



TECHNODEX BHD.

200301025214 (627634-A)
(Incorporated in Malaysia)

SUMMARY OF KEY MATTERS DISCUSSED AT THE TWENTIETH ANNUAL GENERAL MEETING OF TECHNODEX BHD. (“TDEX” OR THE “COMPANY”) HELD AT KLGCC FUNCTION ROOM 1 & 2 (LEVEL 1) MAIN LOBBY, KUALA LUMPUR GOLF & COUNTRY CLUB, 10, JALAN 1/70D OFF JALAN BUKIT KIARA, 60000 KUALA LUMPUR ON TUESDAY, 10 DECEMBER 2024 AT 11:00 A.M.

REPLY TO QUESTIONS FROM THE MINORITY SHAREHOLDERS WATCH GROUP (“MSWG”)

A. Operational & Financial Matters (“O&F”)

- Q1. The lower revenue of RM 37.56 million (FYE 2023: RM 50.76 million) generated from the hardware, software and professional services was mainly attributed to lower contribution from hardware project sales orders due to lower order from the Group’s commercial project channel as a result of softer market sentiment. (page 9 of AR 2024)

What are the factors that contributed to the softer market sentiment which affected the Group’s hardware project sales? To what extent does the Group expect orders for the Group’s hardware, software and professional services to pick up in the financial year ending 2025?

The softer market sentiment in FYE 2024 can be attributed to several factors that are affecting the Malaysian market. The global economic uncertainties that included inflation and rising interest rates has reduced business spending on IT hardware. Weak Malaysia ringgit during the reporting period also increased the cost of imported hardware, and thus impacted purchasing decisions by some of our Malaysian clients and partners.

Looking ahead to FYE 2025, the Group remains optimistic about a recovery in hardware, software, and professional services markets within Malaysia. The rollout of e-Invoicing regulations is expected to drive demand for IT solutions as businesses upgrade their systems for compliance. Our Group has also planned to expand our market presence across key Southeast Asia markets specifically in Thailand, Indonesia and Singapore. With improving economic conditions and targeted marketing efforts, the Group is expected to achieve 15% increase in the hardware, software and professional services revenue.

- Q2. The Group's inventories increased to RM 7.95 million (FYE 2023: RM 5.62 million) (Note 11, page 93 of AR 2024). The increase in inventories by RM 2.33 million attributed to ensure the Group have sufficient stock to meet customer orders and growing demand as the Group expand in order to minimizes supply chain disruptions and supports the Group's goals for reliable service and long-term growth. (page 10 of AR 2024)**
- (a) Given the lower order from the Group's commercial project channel due to softer market sentiment in FYE 2024, how does the Group ensure that inventory levels are optimized to meet customers' demand without overstocking?**
- (b) How much of the abovementioned inventories are pending delivery to customers?**
- (a)** The Group has adopted several strategies to optimize inventory levels, ensuring sufficient stock to meet customer demand without overstocking. These strategies include proactive forecasting based on historical data and market trends, as well as maintaining a flexible supply chain management system that enable quick response to changes in demand. Other steps included performing regular inventory reviews to help identify slow-moving stock, and a buffer stock is strategically maintained to support the anticipated demand.
- (b)** As of FYE 2024, the Group's inventory value stands at RM 7.95 million, with approximately RM 4.2 million allocated for confirmed customer orders, the stock is pending delivery according to the project timelines. The remaining inventory serves as buffer stock to mitigate supply chain disruptions and to meet projected demand. The Group continues to focus on maintaining an optimal balance between stock availability and operational efficiency to support its long-term growth and reliable service goals.
- Q3. The Group is strengthening its cybersecurity portfolio, focusing on cutting-edge solutions like Extended Detection and Response (XDR) and Security Operations Center (SOC) capabilities and expanding the Business IT consultancy, actively exploring opportunities in Smart City initiatives, Smart Farming, and potential AI-driven services in financial consultancy and automation. (page 11 of AR 2024).**
- (a) In relation to the Cyber Security Act 2024 that came into force recently, to what extent is the new Cyber Security Act 2024 a threat or an opportunity to the Group?**
- (b) To date, did the Group manage to secure any projects or partnerships for Smart City initiatives and Smart Farming?**
- (c) What is the AI-driven services that the Group is able to provide in financial consultancy?**

TECHNODEX BHD. [200301025214 (627634-A)]

Summary of Key Matters discussed at the 20th Annual General Meeting of the Company held on Tuesday, 10 December 2024.....cont'd

- (a) The Cyber Security Act 2024 is an opportunity for the Group as it creates a growing demand for advanced cybersecurity services. The Group can leverage this by offering Extended Detection and Response (XDR), establishing Security Operations Centers (SOC) and SOC radar to help organizations comply with the Act. Additionally, the Group is actively pursuing initiatives to determine the feasibility of partnerships to customize training modules that meet specific requirements of new Cyber Security Act 2024.
- (b) To date, while Smart City initiatives are being explored, the Group signed reseller partnership agreement with one regional company with smart city solutions and the Group has yet to secure any projects in Smart City. The Group has also partnered with University Technology MARA (UiTM) for a smart farming project and is in the process of launching a pilot initiative. This project incorporates Internet of Things (IoT) technologies to monitor and optimize agricultural processes, such as resource usage and crop growth, to improve efficiency and sustainability.
- (c) The Group is pursuing initiatives to collaborate with strategic partners to provides a range of AI-driven financial consultancy services which tailored to improve the efficiency and effectiveness of the potential client decision-making process. These include predictive analytics for accurate cash flow forecasting, AI-based fraud detection systems to identify and mitigate risks, automation tools for streamlining financial reporting and compliance processes.

B. Sustainability Matters

Q4. In relation to the Bursa Malaysia's Enhanced Sustainability Reporting Framework under the ACE Market Listing Requirements, some of the enhanced sustainability disclosures will be applicable to ACE Market listed companies' annual reports issued for the financial year ending on or after 31 December 2024.

Has TECHNODEX started its initiative to gather data for the Enhanced Sustainability Reporting Framework despite not falling within this reporting cycle?

As the Company's financial year ends on 30 June 2024, the Company is not yet required to comply with the Enhanced Sustainability Reporting Framework under Bursa Malaysia's ACE Market Listing Requirements for the current reporting cycle. Nevertheless, the Company recognizes the importance of aligning with enhanced sustainability practices and will take proactive steps to ensure the necessary data is gathered and processes are put in place to meet the requirements effectively when applicable.

TECHNODEX BHD. [200301025214 (627634-A)]

Summary of Key Matters discussed at the 20th Annual General Meeting of the Company held on Tuesday, 10 December 2024.....cont'd

Q5. How many Directors have not attended the Mandatory Accreditation Programme Part II: Leading for Impact? When will these Directors attend the new mandatory onboarding programme on sustainability, as required by Bursa Malaysia?

Currently, all eight (8) Directors have not attended the Mandatory Accreditation Programme Part II ("MAP Part II"). They are committed to complete MAP Part II by 1 August 2025.