



DXN Holdings Bhd.

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

and its subsidiaries

**Unaudited Interim Financial Report
for the Fourth Quarter Ended 28 February 2023**



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 28 FEBRUARY 2023**

	28.02.2023	28.02.2022
	Unaudited	Audited
	RM'000	RM'000
Assets		
Property, plant and equipment	646,461	584,927
Right-of-use assets	32,775	31,138
Investment properties	6,855	7,118
Intangible assets	79	55
Deferred tax assets	105,086	49,705
Prepayments	14,683	8,333
Total non-current assets	805,939	681,276
Biological assets	1,515	96
Inventories	323,127	217,226
Contract assets	643	569
Trade and other receivables, including derivatives	114,421	77,482
Current tax assets	11,197	21,142
Short term investments	44,378	33,792
Cash and cash equivalents	459,035	409,572
	954,316	759,879
Assets classified as held for sale	-	32,425
Total current assets	954,316	792,304
Total assets	1,760,255	1,473,580



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 28 FEBRUARY 2023 (CONTINUED)**

	28.02.2023	28.02.2022
	Unaudited	Audited
	RM'000	RM'000
Equity		
Share capital	60,191	60,191
Translation reserve	(5,411)	(2,309)
Retained earnings	908,253	702,857
Equity attributable to owners of the Company	963,033	760,739
Non-controlling interests	62,052	50,876
Total equity	1,025,085	811,615
Liabilities		
Loans and borrowings	49,709	32,620
Retirement benefits	5,266	5,244
Lease liabilities	12,454	14,771
Deferred tax liabilities	13,832	8,456
Total non-current liabilities	81,261	61,091
Loans and borrowings	187,861	213,565
Lease liabilities	8,891	8,068
Trade and other payables, including derivatives	396,819	337,034
Current tax liabilities	60,338	38,631
	653,909	597,298
Liabilities classified as held for sale	-	3,576
Total current liabilities	653,909	600,874
Total liabilities	735,170	661,965
Total equity and liabilities	1,760,255	1,473,580
<i>Net assets per share (RM)</i>	4.26	3.37



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

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	28.02.2023 Unaudited RM'000	28.02.2022 Unaudited RM'000	28.02.2023 Unaudited RM'000	28.02.2022 Audited RM'000
Revenue	404,997	339,353	1,600,814	1,242,856
Other income	5,625	9,730	17,063	22,443
Changes in work-in-progress and manufactured inventories	13,186	(248)	57,253	51,262
Raw materials used and trading inventories sold	(50,002)	(51,136)	(286,838)	(224,284)
Depreciation and amortisation	(11,561)	(11,795)	(38,908)	(38,590)
Employee benefits expense	(44,155)	(31,758)	(151,340)	(127,204)
Net loss on impairment of financial assets	(56)	(1,714)	(161)	(1,245)
Other expenses	(205,342)	(151,338)	(740,408)	(562,446)
Results from operating activities	112,692	101,094	457,475	362,792
Interest income	1,779	740	3,872	2,740
Finance costs	(2,049)	(765)	(5,832)	(2,614)
Profit before tax	112,422	101,069	455,515	362,918
Tax expense	(54,563)	(37,273)	(166,188)	(117,474)
Profit for the period/year	57,859	63,796	289,327	245,444

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

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	28.02.2023 Unaudited RM'000	28.02.2022 Unaudited RM'000	28.02.2023 Unaudited RM'000	28.02.2022 Audited RM'000
Total other comprehensive (expense)/income, net of tax:				
Item that may be reclassified subsequently to profit or loss				
- Foreign currency translation differences for foreign operations	(23,322)	2,095	(5,857)	6,481
Total comprehensive income for the period/year	<u>34,537</u>	<u>65,891</u>	<u>283,470</u>	<u>251,925</u>
Profit for the period/year attributable to:				
Owners of the Company	55,167	69,160	275,396	242,922
Non-controlling interests	2,692	(5,364)	13,931	2,522
	<u>57,859</u>	<u>63,796</u>	<u>289,327</u>	<u>245,444</u>
Total comprehensive income for the period/year attributable to:				
Owners of the Company	35,014	71,261	272,294	249,569
Non-controlling interests	(477)	(5,370)	11,176	2,356
	<u>34,537</u>	<u>65,891</u>	<u>283,470</u>	<u>251,925</u>
Basic earnings per ordinary share (sen)	<u>23</u>	<u>29</u>	<u>114</u>	<u>101</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← Attributable to owners of the Company →					Total equity RM'000
	Share capital RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	
At 1 March 2021	60,191	(8,956)	529,935	581,170	48,520	629,690
Profit for the year			242,922	242,922	2,522	245,444
Foreign currency translation differences for foreign operations representing other comprehensive income for the year	-	6,647	-	6,647	(166)	6,481
Total comprehensive income for the year	-	6,647	242,922	249,569	2,356	251,925
Dividends paid to owners of the Company	-	-	(70,000)	(70,000)	-	(70,000)
Total transaction with owners of the Company	-	-	(70,000)	(70,000)	-	(70,000)
At 28 February 2022 / 1 March 2022	60,191	(2,309)	702,857	760,739	50,876	811,615
Profit for the year	-	-	275,396	275,396	13,931	289,327
Foreign currency translation differences for foreign operations representing other comprehensive expense for the year	-	(3,102)	-	(3,102)	(2,755)	(5,857)
Total comprehensive income for the year	-	(3,102)	275,396	272,294	11,176	283,470
Dividends paid to owners of the Company	-	-	(70,000)	(70,000)	-	(70,000)
Total transaction with owners of the Company	-	-	(70,000)	(70,000)	-	(70,000)
At 28 February 2023	60,191	(5,411)	908,253	963,033	62,052	1,025,085

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended	
	28.02.2023 Unaudited RM'000	28.02.2022 Audited RM'000
Cash flows from operating activities		
Profit before tax	455,515	362,918
Adjustments for:		
Depreciation of:		
- Property, plant and equipment	29,105	29,473
- Right-of-use assets	9,524	8,777
- Investment properties	226	236
Amortisation of intangible assets	53	104
Fair value changes on biological assets	(1,419)	550
Gain on derecognition of right-of-use assets and lease liabilities	(69)	(48)
Retirement benefits expense	402	183
Written off on property, plant and equipment	441	1,634
Impairment loss on:		
- Property, plant and equipment	7,998	1,457
- Investment in associate	-	1
- Investment in joint venture	-	1
Interest income	(3,872)	(2,740)
Gain on disposal of property, plant and equipment	(332)	(388)
Interest expense	5,832	2,614
Bargain purchase gain on business combination	(19)	-
Operating profit before working capital changes	503,385	404,772
Changes in:		
Inventories	(101,701)	(55,300)
Trade and other receivables	(35,872)	14,586
Contract assets	(74)	296
Trade and other payables	66,388	16,365
Contract liabilities	-	(8,305)
Cash generated from operations	432,126	372,414
Tax paid	(184,521)	(112,090)
Retirement benefits paid	(548)	(311)
Net cash from operating activities	247,057	260,013

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

	12 months ended	
	28.02.2023 Unaudited RM'000	28.02.2022 Audited RM'000
Cash flows from investing activities		
Purchase of:		
- Property, plant and equipment	(90,956)	(189,451)
- Right-of-use assets	-	(1,638)
- Intangible assets	(74)	(74)
Proceeds from disposal of property, plant and equipment	2,779	1,576
Acquisition of subsidiary, net of cash and cash equivalents	(5)	-
Interest received	3,872	2,740
Placement of pledged deposits (Placement)/Withdrawal of short term investments	(19) (10,586)	(253) 159,983
Net cash used in investing activities	(94,989)	(27,117)
Cash flows from financing activities		
Dividends paid to owners of the Company	(70,000)	(122,700)
Interest paid	(8,886)	(4,961)
(Repayment)/Drawdown of:		
- Lease liabilities	(9,160)	(8,457)
- Hire purchase liabilities	(1,291)	(1,040)
- Revolving credits	(27,933)	(34,603)
- Term loans	14,742	21,759
Net cash used in financing activities	(102,528)	(150,002)
Net increase in cash and cash equivalents	49,540	82,894
Foreign currency translation differences	(291)	774
Cash and cash equivalents at beginning of the year	407,021	323,353
Cash and cash equivalents at end of the year	456,270	407,021

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

A. Cash and cash equivalents

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

	28.02.2023 Unaudited RM'000	28.02.2022 Audited RM'000
Cash and cash equivalents	459,035	409,572
Assets classified as held for sale	-	327
Less: Pledged deposits	(2,765)	(2,878)
	456,270	407,021

B. Purchase of property, plant and equipment

	28.02.2023 Unaudited RM'000	28.02.2022 Audited RM'000
Total additions	90,407	185,476
<i>Add/(Less):</i>		
Amount financed through hire purchase	(2,747)	(388)
Changes in prepayment for purchase of property, plant and equipment	6,350	6,710
Interest expense capitalised	(3,054)	(2,347)
	90,956	189,451

PART A: NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 28 FEBRUARY 2023

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 the Malaysian Financial Reporting Standards ("MFRS") 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards and the requirement of the Companies Act 2016 in Malaysia.

These condensed consolidated interim financial statements do not include all the information required for a full annual financial statement and should be read in conjunction with the Accountants' Report as included in the Prospectus of DXN Holdings Bhd. ("DXN" or the "Company") dated 28 April 2023 ("Prospectus") and the accompanying notes attached to these condensed consolidated interim financial statements. The notes attached to these 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 and its subsidiaries (the "Group") for the individual and cumulative quarters presented.

A2. Significant accounting policies

MFRSs and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts - Initial application of MFRS 17 and MFRS 9 - Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements - Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs and 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*

MFRSs and 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*

The Group plans to apply the abovementioned amendments, where applicable in the respective financial years when the abovementioned amendments become effective.

The Group does not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on or after 1 January 2023 as it is not applicable to the Group.

The initial application of the amendments, where applicable is not expected to have any material financial impacts to the current period and prior period financial statements of the Group.

**PART A: NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 28 FEBRUARY 2023 (continued)**

A3. Auditors' Report

The audited consolidated financial statements of the Company for the financial year ended 28 ("FYE") February 2022 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 unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the quarter and financial year under review.

A6. Changes in Estimates

There were no material changes in estimates for the interim period under review save for the impairment losses disclosed in Note B4.

A7. Debt and Equity Securities

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

A8. Dividends Paid

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

- i) In respect of the FYE 28 February 2022:
 - Third interim dividend of approximately 6.23 sen per ordinary share totalling RM15,000,000 declared on 7 April 2022 and paid on 8 April 2022, and
 - Fourth interim dividend of approximately 6.23 sen per ordinary share totalling RM15,000,000 declared on 28 June 2022 and paid on 15 July 2022.
- ii) In respect of the FYE 28 February 2023:
 - First interim dividend of approximately 16.61 sen per ordinary share totalling RM40,000,000 declared on 18 October 2022 and paid on 15 November 2022.



**PART A: NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 28 FEBRUARY 2023 (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.

- i. Manufacture and sale of health and wellness consumer products
Manufacture and sale of fortified food and beverages, health and dietary supplements, personal care, 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 third-party laboratory testing services, consultation and treatment services with ganotherapy, operating of a café, glamping resort, village complex, marine sanctuary and provision of tour activities, forest plantation and related forestry support services. None of these segments met the quantitative threshold for reporting segment for the FYEs 28 February 2023 and 28 February 2022.

PART A: NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 28 FEBRUARY 2023 (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					
28.02.2023					
Revenue					
Revenue from external customers	1,576,167	-	24,647	-	1,600,814
Inter-segment revenue	906,799	282,315	798	(1,189,912)	-
Total revenue	2,482,966	282,315	25,445	(1,189,912)	1,600,814
Segment profit/(loss)	454,601	213,096	(665)	(211,517)	455,515
Included in the measure of segment profit/(loss) are:					
- (Loss)/Gain on disposal of property, plant and equipment	(14)	346	-	-	332
- Written off on property, plant and equipment	(300)	-	(141)	-	(441)
- Impairment loss on property, plant and equipment	(7,998)	-	-	-	(7,998)
- Inventories written off	(752)	-	-	-	(752)
- Depreciation of property, plant and equipment	(19,248)	(3,839)	(6,018)	-	(29,105)
- Depreciation of right-of-use assets	(9,307)	-	(217)	-	(9,524)
- Depreciation of investment properties	(192)	-	(34)	-	(226)
- Amortisation of intangible assets	(10)	(37)	(6)	-	(53)
- Reversal/(Impairment loss) on trade and other receivables	56	(133)	-	-	(77)
- Bad debts written off	(36)	(48)	-	-	(84)
Segment assets	1,478,477	106,189	59,306	-	1,643,972



PART A: NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 28 FEBRUARY 2023 (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
Audited					
28.2.2022					
Revenue					
Revenue from external customers	1,222,387	-	20,469	-	1,242,856
Inter-segment revenue	595,572	226,417	131	(822,120)	-
Total revenue	1,817,959	226,417	20,600	(822,120)	1,242,856
Segment profit/(loss)	355,343	166,744	(295)	(158,874)	362,918
Included in the measure of segment profit/(loss) are:					
- Gain on disposal of property, plant and equipment	388	-	-	-	388
- Property, plant and equipment written off	(1,480)	-	(154)	-	(1,634)
- Inventories written off	(220)	-	-	-	(220)
- Depreciation of property, plant and equipment	(20,722)	(4,200)	(4,551)	-	(29,473)
- Depreciation of right-of-use assets	(8,558)	-	(219)	-	(8,777)
- Depreciation of investment properties	(202)	-	(34)	-	(236)
- Amortisation of intangible assets	(51)	(37)	(16)	-	(104)
- Impairment loss on property, plant and equipment	-	(1,457)	-	-	(1,457)
- Impairment loss on trade and other receivables	(547)	(757)	-	-	(1,304)
- Bad debts written off	(299)	(32)	(131)	-	(462)
- Bad debts recovered	521	-	-	-	521
Segment assets	1,259,620	79,285	63,828	-	1,402,733

**PART A: NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 28 FEBRUARY 2023 (continued)**

A10. Property, Plant and Equipment

The Group acquired property, plant and equipment amounting to RM90.41 million during the quarter.

As at 28 February 2023, property, plant and equipment were stated at cost less accumulated depreciation and impairment losses.

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 quarter and financial year under review.

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

- (i) The Company had on 28 March 2023 entered into a Share Sale Agreement (“SSA”) to acquire the entire equity interest of Daxen Middle East Food Manufacturing L.L.C (“Daxen Middle East”) from its existing shareholder for a total purchase consideration of UAE Dirhams 10,000,000 (equivalent to RM11.88 million).

Daxen Middle East is principally involved in manufacturing of natural (organic) food, instant & liquid coffee and food supplements.

The acquisition is expected to be completed within 3 months from the date of the SSA, following which Daxen Middle East will become a wholly-owned subsidiary of the Company.

- (ii) On 29 March 2023, DXN International Peru S.A.C. (“DXN Peru”) entered into two Purchase Option Agreements with Inmobiliaria Salonica S.A.C. to acquire four lots of land located in Parque Sector 62 – Chilca Industrial, province of Cañete department of Lima, Peru for a total purchase consideration of U.S. Dollar (“USD”) 4,463,791 (equivalent to RM19.93 million).

On 30 March 2023, DXN Peru has paid a 15% deposit amounting to USD669,569 (equivalent to RM2.99 million) to Inmobiliaria Salonica S.A.C.

- (iii) On 23 February 2022 and 11 April 2023, the shareholders of the Company approved the following proposals to be undertaken by the Company:
- bonus issue of 4,584,236,000 new ordinary shares on the basis of approximately 19 new ordinary shares for every 1 existing share held;
 - initial public offering (“IPO”) of up to 932,675,000 ordinary shares comprising an offer for sale of up to 772,675,000 existing ordinary shares to institutional investors and a public issue of 160,000,000 new ordinary shares to retail investors;
 - listing of and quotation for the entire enlarged issued ordinary shares of the Company on the Main Market of Bursa Malaysia Securities Berhad (“Listing”); and
 - employees’ share option scheme for the granting of options to the eligible Directors and employees of the Company and its subsidiaries.

The above proposals were approved by the relevant authorities. Subsequent to financial year end, the Company has issued 4,584,236,000 new ordinary shares.

**PART A: NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 28 FEBRUARY 2023 (continued)**

A12. Material events subsequent to the statement of financial position date (continued)

The Company launched its Prospectus on 28 April 2023 in connection with its IPO on the Main Market of Bursa Malaysia Securities Berhad.

A13. Changes in the Composition of the Group

- (i) On 3 February 2022, the Company entered into a SSA to acquire the entire equity interest of PT Suryasoft Konsultama (“Suryasoft”) from its existing shareholders (“Suryasoft Acquisition”).

Suryasoft is principally engaged in the provision of information technology (“IT”) services including IT system, IT consultancy, customised software development, customised software system and others. Suryasoft currently provides software services, among others to the Group such as maintaining the Group’s online billing system, eWorld and DXN’s application and ePoint system.

On 4 April 2022, the Company completed the acquisition of Suryasoft for a total purchase consideration of IDR313,196,695 (equivalent to RM91,664) upon which, Suryasoft became a wholly-owned subsidiary of the Company.

- (ii) On 9 June 2022, the Company incorporated a wholly-owned subsidiary, DXN Bangladesh Industries Pvt. Ltd. (“DXN Bangladesh Industries”) with an initial paid-up capital of Bangladeshi Taka 4,300,000 (equivalent to RM205,000).

The intended principal activity of DXN Bangladesh Industries is to produce, manufacture and process food and beverages, homecare products and home appliances.

- (iii) On 15 December 2022, the Company incorporated a wholly-owned subsidiary, Dexin Manufacturing Nepal Private Limited (“Dexin Nepal”) with an initial paid-up capital of Nepalese Rupee (“NPR”) 100,000,000 (equivalent to RM3,349,000).

The intended principal activity of Dexin Nepal is to produce, manufacture, process, sales and distribution of food and beverages, homecare products and home appliances.

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 FYE 28 February 2022.

A15. Capital Commitments

	28.02.2023 Unaudited RM’000	28.02.2022 Audited RM’000
Contracted but not provided for:		
Property, plant and equipment	<u>33,572</u>	<u>73,053</u>

**PART A: NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 28 FEBRUARY 2023 (continued)**

A16. Related Party Transactions

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

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	28.02.2023 Unaudited RM'000	28.02.2022 Unaudited RM'000	28.02.2023 Unaudited RM'000	28.02.2022 Audited RM'000
Transactions with companies in which certain Directors have a substantial financial interest				
Purchase of trading goods	2,257	1,524	9,708	8,975
Rental expense (premises)	32	32	126	126
Purchase of air tickets	52	39	337	50
Sales of property, plant and equipment	-	-	-	79
Donation to non-profit organisation	-	-	-	955
Interest income	-	4	2	203
Transactions with Directors and persons connected to Directors				
Insurance premium expense	494	358	2,106	1,698
Purchase of property, plant and equipment (farm construction)	-	-	-	763
Rental expense (premises)	139	132	544	538
Purchase of property, plant and equipment	-	-	481	-
Purchase of raw materials	1,416	-	2,026	-
Sales of property, plant and equipment	-	-	296	-

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

Current quarter against corresponding quarter

	Individual quarter		Change %
	28.02.2023 Unaudited RM'000	28.02.2022 Unaudited RM'000	
Revenue	404,997	339,353	19.3
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	124,253	112,889	10.1
Profit before tax ("PBT")	112,422	101,069	11.2
Profit for the period	57,859	63,796	(9.3)
Profit for the period attributable to owners of the Company ("PATAMI")	55,167	69,160	(20.2)
EBITDA margin (%)	30.7	33.3	(7.8)
PBT margin (%)	27.8	29.8	(6.7)
PATAMI margin (%)	13.6	20.4	(33.3)

The Group's revenue increased by 19.3% from RM339.4 million for the corresponding quarter ended 28 February 2022 to RM405.0 million for the quarter ended 28 February 2023 primarily due to strong sales momentum across the board, with higher sales growth of fortified food and beverages in Latin America, Morocco and India.

The Group's EBITDA increased by 10.1% from RM112.9 million for the corresponding quarter ended 28 February 2022 to RM124.2 million for the quarter ended 28 February 2023. EBITDA margin decreased by 7.8% from 33.3% for the corresponding quarter ended 28 February 2022 to 30.7% for the quarter ended 28 February 2023. This was primarily due to an impairment of property, plant and equipment for the Group's facilities in Indonesia, a provision in respect of the custom duty case of Daxen Morocco LLC ("Daxen Morocco") and a loss on foreign exchange, partially offset by higher sales.

As a result of the foregoing, the PBT of the Group increased by 11.2% from RM101.1 million for the corresponding quarter ended 28 February 2022 to RM112.4 million for the quarter ended 28 February 2023. The Group's profit for the period decreased by 9.3% from RM63.8 million for the corresponding quarter ended 28 February 2022 to RM57.9 million for the quarter ended 28 February 2023. The Group's PATAMI decreased by 20.2% from RM69.2 million for the corresponding quarter ended 28 February 2022 to RM55.2 million for the quarter ended 28 February 2023. PATAMI margin decreased by 33.3% from 20.4% for the corresponding quarter ended 28 February 2022 to 13.6% for the quarter ended 28 February 2023.

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

B1. Review of Group's Performance (continued)

Current financial year against corresponding financial year

	Cumulative quarter		Change %
	28.02.2023 Unaudited RM'000	28.02.2022 Audited RM'000	
Revenue	1,600,814	1,242,856	28.8
EBITDA	496,383	401,382	23.7
PBT	455,515	362,918	25.5
Profit for the year	289,327	245,444	17.9
PATAMI	275,396	242,922	13.4
EBITDA margin (%)	31.0	32.3	(4.0)
PBT margin (%)	28.5	29.2	(2.4)
PATAMI margin (%)	17.2	19.5	(11.8)

The Group's revenue increased by 28.8% from RM1,242.9 million in the FYE 28 February 2022 to RM1,600.8 million in the FYE 28 February 2023 primarily due to strong sales momentum across the board, with higher sales growth, in particular the Group's fortified food and beverage products, in Latin America, Morocco and India.

The Group's EBITDA increased by 23.7% from RM401.4 million in the FYE 28 February 2022 to RM496.4 million in the FYE 28 February 2023 which was in line with the increase in revenue. EBITDA margin decreased by 4.0% from 32.3% in the FYE 28 February 2022 to 31.0% in the FYE 28 February 2023 primarily due to an impairment of property, plant and equipment for the Group's facilities in Indonesia, higher legal and professional fees in relation to the IPO currently undertaken by the Group, and a provision in respect of the custom duty case of Daxen Morocco, partially offset by higher sales.

As a result of the foregoing, the PBT of the Group increased by 25.5% from RM362.9 million in the FYE 28 February 2022 to RM455.5 million in the FYE 28 February 2023. The Group's profit for the year increased by 17.9% from RM245.4 million in the FYE 28 February 2022 to RM289.3 million in the FYE 28 February 2023. The Group's PATAMI increased by 13.4% from RM242.9 million in the FYE 28 February 2022 to RM275.4 million in the FYE 28 February 2023. PATAMI margin decreased by 11.8% from 19.5% in the FYE 28 February 2022 to 17.2% in the FYE 28 February 2023

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

B1. Review of Group's Performance (continued)

Comparison with Immediate Preceding Quarter

	Current quarter Unaudited 28.02.2023 RM'000	Preceding quarter Unaudited 30.11.2022 RM'000	Change %
Revenue	404,997	439,219	(7.8)
EBITDA	124,253	110,856	12.1
PBT	112,422	109,417	2.7
Profit for the period	57,859	71,202	(18.7)
PATAMI	55,167	67,279	(18.0)
EBITDA margin (%)	30.7	25.2	21.8
PBT margin (%)	27.8	24.9	11.6
PATAMI margin (%)	13.6	15.3	(11.1)

The Group's revenue decreased by 7.8% from RM439.2 million for the preceding quarter ended 30 November 2022 to RM405.0 million for the quarter ended 28 February 2023 primarily due to higher purchased by Group's distributors who have registered with the Group ("Members") in the preceding quarter before the revision in selling price during the quarter ended 28 February 2023 in certain countries.

The Group's EBITDA increased by 12.1% from RM110.9 million for the preceding quarter ended 30 November 2022 to RM124.3 million for the quarter ended 28 February 2023. EBITDA margin increased by 21.8% from 25.2% for the preceding quarter ended 30 November 2022 to 30.7% for the quarter ended 28 February 2023. The lower EBITDA margin in the preceding quarter was mainly a result of the higher provision in respect of the custom duty case of Daxen Morocco and increase of in raw material costs. The increase in raw materials costs was partially absorbed by a revision in selling price in the current quarter.

As a result of the foregoing, the Group's PBT increased by 2.7% from RM110.9 million for the preceding quarter ended 30 November 2022 to RM112.4 million for the quarter ended 28 February 2023. The Group's profit for the period decreased by 18.7% from RM71.2 million for the preceding quarter ended 30 November 2022 to RM57.9 million for the quarter ended 28 February 2023. The Group's PATAMI decreased by 18.0% from RM67.3 million for the preceding quarter ended 30 November 2022 to RM55.2 million for the quarter ended 28 February 2023. PATAMI margin decreased by 11.1% from 15.3% for the preceding quarter ended 30 November 2022 to 13.6% for the quarter ended 28 February 2023.

B2. Prospects

The Group has grown strongly for the financial year ended 28 February 2023, with a relatively consistent gross profit margin and net profit margin despite global inflationary pressure and geopolitical crises. The revenue growth has been broad-based, cutting across different geographical regions, with outstanding performance in Peru, Bolivia, Mexico, India, and Morocco.

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

B2. Prospects (continued)

Our strong competitive position in the industry is sustained by several factors, including integrated production facilities, biotechnological strength, an expansive global network, a broad product portfolio, robust IT solutions, and a sustainable direct selling model. Our direct selling business also stands out due to features such as educating our Members about Ganotherapy and Sunya.

The Group is experiencing high growth supported by various drivers. This includes expanding into our existing 48 markets and establishing 5 new markets within two years. Additionally, we are launching a new series of tea variants fortified with natural active ingredients, and we have carbonated beverages in the pipeline. Furthermore, we are introducing lifestyle offering projects in Cyberville and Boulder Valley to meet changing consumer needs. We are also continuing to expand our production facilities in China, India, the Middle East, and Peru, while further enhancing our information technology. The Group remains optimistic about sustaining its growth strategies with the support of an experienced, founder-led management team.

B3. Profit Forecast

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

B4. Profit before taxation

PBT is arrived at after charging/(crediting):

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	28.02.2023 Unaudited RM'000	28.02.2022 Unaudited RM'000	28.02.2023 Unaudited RM'000	28.02.2022 Audited RM'000
Interest income	(1,779)	(740)	(3,872)	(2,740)
Financial costs	2,049	765	5,832	2,614
Depreciation and amortisation	11,561	11,795	38,908	38,590
Net loss on impairment of financial assets	56	1,714	161	1,245
(Gain)/Loss on disposal of property, plant and equipment	(418)	23	(332)	(388)
Foreign exchange loss	13,708	1,162	16,373	14,318
Loss/(Gain) on derivatives	152	(124)	156	(76)
Impairment loss on:				
- property, plant and equipment	7,998	1,457	7,998	1,457
- Investment in associate	-	1	-	1
- Investment in joint venture	-	1	-	1
Written-off:				
- Property, plant and equipment	131	802	441	1,634
- Inventories	671	127	752	220

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 12 months ended	
	28.02.2023 Unaudited RM'000	28.02.2022 Unaudited RM'000	28.02.2023 Unaudited RM'000	28.02.2022 Audited RM'000
Current tax	64,522	29,180	219,065	124,601
Deferred tax	(9,959)	8,093	(52,877)	(7,127)
	<u>54,563</u>	<u>37,273</u>	<u>166,188</u>	<u>117,474</u>
Effective tax rate	48.5%	36.9%	36.5%	32.4%

The Group's effective tax rates for the current quarter and the cumulative quarter ended 28 February 2023 are higher than the statutory tax rate of 24% mainly due to the higher tax rates applicable to certain foreign subsidiaries, tax on dividend received from overseas subsidiaries and certain non-deductible expenses incurred.

B6. Status of Corporate Proposals

In conjunction with and as an integral part of the Listing, the following listing scheme was undertaken by the Company:

IPO

(a) Public Issue

The public issue of 160,000,000 new ordinary shares in the Company at a price of RM0.70 per share ("Public Issue").

(b) Offer for Sale

The offer for sale by the selling shareholders of up to 772,675,000 ordinary shares in the Company at a price of RM0.70 per share.

The Listing is expected to be completed on 19 May 2023.

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

B7. Utilisation of Proceeds Raised from the Public Issue

The Group expects to use the gross proceeds from the Public Issue of the IPO amounting to RM112.0 million in the following manner:

Details of use of proceeds	Estimated timeframe for use from the date of the Listing	RM'000	% of total gross proceeds from the Public Issue
Repayment of bank borrowings	Within 12 months	80,000	71.4
Working capital	Within 6 months	7,913	7.1
Estimated listing expenses	Within 3 months	24,087	21.5
		112,000	100.0

The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus. As at the date of this interim financial report, the IPO is pending completion, and as such there is no utilisation of proceeds by the Group yet.

B8. Loans and Borrowings

The Group's loan and borrowings are as follows:

	28.02.2023 Unaudited RM'000	28.02.2022 Audited RM'000
Non-current		
Term loans, secured	47,127	31,257
Hire purchase liabilities	2,582	1,363
	<u>49,709</u>	<u>32,620</u>
Current		
Term loans, secured	11,458	10,997
Revolving credits, secured	173,952	196,642
Revolving credits, unsecured	1,310	5,021
Hire purchase liabilities	1,141	905
	<u>187,861</u>	<u>213,565</u>
Total loans and borrowings	<u>237,570</u>	<u>246,185</u>

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

B8. Loan and Borrowings (continued)

	28.02.2023 Unaudited RM'000	28.02.2022 Audited RM'000
Currency profile of borrowings:		
USD	176,413	151,620
EUR	56,076	90,592
RM	5,016	3,973
IDR	65	-
Total	237,570	246,185

B9. Derivatives

	28.02.2023		28.02.2022	
	Nominal value Unaudited RM'000	(Liabilities) Unaudited RM'000	Nominal value Audited RM'000	Assets Audited RM'000
Derivatives at fair value through profit or loss				
- Forward exchange contracts (less than 1 year)	2,194	(76)	4,808	80

The risks associated with the derivatives, policies to mitigate those risks, cash requirements of the derivatives and related accounting policies are unchanged since the FYE 28 February 2022.

B10. 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 effects on the Group's financial position or profitability.

B11. Dividends Proposed or Declared

On 6 March 2023, the Company's Board of Directors declared a second interim dividend of approximately 8.31 sen per ordinary share totalling RM20,000,000 in respect of the FYE 28 February 2023. The dividend was paid on 13 March 2023.

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

B12. Earnings per Ordinary Share (“EPS”)

Basic EPS

The calculation of basic EPS was based on the PATAMI and the weighted average number of ordinary shares outstanding as follows:

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	Unaudited 28.02.2023	Unaudited 28.02.2022	Unaudited 28.02.2023	Audited 28.02.2022
PATAMI (RM'000)	55,167	69,160	275,396	242,922
Weighted average number of ordinary shares at 28 February (‘000)	240,764	240,764	240,764	240,764
Basic EPS (sen)	<u>23</u>	<u>29</u>	<u>114</u>	<u>101</u>

Diluted EPS

The diluted EPS is the same as the basic EPS as there are no potential dilutive ordinary shares.

B13. 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 for the current quarter and the financial year under review other than as disclosed in Note B4.

BY ORDER OF THE BOARD

Tai Yit Chan
Ong Tze-En
Lim Yew Lin
Company Secretaries

16 May 2023