

**MTAG GROUP BERHAD 7<sup>TH</sup> AGM – 29/11/2024**

**QUESTIONS AND ANSWERS SESSION**

**Questions from MSWG:**

**OPERATIONAL & FINANCIAL MATTERS**

1. ***In response to MSWG's question 1 (c) during last year's AGM, MTAG replied that "The potential impact to the Group's overall revenue for FY2024 due to decline orders from this key customer is approximately 50%."***

- a) ***MSWG Question: What was the actual impact on the Group's total revenue for FY2024? How much was the revenue contribution from this key customer in FY2024?***

***Company's Response:*** The actual impact on the Group's total revenue for 2024 was approximately 25%, with this key customer contributing about 50% of the total revenue for the year.

- b) ***MSWG Question: Are orders from this key customer expected to decline further in FY2025? If yes, what is the potential impact on the Group's topline?***

***Company's Response:*** The Company believe that orders from this key customer are expected to remain sustainable in Financial Year 2025, with minimal impact on the Group's topline.

- c) ***MSWG Question: What steps are being taken to mitigate the risk of losing this key customer or to diversify the Group's customer base?***

***Company's Response:*** The Company had acquired Jostar Sdn. Bhd. ("Jostar") and Super Gold Industrial Sdn. Bhd. ("Super Gold"), this was part of the strategic move to diversify customer portfolio accounts.

2. ***The Group's acquisition of Super Gold in October 2022 has already begun to bear fruit with contributions to its FY2024 earnings. (page 17 of AR 2024)***

- a) ***MSWG Question: What were the revenue and net profit contributions from Super Gold in FY2024?***

**Company's Response:** The contribution from Super Gold to revenue and net profit in FY2024 was approximately RM7.2 million and RM0.45 million, respectively.

**b) MSWG Question: What is the outlook for Super Gold in FY2025?**

**Company's Response:** The Company will further expand the footprint in Fruits Sector, Merchant & Retail sector, fast moving consumer goods (FMCG) label sticker demands, such as Lotus Mart, 99 Speedmart, Eco-Shop, KK Mart etc.

**3. On 31 October 2023, MTAG completed the acquisition of a 100% stake in Jostar for RM8.7 million cash. Jostar is principally engaged in the operation of a printing factory. Jostar's existing foothold in the industrial sector, a market MTAG had not previously served, provides exciting opportunities for expansion and growth. (page 94 of AR 2024)**

**a) MSWG Question: Please provide more details on the RM8.7 million acquisition price. How was this valuation determined? What financial metrics were used in the evaluation of Jostar?**

**Company's Response:** The Company used the Asset-Based Valuation method, incorporating fair value for freehold factory buildings and plant & machinery, to determine the acquisition price.

**b) MSWG Question: Please provide the key financial data for Jostar over the last three financial years.**

**Company's Response:** Jostar's revenue for FY2021, FY2022 and FY2023 was RM4.7 million, RM5.2 million and RM4.9 million, respectively.

**c) MSWG Question: What is Jostar's market share in the printing sector? How does it compare to other players in the industry?**

**Company's Response:** Currently the Company do not have specific information on Jostar's market share in the printing sector.

**d) MSWG Question: Please provide insights into Jostar's customer base and its position within the industrial sector.**

**Company's Response:** Jostar's major customer base comprises the Lifestyle Living Industry (fishing reels and bicycles), Health & Personal Care (cooling water, cough syrup and yellow lotions), and Food & Beverage retail.

**CORPORATE GOVERNANCE MATTERS**

4. ***Practice 1.4 of the Malaysian Code of Corporate Governance (MCCG) stipulates that the Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.***

***MTAG's response: Departure. The Chairman of the Board is also the Chairman of the RC, and a member of the AC, NC and RMC. The Group believes that the inclusion of the Chairman in the relevant Board Committees is justified after taking into consideration his vast experience and background. The RC, AC, NC and RMC are able to leverage on his insights and knowledge in making key Committee decisions.***

***MSWG's comments: The presence of Mr. Lee Ting Kiat, the Chairman of the Board, in the meetings could impair the objectivity and independence of the board committees.***

***Guidance G1.4 states that having the same person assume the positions of Chairman of the board, and Chairman of the AC, NC or RC gives rise to the risk of self-review and may impair the objectivity of the Chairman and the board when deliberating on the observations and recommendations put forth by the board committees. Thus, the Chairman of the board should not be involved in these committees to ensure there is check and balance as well as objective review by the board.***

***MSWG Question: When does the Company intend to adopt Practice 1.4 to further enhance the independence and objectivity of the board committee?***

***Company's Response:*** The Company committed to adopt Practice 1.4 to further enhance the independence and objectivity of the board committees and will actively working towards adopting it.

5. ***Practice 5.9 of the MCCG stipulates that the Board should comprise at least 30% women directors.***

***MTAG's response: Departure. The Board supports gender diversity at all levels, including the Board. At present, the Board comprises five (5) Directors, of whom one (1) is a woman, translating to 20% women representation on the Board. The Board will continue to source for suitable women candidates to meet the 30% recommendation of women directors on the Board.***

***MSWG's comments: What are the challenges faced by the Company in sourcing for women directors? When does the Company expect to adopt Practice 5.9?***

**Company's Response:** The Company remains committed to promoting board diversity and will consider adopting Practice 5.9 as and when it is practical and aligned with the Company's operational and strategic needs.

### **SUSTAINABILITY MATTERS**

6. ***To reduce its carbon footprint, MTAG has installed a solar photovoltaic (PV) system with a capacity of 379.9 kilowatt-peak (kWp) on the rooftop of its main plant in Tebrau, Johor Bahru. In addition, the Group has also established annual energy utilization targets. (page 31 of AR 2024)***

- a) ***MSWG Question: What is the payback period for the solar PV system?***

**Company's Response:** With the double tax deduction benefit, the payback period for the solar PV system is less than 3 years.

- b) ***MSWG Question: How do current electricity costs compare to those before the installation of the solar PV system?***

**Company's Response:** Before the installation, monthly electricity costs ranged from RM45,000 to RM65,000. After the installation, the costs decreased to a range of RM35,000 to RM55,000. Averagely, the monthly saving is approximately RM15,000.

- c) ***MSWG Question: What are MTAG's annual energy utilisation targets? And how do you determine these targets?***

**Company's Response:** Our actual energy consumption ranged from 1.1 to 1.3 million kWh from FY2022 to FY2024. Conservatively, the annual energy utilization target is set between 1.0 and 1.3 million kWh.

7. ***The Group's total waste generated volume was 74.2 m3 in FY2024. (page 32 of AR 2024)***

**MSWG Question:** MTAG provides three-year data for energy and water consumption as disclosed on page 31 of the AR. Why was there only one year data for waste generated? For a more meaningful illustration of the progress over the years, please disclose the waste generated volume for at least the past three financial years in the upcoming Sustainability Statement.

**Company's Response:** We will take this into consideration in the next financial year.

**Questions from Query Box:**

8. **Shareholder's Question: May I know what is the company's future outlook? and will the Board consider giving door gift such e-voucher or e-wallets for those participating in this AGM as a token of appreciation?**

**Company's Response:** We are cautiously optimistic about our future outlook despite the rising costs. We aim to secure new customers across various sectors, although we acknowledge the challenging business environment. Regarding door gifts, we will consider offering them at the next AGM.

9. **Shareholder's Question: Status of land acquisition balance of RM9.6M of IPO proceeds? Why Long delay? Please send me a copy of the latest Annual Report. I also request the company to distribute some e-vouchers to today's attendees.**

**Company's Response:** The delay is due to our effort to identify a purposeful investment opportunity, and we are still on track with our plans. We will arrange for the latest Annual Report to be sent to the shareholder who requested it. Regarding door gifts, we will consider distributing them at the next AGM.

10. **Shareholder's Question: Main raw materials used? Can cost increase be passed on to customers?**

**Company's Response:** The main raw materials we use include labels, adhesives, and filters, among others. MTAG is taking consolidation efforts to centralize the resources to reduce raw material costs. This strategy helps us maintain competitive pricing in the market.

11. **Shareholder's Question: Impact of strong Ringgit?**

**Company's Response:** A strong ringgit could attract more high-value investments to Malaysia, particularly in the Johor Bahru region. This could enhance our manufacturing facilities' ability to serve industries such as semiconductors and medical sectors.

12. **Shareholder's Question: Dear board of directors, I would like to request the board of directors to organize MTAG factory visit for all the MTAG shareholders. To enhance the image of MTAG.**

**Company's Response:** Thank you for your suggestion. We will take into consideration.

13. **Shareholder's Question: Impact of increase in minimum wage and EPF contribution for foreign workers?**

**Company's Response:** We have evaluated the impact, which is approximately RM10,000. This has a minimal effect on our group's operations.

14. **Shareholder's Question:** So many years listed. The revenue is almost the same. Any strategy to significant increase revenue like 2 years plan, 5 years plan. Artificial Intelligent ("AI") is coming. Any strategy to take advantage/opportunity in this field? Company must behave more aggressive to get more "pizza". Because company have resources and good machine. Hope company run forward faster.

**Company's Response:** We are working actively to enhance revenue through cross selling our product lines within the Group to meet customer demands. Over the past two years, we have acquired two subsidiaries, Super Gold and Jostar, which operate in the printing industry but use different types of machines. These acquisitions create a vertical integration effect which allowing us to cross-sell different type of products to a similar customer bases, thus enhancing our overall service and value. At the same time, we are engaging extensive business development activity to secure new customers across various sector.

Regarding machinery and AI, we will look forward towards automation and processes to improve efficiency, we note that we will do better in the future.

15. **Shareholder's Question:** Will 2025 be better than 2024 or be worse due to new challenges?

**Company's Response:** In 2025, we expect to sustain and upgrade our manufacturing facilities. We will continue to engage closely with both existing and new customers. While we remain cautious, we are optimistic about the future.