



# 1QFY2022 Results Update

28 September 2021



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## Review by Segment

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# 1QFY2022 vs. 1QFY2021

For the first quarter ended 31 July 2021, the Group recorded lower revenue of RM49.14 million, a decrease of 31.0% as compared to the previous corresponding period of RM71.25 million.

- ✓ The decrease in revenue was mainly attributed to lower sales contribution from all three main divisions.
- ✓ However, gross profit margin improved to 42.3% from 36.6% in the previous corresponding period, thanks to a favourable change of sales mix and price adjustments on selected products for the Wholesale division during the quarter under review.
- ✓ The imposition of various phases of Movement Order Control (MCOs) has hurt overall business sentiments. According to the Malaysia Institute Economic Research (MIER), the consumer Sentiment Index in the 2<sup>nd</sup> quarter of 2021 stayed below the 100 points threshold level and dived to a low of 64.3 points, indicating a lack of confidence among consumers amid the prolonged health crisis.

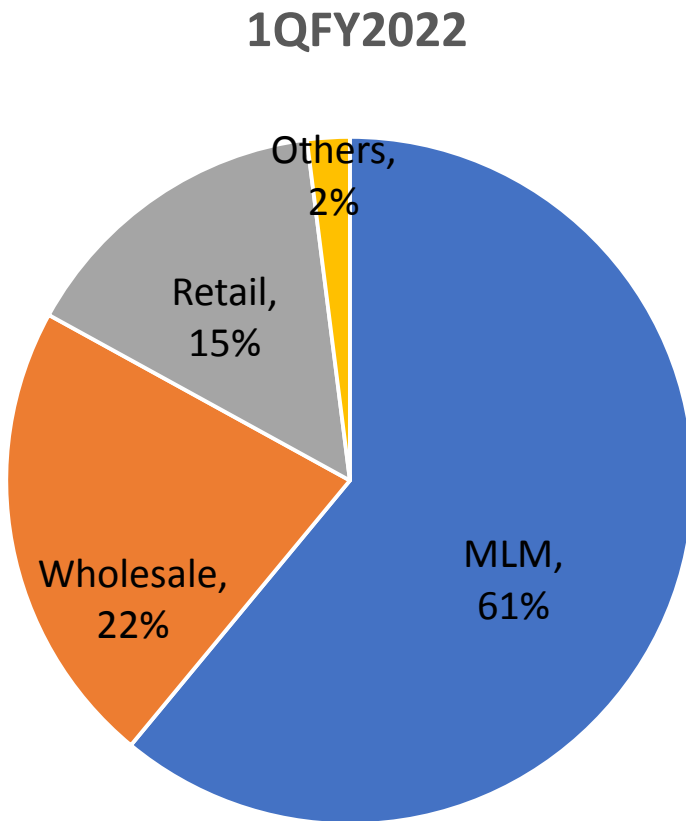
# 1QFY2022 vs. 1QFY2021

	<b>1QFY2022 31 July 2021  (RM'mil)</b>	<b>1QFY2021 31 July 2020  (RM'mil)</b>	<b>Variance +/-</b>
Revenue	49.14	71.25	<b>-31.0%</b>
Pre-tax Profit	9.39	13.65	<b>-31.2%</b>
Profit attributable to owners	7.00	10.26	<b>-31.8%</b>
Net Margin (%)	14.2%	14.4%	<b>-0.2%</b>
EPS (sen)	2.42	3.53	<b>-1.11 sen</b>

# Statement of Financial Position

	<b>1QFY2022 31 July 2021  (RM'mil)</b>	<b>FYE2021 30 Apr 2021 (audited) (RM'mil)</b>
Net Cash + Short Term Investment	104.26	113.45
Total Assets	357.77	371.50
Total Liabilities	42.88	48.40
Shareholders' Equity	304.50	312.76
Net Assets per Share (RM)	1.01	1.08

# Segment Revenue



Segment	1QFY2022 31 July 2021		1QFY2021 31 July 2020	
	(RM'mil)	(%)	(RM'mil)	(%)
<b>MLM</b>	30.08	61%	49.34	69%
<b>Wholesale</b>	10.81	22%	13.17	18%
<b>Retail</b>	7.25	15%	7.87	11%
<b>Others</b>	1.00	2%	0.87	2%
<b>Total</b>	<b>49.14</b>	<b>100%</b>	<b>71.25</b>	<b>100%</b>



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Review by  
Segment

Multi Level Marketing (“MLM”)

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Wholesale

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Retail

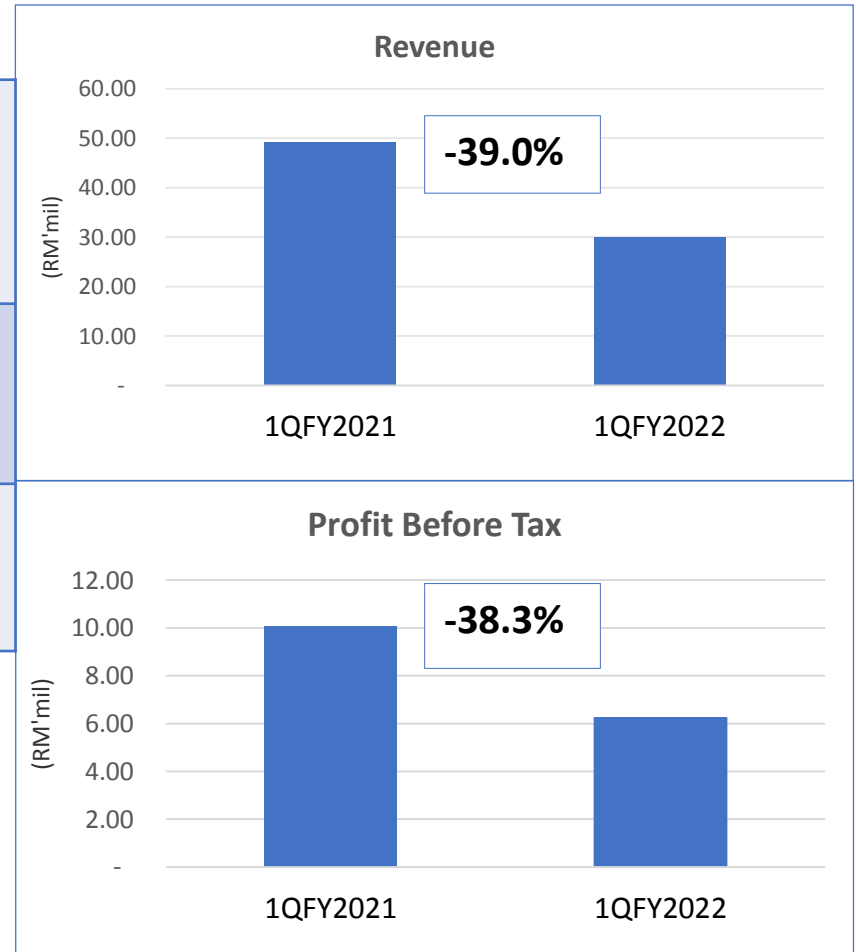
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Others

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# MLM

MLM Segment	1QFY2022 31 July 2021  (RM'mil)	1QFY2021 31 July 2020  (RM'mil)	Changes  (%)
External Revenue	30.08	49.34	-39.0%
Profit Before Tax	6.24	10.07	-38.3%





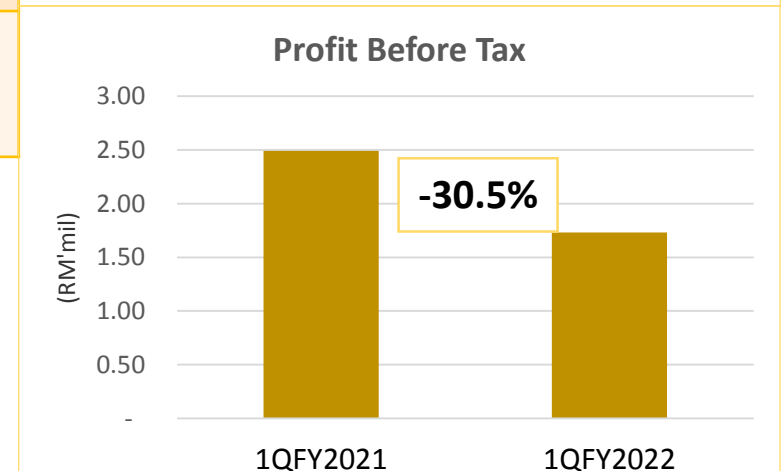
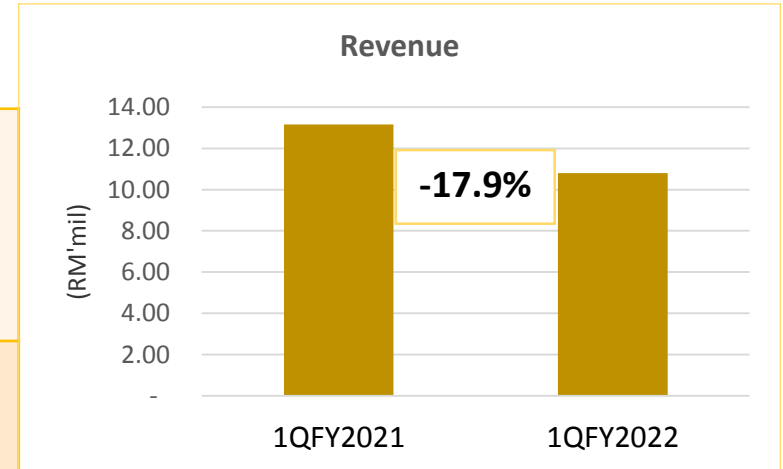
# MLM

MLM revenue and pre-tax profit decreased by 39.0% and 38.3% to RM30.1 million and RM6.2 million, as compared to the preceding year's corresponding quarter of RM49.3 million and RM10.1 million respectively.

- ✓ A higher base was recorded in the previous year's corresponding quarter due to the overwhelming response of the Duit Raya and other sales campaigns, further boosted by a higher distributor base due to the successful free membership campaign.
- ✓ The division has faced extended challenges since the imposition of various phases of the MCOs in the 1st quarter of FY2022. Members have continued to cut down spending in view of weak market sentiment and purchasing power. Besides, the slowdown in members' recruitment and renewal has further affected business activities during the quarter under review.

# Wholesale

Wholesale Segment	1QFY2022 31 July 2021  (RM'mil)	1QFY2021 31 July 2020  (RM'mil)	Changes  (%)
External Revenue	10.81	13.17	-17.9%
Profit Before Tax	1.73	2.49	-30.5%



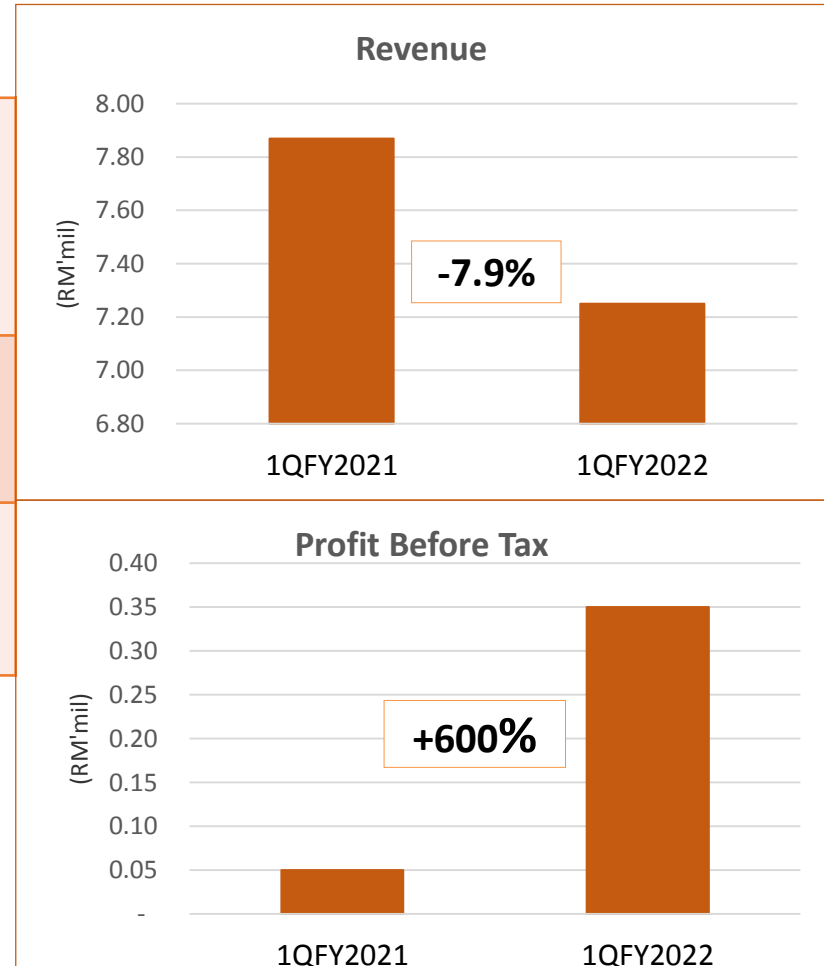
# Wholesale

Divisional revenue and pre-tax profit decreased by 17.9% and 30.5% to RM10.81 million and RM1.7 million respectively, partly due to the higher base in preceding year's corresponding quarter which benefited from the partial deferment of orders post MCO 1.0.

- ✓ The demand for premium medicated tonic and patented medicine was affected by weakened spending power due to prolonged lockdown and the various phases of MCOs imposed by the Government. In particular, the delivery of non-essential goods was disallowed since May 2021 has further dampened sales in the quarter ended July 2021.
- ✓ Besides, higher sales were recorded in Q4FY2021 when the division carried out "last-buy" sales campaign prior to price revisions for its Chinese medicated tonic range of products resulting lower orders in the subsequent quarter.

# Retail

Retail Segment	1QFY2022 31 July 2021 (RM'mil)	1QFY2021 31 July 2020 (RM'mil)	Changes (%)
External Revenue	7.25	7.87	-7.9%
Profit Before Tax	0.35	0.05	+600.0%



# Retail

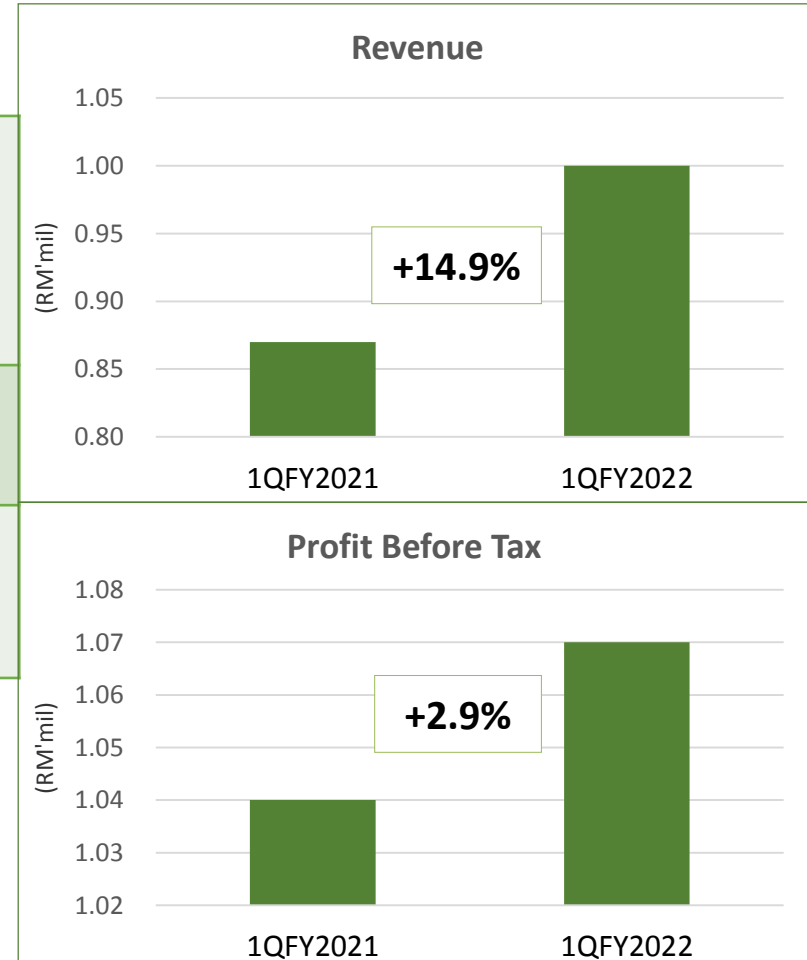
The retail industry was the most direct victim of the pandemic, and those with physical outlets like Hai-O are hit particularly hard by various MCOs imposed since May 2021. Besides movement restrictions, consumers have also turned even more cautious and cut down their spending on high value products due to weak purchasing power and elevated unemployment.

Divisional revenue dropped by 7.9% to RM7.3 million as compared to preceding year's corresponding quarter of RM7.9 million. In order to sustain business momentum, the division has carried out various sales campaigns and aggressive promotions on various online platforms.

Pre-tax profit improved from breakeven to RM0.4 million, thanks to various cost optimization measures during the quarter under review.

# “Others” Segment

“Others” Segment	1QFY2022 31 July 2021 (RM'mil)	1QFY2021 31 July 2020 (RM'mil)	Changes (%)
External Revenue	1.00	0.87	+14.9%
Profit Before Tax	1.07	1.04	+2.9%



# “Others” Segment

Revenue comprises mainly rental income from investment properties, health food supplement manufacturing activities and credit & leasing business.

During the period under review, pre-tax profit improved marginally by 2.9% to RM1.1 million due mainly to higher contribution from the manufacturing division.



# Thank You

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