



DXN Holdings Bhd.

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

and its subsidiaries

**Unaudited Interim Financial Report
for the Third Quarter Ended 30 November 2024**



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 AS AT 30 NOVEMBER 2024**

	30.11.2024	28.02.2024
	Unaudited	Audited
	RM'000	RM'000
Assets		
Property, plant and equipment	741,879	752,596
Right-of-use assets	56,041	45,747
Investment properties	6,418	6,758
Intangible assets	6,033	5,641
Deferred tax assets	119,524	120,317
Prepayments	25,009	25,523
Total non-current assets	954,904	956,582
Biological assets	517	366
Inventories	281,867	334,061
Contract assets	1,907	935
Trade and other receivables, including prepayments	122,704	108,752
Current tax assets	55,689	56,212
Short term investments	15,863	77,769
Cash and cash equivalents	696,238	564,390
Total current assets	1,174,785	1,142,485
Total assets	2,129,689	2,099,067

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 NOVEMBER 2024 (CONTINUED)**

	30.11.2024 Unaudited RM'000	28.02.2024 Audited RM'000
Equity		
Share capital	214,620	214,620
Reserves	1,130,589	1,063,682
Equity attributable to owners of the Company	1,345,209	1,278,302
Non-controlling interests	80,931	79,961
Total equity	1,426,140	1,358,263
Liabilities		
Loans and borrowings	3,049	3,065
Retirement benefits	5,704	6,727
Lease liabilities	21,082	12,313
Deferred tax liabilities	15,155	12,183
Total non-current liabilities	44,990	34,288
Loans and borrowings	131,177	162,357
Lease liabilities	9,906	7,935
Trade and other payables, including derivatives	478,015	501,689
Current tax liabilities	39,461	34,535
Total current liabilities	658,559	706,516
Total liabilities	703,549	740,804
Total equity and liabilities	2,129,689	2,099,067
<i>Net assets per share (RM)</i>	0.29 ⁽ⁱⁱ⁾	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.

(ii) 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 12,738,500.



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

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	30.11.2024 Unaudited RM'000	30.11.2023 Unaudited RM'000	30.11.2024 Unaudited RM'000	30.11.2023 Unaudited RM'000
Revenue	486,094	450,288	1,449,580	1,332,579
Other income	7,858	3,321	21,554	13,324
Changes in work-in-progress and manufactured inventories	(9,690)	(10,709)	(32,026)	17,126
Raw materials used and trading inventories sold	(64,423)	(60,381)	(197,853)	(232,062)
Depreciation and amortisation	(16,558)	(14,270)	(48,549)	(39,689)
Employee benefits expense	(49,830)	(42,364)	(148,209)	(121,401)
Net gain/(loss) on impairment of financial assets	39	(23)	(264)	(313)
Other expenses	(212,001)	(205,590)	(657,428)	(604,721)
Results from operating activities	141,489	120,272	386,805	364,843
Interest income	3,579	3,277	11,793	7,396
Finance costs	(2,194)	(3,750)	(7,916)	(10,218)
Profit before tax	142,874	119,799	390,682	362,021
Tax expense	(48,218)	(38,465)	(138,994)	(120,063)
Profit for the period	94,656	81,334	251,688	241,958

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

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	30.11.2024 Unaudited RM'000	30.11.2023 Unaudited RM'000	30.11.2024 Unaudited RM'000	30.11.2023 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	(5,991)	1,868	(49,626)	25,432
Total comprehensive income for the period	88,665	83,202	202,062	267,390
Profit for the period attributable to:				
Owners of the Company	92,778	78,359	244,314	231,976
Non-controlling interests	1,878	2,975	7,374	9,982
	94,656	81,334	251,688	241,958
Total comprehensive income for the period attributable to:				
Owners of the Company	86,832	79,038	201,092	253,369
Non-controlling interests	1,833	4,164	970	14,021
	88,665	83,202	202,062	267,390
Basic/Diluted earnings per ordinary share (sen)	1.87	1.57	4.92	4.69



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
	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	-	-	-	-	231,976	231,976	9,982	241,958
Foreign currency translation differences for foreign operations representing other comprehensive income for the period	-	-	21,393	-	-	21,393	4,039	25,432
Total comprehensive income for the period	-	-	21,393	-	231,976	253,369	14,021	267,390
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)	-	-	-
Purchase of treasury shares	-	(976)	-	-	-	(976)	-	(976)
Dividends paid to owners of the Company	-	-	-	-	(104,732)	(104,732)	-	(104,732)
Total transaction with owners of the Company	154,429	(976)	-	-	(150,574)	2,879	-	2,879
At 30 November 2023	214,620	(976)	16,028	-	989,655	1,219,327	76,073	1,295,400



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
	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	-	-	-	-	244,314	244,314	7,374	251,688
Foreign currency translation differences for foreign operations representing other comprehensive expense for the period	-	-	(43,222)	-	-	(43,222)	(6,404)	(49,626)
Total comprehensive (expense)/income for the period	-	-	(43,222)	-	244,314	201,092	970	202,062
Share-based payment transactions	-	-	-	237	-	237	-	237
Purchase of treasury shares	-	(258)	-	-	-	(258)	-	(258)
Dividends paid to owners of the Company	-	-	-	-	(134,261)	(134,261)	-	(134,261)
Total transaction with owners of the Company	-	(258)	-	237	(134,261)	(134,282)	-	(134,282)
Effect of subsidiaries struck off	-	-	-	-	97	97	-	97
At 30 November 2024	214,620	(8,077)	3,458	1,237	1,133,971	1,345,209	80,931	1,426,140

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	9 months ended	
	30.11.2024 Unaudited RM'000	30.11.2023 Unaudited RM'000
Cash flows from operating activities		
Profit before tax	390,682	362,021
Adjustments for :		
Depreciation of :		
- Property, plant and equipment	38,606	31,200
- Right-of-use assets	9,675	8,250
- Investment properties	171	173
Amortisation of intangible assets	97	66
Fair value changes on biological assets	(39)	527
Retirement benefits expense	109	307
Property, plant and equipment written off	248	1,384
Impairment loss on property, plant and equipment	635	2,326
Gain on derecognition of right-of-use and lease liability	(151)	(43)
Interest income	(11,793)	(7,396)
(Gain)/Loss on disposal of property, plant and equipment	(111)	155
Interest expense	7,916	10,218
Loss on strike off subsidiaries	97	-
Net impairment loss on financial assets	264	313
Share-based payments	237	-
Operating profit before working capital changes	436,643	409,501
Changes in :		
Inventories	20,917	(21,529)
Biological assets	(133)	(18)
Trade and other receivables	(27,146)	5,705
Contract assets	(972)	(120)
Trade and other payables	57,847	23,905
Cash generated from operations	487,156	417,444
Tax paid	(136,386)	(188,925)
Retirement benefits paid	(437)	(233)
Net cash from operating activities	350,333	228,286

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

	9 months ended	
	30.11.2024	30.11.2023
	Unaudited	Unaudited
	RM'000	RM'000
Cash flows from investing activities		
Purchase of :		
- Property, plant and equipment	(70,728)	(86,074)
- Right-of-use assets	(487)	(13,904)
- Intangible assets	(497)	(87)
Proceeds from disposal of property, plant and equipment	150	1,652
Acquisition of a subsidiary, net of cash and cash equivalents	-	(11,244)
Interest received	11,793	7,396
Placement of pledged deposits	(453)	-
Withdrawal/(placement) of short-term investments	61,192	(21,827)
Net cash from/(used in) investing activities	970	(124,088)
Cash flows from financing activities		
Dividends paid to owners of the Company	(179,113)	(104,732)
Interest paid	(7,916)	(11,532)
Repayment of :		
- Lease liabilities	(8,716)	(8,768)
- Hire purchase liabilities	(1,265)	(950)
- Revolving credits	(18,860)	(8,650)
- Term loans	(262)	(54,579)
Proceeds from issuance of shares	-	112,000
Shares issuance expenses	-	(3,413)
Purchase of treasury shares	(258)	(976)
Net cash used in financing activities	(216,390)	(81,600)
Net increase in cash and cash equivalents	134,913	22,598
Foreign currency translation differences	(3,543)	19,680
Cash and cash equivalents at beginning of the period	563,791	456,270
Cash and cash equivalents at end of the period	<u>695,161</u>	<u>498,548</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:

	30.11.2024 Unaudited RM'000	30.11.2023 Unaudited RM'000
Cash and cash equivalents	696,238	498,607
Less: Pledged deposits	(512)	(59)
Less: Bank overdraft	(565)	-
	<u>695,161</u>	<u>498,548</u>

B. Purchase of Property, Plant and Equipment

	30.11.2024 Unaudited RM'000	30.11.2023 Unaudited RM'000
Total additions	71,864	84,472
<i>(Less)/Add:</i>		
Amount financed through hire purchase	(1,336)	(498)
Changes in prepayment for purchase of property, plant and equipment	200	3,414
Interest expense capitalised	-	(1,314)
	<u>70,728</u>	<u>86,074</u>

C. Dividends paid to owners of the Company

	30.11.2024 Unaudited RM'000	30.11.2023 Unaudited RM'000
Dividends declared during the period	134,261	104,732
Amount paid for dividend declared in prior year	44,852	-
	<u>179,113</u>	<u>104,732</u>

PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 NOVEMBER 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:

MFRS Accounting Standards, interpretations 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*

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:

MFRS Accounting Standards, 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*

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 THIRD QUARTER ENDED 30 NOVEMBER 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*

MFRS Accounting Standards, interpretations 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*

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 THIRD QUARTER ENDED 30 NOVEMBER 2024**

A8. Dividends 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.
- (iii) 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. The dividend was paid on 29 November 2024.

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 30 November 2024 and 30 November 2023.



PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 NOVEMBER 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					
30.11.2024					
Revenue					
Revenue from external customers	1,424,664	-	24,916	-	1,449,580
Inter-segment revenue	2,858	243,651	10,871	(257,380)	-
Total revenue	1,427,522	243,651	35,787	(257,380)	1,449,580
Segment profit	405,665	192,495	5,056	(212,534)	390,682
Included in the measure of segment profit are:					
- Gain on disposal of property, plant and equipment	111	-	-	-	111
- Property, plant and equipment written off	(75)	-	(173)	-	(248)
- Inventories written off	(416)	-	-	-	(416)
- Depreciation of property, plant and equipment	(32,098)	(1,594)	(4,914)	-	(38,606)
- Depreciation of right-of-use assets	(9,469)	-	(206)	-	(9,675)
- Depreciation of investment properties	(146)	-	(25)	-	(171)
- Amortisation of intangible assets	(25)	(60)	(12)	-	(97)
- Impairment loss on property, plant and equipment	-	-	(635)	-	(635)
- Impairment loss on trade and other receivables	(47)	(115)	-	-	(162)
- Bad debts written off	(98)	(4)	-	-	(102)
Segment assets	1,792,185	86,853	75,438	-	1,954,476

PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2024 (continued)

A9. Operating Segments (continued)

Unaudited	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
30.11.2023					
Revenue					
Revenue from external customers	1,312,558	-	20,021	-	1,332,579
Inter-segment revenue	865	208,120	113	(209,098)	-
Total revenue	1,313,423	208,120	20,134	(209,098)	1,332,579
Segment profit	369,023	175,003	1,260	(183,265)	362,021
Included in the measure of segment profit are:					
- Loss on disposal of property, plant and equipment	(155)	-	-	-	(155)
- Property, plant and equipment written off	(246)	-	(1,138)	-	(1,384)
- Inventories written off	(281)	-	-	-	(281)
- Depreciation of property, plant and equipment	(25,732)	(1,044)	(4,424)	-	(31,200)
- Depreciation of right-of-use assets	(8,070)	-	(180)	-	(8,250)
- Depreciation of investment properties	(148)	-	(25)	-	(173)
- Amortisation of intangible assets	(38)	(23)	(5)	-	(66)
- Impairment loss on property, plant and equipment	(1,039)	-	(1,287)	-	(2,326)
- Reversal/(Impairment loss) on trade and other receivables	24	(316)	-	-	(292)
- Bad debts written off	(12)	-	(9)	-	(21)
Segment assets	1,636,258	128,269	59,817	-	1,824,344

**PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT
 FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2024 (continued)**

A10. Property, Plant and Equipment

The Group acquired property, plant and equipment amounting to RM71.9 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 30 November 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

	30.11.2024	29.02.2024
	Unaudited	Audited
	RM'000	RM'000
Contracted but not provided for:		
- Property, plant and equipment	<u>70,739</u>	<u>32,392</u>

**PART A: NOTES TO THE CONDENSED CONSOLIDATION INTERIM FINANCIAL REPORT
FOR THE THIRD QUARTER ENDED 30 NOVEMBER 2024 (continued)**

A16. Related Party Transactions

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

	Individual quarter 3 months ended		Cumulative quarter 9 months ended	
	30.11.2024 Unaudited RM'000	30.11.2023 Unaudited RM'000	30.11.2024 Unaudited RM'000	30.11.2023 Unaudited RM'000
Transactions with companies in which certain Directors have a substantial financial interest				
Aircraft chartering fees ⁽ⁱ⁾	2,200	-	2,200	-
Purchase of trading goods	173	462	1,830	1,919
Purchase of raw materials	-	-	70	686
Rental expense (premises)	157	157	469	441
Purchase of air tickets	265	194	559	389
Sales of property, plant and equipment	-	-	-	197
Transactions with Directors and persons connected to Directors				
Insurance premium expense	504	462	1,976	1,850
Purchase of property, plant and equipment	920	-	920	-
Rental expense (premises)	31	29	89	86
Transaction with the Foundation				
Donation and Corporate Social Responsibility contribution paid	-	1,127	4,271	1,759

Note:

- (i) Represent charter fees paid through a third party charter manager - ExecuJet Asia Pte Ltd on an aircraft owned by LSJ Logistics Limited, which is in turn a wholly-owned subsidiary of LSJ Global Sdn Bhd.

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 %
	30.11.2024 Unaudited RM'000	30.11.2023 Unaudited RM'000	
Revenue	486,094	450,288	8.0
Earnings before interest, tax, depreciation and amortisation ("EBITDA")	158,047	134,542	17.5
Profit before tax ("PBT")	142,874	119,799	19.3
Profit for the period	94,656	81,334	16.4
Profit for the period attributable to owners of the Company ("PATAMI")	92,778	78,359	18.4
EBITDA margin (%)	32.5	29.9	8.7
PBT margin (%)	29.4	26.6	10.5
PATAMI margin (%)	19.1	17.4	9.8

For the current quarter, the Group reported revenue of RM486.1 million, an 8.0% increase compared to RM450.3 million in the corresponding quarter of the previous year. The higher revenue was primarily driven by growth in Latin America and Middle East.

The Group's EBITDA rose by 17.5%, from RM134.5 million in the corresponding quarter ended 30 November 2023 to RM158.0 million in the quarter ended 30 November 2024. The EBITDA margin improved by 8.7%, increasing from 29.9% in the corresponding quarter to 32.5% in the current quarter.

This improvement in the EBITDA margin was mainly attributed to lower operating expenses during the current quarter.

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 30.11.2024 Unaudited RM'000	Preceding Quarter 31.08.2024 Unaudited RM'000	Change %
Revenue	486,094	488,433	(0.5)
EBITDA	158,047	125,408	26.0
PBT	142,874	111,474	28.2
Profit for the period	94,656	69,930	35.4
PATAMI	92,778	65,973	40.6
EBITDA margin (%)	32.5	25.7	26.5
PBT margin (%)	29.4	22.8	28.9
PATAMI margin (%)	19.1	13.5	41.5

The Group's revenue recorded a marginal decline of 0.5%, decreasing from RM488.4 million in the preceding quarter to RM486.1 million in the current quarter.

This decline was primarily due to the appreciation of the Malaysian Ringgit during the current quarter. This resulted in lower revenue after conversion from foreign currencies, despite an increase in sales in the respective originating currencies.

The Group's EBITDA increased by 26.0%, from RM125.4 million to RM158.0 million in the current quarter. Correspondingly, the EBITDA margin increased from 25.7% in the preceding quarter to 32.5% in the current quarter.

The lower EBITDA margin in the preceding quarter primarily stemmed from a combination of higher foreign exchange losses and increased shipping costs amidst geopolitical tensions in the Middle East.

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 9 months ended		Change %
	30.11.2024 RM'000	30.11.2023 RM'000	
Revenue	1,449,580	1,332,579	8.8
EBITDA	435,354	404,532	7.6
PBT	390,682	362,021	7.9
Profit for the period	251,688	241,958	4.0
PATAMI	244,314	231,976	5.3
EBITDA margin (%)	30.0	30.4	(1.3)
PBT margin (%)	27.0	27.2	(0.7)
PATAMI margin (%)	16.9	17.4	(2.9)

The Group generated revenue of RM1,449.6 million during the current financial period, representing an 8.8% year-over-year increase. This growth was primarily driven by strong sales performance in key markets, notably Peru, Bolivia and Turkey, fuelled by successful product promotions that effectively engaged members.

The EBITDA margin remained relatively consistent, exhibiting a slight decline from 30.4% in the corresponding cumulative quarters to 30.0% in the current cumulative quarters.

The decrease in EBITDA margin was primarily attributable to foreign exchange losses arising from the appreciation of the Malaysian Ringgit during the current cumulative quarters, in contrast to foreign exchange gains recorded in the prior cumulative quarters. This, coupled with higher staff costs, and increased shipping costs amidst geopolitical tensions in the Middle East, contributed to the margin decline. However, these adverse impacts were partially mitigated by an indirect tax refund received within the period.

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 9 months ended	
	30.11.2024 Unaudited RM'000	30.11.2023 Unaudited RM'000	30.11.2024 Unaudited RM'000	30.11.2023 Unaudited RM'000
Interest income	(3,579)	(3,277)	(11,793)	(7,396)
Finance costs	2,194	3,750	7,916	10,218
Depreciation and amortisation	16,558	14,270	48,549	39,689
Net (gain)/loss on impairment of financial assets	(39)	23	264	313
(Gain)/Loss on disposal of property, plant and equipment	(56)	(21)	(111)	155
Foreign exchange loss/(gain)	3,828	1,572	26,485	(8,063)
Loss/(Gain) on derivatives	68	(32)	16	(95)
Impairment loss on property, plant and equipment	-	-	635	2,326
IPO expenses	-	-	-	10,218
Written off:				
- Property, plant and equipment	22	926	248	1,384
- Inventories	78	-	416	281

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 9 months ended	
	30.11.2024 Unaudited RM'000	30.11.2023 Unaudited RM'000	30.11.2024 Unaudited RM'000	30.11.2023 Unaudited RM'000
Current tax expense				
- Current period	55,868	40,742	141,587	132,036
- Prior year	172	949	1,723	(372)
	<u>56,040</u>	<u>41,691</u>	<u>143,310</u>	<u>131,664</u>
Deferred tax expense				
- Current period	(7,585)	(4,095)	(7,114)	(12,002)
- Prior year	(237)	869	2,798	401
	<u>(7,822)</u>	<u>(3,226)</u>	<u>(4,316)</u>	<u>(11,601)</u>
	<u>48,218</u>	<u>38,465</u>	<u>138,994</u>	<u>120,063</u>
Effective tax rate for current period	33.8%	30.6%	34.4%	33.2%

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 RM2.3 million (Q3FY2024: Nil) on dividend received from foreign subsidiaries. The effective tax rate excluding the withholding tax is at 32.2% (Q3FY2024: 30.6%).

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:

	30.11.2024 Unaudited RM'000	29.02.2024 Audited RM'000
Non-current		
Hire purchase liabilities	2,569	2,402
Term loans, secured	480	663
	<u>3,049</u>	<u>3,065</u>
Current		
Bank overdraft, secured	565	536
Hire purchase liabilities	1,007	1,128
Term loans, secured	271	349
Revolving credits, secured	128,006	158,915
Revolving credits, unsecured	1,328	1,429
	<u>131,177</u>	<u>162,357</u>
Total loans and borrowings	<u>134,226</u>	<u>165,422</u>
Currency profile of borrowings:		
United States Dollar	74,181	103,643
EURO	51,415	56,701
Malaysian Ringgit	3,855	4,323
Others	4,775	755
Total	<u>134,226</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

	30.11.2024		29.02.2024	
	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)	5,123	(43)	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") Against Fujian Anxi Jinjiang Source Tea Technology Co., Ltd ("Fujian Jinjiang")

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 RM37.2 million). Fujian Jinjiang paid a deposit of RMB10.0 million (equivalent to RM6.3 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 RM6.3 million) paid under the SSA.

The aforementioned civil proceedings were consolidated and heard collectively by the Anxi County People's Court ("ACP Court"). On 3 June 2024, DXN Ningxia received a civil judgement from the Court as summarised below:

- (1) Fujian Jinjiang shall pay DXN Ningxia interest of RMB318,000 (equivalent to RM201,300) 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)

- (2) Fujian Jinjiang shall pay DXN Ningxia penalty for the breach of the SSA amounting to RMB564,000 (equivalent to RM357,000) within 10 days from the date of judgement;
- (3) DXN Ningxia shall refund the deposit received under the SSA of RMB10.0 million (equivalent to RM6.3 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 December 10, 2024, the QIPC issued a ruling that reversed the ACP Court's decision, ordering Fujian Jinjiang to pay DXN Ningxia RMB2.0 million (equivalent to RM1.3 million) as penalty for the breach of the SSA. However, DXN's claim for legal service fees was denied, and DXN's request regarding company governance and official seals were reaffirmed as outside the Court's jurisdiction. DXN Ningxia successfully repossessed the official seals and appointed its preferred legal representative through external means, safeguarding its business interests.

The QIPC did not overturn ACP Court's ruling that required DXN Ningxia to refund Fujian Jinjiang the deposit of RMB 10.0 million (equivalent to RM 6.3 million) received under the SSA.

Bank of China Limited (Anxi Branch) Against Anxi Gande Foluohua Integrated Agricultural Science and Technology Co., Ltd. et al. ("Anxi Gande")

On 13 December 2024, The Bank of China Limited, Anxi Branch ("the Plaintiff") has filed a civil lawsuit against several defendants, including Anxi Gande ("Defendant I"), Florin Fujian ("Defendant II") and individuals Xiao Xinxing ("Defendant III") and Feng Shuzhen ("Defendant IV"), to seek repayment of a financial loan and its related costs under a Credit Line Agreement entered between the Plaintiff and Defendant I on 25 August 2023.

In particular, a loan amounting to RMB10,000,000 (equivalent to RM6.3 million) was granted by the Plaintiff to Defendant I, where the loan was jointly and severally guaranteed by Defendant III and Defendant IV. As a result of Defendant I failing to make monthly interest payments for the abovementioned loan utilised, the Plaintiff is claiming for:

- (1) Repayment of loan principal amounting to RMB6.1 million (equivalent to RM3.9 million) and related interests totalling to RMB38,720 (equivalent to RM24,500), alongside further interests and penalties to be accrued from 9 October 2024 to the date of final judgement;
- (2) Legal fees amounting to RMB12,000 (equivalent to RM7,600) to be paid by Defendant I;
- (3) All litigation costs associated with this lawsuit to be borne by the defendants;
- (4) Priority compensation to be received from the sale of collateral provided by Defendant I under the loan facility; and
- (5) Defendant II, Defendant III and Defendant IV to be held jointly responsible for the loan, including its principal, interests, penalties and legal fees, in accordance with the relevant loan facilities and guarantee agreements entered by the respective parties.

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

B9. Material Litigation (continued)

On 30 December 2024, the first hearing took place before the Family Court of Anxi County People's Court. The next hearing has been scheduled for 13 January 2025, during which the defendants will update the Court on the outcomes of any negotiation or potential settlement. The next hearing has been rescheduled to 8 February 2025, when the Court will deliver its judgment.

B10. Dividend Proposed or Declared

On 27 January 2025, the Board of Directors declared the third interim dividend of 1.0 sen per ordinary share totalling RM49.72 million for the financial year ending 28 February 2025 which will be paid on 7 March 2025 to shareholders whose names appear in the Record of Depositors of the Company at the close of business on 18 February 2025.

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 9 months ended	
	30.11.2024 Unaudited	30.11.2023 Unaudited	30.11.2024 Unaudited	30.11.2023 Unaudited
PATAMI (RM'000)	92,778	78,359	244,314	231,976
Weighted average number of ordinary shares ('000)	4,972,262	4,984,491	4,972,720	4,938,870
Basic earnings per ordinary share (sen)	<u>1.87</u>	<u>1.57</u>	<u>4.92</u>	<u>4.69</u>

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
Poh Ming Yi
Yeow Sze Min
Company Secretaries

27 January 2025