MAYBULK BERHAD
Registration No: 198801008597 (175953-W)
(Incorporated In Malaysia)

Date: 8 July 2026

Minority Shareholders Watch Group
Level 23, Unit 23-2, Menara AIA Sentral
No. 30, Jalan Sultan Ismail
50250 Kuala Lumpur

Attention : Devanesan Evanson
Chief Executive Officer

RE: 37th Annual General Meeting ("AGM") of Maybulk Berhad ("the Company") on Wednesday, 30 June 2026

We refer to your letter dated 25 June 2026. The questions raised in your letter and our replies below were presented to our shareholders during the AGM.

<u>Operational & Financial Matters</u>

1. Goodwill arising from the acquisition of EMT Systems Sdn Bhd ("**EMTS**") amounting to RM60.25 million was identified as a Key Audit Matter by the external auditors, Grant Thornton PLT (pages 82–83 of Annual Report 2025). The recoverable amount supporting the goodwill balance was determined based on several key assumptions disclosed on page 104 of AR2025.

   a) The annual revenue growth assumption used in the impairment assessment was revised upward from a fixed 5% previously to a range of 5%–12% in financial year ended 31 December 2025 ("**FY2025**").

      What were the key factors that justified the higher revenue growth assumptions? Do these revised projections reflect a more favourable outlook for the shelving and storage systems industry?

   b) The projected annual expense growth assumption was revised from 5% previously to a range of approximately 2%–25% in FY2025.

      What are the principal cost drivers underlying this significantly wider range of projected expense growth? What is the Management's expectation of operating costs within the shelving and storage segment going forward?

   c) The pre-tax discount rate used in the goodwill impairment assessment decreased from 10.67% to 8.23% during FY2025.

      What were the key factors that justified the lower discount rate? How do these factors align with the current operating environment, business risks and cost of capital applicable to EMTS?

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Our response:

We assess the goodwill on consolidation on an annual basis based on the most current data available. The macro and micro economic data and EMTS operational data will differ from year-to-year.

The revenue growth rate assumption used in the goodwill assessment may differ from year-to-year to reflect:

- Changes in product mix arising from introduction of new products or discontinuation of existing products, if any
- Changes in target markets or customer base
- Changes in supply chain
- Changes in market conditions including impacts from tariffs or anti-dumping actions in export markets
- Adjustments for any one-off items reported in FY2025
- And other factors which may impact the operations of the division.

Revenue from the shelving division declined by 11.6% from RM56.62 million in the financial year ended 31 December 2024 ("**FY2024**") to RM50.03 million in FY2025 due to lower selling price caused by lower steel price (-10%) and weaker USD (-7%, declining from an average of 4.6468 in FY2024 to 4.3237 in FY2025). Excluding these factors, the underlying sales volume remains stable.

Taking into consideration the above factors and the strategic actions to be taken to expand our markets and customer base, we revise the revenue growth assumptions to 5-12% instead of a fixed growth rate of 5% over the projection period.

On the operating costs and expenses, the projections take into account the changes in revenue assumptions, additional resources required to meet the revenue growth assumptions and certain business development and marketing costs such as participation in exhibitions.

The components that determine the discount rate (weighted average cost of capital) are the cost of equity and cost of debt (interest rate) and the proportion of equity and debt (weightage). The cost of capital (equity and debt) is extracted from market observable data relevant to our industry and referenced to the likes of Bloomberg and the data changes from year-to-year.

The lower discount rate reflects the lower cost equity and lower interest rate.

2. Throughout FY2024 – FY2025, Maybulk has consistently undertaken share buybacks exercises with details as follows (page 122, Note 21 – Share Capital, AR2025):

- FY2025: 69.1 million shares for RM22.84 million with an average price per share of 33.05 sen
- FY2024: 54.83 million shares for RM17.71 million with an average price per share of 32.3 sen

On 21 April 2025, the Company cancelled 100 million treasury shares valued at RM32.76 million. Why did the Company cancel the treasury shares?

a) Since FY2024, Maybulk has deployed approximately RM40.55 million towards share repurchases. What specific and measurable benefits have been derived from these buybacks? In assessing the effectiveness of the programme, what metrics does the Board use to determine whether shareholder value has been enhanced?

b) In hindsight, could the funds have generated better returns for shareholders if deployed towards dividend distributions, operational improvements, etc?

c) During FY2025, the Company repurchased shares at prices ranging from 29.5 sen to 35.5 sen per share. What were the Company's key valuation metrics, i.e., P/E, P/B, at the time the shares were repurchased?

   What was the Board's assessment of the intrinsic value of the Company when these purchases were made? How significant was the perceived discount between market price and intrinsic value that justified the deployment of shareholders' funds towards share buybacks?

d) We noted that Maybulk Group Managing Director Dato' Goh Cheng Huat's shareholding in Maybulk increased from 32% on 29 March 2024 (before commencement of share buybacks), to 35.29% on 28 March 2025 and further to 37.21% on 31 March 2026, while the number of shares he holds remains constant at 320 million. (Sources: Annual Reports 2023 – 2025).

   Share buybacks and the subsequent cancellation of treasury shares increase the ownership percentage of shareholders, including controlling shareholders. With that, have the Board and Audit Committee consider this increase in ownership concentration when evaluating the fairness of the programme to minority shareholders?

   How does the Board ensure that the programme is undertaken primarily to enhance shareholder value rather than enable the controlling shareholder to consolidate control? First, the share buyback and share cancellation was done in accordance with the mandate obtained from shareholders and the provisions of the applicable regulations governing share buyback exercise.

Our response:

The Board considers share buyback as one of the tools to reward shareholders in addition to dividends as shareholders who remain with the Company will benefit from an increase in the value of their shares.

The decision for share buyback is made after considering the following factors:

- Financial and cash position of the Group
- Intrinsic value and net asset value of the Company compared with the prevailing share price
- Capital structure of the Company

The 2 tables below show the relevant information relating to share price in relation to net assets, earnings, dividends over the past 5 years.

Financial Year	No. of shares ('000)	Market Cap RM'000	Net Asset per share	Share price Sen	Price to Book times
FY2021	1,000,000	530,000	46.90	52.5	1.130
FY2022	1,000,000	360,000	48.71	36.0	0.739
FY2023	1,000,000	310,000	52.23	31.0	0.594
FY2024	945,170	316,632	51.79	33.5	0.647
FY2025	876,071	306,525	51.62	35.0	0.678

Financial Year	PATMI RM'000	Net Cash RM'000	Dividend per share	Dividend RM'000	Share Buyback RM'000
FY2021	195,245	141,266	0.0 sen	0	0
FY2022	93,181	379,299	10.0 sen	100,000	0
FY2023	49,646	305,222	1.5 sen	15,000	0
FY2024	4,104	127,435	1.6 sen	15,123	17,710
FY2025	18,531	99,644	1.7 sen	14,893	22,840

The Board authorised the share buyback and cancellation of the treasury shares based on the following factors:

- The Group has no debt and has been in net cash position for the past 5 years while the Group is continuing to look for investment opportunities.
- Since FY 2022, the share price of the Company has been at a level below its net assets per share.
- While the Group is continuing to look for investment opportunities that will create value for shareholders, the Board consider the intrinsic value of the Company to be not less than its net asset value.
- As the purpose of the share buyback is to return surplus cash to its shareholders and to optimise the capital structure, and there being no other plans for the Treasury shares, the Board considers it appropriate to cancel the Treasury shares and reduce the share capital base.

Since the share buyback started in 2024, every remaining shareholder's equity interests in the Company has increased and all else being equal, the value of their investments in the Company has improved. This is also evident by the price-to-book ratio which has improved since the implementation of share buyback exercise.

Dato' Goh's interest in the Company has increased from 32% before the share buyback program was implemented to 37.21% as of 31 March 2026. This is no different from all other shareholders in the Company whose equity interests in the Company have similarly increased. The share buyback exercise is undertaken for the benefit of all shareholders.

We trust the above explanations clarify the matters raised. Thank you.

For and on behalf of **MAYBULK BERHAD**

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Yeoh Khoon Cheng
Chairman