

MTAG GROUP BERHAD
 Registration No. 201801000029 (1262041-V)
 (“the Company”)
 (Incorporated in Malaysia)

SUMMARY OF KEY AGM MATTERS DISCUSSED AT THE 6TH ANNUAL GENERAL MEETING OF MTAG GROUP BERHAD DULY CONDUCTED THROUGH FULLY VIRTUAL LIVE STREAMING AND ONLINE MEETING PLATFORM OF TIIH ONLINE PROVIDED BY TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD. IN MALAYSIA VIA ITS WEBSITE AT [HTTPS://TIIH.ONLINE](https://tiih.online) ON FRIDAY, 24 NOVEMBER 2023 AT 10.00 A.M.

Questions and Answers arising from the Minority Shareholders Watch Group (“MSWG”):-

Q1 For FY2023, MTAG initially started on a strong momentum with production utilisation rate picking up in tandem with the rebound in economic activities post pandemic. The favourable trend, unfortunately, did not last as the Group subsequently experienced a reduction in orders from one of its key customers. The slowdown situation with this customer is expected to persist due to some structural changes within its organisation.

(a) What was the Group’s average production utilisation rate in FY2023?

(b) Please elaborate more on the structural changes within the organisation of this key customer.

(c) As orders from this key customer are likely to decline, what is the potential impact to the Group’s overall revenue for FY2024?

The Company’s Response:

(a) Group’s average production utilisation rate in FY2023 is about 85%.

(b) The structural changes within the organisation of this key customer is referring to termination from their major customers.

(c) The potential impact to the Group’s overall revenue for FY2024 due to decline orders from this key customer is approximately 50%.

Q2 MTAG has acquired a 100%-stake in Super Gold Industrial Sdn. Bhd (Super Gold) in October 2022 for RM1.5 million cash. Super Gold is principally involved in the manufacturing of labels, stickers and tapes, and related industrial supplies. The company serves customers across a broad spectrum of industries, yielding great synergistic values to MTAG as it enables the Group to broaden its customer base by penetrating the non-Licensed Manufacturing Warehouse (LMW) companies, a segment that MTAG did not serve earlier due to its LMW licenses. (Page 17 of AR 2023)

(a) What is the estimated market size for the non-LMW in Malaysia? How does it compare to LMW market?

(b) What are the key differences between LMW and non-LMW?

The Company’s Response:

(a) Non-LMW (Licensed Manufacturing Warehouse) includes a broader spectrum of manufacturing and trading enterprises, ranging from large-scale manufacturing plants to smaller businesses involved in manufacturing and trading activities. These could include SMEs, mid-sized companies, and large corporations. To obtain precise market size data, you may need to consult market research reports, government statistics, or industry associations eg MITI, Custom Malaysia.

In comparison to LMW market, the Non-LMW market is typically larger in terms of the number of businesses and the diversity of industries it covers. Whereas LMWs are specific zones that offer various tax and customs incentives to promote export-oriented manufacturing and re-export activities.

(b) LMWs (Licensed Manufacturing Warehouse) are specific zones that offer various tax and customs incentives to promote export-oriented manufacturing and re-export activities. LMW companies operate within specific zones enjoy certain tax and customs privileges, such as tax exemptions and duty-free importation of raw materials.

In contrast, non-LMW businesses are subject to regular tax and customs regulations and cover a broader spectrum of industries.

- Q3 Efforts are underway to accelerate the growth of Super Gold. This includes expanding Super Gold's production capacity to capitalise on its wide customer base and the growth potential in the non-LMW market. (Page 21 of AR 2023)

- (a) What is the current production capacity and utilisation rate for Super Gold?**
(b) How much is the additional capacity and what is the budgeted capex?

The Company's Response:

(a) Current capacity and production utilisation rate is approximately 85%

(b) Invest to buy new 1 to 2 unit latest technology label printing machine and High Speed Die-cutting machine, approximately RM500k to RM1 mill. To penetrate in Food & Beverages major brands. Based on the above budgeted capex, projection with 15% growth.

- Q4 **Despite a 15% decline in revenue to RM180.2 million in FY2023, the Group's gross profit margin (GPM) increased to 32.8% from 28.3% a year ago. What are the reasons for the spike in GPM? Is it sustainable going forward?**

The Company's Response:

Reasons for the spike in GPM is due to more favourable margins from our diversified range of products. Sustainability of this increased GPM going forward, it depends on several factors.

- i) Market Conditions: If the market conditions remain favourable and demand for the higher-margin products continues, the increased GPM is more likely to be sustainable.
- ii) Customer Demand: If the stability of customer demand for the better margins products model remain, the increased GPM is more likely to be sustainable.

The following are the key questions that were raised by shareholders prior and during the meeting, which were responded and addressed by the Board and Management:-

- Q1 Ms. Tee Beng Hee, Ms. Yong Yang Har, Ms. Tee Beng Ngo, Mr. Lim Bai Tai @ Lim Eng Kim, Ms. Tee Beng Choo, Mr. Chee Teng Ho, Mr. Te Seng Whatt @ Tay Seng Whatt, Mr. Warren Tay Kim Leng and Mr. Sia Cheng Loong asked if e-voucher or gift voucher would be given to those shareholders who have taken the initiative to attend the Company's virtual AGM?

The Company's Response:

The Company will consider on the suggestion in future.

- Q2 Mr. Lo Wen Ping inquired MTAG business moat.

The Company's Response:

MTAG is a leader in the label sticker market in Malaysia, with a strong cash flow. Additionally, it has successfully expanded through acquisitions to obtain a full range of converting capabilities, enabling it to offer clients a comprehensive range of products.

- Q3 Mr. Lau Chuan Hooi inquired what is the Company's future outlook.

The Company's Response:

Heading into the new financial year, MTAG Group is looking forward to closely working together with newly-appointed contract manufacturers to continue supporting our customers' steady demand. In addition, with the inflow of local and foreign investment into Malaysia, the Group is looking to expand

its business development and investment activities to support increased manufacturing activities across all related sectors in the region.

Coupled with our prudent financial strategy of maintaining a healthy balance sheet, MTAG Group is optimistic about the way forward to ensure sustainable growth.

Q4 Mr. Ho Xi Wen posed the following questions:

a) What is the business outlook for year 2024? Is there any new customers or new orders secured lately?

The Company's Response:

Currently MTAG is working closely with the newly-appointed contract manufacturers, Beside this, MTAG has acquired SuperGold as a new subsidiary and is actively preparing to enter the F&B industry as a new market segment.

b) I attended last year AGM and the management guided a slight growth for the year. However, it did not materialize. Can you share what is the strategy taken to push the Group back to the glory day? What can shareholder expect for year 2024?

The Company's Response:

The revenue shortfall experienced by MTAG is a result of the termination of a major customer. Nevertheless, MTAG is actively collaborating with newly-appointed contract manufacturers to ensure a smooth transition of business. Additionally, the Company is actively seeking new customers to support its new product development initiatives. Furthermore, MTAG's acquisition of SuperGold as a new subsidiary and its preparations to enter the Food & Beverages Industry as a new market segment demonstrate its proactive approach to diversification and growth.

Q5 Mr. Cheong Sian Hoe, Mr. Cheong Seng Tin and Mr. Tan Kim Khuat requested a copy of the latest annual report to be sent to their registered address.

The Company's Response:

The Company noted the above request and will arrange to send a copy of the Annual Report to the respective shareholders.

Q6 Mr. Teo Chee Siong inquired the construction plan & timeline of the new plant on the acquired 2-acre parcel land and the estimated improvement % of productivity for this plant to the converting business.

The Company's Response:

The construction of the plant is planned for the period between 2024 and 2025, and efforts are currently underway to convert the land from agricultural to industrial use. It is estimated that there will be a productivity improvement of 5% to 10%.

Q7 Mr. Ng Hoon Ho inquired quarterly revenue for Q3 and Q4FY2023 declined substantially from the previous corresponding period in FY2022. The bottom-line for the said period however remains largely unchanged, hence the improvement of gross profit margin and net profit margin. In this regard, does the board expect the revenue to remain weak for FY2024? Will profit margin be able to maintain on the lower revenue?

The Company's Response:

The improvement in gross profit margin is due to more favourable margins from our diversified range of products. It is anticipated that the revenue for 2024 may be impacted. The profit margin is subject to market conditions, but the Company is committed to working on strategies to enhance it.

Q8 Mr. Lim Yau Chong posed the following questions:

a) How much cost saving per year can company get with the installed PV system.

The Company's Response:

The installation of the PV system took place approximately 3 to 4 months ago and estimated to generate yearly savings of around RM100,000. Considering the government incentives, it is expected that the payback period for the PV system will be around 2.5 years.

b) Any plan to expand to northern region?

The Company's Response:

We are actively exploring the expansion to northern region and studying the opportunity.

Q9 Ms. Low Giek Ching inquired on whether the dividend payment will increase.

The Company's Response:

The dividend will be maintained at 20% of the profit in accordance with the Company's dividend policy.

Q10 Mr. Wang Wee Shan inquired the main reason/material that affect company group margin.

The Company's Response:

This question has already been addressed in Q7.

There being no further business, the meeting was called to a close by the Chairman at 11.25 a.m. with a vote of thanks to the Chair.