

Chairman's Statement

DATO' DR. ONG ENG LONG @ ONG SIEW CHUAN

Chairman
Senior Independent
Non-Executive Director



Chairman's Statement

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Dear Shareholders,

Just as the global economy began to emerge from the COVID-19 pandemic over the past year, the tragic war in Ukraine resulted in renewed urgency for humanitarian aid and fresh uncertainty in global markets. The impact of rapidly shifting consumer behaviour combined with the disruptions to supply chains and inflationary pressures required businesses to drastically adapt their strategies with the sexual health industry being no exception.

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At the forefront of our operation efforts during the year was optimising our global supply chain to navigate transport disruptions in order to deliver products to customers in a timely and cost-effective manner. This required leveraging on our investments in automation to improve efficiencies and offset the cost inflation that plagued global markets during the year. We also continued to develop our capabilities across our Group with regards to our digital market presence, quality assurance and research and development to prepare ourselves for the changing global landscape.

In terms of financial performance, our Group delivered another year of record sales numbers, growing revenue to RM421.6 million, driven mainly by strong sales from condoms and personal lubricants. Despite these efforts, disruptions to global logistics networks, volatility in raw material prices, continuing COVID-19 related expenses and the implementation of a higher minimum wage in Malaysia were several factors that put immense pressure on profitability resulting in a loss for the year.

Sustainability continued to remain at the forefront of our business strategies as we continue to evolve as an organisation. We refreshed our sustainability materiality assessment during the year, taking into account a wider range of stakeholder priorities including that of our employees, customers, suppliers and regulators. It remains encouraging that these sustainability efforts amongst others, were again recognised with another successive year of ESG Rating improvements and our continued inclusion on the FTSE4Good Bursa Malaysia Index.

During the year, our Group suffered an immeasurable loss with the passing of our late Chairman, Tun Dato' Seri Arshad Ayub. He had served on our Board of Directors as Chairman since November 2012 and provided invaluable guidance on countless occasions for the better part of the past decade. His leadership will be sorely missed but he leaves behind a lasting legacy of perseverance, hard work and dedication that will continue to be embodied by everyone at Karex.

Whilst the immediate future will undoubtedly be challenging, I believe that our Group remains well positioned and headed in the right direction. This would not be possible without the collective efforts of the people that make up this company. Their persistence and passion remain at the heart of everything that Karex does and on behalf of the Board, I want to thank them for their efforts. Finally, I would also like to express my deepest appreciation to our shareholders for their continued support.

Dato' Dr. Ong Eng Long @ Ong Siew Chuan
Chairman