



DXN Holdings Bhd.

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

and its subsidiaries

**Unaudited Interim Financial Report
for the Fourth Quarter Ended 29 February 2024**



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2024**

	29.02.2024	28.02.2023
	Unaudited	Audited
	RM'000	RM'000
Assets		
Property, plant and equipment	752,596	646,461
Right-of-use assets	45,747	32,775
Investment properties	6,758	6,855
Intangible assets	5,641	79
Deferred tax assets	120,317	106,022
Prepayments	25,523	14,683
Total non-current assets	956,582	806,875
Biological assets	366	1,515
Inventories	334,061	323,127
Contract assets	935	643
Trade and other receivables, including derivatives	108,752	114,421
Current tax assets	56,212	9,943
Short term investments	9,312	44,378
Cash and cash equivalents	632,847	459,035
Total current assets	1,142,485	953,062
Total assets	2,099,067	1,759,937

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 29 FEBRUARY 2024 (CONTINUED)**

	29.02.2024 Unaudited RM'000	28.02.2023 Audited RM'000
Equity		
Share capital	214,620	60,191
Reserve	39,861	(5,365)
Retained earnings	1,023,821	908,253
Equity attributable to owners of the Company	1,278,302	963,079
Non-controlling interests	79,961	62,052
Total equity	1,358,263	1,025,131
Liabilities		
Loans and borrowings	3,065	49,709
Retirement benefits	6,727	5,266
Lease liabilities	12,313	12,454
Deferred tax liabilities	12,183	13,468
Total non-current liabilities	34,288	80,897
Loans and borrowings	162,357	187,861
Lease liabilities	7,935	8,891
Trade and other payables, including derivatives	501,689	396,819
Current tax liabilities	34,535	60,338
Total current liabilities	706,516	653,909
Total liabilities	740,804	734,806
Total equity and liabilities	2,099,067	1,759,937
<i>Net assets per share (RM)</i>	<i>0.27⁽ⁱ⁾</i>	<i>0.21⁽ⁱⁱ⁾</i>

Notes:

- (i) Computed based on total equity divided by the number of ordinary shares of 4,985,000,000 after the completion of the Initial Public Offering and deducting the number of treasury shares of 12,238,500.
- (ii) Computed based on total equity divided by the number of ordinary shares of 4,825,000,000 after the completion of Bonus Issue in April 2023 as part of the Company's Initial Public Offering scheme.



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

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	29.02.2024 Unaudited RM'000	28.02.2023 Unaudited RM'000	29.02.2024 Unaudited RM'000	28.02.2023 Audited RM'000
Revenue	470,635	404,997	1,803,214	1,600,814
Other income	6,185	5,625	19,509	17,063
Changes in work-in-progress and manufactured inventories	(268)	13,186	16,858	57,253
Raw materials used and trading inventories sold	(75,920)	(50,002)	(307,982)	(286,838)
Depreciation and amortisation	(15,915)	(11,561)	(55,604)	(38,908)
Employee benefits expense	(50,432)	(44,155)	(171,833)	(151,340)
Net loss on impairment of financial assets	(832)	(56)	(1,145)	(161)
Other expenses	(216,753)	(205,342)	(821,474)	(740,408)
Results from operating activities	116,700	112,692	481,543	457,475
Interest income	3,429	1,779	10,825	3,872
Finance costs	(3,143)	(2,049)	(13,361)	(5,832)
Profit before tax	116,986	112,422	479,007	455,515
Tax expense	(34,978)	(54,563)	(155,041)	(166,188)
Profit for the period/year	82,008	57,859	323,966	289,327

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

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	29.02.2024 Unaudited RM'000	28.02.2023 Unaudited RM'000	29.02.2024 Unaudited RM'000	28.02.2023 Audited RM'000
Total other comprehensive income/(expense), net of tax:				
Item that may be reclassified subsequently to profit or loss				
- Foreign currency translation differences for foreign operations	31,915	(23,276)	57,347	(5,811)
Total comprehensive income for the period/year	<u>113,923</u>	<u>34,583</u>	<u>381,313</u>	<u>283,516</u>
Profit for the period/year attributable to:				
Owners of the Company	79,018	55,167	310,994	275,396
Non-controlling interests	2,990	2,692	12,972	13,931
	<u>82,008</u>	<u>57,859</u>	<u>323,966</u>	<u>289,327</u>
Total comprehensive income for the period/year attributable to:				
Owners of the Company	109,670	35,060	363,039	272,340
Non-controlling interests	4,253	(477)	18,274	11,176
	<u>113,923</u>	<u>34,583</u>	<u>381,313</u>	<u>283,516</u>
Basic/Diluted earnings per ordinary share (sen)	<u>1.59</u>	<u>1.14</u>	<u>6.28</u>	<u>5.71</u>



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	← <i>Non-distributable</i> →				<i>Distributable</i>		Non- controlling interests RM'000	Total equity RM'000
	Share Capital RM'000	Treasury Shares RM'000	Translation reserve RM'000	Share option RM'000	Retained earnings RM'000	Total RM'000		
At 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	-	-	(3,056)	-	-	(3,056)	(2,755)	(5,811)
Total comprehensive income for the year	-	-	(3,056)	-	275,396	272,340	11,176	283,516
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	-	(5,365)	-	908,253	963,079	62,052	1,025,131



UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	← <i>Non-distributable</i> →			→ <i>Distributable</i>		Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	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 year	-	-	-	-	310,994	310,994	12,972	323,966
Foreign currency translation differences for foreign operations representing other comprehensive income for the year	-	-	52,045	-	-	52,045	5,302	57,347
Total comprehensive income for the year	-	-	52,045	-	310,994	363,039	18,274	381,313
Contributions by and distributions to owners of the Company								
Shares issued for the Public Issue	112,000	-	-	-	-	112,000	-	112,000
Shares issuance expenses	(3,413)	-	-	-	-	(3,413)	-	(3,413)
Bonus issue	45,842	-	-	-	(45,842)	-	-	-
Purchase of own shares	-	(7,819)	-	-	-	(7,819)	-	(7,819)
Share-based payment transactions	-	-	-	1,000	-	1,000	-	1,000
Dividends to owners of the Company	-	-	-	-	(149,584)	(149,584)	-	(149,584)
	154,429	(7,819)	-	1,000	(195,426)	(47,816)	-	(47,816)
Changes in ownership interests in a subsidiary	-	-	-	-	-	-	(365)	(365)
Total transactions with owners of the Company	154,429	(7,819)	-	1,000	(195,426)	(47,816)	(365)	(48,181)
At 29 February 2024	214,620	(7,819)	46,680	1,000	1,023,821	1,278,302	79,961	1,358,263

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	12 months ended	
	29.02.2024 Unaudited RM'000	28.02.2023 Audited RM'000
Cash flows from operating activities		
Profit before tax	479,007	455,515
Adjustments for:		
Depreciation of:		
- Property, plant and equipment	44,111	29,105
- Right-of-use assets	11,174	9,524
- Investment properties	231	226
Amortisation of intangible assets	88	53
Fair value changes on biological assets	1,230	(813)
Retirement benefits expense	1,140	705
Property, plant and equipment written off	1,423	441
Impairment loss on property, plant and equipment	2,326	7,998
Derecognition of right-of-use and lease liability	(40)	(69)
Interest income	(10,825)	(3,872)
Loss/(Gain) on disposal of property, plant and equipment	69	(332)
Interest expense	13,361	5,832
Bargain purchase gain on business combination	-	(19)
ESOS share options expenses	1,000	-
Operating profit before working capital changes	544,295	504,294
Changes in:		
Inventories	(8,944)	(101,701)
Biological Assets	(26)	(606)
Trade and other receivables	(3,478)	(35,872)
Contract assets	(292)	(74)
Trade and other payables	61,798	65,390
Cash generated from operations	593,353	431,431
Tax paid	(232,076)	(183,825)
Retirement benefits paid	(140)	(548)
Net cash from operating activities	361,137	247,058

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

	12 months ended	
	29.02.2024	28.02.2023
	Unaudited	Audited
	RM'000	RM'000
Cash flows from investing activities		
Purchase of:		
- Property, plant and equipment	(118,609)	(90,943)
- Right-of-use assets	(14,206)	-
- Intangible assets	(148)	(88)
Proceeds from disposal of property, plant and equipment	771	2,779
Acquisition of a subsidiary, net of cash and cash equivalents	(11,244)	(5)
Interest received	10,825	3,872
Placement of pledged deposits	-	(19)
Withdrawal/(Placement) of short term investments	37,963	(10,586)
Net cash used in investing activities	(94,648)	(94,990)
Cash flows from financing activities		
Dividends paid to owners of the Company	(104,732)	(70,000)
Interest paid	(14,571)	(8,886)
(Repayment)/Drawdown of:		
- Lease liabilities	(11,420)	(9,160)
- Hire purchase liabilities	(1,250)	(1,291)
- Revolving credits	(25,509)	(27,933)
- Term loans	(56,095)	14,742
Proceeds from shares issued	112,000	-
Payment of shares issuance expenses	(3,413)	-
Purchase of own shares	(7,819)	-
Net cash used in financing activities	(112,809)	(102,528)
Net increase in cash and cash equivalents	153,680	49,540
Foreign currency translation differences	22,834	(291)
Cash and cash equivalents at beginning of the year	456,270	407,021
Cash and cash equivalents at end of the year	<u>632,784</u>	<u>456,270</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:

	29.02.2024 Unaudited RM'000	28.02.2023 Audited RM'000
Cash and cash equivalents	632,847	459,035
Less: Pledged deposits	(63)	(2,765)
	<u>632,784</u>	<u>456,270</u>

B. Purchase of Property, Plant and Equipment

	29.02.2024 Unaudited RM'000	28.02.2023 Audited RM'000
Total additions	119,191	90,394
<i>(Less)/Add:</i>		
Amount financed through hire purchase	(937)	(2,747)
Changes in prepayment for purchase of property, plant and equipment	1,565	6,350
Interest expense capitalised	(1,210)	(3,054)
	<u>118,609</u>	<u>90,943</u>

C. Dividends paid to owners of the Company

	29.02.2024 Unaudited RM'000	28.02.2023 Audited RM'000
Total dividend declared	149,584	70,000
Amount unpaid at end of year	(44,852)	-
	<u>104,732</u>	<u>70,000</u>

PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 29 FEBRUARY 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 Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB"), 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 28 February 2023. 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

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*
- Amendments to MFRS 107 *Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and 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*

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 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.

A3. Auditors' Report

The audited consolidated financial statements of the Company for the financial year ended 28 February 2023 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.

**PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 29 FEBRUARY 2024 (continued)**

A5. Unusual Items

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

A6. Changes in Estimates

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

A7. Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial year under review other than those pursuant to the Initial Public Offering of the Company.

A8. Dividend Paid

- (i) On 6 March 2023, the Company's Board of Directors declared a second interim dividend of approximately 8.31 sen per ordinary share totalling RM20.00 million in respect of financial year ended 28 February 2023. The dividend was paid on 13 March 2023.
- (ii) On 28 July 2023, the Company's Board of Directors declared a first interim dividend of 0.80 sen per ordinary share totalling RM39.88 million in respect of financial year ended 29 February 2024. The dividend was paid on 30 August 2023.
- (iii) On 25 October 2023, the Company's Board of Directors declared a second interim dividend of 0.90 sen per ordinary share totalling RM44.85 million in respect of financial year ended 29 February 2024. The dividend was paid on 30 November 2023.
- (iv) On 24 January 2024, the Company's Board of Directors declared a third interim dividend of 0.90 sen per ordinary share totalling RM44.85 million in respect of financial year ended 29 February 2024. The dividend was paid on 8 March 2024.

**PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 29 FEBRUARY 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:

- (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 lab test services, provision of consultation and treatment services with ganotherapy, operating of a café, glamping resort, marine sanctuary and related tour activities. None of these segments met the quantitative threshold for reporting segment for financial year ended 29 February 2024 and 28 February 2023.



PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 29 FEBRUARY 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					
29.02.2024					
Revenue					
Revenue from external customers	1,775,483	-	27,731	-	1,803,214
Inter-segment revenue	235	302,161	154	(302,550)	-
Total revenue	1,775,718	302,161	27,885	(302,550)	1,803,214
Segment profit/(loss)	479,468	222,550	1,850	(224,861)	479,007
Included in the measure of segment profit/(loss) are:					
- (Loss)/gain on disposal of property, plant and equipment	(79)	10	-	-	(69)
- Property, plant and equipment written off	(261)	-	(1,162)	-	(1,423)
- Inventories written off	(1,998)	-	-	-	(1,998)
- Depreciation of property, plant and equipment	(36,674)	(1,412)	(6,025)	-	(44,111)
- Depreciation of right-of-use assets	(10,925)	-	(249)	-	(11,174)
- Depreciation of investment properties	(198)	-	(33)	-	(231)
- Amortisation of intangible assets	(48)	(31)	(9)	-	(88)
- Impairment loss on property, plant and equipment	(1,039)	-	(1,287)	-	(2,326)
- Reversal/(Impairment loss) on trade and other receivables	27	(26,410)	-	25,335	(1,048)
- Bad debts written off	(88)	-	(9)	-	(97)
Segment assets	1,696,727	164,888	60,923	-	1,922,538

PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 29 FEBRUARY 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
Audited					
28.02.2023					
Revenue					
Revenue from external customers	1,576,167	-	24,647	-	1,600,814
Inter-segment revenue	103	235,711	788	(236,602)	-
Total revenue	1,576,270	235,711	25,435	(236,602)	1,600,814
Segment profit/(loss)	454,601	213,096	(665)	(211,517)	455,515
Included in the measure of segment profit/(loss) are:					
- Impairment loss on property, plant and equipment	(7,998)	-	-	-	(7,998)
- (Loss)/gain on disposal of property, plant and equipment	(14)	346	-	-	332
- Property, plant and equipment written off	(300)	-	(141)	-	(441)
- 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	(193)	-	(33)	-	(226)
- Amortisation of intangible assets	(9)	(37)	(7)	-	(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 CONSOLIDATION INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 29 FEBRUARY 2024 (continued)**

A10. Property, Plant and Equipment

The Group acquired property, plant and equipment amounting to RM119.19 million during the financial year 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 year 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 year under review that have not been reflected in the financial statements.

A13. Changes in the Composition of the Group

There were no major changes in the composition of the Group during the financial year ended 29 February 2024 except for:

- (i) On 7 August 2023, the Company completed the acquisition of 100% equity interest of Daxen Middle East Food Manufacturing L.L.C. ("Daxen Middle East") for a total purchase consideration of United Arab Emirates Dirham 10.00 million (equivalent to RM12.52 million). With effect thereof, Daxen Middle East became a wholly-owned subsidiary of the Company. The Group recognised a goodwill of RM5.50 million arising from the acquisition.

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

- (ii) On 22 August 2023, the Company incorporated a wholly-owned subsidiary namely, DXN (Fujian) Group Co., Ltd. ("DXN Fujian") in China with a total registered share capital of Renminbi ("RMB") 50.00 million (equivalent to RM33.27 million). As at 29 February 2024, the Company has injected capital of RMB2.29 million (equivalent to RM1.49 million).

DXN Fujian is principally involved in agricultural scientific research and experimental development, new material technology research and development, import and export of goods and products, general merchandise sales, tourism and accommodation management and service, food and beverage, health food and tea products production.

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 28 February 2023.

**PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT
FOR THE FOURTH QUARTER ENDED 29 FEBRUARY 2024 (continued)**

A15. Capital Commitments

	29.02.2024 Unaudited RM'000	28.02.2023 Audited RM'000
Contracted but not provided for:		
Property, plant and equipment	<u>32,392</u>	<u>33,572</u>

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	
	29.02.2024 Unaudited RM'000	28.02.2023 Unaudited RM'000	29.02.2024 Unaudited RM'000	28.02.2023 Audited RM'000
Transactions with companies in which certain Directors have a substantial financial interest				
Purchase of trading goods	759	2,096	2,676	8,100
Purchase of raw materials	24	2,026	710	2,026
Rental expense (premises)	149	142	590	572
Purchase of air tickets	78	53	467	337
Sales of property, plant and equipment	<u>-</u>	<u>-</u>	<u>198</u>	<u>15</u>
Transactions with Directors and persons connected to Directors				
Insurance premium expense	517	498	2,367	2,106
Sales of property, plant and equipment	-	-	-	281
Rental expense (premises)	<u>28</u>	<u>28</u>	<u>114</u>	<u>98</u>

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

Comparison with Corresponding Quarter

Financial review for current quarter compared with corresponding quarter:

	Individual quarter		Change %
	29.02.2024 Unaudited RM'000	28.02.2023 Unaudited RM'000	
Revenue	470,635	404,997	16.2
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	132,615	124,253	6.7
Profit before tax ("PBT")	116,986	112,422	4.1
Profit for the period	82,008	57,859	41.7
Profit for the period attributable to owners of the Company ("PATAMI")	79,018	55,167	43.2
EBITDA margin (%)	28.2	30.7	(8.1)
PBT margin (%)	24.9	27.8	(10.4)
PATAMI margin (%)	16.8	13.6	23.5

For the current quarter under review, the Group achieved revenue of RM470.6 million, an increase of 16.2% from the corresponding quarter of RM405.0 million. The increase in revenue was mainly from Latin America and India. The organic growth in Latin America was the outcome of independent conventions and events organised by members and launching of new products to stimulate the local market development.

The Group's EBITDA increased by 6.7% from RM124.3 million for the corresponding quarter ended 28 February 2023 to RM132.6 million for the quarter ended 29 February 2024. EBITDA margin decreased by 8.1% from 30.7% for the corresponding quarter to 28.2% due to inflationary impact.

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:

	Individual quarter		Change %
	29.02.2024	30.11.2023	
	Unaudited	Unaudited	
	RM'000	RM'000	%
Revenue	470,635	450,288	4.5
EBITDA	132,615	134,542	(1.4)
PBT	116,986	119,799	(2.3)
Profit for the period	82,008	81,334	0.8
PATAMI	79,018	78,359	0.8
EBITDA margin (%)	28.2	29.9	(5.7)
PBT margin (%)	24.9	26.6	(6.4)
PATAMI margin (%)	16.8	17.4	(3.4)

The Group's revenue increased by 4.5% from RM450.3 million for the preceding quarter to RM470.6 million for the current quarter. The revenue growth was contributed primarily from Mexico ahead of a price increase in March 2024.

Both the Group's EBITDA and the margin decreased by 1.4% and 5.7% respectively in the current quarter. The EBITDA margin was lower mostly due to higher employee benefits expense.

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 Year

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

	Cumulative quarter 12 months ended		Change %
	29.02.2024 Unaudited RM'000	28.02.2023 Audited RM'000	
Revenue	1,803,214	1,600,814	12.6
EBITDA	537,147	496,383	8.2
PBT	479,007	455,515	5.2
Profit for the year	323,966	289,327	12.0
PATAMI	310,994	275,396	12.9
EBITDA margin (%)	29.8	31.0	(3.9)
PBT margin (%)	26.6	28.5	(6.7)
PATAMI margin (%)	17.2	17.2	0.0

The Group recorded revenue of RM1,803.2 million in the current financial year, representing an increase of 12.6% primarily attributable to organic growth in Latin America and India. Regular members activities, marketing events and launching of new products in Latin America provided the momentum of organic growth in the region.

The Group's EBITDA increased by 8.2% from RM496.4 million for the corresponding financial year to RM537.1 million for the current financial year. EBITDA margin was relatively consistent with preceding financial year. A slight decrease in margin was due to inflationary impact as well as increase of employee benefit in the current financial year which was partially offset by decrease in transportation expenses.

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

B2. Prospects

In the financial year 2024, the Group recorded a positive revenue growth, primarily from Latin America and India. Leveraging this sales momentum and organic growth, the Group will expand its presence into Brazil in the next financial year. This market presents a significant opportunity with its large population of 217 million and its proximity to our existing Latin American presence. Efforts will remain focused on sustaining market momentum, launching new products through research and development initiatives, and optimising production efficiency. Notwithstanding ongoing global geopolitical tensions, uncertainties surrounding key monetary policies, and inflationary pressures, the Group does not anticipate any material impact on its profitability.

B3. Profit Forecast

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

B4. Profit Before Taxation

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

	Individual quarter 3 months ended		Cumulative quarter 12 months ended	
	29.02.2024 Unaudited RM'000	28.02.2023 Unaudited RM'000	29.02.2024 Unaudited RM'000	28.02.2023 Audited RM'000
Interest income	(3,429)	(1,779)	(10,825)	(3,872)
Finance costs	3,143	2,049	13,361	5,832
Depreciation and amortisation	15,915	11,561	55,604	38,908
Net loss on impairment of financial assets	832	56	1,145	161
(Gain)/Loss on disposal of property, plant and equipment	(86)	(418)	69	(332)
Foreign exchange loss/(gain)	2,679	13,708	(5,384)	16,373
Loss/(Gain) on derivatives	46	152	(49)	156
Impairment loss on property, plant and equipment	-	7,998	2,326	7,998
IPO expenses	-	728	10,218	8,257
Written off:				
- Property, plant and equipment	39	131	1,423	441
- Inventories	1,717	671	1,998	752

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	
	29.02.2024 Unaudited RM'000	28.02.2023 Unaudited RM'000	29.02.2024 Unaudited RM'000	28.02.2023 Audited RM'000
Current tax	28,593	62,210	160,257	216,753
Deferred tax	6,385	(7,647)	(5,216)	(50,565)
	<u>34,978</u>	<u>54,563</u>	<u>155,041</u>	<u>166,188</u>
Effective tax rate	29.9%	48.5%	32.4%	36.5%

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

B6. Status of Corporate Proposals

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

B7. Utilisation of Proceeds Raised from the Public Issue

The utilisation of proceeds from the Public Issue of RM112.0 million is as follows:

Details of use of proceeds	Estimated timeframe for use of proceeds	Proposed utilisation RM'000	Actual utilisation RM'000	Balance unutilised RM'000
Repayment of bank borrowings	Within 12 months	80,000	(80,000)	-
Working capital	Within 6 months	7,913	(7,913)	-
Estimated listing expenses	Within 3 months	24,087	(24,087)	-
		<u>112,000</u>	<u>(112,000)</u>	-

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

B8. Loans and Borrowings

The Group's loans and borrowings are as follows:

	29.02.2024	28.02.2023
	Unaudited	Audited
	RM'000	RM'000
Non-current		
Hire purchase liabilities	2,402	2,582
Term loans, secured	663	47,127
	<u>3,065</u>	<u>49,709</u>
Current		
Bank overdraft, secured	536	-
Hire purchase liabilities	1,128	1,141
Term loans, secured	349	11,458
Revolving credits, secured	158,915	173,952
Revolving credits, unsecured	1,429	1,310
	<u>162,357</u>	<u>187,861</u>
Total loans and borrowings	<u>165,422</u>	<u>237,570</u>
Loans and borrowings:		
Islamic	476	437
Conventional	164,946	237,133
Total	<u>165,422</u>	<u>237,570</u>
Currency profile of borrowings:		
United States Dollar	103,643	176,413
EURO	56,701	56,076
Malaysian Ringgit	4,323	5,016
Indonesian Rupiah	219	65
Pakistani Rupee	536	-
Total	<u>165,422</u>	<u>237,570</u>

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

B9. Derivatives

	29.02.2024		28.02.2023	
	Nominal value Unaudited RM'000	(Liabilities) 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)	923	(27)	2,194	(76)

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 28 February 2023.

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 effect on the Group's financial position or profitability, except as disclosed below:

On 31 Oct 2023, DXN Corporation (Ningxia) Co. Ltd (Plaintiff), a wholly owned subsidiary of DXN Holdings Bhd, have filed a Writ of Summons at the Anxi County People's Court, China against Fujian Anxi Jinjiang Source Tea Technology Co., (Defendant).

On 17 May 2022, the Plaintiff and Defendant entered into the Share Sale Agreement of Florin (Fujian) Integrated Agricultural Science and Technology Co., Ltd. ("Agreement") whereupon the Plaintiff is to sell its entire 80.0% interest in the total registered share capital in Florin Fujian for a consideration of Renminbi ("RMB") 58.7 million (equivalent to RM39.1 million) ("equity transfer price") payable in installments.

The Defendant had paid the Plaintiff the 1st Installment of RMB10.0 million (equivalent to RM6.7 million) of which the Plaintiff duly acknowledged. The Plaintiff then changed the legal representatives of Florin Fujian and its subsidiary, Anxi Gande Foluohua Integrated Agricultural Science and Technology Co., Ltd ("Anxi Gande Foluohua") and provided the official seals to the Defendant's personnel who then took over key roles in these companies. The Defendant then failed to make the 2nd Installment and proceeded to seize official seals of Florin Fujian and Anxi Gande Foluohua.

Owing to the Defendant's failure to pay the 2nd Installment, an extended 45-day grace period was agreed upon, with a deadline of 27 December 2022, for the payment of the 2nd Installment. However, the Defendant did not secure a commercial loan or make the payment during this extended grace period.

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

B10. Material Litigation (continued)

On 3 July 2023, the Plaintiff sent a letter terminating the Agreement. The Defendant, via notice dated 22 July 2023, agreed to the termination effective from 5 July 2023, but refused to return the official seals and business licenses of Florin Fujian and Anxi Gande Foluohua and did not assist in changing the legal representatives to the Plaintiff's designated personnel, despite the Plaintiff's requests.

The Plaintiff filed Writ of Summons against the Defendant on 31 Oct 2023 and the Defendant has filed a case against the Plaintiff on 6 Nov 2023. In general, the 2 suits have the same subject matter and it was heard together before the court. The first date for the case was fixed on 12 Dec 2023. On the first date, both of the parties' appointed counsel were present at court. There is an objection raised by the Plaintiff's counsel as to the appointment of the Defendant's counsel which have conflict of interest. After the hearing session 28 March 2024, court had sent the civil ruling paper dated 2 April 2024, to combine and tried the 2 cases together. Latest hearing for the case was on 16 April 2024 and currently it is pending decision from the court. No next date is fixed by the court for the time being.

Our lawyer is of the view that according to Article 566 of the Civil Code of the People's Republic of China, if the Agreement has been terminated and has already been fulfilled, the parties may request restoration to its original state or take other remedial measures based on the performance and nature of the Agreement and have the right to request compensation for losses. As both the Plaintiff and Defendant have confirmed in their correspondence that they have terminated the Agreement, the demand from the Plaintiff in its lawsuit against the Defendant to change the legal representative, the lawyer opined that the return the official seal and business licenses of Florin Fujian and Anxi Gande can be supported.

B11. Dividend Proposed or Declared

On 23 April 2024, the Board of Directors declared a fourth interim dividend of 1.00 sen per ordinary share totalling RM49.73 million for the financial year ended 29 February 2024 which will be paid on 30 May 2024 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 13 May 2024.

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 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 12 months ended	
	29.02.2024 Unaudited	28.02.2023 Unaudited	29.02.2024 Unaudited	28.02.2023 Audited
PATAMI (RM'000)	79,018	55,167	310,994	275,396
Weighted average number of ordinary shares ('000)	4,983,157	4,825,000 ⁽ⁱⁱ⁾	4,949,882 ⁽ⁱ⁾	4,825,000 ⁽ⁱⁱ⁾
Basic earnings per ordinary share (sen)	<u>1.59</u>	<u>1.14</u>	<u>6.28</u>	<u>5.71</u>

Note:

- (i) Included the weighted average number of ordinary shares of 160,000,000 after the completion of the Initial Public Offering and deducting the number of treasury shares of 12,238,500.
- (ii) Based on the number of ordinary shares of 4,825,000,000 after the completion of Bonus Issue in April 2023 as part of the Company's Initial Public Offering scheme.

Diluted earnings per ordinary share

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

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 (other than derivative financial instruments as disclosed in Note B9).

BY ORDER OF THE BOARD

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

23 April 2024