------|-------------------|--------------------|-------------------|
| | 31.03.2023 | 31.03.2022 | 31.03.2023 | 31.03.2022 |
| | RM | RM | RM | RM |
| Manufacturing | 24,690,862 | 27,224,581 | 24,690,862 | 27,224,581 |
| Distribution | 53,710,627 | 48,863,766 | 53,710,627 | 48,863,766 |
| | <u>78,401,489</u> | <u>76,088,347</u> | <u>78,401,489</u> | <u>76,088,347</u> |

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

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Interim Financial Report for the First Quarter Ended 31 March 2023**Part A : Explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”)
134 Interim Financial Reporting (Cont'd)****A12. Segmental information**

The Group is mainly involved in manufacturing, supplying and marketing of health and nutrition products for livestock and companion animals which collectively are considered as one business segment. Accordingly, the operating revenue and results of this segment are reflected in the Group’s statement of profit or loss and other comprehensive income. The segment assets and liabilities are as presented in the Group’s statement of financial position.

The revenue from external customers by location of customers is set out below :

| | Quarter ended | | Year-to-date ended | |
|---------------------|-------------------|-------------------|--------------------|-------------------|
| | 31.03.2023 | 31.03.2022 | 31.03.2023 | 31.03.2022 |
| | RM | RM | RM | RM |
| Malaysian customers | 68,048,569 | 66,083,497 | 68,048,569 | 66,083,497 |
| Overseas customers | 10,352,920 | 10,004,850 | 10,352,920 | 10,004,850 |
| | <u>78,401,489</u> | <u>76,088,347</u> | <u>78,401,489</u> | <u>76,088,347</u> |

A13. Material events subsequent to the end of reporting period

There were no material events subsequent to the end of the current quarter up to the date of this interim financial report.

A14. Changes in the composition of the Group

There were no changes in the composition of the Group during the current quarter and financial year-to-date under review.

A15. Fair value of financial instruments

The Group measures its financial instruments carried at fair value in accordance with the following levels of fair value hierarchy which are categorised based on the input used in the valuation technique :

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 : Inputs other than quoted prices included within Level 1 that are observable for the asset or liability; and

Level 3 : Inputs for the asset or liability that are not based on observable market data (unobservable input).

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the First Quarter Ended 31 March 2023**Part A : Explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”)
134 Interim Financial Reporting (Cont'd)****A15. Fair value of financial instruments (Cont'd)**

The Group's financial instruments as at the end of the financial period under review measured at fair value are as follows :

| | As at 31.03.2023 RM | As at 31.12.2022 RM |
|---|---------------------------|---------------------------|
| Level 2 | | |
| Financial assets at fair value through profit or loss - Placements in money market funds | 22,476,765 | 36,792,106 |

The fair value of the placements in money market funds is determined by reference to market price at the end of the reporting period.

A16. Contingent liabilities and contingent assets

There were no contingent liabilities and contingent assets as at the end of the reporting period.

A17. Capital commitments

| | As at 31.03.2023 RM | As at 31.12.2022 RM |
|---|---------------------------|---------------------------|
| Authorised and contracted capital expenditure not provided for in the financial statements : | | |
| - Acquisition of property, plant and equipment | 10,389,914 | 10,399,298 |
| Authorised but not contracted for : | | |
| - Acquisition of property, plant and equipment | - | 1,185,471 |
| - Construction of a new factory building | 30,065,215 | 30,065,215 |
| | 30,065,215 | 31,250,686 |

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the First Quarter Ended 31 March 2023**Part A : Explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”)
134 Interim Financial Reporting (Cont'd)****A18. Significant related party transactions**

| | Quarter ended | | Year-to-date ended | |
|---|---------------|------------|--------------------|------------|
| | 31.03.2023 | 31.03.2022 | 31.03.2023 | 31.03.2022 |
| | RM | RM | RM | RM |
| Transactions with a company in which certain Directors of the Group have substantial financial interests : | | | | |
| - Payments for leases | (252,600) | (240,000) | (252,600) | (240,000) |
| Transactions with companies in which a person connected to certain Directors of the Group has substantial financial interests : | | | | |
| - Sales of goods | 5,452,509 | 8,234,448 | 5,452,509 | 8,234,448 |
| - Purchases of goods | (109,982) | (528,742) | (109,982) | (528,742) |
| - Rendering of services | (73,742) | (209,293) | (73,742) | (209,293) |
| Rental charged by a Director of the Company | (19,500) | (4,500) | (19,500) | (4,500) |

Interim Financial Report for the First Quarter Ended 31 March 2023

Part B : Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements

B1. Performance review

The analyses of the Group performance are as follows :

| | Quarter ended | | Year-to-date ended | |
|------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | 31.03.2023 ("Q1-2023") RM | 31.03.2022 ("Q1-2022") RM | 31.03.2023 ("Q1-2023") RM | 31.03.2022 ("Q1-2022") RM |
| Revenue | 78,401,489 | 76,088,347 | 78,401,489 | 76,088,347 |
| Gross profit | 12,111,248 | 11,979,322 | 12,111,248 | 11,979,322 |
| Profit before taxation | 6,433,699 | 6,421,631 | 6,433,699 | 6,421,631 |
| Profit for the period | 5,017,374 | 4,912,869 | 5,017,374 | 4,912,869 |

In the current quarter and financial year-to-date under review, the Group recorded a total revenue of RM78.40 million, of which RM24.69 million or 31.49% was derived from its manufacturing activity while the distribution activity contributed the remaining RM53.71 million or 68.51%.

The Group recorded an slight increase in revenue to RM78.40 million in the current quarter as compared to RM76.09 million posted in the previous corresponding quarter. The increase was contributed mainly by higher sales of grain and oil seeds and pharmaceutical products.

The Group recorded a gross profit of RM12.11 million for current quarter under review of which manufacturing activity contributed RM6.83 million or 56.36% of the total gross profit while the remaining gross profit of RM5.29 million or 43.64% was contributed by its distribution activity.

The Group recorded profit before taxation of RM5.02 million for Q1-2023 and financial year-to-date under review after incurring expenses such as selling and distribution costs as well as administrative expenses. These expenses consist mainly of staff costs, transportation costs and depreciation.

The profit before taxation for Q1-2023 is RM0.01 million or 0.19% marginally higher than the profit before taxation posted by the Group for Q1-2022.

Interim Financial Report for the First Quarter Ended 31 March 2023

Part B : Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (Cont'd)

B2. Comparison with immediate preceding quarter

| | Quarter ended | Immediate preceding quarter | Changes | |
|--------------------------------|---------------------------|-----------------------------|-----------|--------|
| | 31.03.2023 ("Q1-2023") | 31.12.2022 ("Q4-2022") | RM | % |
| | RM | RM | | |
| Revenue | 78,401,489 | 78,803,121 | (401,632) | (0.51) |
| Gross profit | 12,111,248 | 12,518,404 | (407,156) | (3.25) |
| Selling and distribution costs | (2,685,562) | (2,818,870) | 133,308 | (4.73) |
| Administrative expenses | (3,679,561) | (3,089,165) | (590,396) | 19.11 |
| Profit before taxation | 6,433,699 | 6,738,458 | (304,759) | (4.52) |

The Group's revenue for Q1-2023 decreased by 0.51% to RM78.40 million from RM78.80 million recorded in Q4-2022. The decrease was mainly contributed by the decrease in revenue from the manufacturing activity.

The Group's gross profit margin decreased by 44 percentage points from 15.89% in Q4-2022 to 15.45% in Q1-2023. The drop in profit margin was primarily influenced by the change in contributions from the Group's product mix.

B3. Prospect of the Group for the financial year ending 31 December 2023

The Board views that 2023 to be a challenging year with the outbreak of animal diseases in Malaysia affecting our customers in the sector they operate, coupled with a rising interest rate environment and the inflationary pressures impacting the cost of living and households purchasing power.

The Group will continue to explore new products and opportunities in tapping on our core strengths as one of the major integrated one stop solutions provider in ASEAN region's livestock industry full life cycle from breeding to maturity in our provision of animal nutrition, bio feed compound, managing health and advisory services to our customers.

Barring any unforeseen circumstances, the Group is cautiously optimistic that it will continue to perform well in the upcoming financial year 2023, while continuously assessing and monitoring if adjustments need to be made in our business strategy.

The Group continues to prioritise its business expansion into new markets and the development of its product portfolio through dedicated research and development efforts. To further support this expansion plan, the Group has scheduled awarded the construction project for the new manufacturing plant on 26 May 2023.

Interim Financial Report for the First Quarter Ended 31 March 2023

Part B : Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (Cont'd)

B3. Prospect of the Group for the financial year ending 31 December 2023 (Cont'd)

The completion of the construction project is estimated to be in June 2025, with a projected duration of approximately 24 months. Based on the previous estimate, the expected completion date for the construction of the manufacturing plant was set to be in the fourth quarter of 2023. However, after careful consideration of the past economic conditions and the inflated construction costs, the Group, in response to the situation, deferred the commencement of construction work. This deferment was to maintain prudent financial practices and avoid unnecessary overspending.

The construction of the new manufacturing plant remains a critical component of the Group's business expansion strategy. It signifies our commitment to meeting the growing demand for our products and enhancing our competitive position in the market.

B4. Variance of actual profit from profit forecast or profit guarantee

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

B5. Profit before taxation

| | Quarter ended | | Year-to-date ended | |
|---|---------------|------------|--------------------|------------|
| | 31.03.2023 | 31.03.2022 | 31.03.2023 | 31.03.2022 |
| | RM | RM | RM | RM |
| This includes the following items of income/(expense) : | | | | |
| Interest income | 294,463 | 130,991 | 294,463 | 130,991 |
| Income from placements in money market funds | 22,684 | 8,989 | 22,684 | 8,989 |
| Gain on changes in fair value of money market funds | 208,625 | 116,999 | 208,625 | 116,999 |
| Gain on redemption of money market funds | 1,310 | - | 1,310 | - |
| Gain on disposal of property, plant and equipment | 184,998 | 34,599 | 184,998 | 34,599 |
| Realised gain/(loss) on foreign exchange | 8,656 | (26,975) | 8,656 | (26,975) |
| Unrealised (loss)/gain on foreign exchange | (35,735) | 1,668 | (35,735) | 1,668 |
| Write-down in value of inventories | (150,000) | (60,000) | (150,000) | (60,000) |
| Amortisation of intangible assets | (30,137) | (27,538) | (30,137) | (27,538) |
| Depreciation of property, plant and equipment | (332,415) | (282,141) | (332,415) | (282,141) |
| Depreciation of right-of-use assets | (220,460) | (212,595) | (220,460) | (212,595) |
| Net reversal of impairment losses on trade receivables | 115,406 | 16,443 | 115,406 | 16,443 |
| Interest expense | (8,708) | (32,578) | (8,708) | (32,578) |

Save as disclosed above, the other disclosure items as required under Paragraph 16, Part A of Appendix 9B of the Listing Requirements are not applicable.

Interim Financial Report for the First Quarter Ended 31 March 2023

Part B : Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (Cont'd)

B6. Taxation

| | Quarter ended | | Year-to-date ended | |
|--|------------------|------------------|--------------------|------------------|
| | 31.03.2023 RM | 31.03.2022 RM | 31.03.2023 RM | 31.03.2022 RM |
| Current tax | 1,404,226 | 1,561,300 | 1,404,226 | 1,561,300 |
| Deferred tax expense/(income) resulting from origination and reversal of temporary differences | 12,099 | (52,538) | 12,099 | (52,538) |
| | <u>1,416,325</u> | <u>1,508,762</u> | <u>1,416,325</u> | <u>1,508,762</u> |
| Effective tax rate (%) | 23.19% | 23.19% | 22.01% | 23.49% |
| Statutory tax rate (%) | 24.00% | 24.00% | 24.00% | 24.00% |

The effective tax rate of the Group for the current quarter and financial year-to-date under review was slightly lower than the statutory tax rate mainly due to higher non-taxable income.

B7. Status of corporate proposals

There was no corporate proposal announced by the Company but not completed as at the date of this interim financial report.

B8. Utilisation of proceeds from the Public Issue

The status of the utilisation of gross proceeds from the Public Issue of approximately RM61.21 million is as follows :

| | Proposed utilisation RM'000 | Actual utilisation RM'000 | Balance unutilised RM'000 | Intended timeframe for utilisation from the date of listing |
|---|--------------------------------|------------------------------|------------------------------|---|
| Details of the use of proceeds | | | | |
| Construction of a new Good Manufacturing Practice ("GMP") compliant manufacturing plant | 31,000 | 2,412 | 28,588 | Within 30 months |
| Purchase of new machinery and equipment | 9,700 | - | 9,700 | Within 30 months |
| Working capital | 16,709 | 17,276 | (567) | Within 36 months |
| Estimated listing expenses | 3,800 | 3,233 | 567 | Within 1 month [#] |
| Total | <u>61,209</u> | <u>22,921</u> | <u>38,288</u> | |

[#] The balance of unutilised proceeds allocated for listing expenses had been reallocated for the Group's working capital purposes.

The use of proceeds as disclosed above should be read in conjunction with the Company's Prospectus dated 22 June 2021.

Interim Financial Report for the First Quarter Ended 31 March 2023

Part B : Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (Cont'd)

B9. Borrowings and debt securities

| | As at 31.03.2023 RM | As at 31.12.2022 RM |
|----------------------|------------------------------------|------------------------------------|
| Bankers' acceptances | - | 1,000,000 |

Save as disclosed above, the Group does not have any other borrowings and debt securities outstanding as at the end of the current quarter under review.

B10. Derivative financial instruments

The Group has entered into forward foreign exchange contracts to manage the foreign currency exposures arising from the Group's receivables and payables denominated in United States Dollar (USD) and European Union Euro (EURO). The notional principal amount of the Group's outstanding forward foreign exchange contracts as at 31 March 2023 in was RM4.33 million (31.03.2022 : RM4.21 million) and have maturities of less than one year as at the end of the reporting period. The fair value of these outstanding forward foreign exchange contracts has not been recognised in the current quarter under review as the financial impact is considered as immaterial.

B11. Fair value of financial liabilities

There was no gain or loss arising from fair value changes of financial liabilities for the current quarter and financial year-to-date under review as the Group did not have any financial liabilities measured at fair value.

B12. Earnings per share ("EPS")

| | Quarter ended | | Year-to-date ended | |
|---|----------------------|-------------------|---------------------------|-------------------|
| | 31.03.2023 | 31.03.2022 | 31.03.2023 | 31.03.2022 |
| Profit attributable to owners of the Company (RM) | 5,017,374 | 4,912,869 | 5,017,374 | 4,912,869 |
| Weighted average number of shares in issue | 300,000,000 | 300,000,000 | 300,000,000 | 300,000,000 |
| Basic and diluted EPS (Sen) | 1.67 | 1.64 | 1.67 | 1.64 |

The basic EPS is computed based on the profit attributable to owners of the Company for the period divided by the weighted average number of ordinary shares in issue during the financial period under review. The diluted EPS is equivalent to the basic EPS as there were no dilutive potential ordinary shares outstanding as at the end of the financial period under review.

B13. Material litigations

There was no material litigation involving the Group since the date of the last annual statement of financial position to the date of this interim financial report.

Yenher Holdings Berhad

(Registration No. 202001008388 (1364708-X))

(Incorporated in Malaysia)

Interim Financial Report for the First Quarter Ended 31 March 2023

Part B : Explanatory notes pursuant to Part A, Appendix 9B of the Listing Requirements (Cont'd)

B14. Dividend declared

Save as disclosed in Note A8 above, there was no dividend that has been declared or recommended for payment by the Directors of the Company during the financial year-to-date under review.

By Order of the Board
Company Secretary
26 May 2023