

ANCOM NYLEX BERHAD DETAILED ANSWERS

Questions raised by
Minority Shareholders Watch Group
56th Annual General Meeting

OPERATIONAL AND FINANCIAL MATTERS

MSWG Question – Q1

In FY2025, ANB reported lower revenue of RM1.87 billion, compared to RM2.00 billion in FY2024. The decrease in revenue was primarily due to lower selling prices and volume in the Industrial Chemicals division. This was partially offset by higher revenue in the Agrichemicals division, which recorded increased sales volume with continued customer demand (page 29 of AR2025).

- a) What were the causes for lower volume in the Industrial Chemicals division? What is the outlook for prices and demand in FY2026?
- b) Which product range, i.e., Palm Oil, Sugarcane, drove the increased sales volume for Agrichemicals division FY2025?

Company's response

Industrial chemicals

Global demand for industrial chemicals has declined in FY2025, influenced by geopolitical tensions, tariff threats, and an uncertain macroeconomic climate.

The lower ASP is attributable mainly to the lower crude oil prices observed during the year. There is a positive correlation between ASP and crude oil prices.

The lower demand is due mainly to the softening of China market generally, and there is a spill over effect the rest of the world.

Agrichemicals

In FY2025, the Agrichemicals division saw revenue growth primarily driven by higher sales volumes MSMA our main product in Brazil, US and Thailand mainly for the sugarcane and cotton market.

Our sales in palm oil sector has remained stagnant due to competing products from China due to overall low ASP cycle.

OPERATIONAL AND FINANCIAL MATTERS

MSWG Question – Q2

The inclusion of HELM AG as a strategic investor since September 2024 has strengthened ANB's shareholding structure and created synergistic opportunities for collaboration within the chemical sector. This partnership is expected to facilitate expertise sharing, enhance distribution networks, and improve market access (page 31 of AR2025).

- a) After a year of collaboration, how has ANB concretely harnessed synergies from the partnership with HELM, particularly in terms of expertise transfer, distribution network expansion, and market access? Please provide specific examples, performance indicators, or measurable outcomes where available.
- b) Given HELM's extensive presence across 30 countries, how does ANB ensure that this partnership complements rather than cannibalises the existing or potential commercial opportunities in overlapping markets?

Company's response

- (a) Key areas of collaboration between Ancom and Helm would be:
 - 1. Distribution of Ancom's agrichemical product in South America where Helm has extensive network. Key product of sales would be MSMA for the soya bean market.
 - 2. Collaboration on industrial chemical areas where we look at cross selling non overlapping areas and developing new market like India by leveraging individual strength. Products we explore together are mostly the aromatic solvents.
- (b) Both Ancom and Helm has very distinctive market presence.

Ancom is strong in Southeast Asia and Asia as a whole, and Helm is active in mostly the US and Europe continent. Both are non cannibalizing each in nature.

OPERATIONAL AND FINANCIAL MATTERS

MSWG Question – Q3

Recent geopolitical developments in Eastern Europe and the Middle East, together with persistent trade tensions between the United States and China and the implementation of broad-based U.S. tariffs, have heightened uncertainty concerning the availability and pricing of select raw materials (page 34 of AR2025).

- a) How have the ongoing U.S.–China trade tensions and the imposition of U.S. tariffs affected ANB's raw material procurement strategy, including sourcing, pricing, and supply chain stability?

Additionally, please illustrate the impacts of these tariffs on ANB's sales performance and cost of sales, particularly on the export sales and trade with the U.S.

- b) What measures have been undertaken to mitigate margin pressure arising from such developments?

Company's response

- Based on our current assessment, there is no significant direct impact from US Tariffs on the Group.
- However, , if geopolitical developments continue or intensify, there is potential for both direct and indirect effects on the Group's operations, supply chain, and cost structure moving forward..
- The Group will continue to take proactive measures, including vigilant monitoring of costs and supply chain to address the market changes.

OPERATIONAL AND FINANCIAL MATTERS

MSWG Question – Q4

ANB commenced commercial production of a new Active Ingredient (AI) known as Tebuthiuron in April 2025.

- a) How were the sales of the new AI in FY2025? What is the projected annual production capacity and expected revenue contribution from Tebuthiuron in FY2026 and beyond?
- b) Being one of the three producers for Tebuthiuron globally, how does management plan to position the product competitively against the other global producers in terms of pricing, distribution, and target markets?
- c) To further enhance its operational capabilities, ANB is implementing an additional in-house process to manufacture the necessary intermediate for this AI (page 35 of AR 2025).

What is the intermediate required for Tebuthiuron? Are there any significant capital expenditure or R&D costs required to equip with the capability of manufacturing the necessary intermediate for Tebuthiuron? If so, how much is the capex required?

Company's response

- a) Tebuthiuron
- Production commenced beginning 2H of FY2025.
 - FY2026 target is to sell approx.. 600MT technical equivalent or RM25 mil in revenue.
- b) To position competitively
- We need to first get more acceptance from customers thereafter increase the volume to achieve better economies of scale
 - We also plan to start producing formulated products over technical grade materials, as these typically yield superior margins.
 - We plan to complete the downstream granule formulation setup within the same facility during Q3 FY2026, with a focus on serving the non-crop bush control markets in Australia and South Africa.
- c) Additional in-house process
- Intermediate for Tebuthiuron is called Thiadiazol, we purchase this from China
 - There is no more R&D expenses required for this product going forward.
 - We have spent all the necessary capex for this, no more going forward.

OPERATIONAL AND FINANCIAL MATTERS

MSWG Question – Q5

	2025 RM'000	2024 RM'000
Amounts owing by associates	26,837	27,940
Less: Impairment losses	(13,041)	(13,041)
	13,796	14,899

(page 209 of AR2025)

We note that as at the end of FY2024 till FY2025, there were impairment losses totalling RM13.0 million, constituting approximately 50% of the amounts owed by associates.

- Since when has the impaired amount been outstanding? What is the likelihood of fully or partially recovering it?
- Which associate companies are involved, and what actions have been taken to recover the sums?
- Given the significant impairment, what steps are being implemented to strengthen credit monitoring and oversight of related-party balances to prevent recurrence?

Company's response

- The impairments are related to amounts still owed by ActMedia (M) Sdn Bhd, a 30% associate, which have been overdue for an extended period.
- These funds were advanced made to support the media business in the hypermarket many years ago based on shareholders' agreement with partners.
- As you may be aware, the Group has taken the steps to focus on core chemical business and involvement in media is minimal going forward.
- The Group regularly reviews related-party balances to take timely action and conducts annual impairment assessments to make sure provisions remain sufficient.

OPERATIONAL AND FINANCIAL MATTERS

MSWG Question – Q6

With the earlier selective capital reduction and repayment exercise to increase ANB's holding of Nylex (Malaysia) Berhad to 100% falling through, what is next on ANB's drawing board for Nylex?

Company's response

- As highlighted in the Nylex (Malaysia) Berhad ("Nylex") EGM with the shareholders, Nylex will continue to pursue the Johor LRT project.
- Submission to UKAS was made on 30 June 2025, and Nylex will continue to engage with UKAS on the submitted proposal. As Nylex is still a 42% subsidiary of Ancom Nylex Group, we will continue to update shareholders via announcement if there is further development on the reply by UKAS.
- Barring that, Nylex does not have any plans to change the business while awaiting the outcome of the RFP evaluation by UKAS.

SUSTAINABILITY MATTERS

MSWG Question – Q1

ANB has established FY2025 as the baseline year for electricity and water consumption as well as GHG emissions, with performance to be tracked over a three-year period using both absolute and intensity metrics (page 61 of AR2025).

- a) What specific sustainability targets has the Group set to achieve “*measurable reductions in resource intensity by FY2027*”? Please quantify the intended reduction levels for electricity, water, and GHG emissions, where possible.
- b) What key initiatives or operational improvements does ANB plan to carry out to achieve these targets?

Company's response

Sustainability Targets

- ANB has set FY2025 as the baseline year for electricity, water, and GHG emissions.
- We have yet to come out with the targeted reduction in percentages as we are still working on the numbers. KPI will be discussed and set during the year.

Key Measures to Achieve Targets

Initiatives include among others;

- **Energy savings** - most of the business have adopted using LED lightings.
- **Fleet and logistics – Some of the prime movers have been using** Euro-5 trucks cut diesel use by 35% (0.54 → 0.35 L/km)
- **Operational efficiency** Broader GHG tracking and preventive maintenance to optimize fuel and energy usage.
- **Investment in green energy companies** First such investment is ANB's subscription of 16.9% interest in GLT which would provide carbon credits to the Group.