



DXN Holdings Bhd.
199501033918 (363120-V) | Incorporated in Malaysia

30TH | ANNUAL GENERAL MEETING

• DXN Cyberville

• 10 August 2026

• 10:00AM

Global Presence In More Than 180 Countries



Peru



Bolivia



Mexico



India



Morocco



Philippines



Saudi
Arabia



Malaysia



United Arab
Emirates



Nepal



Bangladesh



Indonesia



China

DXN HOLDINGS BHD.

30TH ANNUAL GENERAL MEETING

PRE-AGM SUBMITTED QUESTIONS & ANSWERS

No.	Question
1	Management attributed the 7.5% YoY revenue decline primarily to the timing of stock replenishment by the sole External Distribution Agency in the Middle East. Given that the Middle East is one of DXN's largest core markets, what structural safeguards or SLAs are in place to mitigate inventory bulges and shipment lumpy behaviour from this single agency?

Answer

The decline in revenue from the Middle East during 1QFY2027 was primarily attributable to the timing of stock replenishment by our External Distribution Agency, which typically places orders in larger batches rather than on a monthly basis. This reflects a timing difference in procurement rather than any deterioration in underlying consumer demand. The agency's inventory holding remained stable at approximately 3.1 months in 1QFY2027 compared with 2.9 months in 1QFY2026, indicating that inventory levels remain within a normal operating range.

To minimise the impact of lumpy ordering patterns, we continue to strengthen our demand forecasting capabilities, conduct regular inventory monitoring, implement more structured replenishment planning, and hold periodic joint business reviews with the agency to better align supply with market demand. The Middle East and North Africa (MENA) region remains an important market, contributing 8.7% of the Group's gross revenue in FY2026. The region is currently supplied by DXN's Dubai and Jitra, Malaysia manufacturing facility, while the planned manufacturing facility in Meknes, Morocco, targeted to commence operations in 1QFY2028, will further strengthen our regional manufacturing footprint, enhance supply chain resilience and support future growth across the wider MENA region.

No.	Question
2	The Group has announced a massive RM500 million capital expenditure allocation for FY2027 to scale manufacturing capacity by 500% across Peru, Morocco, Malaysia, and Nepal. Given that current quarterly revenue has softened YoY, how does management justify a 500% capacity ramp-up without running into severe asset underutilisation? With this earmarked high capex cycle, the fear is elevating as we can't see the visibility of the return on investment and lower dividend payout every quarter. Investors are increasingly punishing companies that scale this physical buildout without providing an immediate, matching return on investment with the all-time low share price of RM0.46.

Answer

The planned RM500 million capital expenditure for FY2027 reflects DXN's long-term growth strategy rather than a response to a single quarter's financial performance. Approximately 75% of the allocation will be invested in expanding manufacturing capacity across Malaysia, Peru, Bolivia and Morocco, while the remaining 25% will be directed towards upstream plantation development and other strategic vertical integration initiatives.

These investments are being implemented in phases and are aligned with our long-term market expansion plans. None of the new facilities is expected to operate at full capacity immediately upon commissioning. Instead, utilisation will be progressively ramped up based on clearly defined operational and financial milestones, allowing production capacity to grow in tandem with market demand while minimising the risk of asset underutilisation.

The commissioning schedule is also staggered, with the Peru, Bukit Kayu Hitam and Gua Musang facilities expected to commence operations during FY2027, followed by the Morocco and Bolivia facilities thereafter. This phased approach provides flexibility in capital deployment and operational scaling. Importantly, the Group's dividend policy remains unchanged, with a commitment to distribute a minimum of 50% of annual net profit as dividends.

No.	Question
3	What is the hurdle rate / internal rate of return (IRR) used to evaluate these capital investments, and what is the expected payback period for the new facilities in Peru and Morocco?

Answer

DXN applies project-specific IRR benchmarks when evaluating capital investments, taking into account factors such as market maturity, location, resource requirements and the project's overall risk profile. As a general benchmark, the Group targets an IRR of approximately 10% to 12%.

The new manufacturing facilities in Peru and Morocco are each expected to achieve a payback period of approximately five to six years.

No.	Question
4	On a constant currency basis, can the Company demonstrate the growth rates of each jurisdiction for FYE2026 vs FYE2025?

Answer

Top 10 Sales Growth	Sales in respective currencies			Reported sales in RM after FOREX conversion			Growth Impact When Compare at Same Rate		
	FC mil			RM mil			RM mil		
	FY25	FY26	% change	FY25	FY26	% change	FY25	FY26	% change
1. Peru	492.3	584.1	+18.7%	594.5	700.4	+17.8%	594.5	705.4	+18.7%
2. Bolivia	490.8	666.2	+35.7%	284.0	225.4	-20.6%	284.0	385.5	+35.7%
3. Mexico	1,106.9	1,084.1	-2.1%	264.7	243.8	-7.9%	264.7	259.2	-2.1%
4. India	3,883.5	4,479.4	+15.3%	208.5	214.1	+2.7%	208.5	240.5	+15.3%
5. Morocco	280.1	214.5	-23.4%	127.5	97.9	-23.2%	127.5	97.6	-23.4%
6. Philippines	1,040.1	980.6	-5.7%	81.6	71.5	-12.4%	81.6	77.0	-5.7%
7. Malaysia	76.4	67.6	-11.5%	76.4	67.6	-11.5%	76.4	67.6	-11.5%
8. Middle East #	65.1	61.1	-6.1%	65.1	61.1	-6.1%	65.1	61.1	-6.1%
9. Turkey	246.5	249.3	+1.1%	33.0	25.6	-22.3%	33.0	33.4	+1.1%
10. Mongolia	21,758.5	23,557.6	+8.3%	28.8	28.3	-1.9%	28.8	31.2	+8.3%
11. Other markets				249.0	272.9	+9.6%	249.0	291.2	+16.9%
Total				2,013.1	2,008.6	-0.2%	2,013.2	2,249.7	+11.7%
Less: Consideration due/paid to customers				-104.7	-110.1		-104.7	-110.1	
Total net sales				1,908.4	1,898.5		1,908.5	2,139.6	-241.1
					-10.0	-0.5%		231.1	+12.1%

The table provided illustrates the Group's performance on both a reported basis and a constant currency basis, allowing investors to distinguish the impact of foreign exchange movements from the underlying operational performance. On a constant currency basis, the Group's revenue would have recorded a stronger year-on-year growth compared with the reported figures, reflecting the positive contribution from several key markets despite adverse foreign exchange translation effects during the financial year.

No.	Question
5	The Group incurred RM6.07 million in private aircraft chartering fees in Q1 FY2027 paid to ExecuJet Asia for an aircraft owned by a company controlled by directors. On an annualised basis, this exceeds RM24 million. Why is private aircraft chartering required for operational execution, and has the Audit Committee benchmarked these charter rates against commercial aviation/first-class corporate travel alternatives to ensure strict arm's-length compliance?

Answer

The Group incurred RM6.07 million in aircraft chartering fees during 1QFY2027, equivalent to approximately RM24 million on an annualised basis, under an arrangement with ExecuJet Asia for the charter of an aircraft owned by a company controlled by directors. This arrangement is conducted in accordance with DXN's related party transaction framework and is subject to Bursa Malaysia Main Market Listing Requirements, shareholder approval and ongoing governance oversight.

Prior to entering into the arrangement, BDO Tax Services Sdn Bhd benchmarked the charter rates against prevailing market rates offered by comparable operators to ensure that the pricing was conducted on an arm's-length basis. In addition, Inter-Pacific Securities Sdn Bhd, acting as the Independent Adviser for the renewal of the recurrent related party transaction mandate, concluded that the arrangement is fair, reasonable and not detrimental to the interests of non-interested shareholders.

Commercial airlines continue to be the preferred mode of travel whenever schedules and connectivity are suitable. However, aircraft chartering is utilised where commercial flight schedules cannot support compressed, multi-country itineraries involving manufacturing site visits, regional marketing engagements, meetings with regulators and business partners, as well as project inspections. The Board and Audit Committee periodically review these recurrent related party transactions under the approved governance framework to ensure continued compliance with arm's-length principles.

No.	Question
6	Management highlighted ongoing upstream coffee plantation developments in Malaysia, Brazil, and Bolivia to hedge against global coffee bean volatility. What is the total cumulative capital committed to these coffee estates, when do you expect first yield harvest, and what percentage of total internal coffee bean needs will these plantations cover at full maturity?

Answer

The Group's coffee plantation developments in Malaysia, Brazil and Bolivia form part of DXN's broader vertical integration strategy to strengthen supply security, improve traceability and reduce exposure to global coffee price volatility. These initiatives complement the Group's other upstream investments, including Ganoderma cultivation, Spirulina production and other agricultural projects.

The cumulative capital committed to the coffee plantation developments currently stands at RM280.2 million. The expected timeline for the first harvest from each plantation is as follows:

Plantation	Expected first harvest
Bolivia (Arabica)	~6 months
Brazil (Arabica)	~6-12 months
Malaysia - Gua Musang (Robusta)	~24-36 months

Upon full maturity, the combined plantations are expected to produce approximately 1.6 million kilograms of coffee beans annually, comprising Arabica beans from Bolivia and Brazil, and Robusta beans from Malaysia. This output is expected to substantially meet the Group's internal coffee bean requirements, thereby strengthening supply security and reducing reliance on external sourcing over the longer term.