Appendix I

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

SUMMARY OF KEY AGM MATTERS DISCUSSED AT THE 8TH ANNUAL GENERAL MEETING OF MTAG GROUP BERHAD HELD AT RENAISSANCE HOTEL, 2, JALAN PERMAS 11, BANDAR BARU PERMAS JAYA, 81750 JOHOR BAHRU, JOHOR ON FRIDAY, 28TH NOVEMBER 2025 AT 10.00 A.M.

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

<u>OPERATIONAL & FINANCIAL MATTERS</u>

1. The Group's revenue and earnings have declined consistently over the last five financial years. Revenue fell from RM193.6 million in FY2021 to RM73.4 million in FY2025 while net profit dropped from RM33.6 million to RM12.3 million over the same period.

(a) What does management identify as the key underlying causes of this sustained decline? What corrective measures are being implemented to address them?

<u>The Company's Response:</u>

The decline over the past five years was driven by several external market factors, including:

- softer global demand, particularly in industrial and export-oriented sectors;
- customers' inventory rationalisation and cost-control initiatives;
- geopolitical tensions and reciprocal tariff measures that disrupted supply-chain planning;
- a slower-than-expected recovery in certain end-markets during FY2024–FY2025;
- the termination or scaling down of orders from certain major customer in FY22 & FY23, which affected volume and capacity utilisation.

Despite these challenges, the Group remained profitable, cash-generative, and continued to maintain a healthy nett cash position.

To address, the Group implemented a series of corrective measures, including:

- driving operational efficiency and production optimisation;
- enforcing tighter cost discipline and adopting leaner operating structures;
- diversifying suppliers and enhancing raw-material planning;
- investing in automation and process upgrades to reduce labour dependence;
- broadening our customer base into higher-value and more resilient market segments;
- strengthening R&D to support product innovation and technical differentiation.

These initiatives have helped stabilise performance and position the Group for a stronger recovery as market conditions gradually normalise.

(b) What is the Group's roadmap to restore revenue growth and improve profitability over the next 3–5 years?

<u>The Company's Response:</u>

Our strategic roadmap focuses on:

1. Moving up the value chain in two approaches – through automation, advanced converting capabilities, and upgraded machinery. Which will lead to more product offerings such as

3D/tracking labels which can be used for logistics sector, and more packaging solutions for end customers.

2. Growing higher-value segments – including FMCG, industrial, medical-related and customised converting solutions.
3. Leveraging Super Gold & Jostar – to capture more opportunities in FMCG, retail and packaging sectors.
4. Deepening R&D investment – to accelerate development of customised, higher-margin offerings.
5. Capacity optimisation & prudent capex – including phased development of new land assets.
6. Evaluating M&A/partnership opportunities – to scale capabilities and extend market reach.

With strong cash reserves and healthy utilisation levels, the Group is well-positioned for a measured recovery and long-term growth.

2. Considering the changing competitive landscape and customer requirements in the EMS sector, does management believe the Group's current business model is still sustainable over the long term?

The Company's Response:

Yes. While market conditions in recent years have been soft, our business model remains sustainable due to:

- core business continues to be profitable with more than 12 million nett profit this FY;
- strong recurring demand from FMCG and industrial customers;
- diversification across multiple end-markets;
- ability to support customers with customised solutions, not just volume-based production;
- continuous upgrading of technology and automation to enhance productivity;
- strong balance sheet and net cash position that enables reinvestment.

We continue to evolve toward higher-value, more automated, less labour-intensive offerings. This positions MTAG competitively for long-term sustainability.

3. As part of our move further up the value chain, the Group is exploring to upgrade our machinery by integrating advanced technology and automation, a step that will lessen reliance on manual labour, boost efficiency, and raise overall productivity." (page 18 of AR 2025)

(a) How does the shift toward automation and advanced machinery support MTAG's long term strategy to move up the value chain? What specific new capabilities will this enable the Group to develop?

The Company's Response:

Automation directly allows our production processes to be more versatile and customisable by enabling higher accuracy and consistency. With advanced machinery and integrated automation, we can reduce reliance on manual labour, shorten cycle times and achieve better operational efficiency.

Moving up the value chain also involve diversification of product range & capabilities, on top of enhancing efficiency & quality of existing services offered to customers.

This upgrade also enhances our technical capabilities, particularly in specialty converting, precision printing and advanced finishing. These improvements position us to handle more complex and technically demanding requirements, allowing us to serve higher-value customers and strengthen our competitiveness. Over time, this will strengthen our competitiveness, improved margins over time and reinforce MTAG's long-term growth strategy.

(b) What is the projected capital expenditure for the machinery upgrades?

The Company's Response:

Capex for the machinery upgrades will be phased and economically justified, aligned with market conditions and our cash flow discipline. While evaluations are still ongoing, the Group currently estimates that the investment may be in the region of approximately RM5 million, subject to final specifications, vendor selection and procurement terms.

SUSTAINABILITY MATTERS

4. Electricity sourced from the national grid remains MTAG's primary energy input, supplemented by solar energy generated from a 379.9 kilowatt-peak ("kWp") solar photovoltaic ("PV") system at its main plant in Tebrau, Johor. (page 27 of AR 2025)

(a) Has the Group set measurable targets or timelines for net-zero or carbon-reduction?

The Company's Response:

The Group remains committed to responsible environmental stewardship and aligns its efforts with Malaysia's national aspiration to achieve Net Zero greenhouse gas emissions by 2050.

While we have not yet formalised Group-wide quantitative carbon-reduction or net-zero targets, we have already begun strengthening our internal environmental framework as a foundation for future target-setting.

Our ongoing initiatives include:
- maintaining ISO 14001:2015 Environmental Management System certification at Toyo Sho and Super Gold;
- securing group-wide FSC Chain-of-Custody certification to support responsible material sourcing;
  - continuous electricity monitoring to identify efficiency opportunities;
  - regular preventive maintenance to reduce energy wastage;
  - utilisation of on-site solar energy to reduce grid reliance and carbon emissions.

As part of our next phase, MTAG is reviewing structured, measurable carbon-reduction targets, which will be introduced once the formal assessment is completed.

(b) What percentage of the Group's total electricity consumption is currently supplied by solar energy?

The Company's Response:

Approximately 70%–80% of the Group's total electricity consumption is currently supplied by solar energy. Our 379.9 kWp solar PV system at the main plant generated sufficient renewable energy to offset approximately 255 tonnes of CO_2 in FY2025, an increase from 102.2 tonnes in FY2024. While solar remains a supplementary source relative to grid electricity, particularly following the consolidation of Super Gold and Jostar, it continues to play an important role in reducing the Group's carbon footprint. Solar generation contributes meaningfully to our emissions reduction efforts and forms a key component of our long-term sustainability pathway.

5. In FY2025, MTAG consumed 8,019 m³ of water, an increase of 43% from the previous year's 5,596 m³, reflecting the inclusion of Super Gold and Jostar. (page 28 of AR 2025)

(a) How has the Group's water intensity (e.g., water used per unit of revenue) changed compared to FY2024?

The Company's Response:

Water consumption increased mainly due to the expansion of the Group's operational footprint with the full-year inclusion of Super Gold and Jostar. With revenue softening during the year, water intensity (water usage per unit of revenue) increased compared with FY2024. This reflects the impact of broader market conditions rather than operational inefficiency.

(b) What steps is MTAG taking to improve water-use efficiency across its operations, particularly in facilities with higher water consumption?

The Company's Response:

The Group is implementing several measures to strengthen water-use efficiency across operations, including:

- facility-level monitoring to identify areas with high usage;
- maintenance of piping and equipment to minimise leaks and operational wastage;
- process reviews to ensure efficient water usage at production lines;
- awareness initiatives for employees to promote responsible consumption;
- ongoing exploration of water-efficient equipment and processes, particularly in facilities with higher consumption profiles.

These initiatives support our commitment to environmental responsibility and complement the Group's broader sustainability objectives.

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

Q1 Mr See Hook Chuan referred to the Statement of Financial Position and noted the substantial investment balance. In the Statement of Profit or Loss and Other Comprehensive Income, Other Income and Finance Income together accounted for approximately 53.2% of the total Profit After Tax. In addition, inventories increased significantly from Year 2024 to Year 2025.

In view of the above, could the Company provide further clarification on its strategic direction, specifically whether it intends to continue focusing on its core business operations or focus on other investment?

The Company's Response:

Ms Liew Fei Shane addressed the matter relating to inventories. The increase in inventories was attributable to one of the Company's subsidiaries, where the inventories were previously written off and subsequently written back after the Company successfully recovered them. The Company will deliver the products as planned.

Ms. Elly Chaw explained the Company's diversification strategy and the status of its core business. The Company continues to identify opportunities not only within its core manufacturing business but also in other value-adding items and profit-generating ventures. The interests of shareholders remain a key priority in all strategic decisions undertaken by the Company.

Q2 Mr. See Hook Chuan noted that the Company reported a significant amount of income subject to tax. Whether this income was derived purely from investment activities or whether it included other income streams that benefit from special tax incentives?

Ms. Liew Fei Shane responded that there were certain other incomes which were not subject to tax, and that the Company also benefited from investment tax relief incentives.