



DSR TAIKO BERHAD

Registration No.: 202101001462 (1401760-W)
(Incorporated in Malaysia under the Companies Act, 2016)

ADDITIONAL INFORMATION ACCOMPANYING THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

CHARACTERISTICS OF THE LEAP MARKET OF BURSA MALAYSIA SECURITIES BERHAD (**BURSA SECURITIES**).

THE LEAP MARKET HAS BEEN POSITIONED AS A MARKET DESIGNED TO ACCOMMODATE CORPORATIONS TO WHICH A HIGHER INVESTMENT RISK MAY BE ATTACHED THAN OTHER CORPORATIONS LISTED ON THE ACE MARKET OR MAIN MARKET OF BURSA SECURITIES. IT IS A QUALIFIED MARKET WHICH IS MEANT MAINLY FOR SOPHISTICATED INVESTORS ONLY. ONLY EXISTING SECURITIES HOLDERS AND SOPHISTICATED INVESTORS ARE ALLOWED TO PARTICIPATE IN CORPORATE EXERCISES UNDERTAKEN BY DSR TAIKO BERHAD. SOPHISTICATED INVESTORS SHOULD BE AWARE OF THE POTENTIAL RISKS OF INVESTING IN SUCH CORPORATIONS AND SHOULD MAKE THE DECISION TO INVEST ONLY AFTER DUE AND CAREFUL CONSIDERATION.

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PART A: ADDITIONAL INFORMATION REQUIRED UNDER PART B OF APPENDIX 6A OF THE LEAP MARKET LISTING REQUIREMENTS OF BURSA SECURITIES

1. Review of performance

DSR Taiko group (“**DSR Taiko Group** or **Group**”) is an integrated durian producer which specialises in the full spectrum of the durian agribusiness value chain, from upstream durian plantation to downstream activities.

(i) Revenue

The Group has recorded a revenue of RM7.80 million for the financial year ended (“**FYE**”) 30 June 2022. The revenue generated was mainly attributable to the increase of the supply of fresh durians harvested from our plantations and the increase in sales of our downstream durian-based products.

(ii) Gross Profit (“**GP**”) and GP margin

The Group recorded a GP of RM3.85 million and a GP margin of 49.40% for the FYE 2022 as compared to GP of RM0.65 million and GP margin of 55.84% in the previous financial year, representing an increase of RM3.20 million. The lower GP margin recorded by the Group was mainly due to the increase in cost incurred for the upkeep of our durian plantations (includes durian plantation wages, fertiliser and pest control, and upkeep of machinery).

(iii) Loss before tax (“**LBT**”)

The Group recorded a LBT of RM0.26 million for the FYE 2022. Our LBT has improved by RM0.21 million as compared to LBT of RM0.47 million for the FYE 2021. The LBT has improved in line with the increase in revenue recorded by the Group. The LBT recorded for the FYE 2022 of RM0.26 million was mainly due listing fee incurred of RM0.73 million. After the elimination of this non-recurring expense of RM0.73 million, the Group would have a normalised profit before tax of RM0.47 million.

2. Prospects

As disclosed in the Company's Information Memorandum dated 20 May 2022, the Group has in place the following future plan and strategy to further expand its business:

- (i) Expansion of the matured durian plantations - Apart from the completion of the acquisition of four (4) durian plantation lands in the financial year 30 June 2022, the Group is continuously exploring for potential and new durian plantation lands with matured durian trees in Raub and Bentong regions to increase our plantation landbank.
- (ii) Research and Development ("R&D") and commercialisation of new durian-based products - The R&D division of our Group will work to develop and formulate new and innovative downstream durian-based products to be introduced to our customers. We believe that the downstream sector in the durian industry will continue to remain positive for the years to come.
- (iii) Introduction of Internet of Things ("IoT") solutions in operations - The Group has installed and implemented an integrated tracking system that monitors the entire supply chain of our operations (MKITS) and is in the midst of introducing other IoT solutions in our operations. This would allow the Group to enhance productivity and promote efficient estate management by leveraging on advanced technologies. We expect the introduction and implementation of the IoT solutions in our operations to be completed by end 2022.
- (iv) Expansion on retail operations - The Group is in the midst of setting up of our third D.Masking flagship store in Kulai, Johor. In addition, we are planning to set up our own D.Masking kiosks in shopping malls to sell a selection of our D.Masking durian-based products. Furthermore, we have progressively expanded our distributions network to 34 Daily Fresh Food Sdn Bhd's kiosks in Malaysia.
- (v) Overseas markets expansion - The Group is in the midst of discussion with prospective investors to facilitate D.Masking retail expansion into the overseas market. In addition, the Group is also focusing on securing an export permit by the end of 2022 to facilitate our expansion into the overseas market.

The Board is cautiously optimistic on the Group's prospects for the next financial year and will remain committed to providing quality durian fruits and D.Masking durian-based products.

PART B: OTHER INFORMATION

1. STATUS OF CORPORATE PROPOSAL

There were no corporate proposals announced but pending completion as at the date of this report.