



KAREX BERHAD
[Registration No. 201201034091 (1018979-U)]

MINUTES OF THE 13TH ANNUAL GENERAL MEETING (“13TH AGM”) OF KAREX BERHAD HELD PHYSICALLY AT BALLROOM 1, GROUND FLOOR, SETIA CITY CONVENTION CENTRE, NO. 1, JALAN SETIA DAGANG AG U13/AG SETIA ALAM, SEKSYEN U13, 40170 SHAH ALAM, SELANGOR ON FRIDAY, 28 NOVEMBER 2025 AT 10:00 A.M.

PRESENT:

Board of Directors

Prof. Dato’ Dr. Adeeba Binti Kamarulzaman	• Chairwoman, Independent Non-Executive Director
Dato’ Edward Siew Mun Wai	• Independent Non-Executive Director
Mr Chew Fook Aun	• Independent Non-Executive Director
Madam Lam Jiu-an Jiu-an	• Non-Independent Non-Executive Director
Madam Goh Yen Yen	• Non-Independent Non-Executive Director
Ms Kung Chin Woon	• Independent Non-Executive Director
Mr Jaimie Sia Zui Keng	• Independent Non-Executive Director
Mr Goh Leng Kian	• Non-Independent Non-Executive Director
Mr Goh Miah Kiat (“MK Goh”)	• Executive Director & Chief Executive Officer

In Attendance

Ms Tan Ai Ning	• Company Secretary
Ms Tan Siew Hong	• Company Secretary
Mr Chan Chee Keong	• Representative from KPMG PLT, External Auditors

By Invitation

Mr Wong Your Can	• Chief Strategy & Financial Officer
Mr Ian Leong	• Director, CEO’s Office
Mr Yee Weng Theng	• Senior Finance Manager
As per the Attendance List	

Shareholders and Proxies

As per the Attendance List

1. ADDRESS BY THE CHAIRWOMAN

The Chairwoman, Prof. Dato' Dr. Adeeba Binti Kamarulzaman thanked and extended warm welcome to the shareholders, proxies, authorised representatives, Board members and management team for attending the 13th AGM of the Company.

The Chairwoman reminded all attendees to switch off or switch on silent mode for all mobile phones, tablets and similar electronic devices during the AGM to prevent disruptions to the proceedings of the AGM.

The Chairwoman also informed that the AGM was restricted to shareholders, proxies and authorised representatives of corporate shareholders who have registered to join the meeting. The Chairwoman informed that the discussion that transpired during the AGM was deemed confidential, any photography, visual or audio recording of the meeting was strictly prohibited unless prior written consent has been obtained from the Company.

The Chairwoman then introduced the Board members, the Chief Strategy & Financial Officer, the Management team, Company Secretary and the Auditors to the shareholders and proxies accordingly.

2. QUORUM

The Company Secretary confirmed that a quorum was present pursuant to the Clause 70 of the Company's Constitution.

Based on the report issued by the Share Registry Report, 110 proxy forms from the shareholders for a total of 710,739,598 shares representing 67.47% of the issued share capital of the Company.

Out of those, there were 39 shareholders who have appointed the Chairwoman of the Meeting as proxy to vote on their behalf and the shares so represented stood at 150,878,600 shares representing 14.32% of the total issued shares of the Company.

With the requisite quorum being present, the Chairwoman called the Meeting to order.

3. NOTICE OF MEETING

The Chairwoman informed the shareholders and proxies that the Company's Annual Report 2025 and Administrative Details on the procedures of the Meeting together with the Notice of Meeting dated 28 October 2025 had been circulated to all shareholders and the notice was duly advertised in The Star newspaper on 28 October 2025.

With the shareholders' permission, the Notice convening the Meeting was taken as read.

4. VOTING PROCEDURES

Before proceeding to the agenda of the Meeting, the Chairwoman made participants aware of the requirement pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") where all resolutions set out in the Company's Notice of the 13th AGM will be voted by poll.

The Chairwoman informed that the Company's Share Registrars, Boardroom Share Registrars Sdn. Bhd. ("Boardroom") had been appointed to act as the Poll Administrator and would brief the members on the conduct of the poll before the polling started, whilst Sky Corporate Services Sdn. Bhd. had been appointed to act as the Scrutineers to validate the votes cast at the Meeting. She then invited the Poll Administrator to brief the participants on the procedures for the electronic poll voting and remote poll voting system.

Upon the conclusion of the briefing by the Poll Administrator, the Chairwoman informed the Meeting that the voting session was available and would remain open until the closure of the voting session to be announced later and the results of the poll voting would be announced after the Scrutineers had verified the poll results.

The Meeting was informed that questions on the proposed resolutions would be addressed during the Question and Answer ("Q&A") session later in the meeting.

5. PRESENTATION BY THE CHIEF EXECUTIVE OFFICER ON BUSINESS INSIGHTS OF THE GROUP

The Chairwoman invited the Executive Director and Chief Executive Officer of the Company, Mr MK Goh to give a presentation to the shareholders and proxies regarding the latest developments of the Company.

Mr MK Goh welcomed all the members to the Meeting and presented an overview of the industry, followed by the key industry trends and strategic updates. Financial performance for Q1 FY2026 was reported with revenue of RM133 million and profit of RM4.6 million. ESG performance remains strong with a FTSE4Good rating of 4.5 out of 5, reinforcing sustainability commitments. Operational initiatives include achieving EUMDR compliance by 2026 and implementing a living wage pledge by 2028. Business growth was highlighted by a 61.4% CAGR in personal lubricants and an own-brand contribution of 19.3% to overall sales. The OEM strategy continues to focus on partnerships and market expansion. Innovation efforts were emphasised with the development of synthetic condoms, scheduled for a global launch under the Durex brand.

6. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

The Audited Financial Statements together with the Reports of the Directors and Auditors for the financial year ended 30 June 2025 (“AFS”), having been circulated to all the members of the Company within the statutory period, were tabled before the Meeting for discussion.

The Chairwoman informed the Meeting that pursuant to Section 340 of the Companies Act 2016, the AFS does not require approval from the shareholders and thus, would not be put forward for voting.

The Chairwoman declared that the AFS had been properly laid and received in accordance with the Companies Act 2016, and then proceeded to the next item on the Agenda of the Meeting.

The Meeting was informed that all questions on the AFS would be addressed during the Q&A session later in the meeting.

7. ORDINARY RESOLUTION 1

- RE-ELECTION OF DIRECTOR: PROF. DATO’ DR. ADEEBA BINTI KAMARULZAMAN

The Chairwoman informed the Meeting that the first item on the agenda was to consider the re-election of herself as a Director of the Company, retiring pursuant to Clause 97 of the Company’s Constitution. As an interested party for this resolution, she handed over the Chair to Mr. MK Goh to preside over this portion of the proceedings.

Mr. MK Goh noted that Ordinary Resolution 1 concerns the re-election of Prof. Dato’ Dr. Adeeba Binti Kamarulzaman, who is retiring in accordance with Clause 97 of the Company’s Constitution and, being eligible, has offered herself for re-election. He added that the profile of Professor was set out in the “Profile of Directors” on page 51 of the Company’s Annual Report 2025.

The Chair proposed the following motion:

“THAT Prof. Dato’ Dr. Adeeba Binti Kamarulzaman retiring pursuant to Clause 97 of the Company’s Constitution, be re-elected as a Director of the Company.”

The Chair then put aside the motion to vote by poll at a later stage then returned the Chair to the Chairwoman to proceed to the next item on the Agenda.

8. ORDINARY RESOLUTION 2

- RE-ELECTION OF DIRECTOR: DATO' EDWARD SIEW MUN WAI

The Chairwoman informed the Meeting that Dato' Edward Siew Mun Wai was subject to retirement by rotation at the Meeting pursuant to Clause 97 of the Constitution of the Company and being eligible, had offered himself for re-election. The Chairwoman added that the profile of Dato' Edward Siew Mun Wai was set out in the "Profile of Directors" on page 52 of the Company's Annual Report 2025.

The Chairwoman proposed the following motion:

"THAT Dato' Edward Siew Mun Wai retiring pursuant to Clause 97 of the Company's Constitution, be re-elected as a Director of the Company."

The Chairwoman then put aside the motion to vote by poll at a later stage and proceeded to the next item on the Agenda.

9. ORDINARY RESOLUTION 3

- RE-ELECTION OF DIRECTOR: MS KUNG CHIN WOON

The Chairwoman informed the Meeting that Ms Kung Chin Woon was subject to retirement by rotation at the Meeting pursuant to Clause 104 of the Constitution of the Company and being eligible, had offered herself for re-election. The Chairwoman added that the profile of Ms Kung Chin Woon was set out in the "Profile of Directors" on page 54 of the Company's Annual Report 2024.

The Chairwoman proposed the following motion:

"THAT Ms Kung Chin Woon retiring pursuant to Clause 104 of the Company's Constitution, be re-elected as a Director of the Company."

The Chairwoman then put aside the motion to vote by poll at a later stage and proceeded to the next item on the Agenda.

10. ORDINARY RESOLUTION 4

- RE-ELECTION OF DIRECTOR: MR JAIMIE SIA ZUI KENG

The Chairwoman informed the Meeting that Mr Jaimie Sia Zui Keng was subject to retirement by rotation at the Meeting pursuant to Clause 104 of the Constitution of the Company and being eligible, had offered himself for re-election. The Chairwoman added that the profile of Mr Jaimie Sia Zui Keng was set out in the "Profile of Directors" on page 55 of the Company's Annual Report 2025.

The Chairwoman proposed the following motion:

“THAT Mr Jaimie Sia Zui Keng retiring pursuant to Clause 104 of the Company’s Constitution, be re-elected as a Director of the Company.”

The Chairwoman then put aside the motion to vote by poll at a later stage and proceeded to the next item on the Agenda.

11. ORDINARY RESOLUTION 5

- APPROVAL OF DIRECTORS’ FEES PAYABLE TO THE NON-EXECUTIVE DIRECTORS OF THE COMPANY AND ITS SUBSIDIARIES

The Chairwoman informed the Meeting that this agenda was to sought approval for the payment of directors’ fees to the non-executive directors of the Company and its subsidiaries amounting to RM1,610,000.00 for the financial period commencing 1 July 2024 and ending at the conclusion of the next Annual General Meeting of the Company.

The Chairwoman proposed the following motion:

“THAT the payment of Directors’ Fees amounting to RM1,610,000.00 for the financial period from 1 July 2024 until the conclusion of next Annual General Meeting of the Company be hereby approved.”

The Chairwoman then put aside the motion to vote by poll at a later stage and proceeded to the next item on the Agenda.

12. ORDINARY RESOLUTION 6

- DIRECTORS’ REMUNERATION AND BENEFITS PAYABLE TO THE NON-EXECUTIVE DIRECTORS OF THE COMPANY AND ITS SUBSIDIARIES

The Chairwoman informed the Meeting that a sum of up to RM150,000.00 was recommended for payment as Directors’ remuneration and benefits payable to the Non-Executive Directors of the Company and its subsidiaries for the financial period from 1 December 2025 until the conclusion of the next annual general meeting of the Company. This was in order to comply with Section 230(1) of the Companies Act 2016.

The Chairwoman proposed the following motion:

“THAT the payment of Directors’ Remuneration and benefits payable to the Non-Executive Directors of the Company and its subsidiaries up to an amount of RM150,000.00 for the period from 1 December 2025 until the conclusion of the next annual general meeting of the Company be hereby approved.”

The Chairwoman then put aside the motion to vote by poll at a later stage and proceeded to the next item on the Agenda.

13. ORDINARY RESOLUTION 7

- RE-APPOINTMENT OF AUDITORS AND TO AUTHORISE THE DIRECTORS TO FIX THEIR REMUNERATION

The Chairwoman then proceeded with the next item on the agenda on the re-appointment of Messrs KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

It was noted that Messrs KPMG PLT had indicated their willingness to continue in office.

The Chairwoman proposed the following motion:

“THAT Messrs KPMG PLT be hereby re-appointed as auditors of the Company for the ensuing year AND THAT the Board of Directors be hereby authorised to fix their remuneration.”

The Chairwoman then put aside the motion to vote by poll at a later stage and proceeded to the next item on the Agenda.

SPECIAL BUSINESS

14. ORDINARY RESOLUTION 8

- AUTHORITY TO ISSUE AND ALLOT SHARES

The Chairwoman informed that Ordinary Resolution 8, if passed, will provide flexibility to the Company for the allotment of shares for any possible fund-raising activities but not limited for further placement of shares for purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

It was further noted that the waiver of pre-emptive rights will allow the Company to issue new shares of the Company which rank equally to existing issued shares of the Company, to any person without having to offer new shares to all existing shareholders of the Company prior to issuance of new shares in the Company under the general mandate.

The Chairwoman proposed the following motion:

“THAT subject always to the Companies Act 2016 (“the Act”), Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 75 of the Act to issue and allot not more than ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or

in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company pursuant to Section 76 of the Act (“Mandate”).

THAT such approval on the Mandate shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company held after the approval was given;*
- (b) the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or*
- (c) revoked or varied by resolution passed by shareholders of the Company in a general meeting.*

THAT the Directors of the Company be and are hereby also authorised and empowered to give effect to the proposed Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities and to obtain the approval from Bursa Securities for the listing of and quotation for such new shares on the Main Market of Bursa Securities.

THAT pursuant to Section 85 of the Companies Act 2016, read together with Clause 54 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares of the Company arising from any issuance of new shares in the Company pursuant to this Mandate.

AND THAT the new shares to be issued shall upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution which may be declared, made or paid before the date of allotment of such new shares.”

The Chairwoman then put aside the motion to vote by poll at a later stage and proceeded to the next item on the Agenda.

15. ANY OTHER BUSINESS

There being no notice of any other business for transacting at the Meeting received, the Chairwoman proceeded with the Q&A session.

16. Q&A SESSION

The Chairwoman declared that the Q&A Session was opened and informed the meeting that in the interest of time, the Board might not be able to address all questions during the meeting. Members were advised that any unanswered

questions could be submitted via email to the Company at enquiry@karex.com.my, and responses would be provided accordingly.

The questions raised by the shareholders/proxies together with the responses from the Board of Directors and Management are set out in Appendix I as attached to this Minutes.

Upon the conclusion of the Questions and Answers session, the Chairwoman proceeded with the voting process.

17. POLLING

The Chairwoman then declared the commencement of the polling process and directed that the registration of shareholders and proxies be closed. The Chairwoman invited the Share Registrar to brief members on the polling procedure. The Share Registrar explained that voting would be conducted by way of electronic polling (“e-polling”) and provided detailed instructions on the procedure, including the use of QR-coded wristbands distributed during registration, the identification of shareholders and proxies, and the steps required to cast votes for each resolution. It was noted that votes, once confirmed, could not be altered or withdrawn. Poll administrators and scrutineers were stationed at the polling area to assist and oversee the process.

The Chairwoman invited members to proceed to cast their votes and announced that the meeting would stand adjourned to allow time for the polling and tabulation of results by the Share Registrar and verification by the scrutineers. The Chairwoman further informed that the results of the poll would be announced upon completion of the verification process, which was expected to take approximately 40 minutes.

Accordingly, following the computation of the votes and being verified by the Scrutineers, the Chairwoman called the Meeting to order and announced the poll results as detailed hereunder: -

Resolution	For		Against	
	No. of Votes	%	No. of Votes	%
Ordinary Resolution 1	123	99.9997	2	0.0003
Ordinary Resolution 2	103	15.3598	22	84.6402
Ordinary Resolution 3	123	99.9997	2	0.0003
Ordinary Resolution 4	123	99.9997	2	0.0003
Ordinary Resolution 5	112	99.9983	7	0.0017
Ordinary Resolution 6	112	99.9991	7	0.0009
Ordinary Resolution 7	123	99.9997	2	0.0003
Ordinary Resolution 8	122	99.9969	3	0.0031

Thereafter, the Chairwoman announced that all resolutions were carried except Resolution 2 as follows: -

Resolutions	Outcome of Poll Results
Ordinary Resolution 1	Accepted
Ordinary Resolution 2	Rejected
Ordinary Resolution 3	Accepted
Ordinary Resolution 4	Accepted
Ordinary Resolution 5	Accepted
Ordinary Resolution 6	Accepted
Ordinary Resolution 7	Accepted
Ordinary Resolution 8	Accepted

The following resolutions were resolved at the 13th AGM of the Company:

Ordinary Resolution 1

“THAT Prof. Dato’ Dr. Adeeba Binti Kamarulzaman retiring pursuant to Clause 97 of the Company’s Constitution, be re-elected as a Director of the Company.”

Ordinary Resolution 3

“THAT Ms Kung Chin Woon retiring pursuant to Clause 104 of the Company’s Constitution, be re-elected as a Director of the Company.”

Ordinary Resolution 4

“THAT Mr Jaimie Sia Zui Keng retiring pursuant to Clause 104 of the Company’s Constitution, be re-elected as a Director of the Company.”

Ordinary Resolution 5

“THAT the payment of Directors’ Fees amounting to RM1,610,000.00 for the financial period from 1 July 2024 until the conclusion of next Annual General Meeting of the Company be hereby approved.”

Ordinary Resolution 6

“THAT the payment of Directors’ Remuneration and benefits payable to the Non-Executive Directors of the Company and its subsidiaries up to an amount of RM150,000.00 for the period from 1 December 2025 until the conclusion of the next annual general meeting of the Company be hereby approved.”

Ordinary Resolution 7

“THAT Messrs KPMG PLT be hereby re-appointed as auditors of the Company for the ensuing year AND THAT the Board of Directors be hereby authorised to fix their remuneration.”

Ordinary Resolution 8

“THAT subject always to the Act, Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 75 of the Act to issue and allot not more than ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next Annual General Meeting of the Company pursuant to Section 76 of the Act.

THAT such approval on the Mandate shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting of the Company held after the approval was given;*
- (b) the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or*
- (c) revoked or varied by resolution passed by shareholders of the Company in a general meeting.*

THAT the Directors of the Company be and are hereby also authorised and empowered to give effect to the proposed Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities and to obtain the approval from Bursa Securities for the listing of and quotation for such new shares on the Main Market of Bursa Securities.

THAT pursuant to Section 85 of the Companies Act 2016, read together with Clause 54 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares of the Company arising from any issuance of new shares in the Company pursuant to this Mandate.

AND THAT the new shares to be issued shall upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms

of distribution which may be declared, made or paid before the date of allotment of such new shares.”

It was noted that Dato’ Edward Siew Mun Wai ceased to hold office upon not being re-elected to the Board as an Independent Non-Executive Director of the Company, and appreciation be recorded for his past services to the Company.

18. CLOSURE

There being no other business, the Meeting concluded at 12:23 p.m. with a vote of thanks to the Chairwoman and all present thereat.

CONFIRMED AS CORRECT RECORD OF THE PROCEEDINGS THEREAT

-signed-

CHAIRWOMAN
PROF. DATO’ DR. ADEEBA BINTI KAMARULZAMAN

APPENDIX I

QUESTIONS AND ANSWERS

Questions raised by shareholders/proxies

The following questions were raised by the shareholders/proxies at the Company's 13th AGM and responses from the Board and management team were as follows:

1. Why has the Board expanded to five Independent Directors when previously there were fewer?

The composition of the Board is determined by the Nomination Committee to ensure balanced governance, diverse expertise across different areas to providing advice and oversight. The Board is satisfied with the current structure.

2. Borrowings have increased substantially. What is the purpose of these borrowings?

The higher borrowings were primarily utilised to fund the expansion of the Company's manufacturing facilities in Thailand and to provide working capital for the synthetic condom business.

3. Revenue has declined for three consecutive years. What is the outlook going forward?

Whilst sales in Ringgit Malaysia terms registered a decline, when stated in US Dollar terms, revenue actually increased by 7.3% between FY2024-FY2025. The government tender business, once 30 - 40% of sales, which accounted for a significant portion of revenue, has dropped to just 8% of overall Group Revenue. Karex is shifting focus to other divisions: personal lubricants, OEM partnerships, and synthetic condoms to offset tender market sales decline. The Company is confident that investments in synthetic condom production will drive future growth. Though the contribution of synthetic condoms remain small (deliveries only commenced towards the end of the second quarter of FY2025), market response has been encouraging. The Company has limited capacity which limits more widespread market expansion for now, but plans are already underway to scale this capacity up.

4. What contributed to the significant loss in FY2024 and FY2025?

The loss was primarily due to the impairment provisions on the glove business that totalled RM15 million over the two years. Karex obtained certifications and approvals for manufacturing gloves during the Covid-19 pandemic but is currently not running the lines. Upon discussion with auditors, Karex arrived at the prudent decision to make an impairment provision for the entirety of the glove business as at the end of FY2025.

To clarify, the Company recorded a profit of RM23 million in FY2024, not a loss of RM200 million.

5. The largest intangible asset relates to brand value. Are these costs capitalised, and how is amortisation handled?

Intangible assets amounting to RM61 million include acquired brands as well as investments in certifications, registrations and clinical trials for the synthetic condom venture. Valuation is reviewed annually with KPMG, based on cash flow generation from the brands. If there is any shortfall in cash flow, auditors would recommend impairments accordingly. The amount reflects the acquisition of two brands, Trustex and ONE. Since acquisition, no adjustment has been made to the brand values. The brands are not amortised, not all intangible assets require amortisation or depreciation. Sales are on an encouraging path, so there has been no need to make impairments to the brand value in the books.

6. What is the rationale for investing in Thailand for synthetic condom production?

Malaysia no longer provides tax incentives for condoms or dipped rubber products (synthetic or natural). In Thailand, Karex can apply for Board of Investment approval, which grants tax benefits. The Company has operated in Thailand since 2005 and benefits from established infrastructure and expertise. Thailand is currently now home to leading universities in rubber technology, supporting both natural and synthetic rubber expertise. The tax incentives, expedited regulatory approvals and access to strong technical talent justify the investment.

Synthetic raw materials (i.e.. from Korea) can be used in either Malaysia or Thailand, so location does not affect supply. In Malaysia, building a new factory requires land purchase/rental and navigating complex state/federal approvals (i.e.. water treatment), which can take up to two years. In Thailand, within the IEAT industrial zone, approvals and construction can be completed in about eight months. Thailand provides faster setup timelines and lower setup costs, making it a more efficient investment location, enabling quicker response to market demand.

7. Why was the Question and Answer session scheduled to conclude at 11:30 a.m.? Limiting the Q&A session may restrict shareholder rights to engage with the Board, as provided under the Companies Act, and requested that future AGMs allow more time for questions.

The Chairwoman explained that the time limit was set to allow sufficient time for the polling process and verification of results by the scrutineers. The intention was not to limit shareholder rights but to ensure the AGM agenda could be completed in an orderly manner. The Chairwoman acknowledged the comment and noted that the point was taken for consideration. Shareholders were assured that their questions would be heard and addressed within the stipulated time.

- 8. Some shareholders were still arriving late due to weather and travel conditions and requested flexibility in timing. The shareholder also expressed disappointment regarding the door gifts provided, citing expectations after several years of virtual meetings.**

The new Nasi Lemak product was introduced at the AGM for shareholders to sample. Current gifts were limited due to logistical constraints, however the management team acknowledged the feedback and assured that the Company would take note and strive to improve in future meetings.

- 9. What is the current utilisation rate of the six synthetic condom manufacturing lines? You plan to add another 10 lines next year, what is the expected capital expenditure for these new lines, and what is the roadmap for achieving efficiency? How will these investments be funded? Will borrowings increase?**

All six existing lines are operating at full capacity, and demand currently exceeds production. Ten additional dipping lines are planned for installation within the current financial year. However, full contribution from these new lines will be realised in the next financial year due to required validation processes.

Annual capital expenditure is expected to remain in the range of RM25–30 million, similar to prior years, with RM43 million spent in the last financial year. The additional ten lines will require an estimated RM10–15 million. Karex build dipping lines in-house, which reduces the costs of expansion in comparison to competitors. The Company anticipates continued investment in synthetic condom production, with plans to add up to 20 more lines after the initial expansion. Efficiency improvements will also be expected progressively as production scales up.

Funding will primarily be through internally generated profits. Short-term borrowings may be used for trade financing due to global logistical challenges, but the Company's gearing ratio remains healthy at approximately 0.33 times.

- 10. Is there any possibility of acquiring the Durex brand? Since Durex is occupying the factory's capacity, can we increase the pricing to Durex?**

Karex is an OEM supplier for Durex, owned by Reckitt Benckiser, a multi-billion-pound company. Durex was acquired in 2011 for 2.7 billion pounds, Karex is not in a position to acquire such a large brand. Durex produces some condoms in-house and sources others from Karex and other manufacturers. The Company will continue to focus on maximising profitability through OEM partnerships.

Pricing is set by market dynamics where Karex cannot arbitrarily raise prices beyond market levels. Current gross margins for synthetic products exceed 50%, and management expects margins to improve further as production volume increases.

11. When will the actual launch or expansion of the product into other countries take place, and what is the plan? Additionally, what is the most significant feature of the product?

At present, the product is primarily available in the United States, and the timing of launches in other markets depends on Durex, as they own the brand. Expansion is subject to regulatory approvals and product registration. The Company has secured U.S. FDA approval and CE marking for Europe, and registration in other countries is ongoing. It is anticipated that within the next one to two years, the product will be available in Southeast Asian markets.

The product currently has a thickness of approximately 30 microns (0.03mm), with plans to reduce the thickness at a later stage. While thinness is often emphasised for natural rubber products, synthetic materials such as nitrile offer better heat transfer and comfort without relying solely on thinness to improve user sensation. This is one of the key advantages of synthetic condoms in comparison to their natural rubber counterparts.

12. Could you elaborate on the exclusive arrangement with Durex for the synthetic condom venture? Does the agreement include a time limitation? Furthermore, is the Company able to launch under its own brand? Lastly, do you expect gross margins to increase as utilisation improves, and new products contribute higher margins?

The exclusivity agreement with Durex applies on a market-by-market basis, with a two-year exclusivity period for each market where Durex launches. For example, in Europe, where Durex launched in January 2025, Karex can sell to other manufacturers only from January 2027. The Company is already in discussions with other brands for launches post-2027.

The Company has agreements allowing it to launch under its own brand in certain markets starting January 2026. The sexual wellness division currently achieves a blended gross margin of approximately 30%, which includes tender and OEM natural rubber products. Natural rubber condom margins are more challenging, while synthetic condoms and personal lubricants exceed 50%. As the product mix shifts toward synthetic condoms, margins are expected to expand and could reach 40% or more if synthetic condoms surpass natural rubber condoms in volume.

13. How much write-off remains for the glove production machines?

All glove production machines and equipment have been fully written off during the latest round of impairment provisions. The building was originally constructed for ten glove lines, but only two were built. The remaining space has been converted to synthetic condom production lines, ensuring full utilisation of assets.

14. For the sexual wellness business, what percentage of revenue is derived from condoms (natural vs synthetic) and other products?

Detailed breakdowns are not disclosed due to market sensitivity and competitive considerations. However, based on previously shared figures of close to RM500 million revenue, about 92% of total revenue is from sexual wellness. Within sexual wellness, personal lubricant contributed approximately RM74.5 million, which is around 15%. Currently, synthetic condom contribution remains small as production only began during the FY2025 with limited production lines. A clearer segmentation will be provided once synthetic condom production scales up and contributes a more significant portion of overall Karex sales.

15. Why have administrative and distribution expenses increased significantly compared to 2016, while revenue growth has been slower?

In earlier years, the business relied heavily on government tenders, which required minimal marketing and administrative resources. This model was profitable but unsustainable, as governments reduced free condom distribution after decades.

Karex has been gradually diversifying its revenue streams since the initial public offering in 2013, acquiring UK-based Pasante and later Global Protection in the United States, which both provided more extensive distribution networks that were required to operate as an OEM and OBM manufacturer. This transition also required building marketing and distribution teams in the United States and the United Kingdom, with associated costs in USD and GBP.

While expenses have grown, this investment supports long-term sustainability and higher-margin retail sales, moving from low-value government contracts (approximately RM0.03 per condom) to consumer retail pricing (up to RM1 per condom in some markets).

The long-term vision is to build strong brands, which historically command high valuations in the sexual wellness industry. The focus is not to reduce expenses drastically but to grow sales proportionately to achieve profitability. Mid-term growth will come from scaling synthetic condom production and expanding own branded sales.