



DXN Holdings Bhd.

(Registration No. 199501033918 (363120 - V))
(Incorporated in Malaysia)

and its subsidiaries

**Unaudited Interim Financial Report
for the Second Quarter Ended 31 August 2024**



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2024**

	31.08.2024	28.02.2024
	Unaudited	Audited
	RM'000	RM'000
Assets		
Property, plant and equipment	737,016	752,596
Right-of-use assets	50,469	45,747
Investment properties	6,466	6,758
Intangible assets	6,018	5,641
Deferred tax assets	111,855	120,317
Prepayments	32,281	25,523
Total non-current assets	944,105	956,582
Biological assets	1,130	366
Inventories	279,307	334,061
Contract assets	1,422	935
Trade and other receivables, including prepayments	106,180	108,752
Current tax assets	68,036	56,212
Short term investments	26,218	77,769
Cash and cash equivalents	654,628	564,390
Total current assets	1,136,921	1,142,485
Total assets	2,081,026	2,099,067

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2024 (CONTINUED)**

	31.08.2024 Unaudited RM'000	28.02.2024 Audited RM'000
Equity		
Share capital	214,620	214,620
Reserves	1,083,671	1,063,682
Equity attributable to owners of the Company	1,298,291	1,278,302
Non-controlling interests	79,098	79,961
Total equity	1,377,389	1,358,263
Liabilities		
Loans and borrowings	2,847	3,065
Retirement benefits	5,787	6,727
Lease liabilities	16,054	12,313
Deferred tax liabilities	15,277	12,183
Total non-current liabilities	39,965	34,288
Loans and borrowings	133,559	162,357
Lease liabilities	9,308	7,935
Trade and other payables, including derivatives	492,512	501,689
Current tax liabilities	28,293	34,535
Total current liabilities	663,672	706,516
Total liabilities	703,637	740,804
Total equity and liabilities	2,081,026	2,099,067
<i>Net assets per share (RM)</i>	0.28 ⁽ⁱ⁾	0.27 ⁽ⁱ⁾

Notes:

- (i) Computed based on total equity divided by the total number of ordinary shares in issue of 4,985,000,000 and after deducting the number of treasury shares of 12,238,500.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME**

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	31.08.2024 Unaudited RM'000	31.08.2023 Unaudited RM'000	31.08.2024 Unaudited RM'000	31.08.2023 Unaudited RM'000
Revenue	488,433	458,309	963,486	882,291
Other income	6,319	5,790	13,696	10,003
Changes in work-in-progress and manufactured inventories	(10,417)	(17,376)	(22,336)	27,835
Raw materials used and trading inventories sold	(70,726)	(58,741)	(133,430)	(171,681)
Depreciation and amortisation	(15,549)	(13,343)	(31,991)	(25,419)
Employee benefits expense	(49,929)	(40,014)	(98,379)	(79,037)
Net loss on impairment of financial assets	(42)	(320)	(303)	(290)
Other expenses	(238,230)	(214,469)	(445,427)	(399,131)
Results from operating activities	109,859	119,836	245,316	244,571
Interest income	3,982	2,433	8,214	4,119
Finance costs	(2,367)	(4,164)	(5,722)	(6,468)
Profit before tax	111,474	118,105	247,808	242,222
Tax expense	(41,544)	(38,271)	(90,776)	(81,598)
Profit for the period	69,930	79,834	157,032	160,624

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (CONTINUED)**

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	31.08.2024 Unaudited RM'000	31.08.2023 Unaudited RM'000	31.08.2024 Unaudited RM'000	31.08.2023 Unaudited RM'000
Total other comprehensive income, net of tax:				
Item that may be reclassified subsequently to profit or loss				
- Foreign currency translation differences for foreign operations	(40,033)	(8,713)	(43,635)	23,564
Total comprehensive income for the period	29,897	71,121	113,397	184,188
Profit for the period attributable to:				
Owners of the Company	65,973	76,015	151,536	153,617
Non-controlling interests	3,957	3,819	5,496	7,007
	69,930	79,834	157,032	160,624
Total comprehensive income for the period attributable to:				
Owners of the Company	30,759	66,614	114,260	174,331
Non-controlling interests	(862)	4,507	(863)	9,857
	29,897	71,121	113,397	184,188
Basic/Diluted earnings per ordinary share (sen)	1.33	1.52	3.05	3.12



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←————— <i>Attributable to owners of the Company</i> —————→					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	←————— <i>Non-distributable</i> —————→		————— <i>Distributable</i> —————→					
	Share capital RM'000	Treasury Shares RM'000	Translation reserve RM'000	Share option reserve RM'000	Retained earnings RM'000			
At 1 March 2023	60,191	-	(5,365)	-	908,253	963,079	62,052	1,025,131
Profit for the period	-	-	-	-	153,617	153,617	7,007	160,624
Foreign currency translation differences for foreign operations representing other comprehensive income for the period	-	-	20,714	-	-	20,714	2,850	23,564
Total comprehensive income for the period	-	-	20,714	-	153,617	174,331	9,857	184,188
Shares issued pursuant to Initial Public Offering	112,000	-	-	-	-	112,000	-	112,000
Share issuance expenses	(3,413)	-	-	-	-	(3,413)	-	(3,413)
Bonus issue	45,842	-	-	-	(45,842)	-	-	-
Dividends paid to owners of the Company	-	-	-	-	(59,880)	(59,880)	-	(59,880)
Total transaction with owners of the Company	154,429	-	-	-	(105,722)	48,707	-	48,707
At 31 August 2023	214,620	-	15,349	-	956,148	1,186,117	71,909	1,258,026



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	←——— <i>Attributable to owners of the Company</i> ———→					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	←——— <i>Non-distributable</i> ———→			→ <i>Distributable</i>				
	Share capital RM'000	Treasury Shares RM'000	Translation reserve RM'000	Share option reserve RM'000	Retained earnings RM'000			
At 1 March 2024	214,620	(7,819)	46,680	1,000	1,023,821	1,278,302	79,961	1,358,263
Profit for the period	-	-	-	-	151,536	151,536	5,496	157,032
Foreign currency translation differences for foreign operations representing other comprehensive expense for the period	-	-	(37,276)	-	-	(37,276)	(6,359)	(43,635)
Total comprehensive (expense)/income for the period	-	-	(37,276)	-	151,536	114,260	(863)	113,397
Share-based payment transactions	-	-	-	115	-	115	-	115
Dividends paid to owners of the Company	-	-	-	-	(94,483)	(94,483)	-	(94,483)
Total transaction with owners of the Company	-	-	-	115	(94,483)	(94,368)	-	(94,368)
Effect of subsidiaries strike off	-	-	-	-	97	97	-	97
At 31 August 2024	214,620	(7,819)	9,404	1,115	1,080,971	1,298,291	79,098	1,377,389

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended	
	31.08.2024 Unaudited RM'000	31.08.2023 Unaudited RM'000
Cash flows from operating activities		
Profit before tax	247,808	242,222
Adjustments for :		
Depreciation of :		
- Property, plant and equipment	25,028	19,948
- Right-of-use assets	6,793	5,346
- Investment properties	115	116
Amortisation of intangible assets	55	9
Fair value changes on biological assets	(684)	(438)
Retirement benefits expense	87	199
Property, plant and equipment written off	226	458
Impairment loss on property, plant and equipment	635	2,326
Gain on derecognition of right-of-use and lease liability	(155)	-
Interest income	(8,214)	(4,119)
(Gain)/Loss on disposal of property, plant and equipment	(55)	176
Interest expense	5,722	6,468
Loss on strike off subsidiaries	97	-
Net impairment loss on financial assets	303	290
Share-based payments	115	-
Operating profit before working capital changes	277,876	273,001
Changes in :		
Inventories	41,087	(42,496)
Biological assets	(111)	-
Trade and other receivables	(6,367)	(3,582)
Contract assets	(487)	(75)
Trade and other payables	64,304	33,610
Cash generated from operations	376,302	260,458
Tax paid	(104,763)	(139,241)
Retirement benefits paid	(423)	(232)
Net cash from operating activities	271,116	120,985

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(CONTINUED)**

	6 months ended	
	31.08.2024	31.08.2023
	Unaudited	Unaudited
	RM'000	RM'000
Cash flows from investing activities		
Purchase of :		
- Property, plant and equipment	(56,772)	(63,241)
- Right-of-use assets	(468)	(11,297)
- Intangible assets	(436)	(48)
Proceeds from disposal of property, plant and equipment	66	492
Acquisition of a subsidiary, net of cash and cash equivalents	-	(11,244)
Interest received	8,214	4,119
Placement of pledged deposits	(64)	-
Withdrawal/(placement) of short-term investments	50,865	(21,621)
Net cash from/(used in) investing activities	1,405	(102,840)
Cash flows from financing activities		
Dividends paid to owners of the Company	(139,335)	(59,880)
Interest paid	(5,722)	(8,136)
(Repayment)/Drawdown of :		
- Lease liabilities	(5,931)	(5,932)
- Hire purchase liabilities	(899)	(640)
- Revolving credits	(18,453)	8,416
- Term loans	(174)	(51,559)
Proceeds from issuance of shares	-	112,000
Shares issuance expenses	-	(3,413)
Net cash used in financing activities	(170,514)	(9,144)
Net increase in cash and cash equivalents	102,007	9,001
Foreign currency translation differences	(11,848)	16,576
Cash and cash equivalents at beginning of the period	563,791	456,270
Cash and cash equivalents at end of the period	<u>653,950</u>	<u>481,847</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(CONTINUED)**

A. Cash and Cash Equivalents

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

	31.08.2024 Unaudited RM'000	31.08.2023 Unaudited RM'000
Cash and cash equivalents	654,628	481,904
Less: Pledged deposits	(116)	(57)
Less: Bank overdraft	(562)	-
	<u>653,950</u>	<u>481,847</u>

B. Purchase of Property, Plant and Equipment

	31.08.2024 Unaudited RM'000	31.08.2023 Unaudited RM'000
Total additions	50,370	64,761
<i>Add/(Less):</i>		
Amount financed through hire purchase	(779)	(493)
Changes in prepayment for purchase of property, plant and equipment	7,181	641
Interest expense capitalised	-	(1,668)
	<u>56,772</u>	<u>63,241</u>

C. Dividends paid to owners of the Company

	31.08.2024 Unaudited RM'000	31.08.2023 Unaudited RM'000
Dividends declared during the period	94,483	59,880
Amount paid for dividend declared in prior year	44,852	-
	<u>139,335</u>	<u>59,880</u>

PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 AUGUST 2024

A1. Basis of Preparation

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Listing Requirements”), requirements of MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board (“MFRS Accounting Standards”), IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the requirements of the Companies Act 2016 in Malaysia.

These condensed consolidated interim financial statements do not include all the information required for an annual financial statements and should be read in conjunction with the Group’s audited financial statements for the financial year ended 29 February 2024. These notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to the understanding of the changes in the financial position and performance of DXN Holdings Bhd. (“DXNH” or the “Company”) and its subsidiaries (the “Group”) for the individual and cumulative quarters presented.

A2. Significant Accounting Policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are consistent with those followed in the preparation of the Group’s audited consolidated financial statements for the financial year ended 29 February 2024, except for the adoption of the following new standards:

Amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107 *Statement of Cash Flows and MFRS 7 Financial Instruments : Disclosures - Supplier Finance Arrangements*

The initial application of the above Amendments to MFRS Accounting Standards is not expected to have any material financial impact to the financial statements of the Group upon adoption.

As at the date of authorisation of these condensed consolidated interim financial statements, the following Standards and Amendments to MFRS Accounting Standards have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective and have not been adopted by the Group:

Amendments effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments and MFRS 7, Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*

PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 AUGUST 2024

A2. Significant Accounting Policies (continued)

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026 (continued)

- Amendments that are part of Annual Improvements - Volume 11:
 - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
 - Amendments to MFRS 7, *Financial Instruments: Disclosures*
 - Amendments to MFRS 9, *Financial Instruments*
 - Amendments to MFRS 10, *Consolidated Financial Statements*
 - Amendments to MFRS 107, *Statement of Cash Flows*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

Amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

A3. Auditors' Report

The audited consolidated financial statements of the Company for the financial year ended 29 February 2024 were not subject to any qualification.

A4. Seasonal or Cyclical Factors

The nature of the Group's business was not subject to any significant seasonal or cyclical factors.

A5. Unusual Items

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the financial period under review.

A6. Changes in Estimates

There were no material changes in estimates for the financial period under review.

A7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period under review.



**PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 31 AUGUST 2024**

A8. Dividend Paid

- (i) On 23 April 2024, the Board of Directors declared the fourth interim dividend of 1.00 sen per ordinary share totalling RM49.73 million for the financial year ended 29 February 2024. The dividend was paid on 30 May 2024.
- (ii) On 26 July 2024, the Board of Directors declared the first interim dividend of 0.90 sen per ordinary share totalling RM44.76 million for the financial year ending 28 February 2025. The dividend was paid on 28 August 2024.

**PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 31 AUGUST 2024 (continued)**

A9. Operating Segments

The Group has the following reportable segments as described below. The segments offer different products or services, and are managed separately because they require different technology, operational and marketing strategies. For each of the segment, the Group's Chief Executive Officer (the chief operating decision maker ("CODM")) reviews internal management reports at least on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments :

- (i) Health and wellness consumer products
Manufacture and sale of fortified food and beverages, health and dietary supplements, personal care products, skin care and cosmetics and other related products
- (ii) Investment holding
Investment holding and provision of management services
- (iii) Other non-reportable segments
Other non-reportable segments comprise the provision of lab test services, provision of consultation and treatment services with ganotherapy, operating of a café, glamping resort, marine sanctuary and related tour activities, forest plantation and related forestry support services. None of these segments met the quantitative threshold for reporting segment for financial period ended 31 August 2024 and 31 August 2023.



PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 AUGUST 2024 (continued)

A9. Operating Segments (continued)

	Manufacture and sale of health and wellness consumer products RM'000	Investment holding RM'000	Other non- reportable segments RM'000	Elimination RM'000	Consolidated RM'000
Unaudited					
31.08.2024					
Revenue					
Revenue from external customers	947,681	-	15,805	-	963,486
Inter-segment revenue	1,567	188,539	4,500	(194,606)	-
Total revenue	949,248	188,539	20,305	(194,606)	963,486
Segment profit	260,638	151,924	3,780	(168,534)	247,808
Included in the measure of segment profit are:					
- Gain on disposal of property, plant and equipment	55	-	-	-	55
- Property, plant and equipment written off	(53)	-	(173)	-	(226)
- Inventories written off	(338)	-	-	-	(338)
- Depreciation of property, plant and equipment	(20,669)	(1,041)	(3,318)	-	(25,028)
- Depreciation of right-of-use assets	(6,660)	-	(133)	-	(6,793)
- Depreciation of investment properties	(98)	-	(17)	-	(115)
- Amortisation of intangible assets	(17)	(30)	(8)	-	(55)
- Impairment loss on property, plant and equipment	-	-	(635)	-	(635)
- Impairment loss on trade and other receivables	(94)	(85)	-	-	(179)
- Bad debts written off	(120)	(4)	-	-	(124)
Segment assets	1,730,354	99,823	70,958	-	1,901,135

PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 31 AUGUST 2024 (continued)

A9. Operating Segments (continued)

	Manufacture and sale of health and wellness consumer products RM'000	Investment holding RM'000	Other non- reportable segments RM'000	Elimination RM'000	Consolidated RM'000
Unaudited					
31.08.2023					
Revenue					
Revenue from external customers	868,785	-	13,506	-	882,291
Inter-segment revenue	281	127,524	77	(127,882)	-
Total revenue	869,066	127,524	13,583	(127,882)	882,291
Segment profit	254,218	99,954	314	(112,264)	242,222
Included in the measure of segment profit are:					
- Loss on disposal of property, plant and equipment	(176)	-	-	-	(176)
- Property, plant and equipment written off	(12)	-	(446)	-	(458)
- Inventories written off	(306)	-	-	-	(306)
- Depreciation of property, plant and equipment	(16,174)	(798)	(2,976)	-	(19,948)
- Depreciation of right-of-use assets	(5,239)	-	(107)	-	(5,346)
- Depreciation of investment properties	(99)	-	(17)	-	(116)
- Amortisation of intangible assets	(5)	(3)	(1)	-	(9)
- Impairment loss on property, plant and equipment	(1,039)	-	(1,287)	-	(2,326)
- Reversal/(Impairment loss) on trade and other receivables	12	(293)	-	-	(281)
- Bad debts written off	(9)	-	-	-	(9)
Segment assets	1,602,239	156,746	61,574	-	1,820,559

**PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 31 AUGUST 2024 (continued)**

A10. Property, Plant and Equipment

The Group acquired property, plant and equipment amounting to RM50.4 million during the financial period under review.

A11. Impairment Losses

Save as disclosed in Note B4, there were no impairment losses or reversal of impairment losses arising from property, plant and equipment, financial assets, assets arising from contracts with customers or other assets during the financial period under review.

A12. Material Events Subsequent to the Statement of Financial Position Date

There were no material events subsequent to the end of the financial period under review that have not been reflected in the financial statements.

A13. Changes in the Composition of the Group

There were no material changes in the composition of the Group during the financial period ended 31 August 2024.

A14. Changes in Contingent Assets and Contingent Liabilities

There were no material contingent assets and liabilities arising since the last audited consolidated financial statements for the financial year ended 29 February 2024.

A15. Capital Commitments

	31.08.2024	29.02.2024
	Unaudited	Audited
	RM'000	RM'000
Contracted but not provided for:		
- Property, plant and equipment	<u>40,429</u>	<u>32,392</u>

**PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 31 AUGUST 2024 (continued)**

A16. Related Party Transactions

The significant related party transactions of the Group are shown below:

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	31.08.2024 Unaudited RM'000	31.08.2023 Unaudited RM'000	31.08.2024 Unaudited RM'000	31.08.2023 Unaudited RM'000
Transactions with companies in which certain Directors have a substantial financial interest				
Purchase of trading goods	555	1,309	1,657	1,457
Purchase of raw materials	-	160	70	686
Rental expense (premises)	156	142	312	284
Purchase of air tickets	138	111	294	195
Sales of property, plant and equipment	-	-	-	195
Transactions with Directors and persons connected to Directors				
Insurance premium expense	1,048	288	1,472	1,388
Rental expense (premises)	29	28	58	57
Transactions with the Foundation				
Donation and Corporate Social Responsibility contribution paid	-	-	4,467	632

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Group's Performance

Comparison with Corresponding Quarter

Financial review for current quarter compared with corresponding quarter:

	Individual quarter		Change %
	31.08.2024 Unaudited RM'000	31.08.2023 Unaudited RM'000	
Revenue	488,433	458,309	6.6
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	125,408	133,179	(5.8)
Profit before tax ("PBT")	111,474	118,105	(5.6)
Profit for the period	69,930	79,834	(12.4)
Profit for the period attributable to owners of the Company ("PATAMI")	65,973	76,015	(13.2)
EBITDA margin (%)	25.7	29.1	(11.7)
PBT margin (%)	22.8	25.8	(11.6)
PATAMI margin (%)	13.5	16.6	(18.7)

For the current quarter, the Group recorded a revenue of RM488.4 million, representing a 6.6% increase from RM458.3 million in the corresponding quarter.

Revenue growth was driven by sales increases in Peru and Bolivia, particularly as members purchased more ahead of a scheduled price adjustment.

The Group's EBITDA decreased by 5.8%, from RM133.2 million in the corresponding quarter ended 31 August 2023 to RM125.4 million for the quarter ended 31 August 2024. The EBITDA margin contracted by 11.7%, from 29.1% in the corresponding quarter to 25.7% in the current quarter.

The lower EBITDA margin was primarily due to higher foreign exchange losses resulting from the strengthening of the Malaysian Ringgit against the US dollar. Additionally, higher employee benefit and shipping costs increased due to elevated shipping rates.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)

B1. Review of Group Performance (continued)

Comparison with Immediate Preceding Quarter

Financial review for current quarter compared with immediate preceding quarter:

	Current quarter 31.08.2024 Unaudited RM'000	Preceding quarter 31.05.2024 Unaudited RM'000	Change %
Revenue	488,433	475,053	2.8
EBITDA	125,408	151,899	(17.4)
PBT	111,474	136,334	(18.2)
Profit for the period	69,930	87,102	(19.7)
PATAMI	65,973	85,563	(22.9)
EBITDA margin (%)	25.7	32.0	(19.7)
PBT margin (%)	22.8	28.7	(20.6)
PATAMI margin (%)	13.5	18.0	(25.0)

The Group's revenue increased by 2.8%, from RM475.1 million in the preceding quarter to RM488.4 million in the current quarter.

This growth was primarily driven by increased sales in Bolivia and Peru with notable sales acceleration in Peru and Bolivia ahead of an anticipated price adjustment.

The Group's EBITDA declined by 17.4%, from RM151.9 million to RM125.4 million in the current quarter. Correspondingly, the EBITDA margin declined from 32.0% in the preceding quarter to 25.7% in the current quarter.

The lower EBITDA margin was mainly due to higher foreign exchange losses and higher shipping costs. Additionally, the recognition of a higher approved indirect tax refund in the preceding quarter contributed to the margin decline in the current period.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)

B1. Review of Group Performance (continued)

Comparison with Corresponding Financial Period

Financial review for current financial period compared with corresponding financial period:

	Cumulative quarter 6 months ended		Change %
	31.08.2024 RM'000	31.08.2023 RM'000	
Revenue	963,486	882,291	9.2
EBITDA	277,307	269,990	2.7
PBT	247,808	242,222	2.3
Profit for the period	157,032	160,624	(2.2)
PATAMI	151,536	153,617	(1.4)
EBITDA margin (%)	28.8	30.6	(5.9)
PBT margin (%)	25.7	27.5	(6.5)
PATAMI margin (%)	15.7	17.4	(9.8)

The Group recorded a half-yearly revenue of RM963.5 million for the current financial period, reflecting a 9.2% increase. This growth is primarily driven by sustained sales momentum across key markets, notably in Latin America, India, and Turkey. This positive performance was due to the continued engagement of active members, successful product promotions, and an extended product portfolio in Latin America.

The EBITDA margin declined by 5.9%, from 30.6% in the corresponding cumulative quarter to 28.8% for the current cumulative quarter.

The contraction in EBITDA margin was mainly due to foreign exchange losses, arising from the appreciation of the Malaysian Ringgit during the current cumulative quarter, compared to foreign exchange gains recorded in the preceding cumulative quarter. Additionally, increased employee benefit and elevated shipping expenses further contributed to the margin reduction. These reductions was partially mitigated by an indirect tax refund received during the current cumulative quarter.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)

B2. Prospects

With a strategic focus on expansion into newer markets, sustaining growth momentum, launching innovative products, optimizing production efficiency, and maintaining resilience in the face of global uncertainties, the Group is well-positioned for continued success in financial year 2025, leveraging its strong performance in financial year 2024 and strategic expansion plans to drive further growth and success in the coming year.

B3. Profit Forecast

Not applicable as the Group did not issue any profit forecast during the financial period under review.

B4. Profit Before Taxation

Profit before taxation is arrived at after charging/(crediting):

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	31.08.2024 Unaudited RM'000	31.08.2023 Unaudited RM'000	31.08.2024 Unaudited RM'000	31.08.2023 Unaudited RM'000
Interest income	(3,982)	(2,433)	(8,214)	(4,119)
Finance costs	2,367	4,164	5,722	6,468
Depreciation and amortisation	15,549	13,343	31,991	25,419
Net loss on impairment of financial assets	42	320	303	290
(Gain)/Loss on disposal of property, plant and equipment	(10)	(45)	(55)	176
Foreign exchange loss/(gain)	20,532	(91)	22,657	(9,635)
Gain on derivatives	(25)	(56)	(52)	(63)
Impairment loss on property, plant and equipment	635	113	635	2,326
IPO expenses	-	1,020	-	10,218
Written off:				
- Property, plant and equipment	173	437	226	458
- Inventories	320	262	338	306

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)

B5. Tax Expense

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	31.08.2024 Unaudited RM'000	31.08.2023 Unaudited RM'000	31.08.2024 Unaudited RM'000	31.08.2023 Unaudited RM'000
Current tax expense				
- Current period	44,434	36,863	85,719	91,293
- Prior year	694	(1,402)	1,551	(1,320)
	<u>45,128</u>	<u>35,461</u>	<u>87,270</u>	<u>89,973</u>
Deferred tax expense				
- Current period	(5,272)	3,686	471	(7,907)
- Prior year	1,688	(876)	3,035	(468)
	<u>(3,584)</u>	<u>2,810</u>	<u>3,506</u>	<u>(8,375)</u>
	<u>41,544</u>	<u>38,271</u>	<u>90,776</u>	<u>81,598</u>
Effective tax rate for current period	35.1%	34.3%	34.8%	34.4%

The Group's effective tax rates for both quarters are higher than the statutory tax rate of 24% mainly due to the higher tax rates applicable to certain foreign subsidiaries and certain non-deductible expenses incurred.

The effective tax rate for the current quarter includes withholding tax of RM4.6 million (Q2FY2024: RM3.7 million) on dividend received from foreign subsidiary. The effective tax rate excluding the withholding tax is at 31.0% (Q2FY2024: 31.2%).

B6. Status of Corporate Proposals

There is no corporate proposal announced or not completed by the Group as at the date of this report.



PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)

B7. Loans and Borrowings

The Group's loans and borrowings are as follows:

	31.08.2024	29.02.2024
	Unaudited	Audited
	RM'000	RM'000
Non-current		
Hire purchase liabilities	2,359	2,402
Term loans, secured	488	663
	<u>2,847</u>	<u>3,065</u>
Current		
Bank overdraft, secured	562	536
Hire purchase liabilities	1,035	1,128
Term loans, secured	350	349
Revolving credits, secured	130,285	158,915
Revolving credits, unsecured	1,327	1,429
	<u>133,559</u>	<u>162,357</u>
Total loans and borrowings	<u>136,406</u>	<u>165,422</u>
Loans and borrowings:		
Islamic	1,093	476
Conventional	135,313	164,946
Total	<u>136,406</u>	<u>165,422</u>
Currency profile of borrowings:		
United States Dollar	74,181	103,643
EURO	53,659	56,701
Malaysian Ringgit	4,072	4,323
Others	4,494	755
Total	<u>136,406</u>	<u>165,422</u>

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)

B8. Derivatives

	31.08.2024		29.02.2024	
	Nominal value Unaudited RM'000	Assets Unaudited RM'000	Nominal value Audited RM'000	(Liabilities) Audited RM'000
Derivatives at fair value through profit or loss				
- Forward exchange contracts (less than 1 year)	2,182	25	923	(27)

The risks associated with the derivatives, policies to mitigate those risks, cash requirements of the derivatives and related accounting policies are unchanged since the financial year ended 29 February 2024.

B9. Material Litigation

As at the date of this report, the Group is not engaged in any governmental, legal or arbitration proceedings which may have or have had, material or significant effect on the Group's financial position or profitability, except as disclosed below:

DXN Corporation Ningxia Co., Ltd. ("DXN Ningxia"), a wholly-owned subsidiary of the Company had on 3 July 2023 terminated a Share Sale Agreement ("SSA") entered on 17 May 2022 with Fujian Anxi Jinjiang Source Tea Technology Co., Ltd ("Fujian Jinjiang") for the disposal of the entire equity interest in Florin (Fujian) Integrated Agricultural Science and Technology Co., Ltd. ("Florin Fujian") and its subsidiary, Anxi Gande Foluohua Intergated Agricultural Science and Technology Co., Ltd, ("Anxi Gande"), for a total consideration of Chinese Yuan ("RMB") 58.7 million (equivalent to RM36.3 million). Fujian Jinjiang paid a deposit of RMB10.0 million (equivalent to RM6.2 million) as the first instalment for the purchase.

Following the termination of the SSA on 5 July 2023, DXN Ningxia commenced civil proceedings against Fujian Jinjiang on 31 October 2023 to recoup the official seals and business licenses of Florin Fujian and Anxi Gande, and for Fujian Jinjiang to cooperate with the registration procedures for the change of legal representatives. DXN Ningxia also claimed several reliefs against Fujian Jinjiang including damages for breach of contract.

On 6 November 2023, Fujian Jinjiang commenced civil proceedings against DXN Ningxia to claim the sum of RMB10.0 million (equivalent to RM6.2 million) paid under the SSA.

The aforementioned civil proceedings were consolidated and heard together by the Anxi County People's Court ("the Court"). On 3 June 2024, DXN Ningxia received a civil judgement from the Court. The details of the judgement are as follows :

- (1) Fujian Jinjiang shall pay DXN Ningxia an interest of RMB318,000 (equivalent to RM196,700) within 10 days from the date of judgement;
- (2) Fujian Jinjiang shall pay DXN Ningxia a penalty for the breach of SSA amounting to RMB564,000 (equivalent to RM348,800) within 10 days from the date of judgement;

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)

B9. Material Litigation (continued)

- (3) DXN Ningxia shall refund the deposit received under the SSA of RMB10.0 million (equivalent to RM6.2 million) to Fujian Jinjiang within 1 month from the date of judgement; and
- (4) All other claims initiated by DXN Ningxia and Fujian Jinjiang were rejected by the Court.

DXN Ningxia has filed an appeal on the above judgement before the Quanzhou Intermediate People's Court ("QIPC") on 20 June 2024. On 2 September 2024, the appeal proceedings were heard by the QIPC with the judgment to be delivered at a later date. The lawyer advising DXN Ningxia on this matter is of the opinion that DXN Ningxia has a fair chance of a favorable decision from QIPC.

B10. Dividend Proposed or Declared

On 24 October 2024, the Board of Directors declared the second interim dividend of 0.80 sen per ordinary share totalling RM39.78 million for the financial year ending 28 February 2025 which will be paid on 29 November 2024 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 13 November 2024.

B11. Earnings per Ordinary Share ("EPS")

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	31.08.2024 Unaudited	31.08.2023 Unaudited	31.08.2024 Unaudited	31.08.2023 Unaudited
PATAMI (RM'000)	65,973	76,015	151,536	153,617
Weighted average number of ordinary shares ('000)	4,972,762	4,985,000	4,972,762	4,916,304 ⁽ⁱ⁾
Basic earnings per ordinary share (sen)	<u>1.33</u>	<u>1.52</u>	<u>3.05</u>	<u>3.12</u>

Note:

- (i) Included the weighted average number of ordinary shares of 160,000,000 after the completion of the Initial Public Offering.

Diluted earnings per ordinary share

The diluted earnings per ordinary share is assumed to be the same as basic earnings per ordinary share as the potential new ordinary shares from the exercise of ESOS are deemed to be anti-dilutive since the market share price is lower than the exercise price of the ESOS.



PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (continued)

B12. Fair Value of Financial Liabilities

There was no gain or loss arising from fair value changes of the Group's financial liabilities measured at fair value through profit or loss (other than derivative financial instruments as disclosed in Note B8).

BY ORDER OF THE BOARD

Lim Yew Lin
Yeow Sze Min
Company Secretaries

24 October 2024