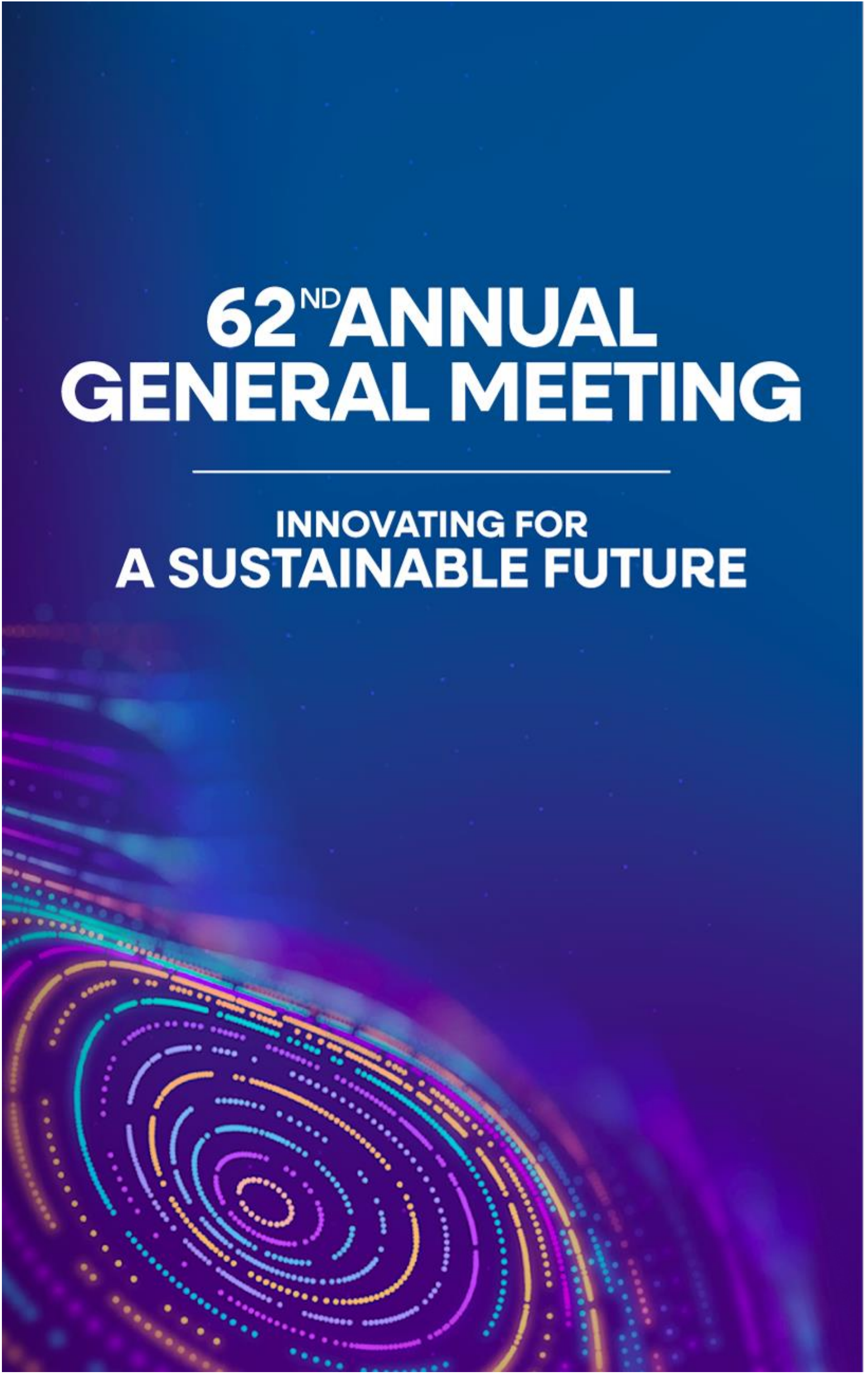

Questions from MSWG

INNOVATING FOR A SUSTAINABLE FUTURE | UEM EDGENTA

Operational & Financial Matters - Question 1(a) and (b)

Q1 For the first quarter ended 31 March 2025 (Q1FY2025), the Company slipped into the red with a net loss of RM17.95 million, against a net profit of RM9.765 million in the previous corresponding quarter. Revenue was lower at RM646.06 million, a 4.65% decline from RM677.58 million in Q1FY2024.

As a comparison, UEM Edgenta's net profit grew by 72% y-o-y to RM51.8 million in FY2024, from RM30.1 million in the previous year.

a) After a challenging head start in Q1FY2025, how likely is the Group able to sustain the **profit momentum in FY2025**?

b) Margin compression remains a tricky issue for UEM Edgenta, as evidenced by the sticky cost structure and high expenses related to manpower in Q1FY2025, albeit a much lower revenue was recorded during the quarter.

   Does the Group expect a **stabilisation of cost structure**, **particularly manpower**, for the remaining quarters of **FY2025**? What are the **other major cost factors** to watch out for, and how do these factors play out in FY2025?

Operational & Financial Matters - Question 1(a) and (b)

Q1 (a) & (b) RESPONSE

Our Group's **Q1 2025** results show lower QoQ profits due to the **seasonality** nature of our business, with the first quarter typically generating lower revenues compared to other quarters. This is further impacted by the multiple **festive periods** falling in Q1 2025 which result in increased suspension of road maintenance works. Additionally, there are planned **completed projects** in the quarter which are partially offset by **material new contracts in our international business** in the Middle East, Singapore and Taiwan. There are higher costs pressures from **minimum wage increase** wef Feb-25 and **SST rate hike** from 6% to 8% wef Mar-24 which caused lower YoY profits.

The escalation of direct operating costs, which continues to impact FY2025, is being actively mitigated through **successful and ongoing engagements with our customers to negotiate equitable cost-sharing mechanisms**. Many of our contracts contain provisions that allow for price adjustments in the event of statutory changes, **including minimum wage increases**. These contractual provisions provide us with a strong basis during commercial discussions to ensure a fair share of cost escalations.

Operational & Financial Matters - Question 1(a) and (b)

Q1 (a) & (b) RESPONSE (CONT'D)

In FY2024, we achieved meaningful improvement in our margins, through strict cost optimisation initiatives to mitigate the impact of escalating costs. Through stringent, Group-wide budgetary control, procurement efficiencies and workforce rationalisation, we realised **RM41.1 million in operational cost savings in FY2024** (as disclosed on page 27, in Edgenta of the Future section in Chairman's Statement). We continue to replicate and refine these cost optimisation initiatives towards achieving a **competitive edge for value creations in current and new contract acquisitions**. Our, **new RM150 million cost savings target to be achieved by FY2029** is currently on track.

Despite the challenging start to FY2025, the Group remains focused on sustaining the profit momentum achieved in FY2024 through:

- Growth contributions from newly secured contracts in Malaysia and internationally which support our strong orderbook; and
- Continued execution of our cost optimisation and digital enablement strategies.

While external headwinds remain, the Group is committed to balancing strategic expansion with operational excellence to ensure sustainable growth and profitability.

Operational & Financial Matters - Question 1(c)

Q1 c) Given the labour-intensive nature of the business, UEM Edgenta is highly susceptible to **fluctuations in operating costs**, especially those related to manpower. Besides, operating at a razor-thin profit margin of 1.7%, this makes cost control and efficiency critical to its financial stability.

i. However, the long-term financial sustainability lies in the extent of UEM Edgenta's **leverage in negotiating concession terms and rates with customers**, many of whom are government-linked entities.

ii. How much flexibility does UEM Edgenta have in **passing on rising costs** (e.g., wages, inflationary pressure) to its clients, **adjusting contract sums, or reimbursing/sharing any cost increases under existing concession agreements**?

iii. Are all, if not most, concessions or contracts structured with **periodic rate reviews** or cost escalation clauses that can buffer cost increases?

iv. What is the **track record** of UEM Edgenta in securing favourable terms during past concession renewals or bids?

Operational & Financial Matters - Question 1(c)

Q1 **(c) RESPONSE**

Ongoing inflationary pressures continue to affect our margins, particularly due to regulatory changes such as the minimum wage increase. Our cost optimisation efforts have been successful in preserving and protecting margin erosions. The **cost saving initiatives have been a permanent feature in our operational efficiency efforts and will be continuously refined to introduce additional mitigation strategies** in various aspects of our business operations (as disclosed on page 40, in Strategic Cost Optimisation Initiatives section in CFO's Statement) .

Concurrently, we have been **successful in negotiating cost-sharing mechanisms with the majority of our customers**. In response to the recent minimum wage increase, we have secured fee revision agreements with over 80% of our commercial clients, particularly within Healthcare Solutions and Property & Facility Solutions segments, to mitigate the associated cost impact. **Discussions are ongoing with the remaining clients, including the negotiation of terms with MOH**, to ensure our profitability remains protected. We assure the shareholders that cost discipline remains a top priority and we are fully committed to protecting shareholder value by continuously improving margin despite the challenging operating environment.

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Operational & Financial Matters - Question 1(c)

Q1 (c) RESPONSE (CONT'D)

Similar to the past renewals, negotiations on the terms of the concession contract are currently still ongoing with our key stakeholders, with the objective of reaching a fair and equitable outcome for all parties. Our **longstanding relationship with the Government** under this concession contract has enabled **value creations for all stakeholders** through **sustainability initiatives, reimbursable works and value-added variation orders**, while at the same time, we continue to negotiate terms to reflect the impact in regulatory-driven changes in operating cost.

Operational & Financial Matters - Question 2

Q2 UEM Edgenta expanded beyond healthcare solutions into the higher margins **integrated facilities management (IFM) services** for the hospitality and manufacturing sectors in key overseas markets, i.e., **Singapore and Taiwan**.

a) In terms of **revenue contribution**, how significant are the IFM-related works against total revenue recorded in these countries?

b) How was the **operating margin** (by percentage) of offering IFM services vis-à-vis healthcare solutions in these key markets?

c) Please share the **contract renewal and extension rate** by percentage in these markets.

Operational & Financial Matters - Question 2

Q2 (a), (b) and (c) RESPONSE

With a growing service offering and expanding client base, our operations in Singapore and Taiwan deliver a broad range of services which include hospital support services and non-clinical services for clients across various non-healthcare sectors such as hospitality, transportation, commercial and manufacturing. In FY2024, our Singapore and Taiwan operations contributed RM1.1 billion revenues (as disclosed on page 304, Note 3. Revenue), up to 80% of which are in the healthcare sector and representing 34% of the Group's total revenues.

While IFM service accounted for only **9% of the region's total revenues**, this market segment presents strong potential for growth particularly as value-added services to our existing client base. The average **operating margin for IFM service ranges between 5% to 10%**, highlighting its potential to enhance both revenues and overall profitability.

With regards to our contract renewal and extension rate, both Singapore and Taiwan have **strong renewal success rate beyond 70%** in their respective markets.

Operational & Financial Matters - Question 3

Q3 About 40% or RM200.6 million of UEM Edgenta's total trade receivables of RM508.88 million were past due from the credit terms of 30 to 90 days as of 31 December 2024.

The Company has provided an allowance for **expected credit loss (ECL) for trade receivables amounts to RM45.54 million** (page 333, Note 22 – Trade and Other Receivables, IAR2024), representing an **impairment allowance ratio of about 9% of UEM Edgenta's total trade receivables** as of the reporting date.

a) Is the impairment allowance ratio of 9% considered healthy by industry standards? How is **the ratio compared to peers**?

b) Meanwhile, at the company level, UEM Edgenta provided **RM18.94 million of allowance for ECL on trade and other receivables and impairment loss on investment in a subsidiary** amounting to RM1.941 million (page 332, Note 22 – Trade and Other Receivables, IAR2024).

   Kindly explain the nature of the allowance and impairments made. Which subsidiaries were the impairment provided for?

Operational & Financial Matters - Question 3(a)

Q3 (a) RESPONSE

The **impairment allowance ratio of 9% reflects a data driven and informed approach to credit risk management, aligned with MFRS 9 principles**, across our diverse client base and geographical footprint. From an industry standpoint, impairment allowance ratio can vary depending on sector-specific risk profile, client concentration and macroeconomic conditions with higher ratios seen in markets or segments with prolonged collection cycles and elevated credit risks.

Importantly, **97% of the RM45.5 million impairment balance** as at 31 December 2024 (as disclosed on page 330, Note 22. Trade and Other Receivables), **relates to provisions made in previous years**. Despite revenue growth in FY2024, the impairment amount has not increased in tandem, underscoring the Group's strengthened receivables management and improved collections in FY2024. Our ability to maintain healthy operating cash flows and strong client relationship, predominantly with government-linked or high-credit-quality entities, reinforces confidence to the overall collectability of receivables.

Operational & Financial Matters - Question 3(b)

Q3 (b) RESPONSE

The RM18.9 million allowance for ECL (as disclosed on page 332, Note 22. Trade and Other Receivables), relates primarily to **advances made to our subsidiary in the Kingdom of Saudi Arabia** (“KSA”). This allowance was recognised as we anticipate that the **recoverability of these advances may take longer than expected**. This is a data-supported provisioning method in line with applicable accounting standards and reflects a view on timing rather than a definitive loss. As with all our businesses, we remain investors taking a long-term view and are optimistic about the continued growth of our business in the KSA as we are strategically **positioned to capitalize on emerging opportunities aligned with the Saudi Vision 2030 agenda**.

As for the **RM1.9 million** (as disclosed on page 332, Note 22. Trade and Other Receivables), we wish to clarify that the amount does not relate to an impairment loss on investment in a subsidiary. Rather, it represents the ECL balance as at 31 December 2024 for **the current portion of amount due from subsidiaries, primarily involving inactive entities**, which was **carried forward from previous financial years.**

Sustainability Matters – Question 1(a)

Q1 As of FY2024, UEM Edgenta has not disclosed a full Scope 3 emissions inventory as the Group is in a pilot phase to establish emissions data across previously unreported categories (page 147 of IAR2024).

a) While UEM Edgenta's commitment to net zero emissions by 2050 is commendable (page 110 of IAR2024), its current **Scope 3 disclosure is limited** to only three categories: business travel, employee commuting, and upstream leased assets (page 156 of IAR2024). Given the complexity and significance of its supply chain emissions, the absence of this data limits stakeholders' ability to assess the credibility and **progress of its net-zero trajectory**.

When does the Group expect **to complete the full Scope 3 emissions inventory**, particularly for supply chain-related categories? Subsequently, what is the **timeline for developing and disclosing corresponding reduction strategies**?

RESPONSE

UEM Edgenta has committed to achieving Net Zero Greenhouse Gas (GHG) Emissions by 2050 in line with global sustainability goals and Malaysia's national climate commitments. In terms of Net Zero trajectory, the current state of **our limited Scope 3 disclosure does not impact the credibility of our Net-Zero Targets, as we have committed to Net Zero by 2050 for our Scope 1 and 2 emissions categories and have made significant progress towards this target.**

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Sustainability Matters – Question 1(a)

Q1(a) **RESPONSE (CONT'D)**

Like many large corporations, collecting and quantifying Scope 3 emissions data is a complex and evolving process for us. As a service-based organisation, **our material Scope 3 emissions are expected to arise primarily from categories such as purchased goods and services, fuel- and energy-related activities, upstream transportation and distribution, as well as waste generated from our operations**. We are actively taking steps to enhance our data collection processes and methodologies to progressively quantify and disclose these emissions in alignment with best practices.

In 2024, we initiated a **pilot engagement exercise with key suppliers** in our supply chain to assess both the **availability of upstream emissions data and the challenges suppliers face in reporting** this information. Through this exercise, we successfully identified our top suppliers, who will form the basis for **defining the boundaries of our Scope 3 emissions inventory** (as disclosed on page 114, in Our Sustainability Roadmap section of Sustainability at UEM Edgenta). Building on these insights—combined with **supplier surveys and benchmarking against industry best practices**—we are currently in the process of **finalising our Scope 3 roadmap**.

As a Group 2 listed issuer on Bursa Malaysia, **we are required to disclose our Scope 3 data by 2028**, in accordance with the National Sustainability Reporting Framework (NSRF) timeline. Upon finalising the baseline, we will determine the scale and scope of reduction strategies needed to address Scope 3 emissions as part of our broader decarbonisation agenda.

Sustainability Matters – Question 1(b)(i)

Q1 b) UEM Edgenta has indicated on page 148 of the IAR2024 that it is targeting a 26% cumulative reduction in emissions by 2030. However, on page 110, it states a commitment "to reduce operational greenhouse gas emissions by 26% by 2030." These two statements appear to convey different scopes and methodologies.

i. Please clarify UEM Edgenta's commitment to reducing Scope 1 and 2 emissions. Is the target based on an absolute reduction or a cumulative reduction over the years 2023 to 2030?

Q1 (b)(i) RESPONSE

We intend **to reach a 26% absolute reduction against the baseline year of 2022 by 2030**. To get there, we need to cumulatively reduce emission by 3.69% annually. On a cumulative basis this will help us achieve a 26% reduction against baseline by 2030 (as disclosed on page 110, in Our Commitment to Climate Action and Environmental Stewardship section in Sustainability at UEM Edgenta) .

Sustainability Matters – Question 1(b)(ii) and (iii)

Q1(b) ii) Based on the revised 2022 emission baseline of 17,980.11 tCO2e, comprising Scope 1 and 2 emissions (page 152 of IAR2024), a 26% reduction would imply total operational emissions of not more than 13,305.28 tCO2e by 2030.

As of FY2024, emissions stand at 17,126.22 tCO_2e, reflecting **only a 4.72% reduction to date.**

How does the Group achieve the 26% reduction target by 2030 at this rate?

iii) Alternatively, if the 26% target refers to a cumulative reduction, please elaborate on the **progress towards the target.**

Q1 (b)(ii) and (iii) RESPONSE

The **revised emission baseline** is based on specific parts of our business (as disclosed on page 152, in What Value Was Created in 2024? section of Minimising Environmental Impact). The revised baseline is a result of **mergers and acquisitions of KAIZEN and MEEM** that we undertook in the Middle East, which added to our GHG inventory. Additionally, we added more detailed **energy consumption data from UEMS Singapore** to reflect a bigger office space they started occupying after 2022. Therefore, KAIZEN, MEEM and UEMS Singapore will **execute additional decarbonisation initiatives** for us to meet our revised baseline. All other businesses are on track to meet year-on-year reduction targets, as per our carbon budgeting exercise.

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Sustainability Matters – Question 1(b)(ii) and (iii)

Q1 **(b)(ii) and (iii) RESPONSE (CONT'D)**

In 2024, we have mitigated our emissions by **optimising our asset lifespan**, which resulted in a decrease of Scope 1 emission by 8% (1,288 tco2e) from 2023. This was largely due to our optimisation of asset lifespan at our incinerator, resulting in **lower frequency of refrigerant usage**.

To progress toward our 26% reduction target by 2030, we have integrated our decarbonisation strategy into our **annual carbon budgeting and financial planning processes**, fully aligned with our ESG Key Performance Indicators (KPIs). Other than that, we have also developed a **Net Zero Monitoring Mechanism** to monitor our decarbonisation efforts. We are also piloting **Internal Carbon Pricing (ICP)** to build awareness and emissions considerations in our business operations. By assigning a financial value to carbon emissions, it incentivizes businesses to reduce emissions and transition to low-carbon practices.

Our **decarbonisation strategy** is structured around six key pillars: Green Materials, Energy Efficiency, Green Transport, Green Building, Clean and Renewable Energy, and Carbon Removal and Offsetting. **Between now and 2030, we will intensify our focus on energy efficiency, green transport, renewable energy, and green materials** to drive deeper emissions reductions (as disclosed on page 146, in Climate Change and Energy section of Minimising Environmental Impact). Internally we have identified proposed initiatives and pilot projects that could support Edgenta's Net Zero Target such as **switching to climate-friendly refrigerants** and implementing **energy efficiency practices** across our businesses. We have also started **greening our fleets** by piloting EVs across our businesses.

Sustainability Matters – Question 2(a) and (b)

Q2 In FY2024, UEM Edgenta commenced the operation of a **recycled asphalt pavement (RAP)** plant in Tapah with a total investment of approximately RM18 million. The RAP plant repurposed road milling waste into eco-friendly road paving materials for road repair and maintenance.

The commercialisation of the RAP plant is expected to provide cost and margin benefits in raw materials, establish a product-based revenue stream, and support circular economy and broader sustainability goals (page 38 of IAR2024).

a) Please elaborate on **the commercial potential** of recycled asphalt products. In addition, what are the **cost and raw materials benefits** that UEM Edgenta achieved from the incorporation of recycled products in road repair and maintenance works?

b) How different are recycled and conventional asphalt products in terms of **performance, quality, and durability** in road repair and maintenance works?

Sustainability Matters – Question 2(a) and (b)

Q2 (a) RESPONSE

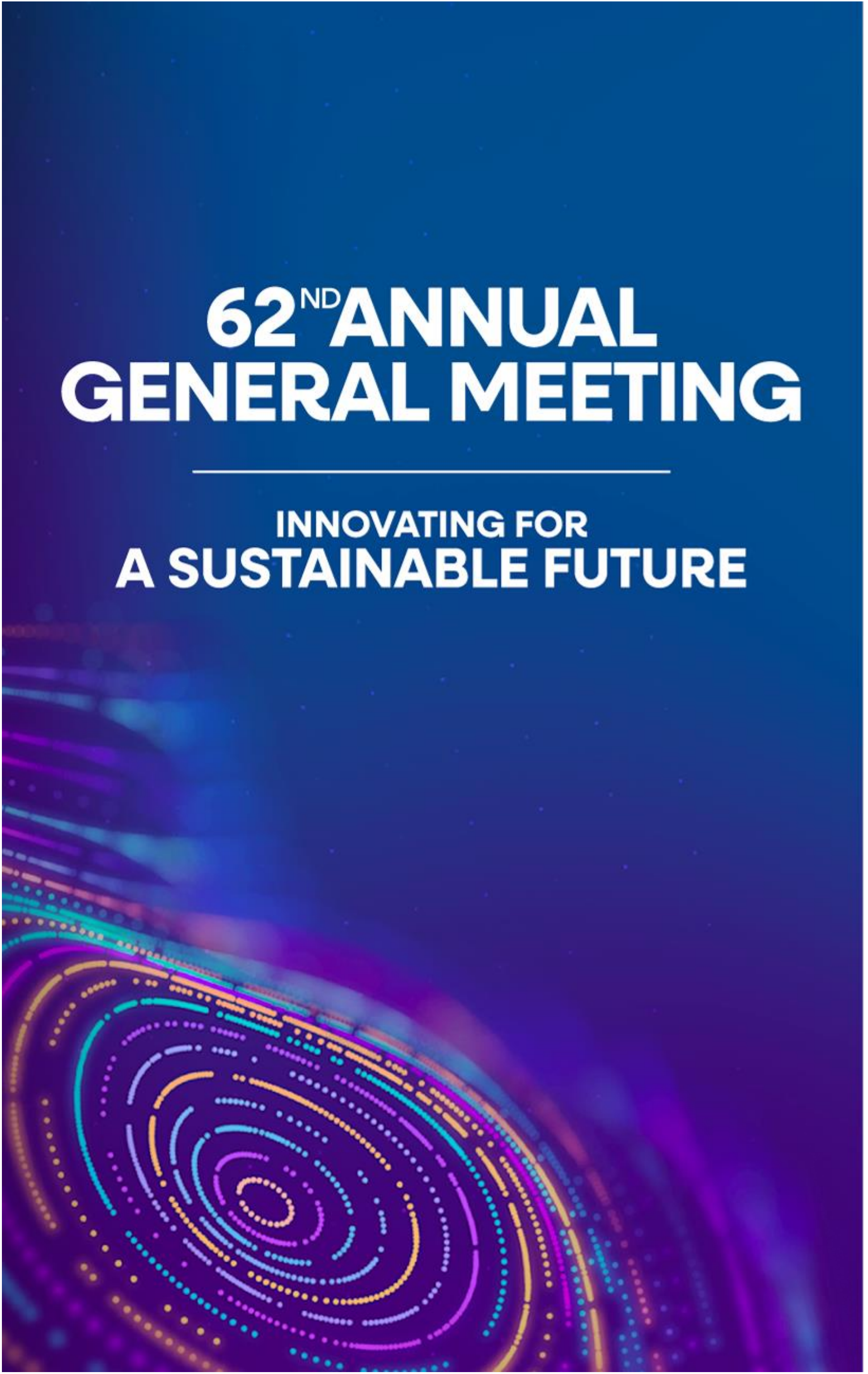
The use of recycled asphalt presents strong commercial potential for UEM Edgenta by reducing material costs, supporting sustainability targets, and enhancing competitiveness in road maintenance projects. By **incorporating up to 30% recycled asphalt**—and currently piloting a 50% mix—we **reduce reliance on costly, resource-intensive virgin aggregates and bitumen** (as disclosed on page 102, in Business Performance Review section of Infrastructure Services Business Review) . This product is **offered to our main client, PLUS,** and is utilised in our pavement maintenance works along the North-South Expressway (NSE). This product also holds **strong potential for application across other major expressways, as well as state and municipal roads**. The **plant itself can be replicated** in other parts of the NSE, particularly **in regions with consistent access to road aggregates**.

The use of RAP has led to **5–10% annual reductions in operating costs** for both Edgenta and our clients, due to savings in raw materials, energy use, landfill disposal, and transport expenses. Additionally, **energy consumption is lower** compared to conventional asphalt production, making this approach a more environmentally responsible option. Beyond the environmental and financial benefits, the initiative has also generated local employment opportunities, with 12 plant staff employed, over 60% of whom are from the Tapah community, reinforcing our commitment to inclusive growth and local value creation.

Sustainability Matters – Question 2(a) and (b)

Q2 (b) RESPONSE

There is no significant difference in quality or durability between recycled asphalt and conventional asphalt. Processed to **meet established industry standards**, recycled asphalt is **a reliable and sustainable alternative for road repair and maintenance**. By incorporating RAP, we significantly reduce reliance on virgin aggregates and bitumen—both resource-intensive and costly—resulting in lower material costs and improved project margins.



Questions from Shareholders

QUESTIONS RELATING TO HSS CONCESSION CONTRACT SHAREHOLDER (1): Teoh ST (Total: 18 Qs)

INNOVATING FOR A SUSTAINABLE FUTURE

Q2 Please update the **status of the negotiations for the renewal** of the broader contract for hospital support services to public hospitals w**ith MOH**?

Do we foresee any upward **revision of the rates**?

Q10 As for Edgenta Mediserve Sdn Bhd, if the full-fledged negotiations for a new, substantive concession were smoothly progressing, why is a **3-year interim agreement** going to be signed soon?, as announced in early Mar 2025.

What are the significant **changes to the financial terms** that require more time to resolve?

The existing concession may have been based on older cost structures, and with rising operational costs (minimum wage, inflation, raw materials, etc.), it is not sustainable. We can see a low GP margin of merely 8% for Q1 2025. This is inadequate to cover the high staff costs of the Group, especially those lofty senior management packages.

What are the steps taken **to address the issues with MOH**?

INNOVATING FOR A SUSTAINABLE FUTURE

SHAREHOLDER (1): Teoh ST (Total: 18 Qs)

Q2 & Q10 RESPONSE

On **27 March 2025**, Edgenta Mediserve Sdn Bhd ("EMSB"), a wholly-owned subsidiary of UEM Edgenta Berhad, has **entered into the Interim Agreement for the extension of the Concession Agreement dated 1 April 2015** for the provision of Hospital Support Services at Contract Hospitals in the States of Perak, Pulau Pinang, Kedah and Perlis.

The extension **allows EMSB to continue providing the Hospital Support Services on an interim basis** for a period of thirty-six (36) months commencing from 1 April 2025 and expiring on 31 March 2028, with an option to extend for one (1) year, and a further extension of one (1) year thereafter, based on the same terms and conditions of the Concession Agreement. **The interim agreement provides continuity of services while the negotiation on the terms is ongoing with the objective of achieving an outcome which is fair and equitable to all parties.**

Please also **refer to our response to MSWG's Question 1(c)** on MOH's contract renewal for added clarification.

QUESTIONS RELATING TO COST OPTIMISATION INITIATIVES
SHAREHOLDER (1): Teoh ST (Total: 18 Qs)

Q3 As of 31 Dec 2024, how much progress has the Group made towards its **new RM150 million cost reduction target**?

Q4 How have the Group's strategic cost management initiatives and enhanced operational efficiencies contributed to its improved profitability and financial resilience amidst challenging macroeconomic conditions?

Q9 More **cost-cutting and optimisation measures**?

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SHAREHOLDER (1): Teoh ST (Total: 18 Qs)

Q3, Q4 & Q9 RESPONSE

Please **refer to our response to MSWG's Questions 1(a) and 1(b)** on cost savings achieved in FY2024.

As of the end of **FY2024**, the Group has achieved **RM41.1 million cost savings** (as disclosed on page 26, under EDGENTA OF THE FUTURE 2025), demonstrating a strong start and clear commitment toward reaching its RM150 million cost savings target by FY2029. These savings have been realised through several key initiatives:

- Enhanced **budget control** and stricter oversight
- Business Units' collaborations with Group Procurement for better **management of direct costs** and **negotiating more favorable terms with subcontractors and vendors**, thus protecting profit margins.
- **Organisational restructuring and staff rationalisation** to align our operating model with current needs and future strategic plans.

The cost savings initiatives are currently a permanent feature and continuously refined, while the Group also actively explores additional cost-saving opportunities to further strengthen long-term profitability.

The improvement in our FY2024 performance is a testament to disciplined cost control and enhanced operational efficiency. These factors have provided the necessary support to navigate the ongoing macroeconomic challenges present in our business environment.

SHAREHOLDER (1): Teoh ST (Total: 18 Qs)

Q5 Please elaborate more the upcoming **long-term incentive scheme** that is under deliberation as disclosed in the annual report?

Will it continue to hit hard on the bottom line as we already paid a lot for the packages of senior management team.

RESPONSE

The long-term incentive scheme disclosed in the annual report (as disclosed on page 238, under Remuneration for Senior Management), is still in the **early stage of assessment, and specific details including the structure and financial impact have not yet been finalised**. We assure shareholders that any long-term incentive scheme **will be carefully designed to align management performance to the Group's profitability**, along with the long-term value creation for the Group and its shareholders.

SHAREHOLDER (1): Teoh ST (Total: 18 Qs)

Q8 Can the **share price** of Edgenta go back to RM2.50?

It has nothing to do with market sentiments anymore. As long as the Group build a healthy growing revenue, stable profits and free cash flow with positive outlook and prospects, I believe it can.

But after Q1 2025 results, I do not give any benefit of doubt due to erratic earnings, poor operating cash flow, extremely low GP margin of 8-9% and high operating expenses especially its manpower.

RESPONSE

Our improved performance in FY2024 reflects the Group's ability to deliver value to shareholders. Notably, we **doubled our dividend from 2 sen in FY2023 to 4 sen in FY2024**, demonstrating our stronger financial footing and commitment to shareholder returns.

We also saw meaningful topline growth driven by our expanding international footprint and successful diversification strategy, which continue to position us for sustainable revenue growth. We have been implementing targeted cost-savings measures that have already yielded results, of which we have achieved RM41.1 million cost-savings, representing 27% of our RM150 million cost-savings target, through to FY2029 (as disclosed on page 27, in Edgenta of the Future section in Chairman's Statement). These initiatives are key to strengthening our cost resilience and supporting consistent profitability amid a challenging economic environment .

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SHAREHOLDER (1): Teoh ST (Total: 18 Qs)

Q8 RESPONSE (CONT'D)

Building on this positive momentum, we remain **committed to delivering long-term, sustainable value to our shareholders**. Our **healthy order book, growing international presence, technology-driven transformation and disciplined cost financial management** form a solid foundation for long-term earnings resilience and **share price appreciation**.

SHAREHOLDER (2): Teoh K (Total: 23 Qs)

Q1 How significantly are ongoing inflationary pressures (labour, materials, subcontracting) continuing to erode UEM Edgenta's profit margins in 2025, despite the FY2024 improvements in achieving RM41.1mil in operational cost savings?

Pls continue to implement continuous cost savings and optimisation measures.

RESPONSE

Please **refer to our response to MSWG's Questions 1(a) and 1(b)** and to our **response to Teoh Say Thuan's Question 3, 4 and 9 - on cost savings achieved in FY2024.**

Ongoing inflationary pressures continue to affect our margins, particularly due to regulatory changes such as the minimum wage increase and SST rate hike. Our cost optimisation efforts have been successful in preserving and protecting margin erosions. These cost saving initiatives will be replicated and continuously refined to introduce additional mitigation strategies in various aspects of our business operations. Concurrently, we have been successful in negotiating cost-sharing mechanisms with the majority of our customers. We assure the shareholders that cost discipline remains a top priority and we are fully committed in protecting shareholder value by continuously improving margin despite the challenging operating environment.

SHAREHOLDER (2): Teoh K (Total: 23 Qs)

Q2 Financials:

To what extent is the **lack of tariff revisions** for the Malaysian **healthcare concession** continuing to impact the financial sustainability and profitability of that segment?

What are the **potential long-term consequences**, especially since it has reportedly not seen tariff revisions for a long period (possibly over 10 years).

What are **steps taken to discuss** these issues **with the relevant stakeholders, especially the MOH**?

RESPONSE

Please **refer to our response to MSWG's Questions 1(c)** and to our **response to Teoh Say Thuan's Question 2 and 10 - on healthcare concession contract.**

Negotiations on the terms of the concession contract are currently still ongoing with our key stakeholders, to achieve a fair and equitable outcome for all parties.

In tandem, the Group is continuously strengthening its hospital support services by introducing mechanisation, digitalisation, and automation across its operations and service delivery. Along with ongoing cost optimisation initiatives, these have helped to preserve margins based on current contractual terms and conditions, as can be seen from the margin improvement in FY2024.

SHAREHOLDER (2): Teoh K (Total: 23 Qs)

Q3 What was the overall financial impact in the first half of 2025 from the **discontinuation of COVID-19 related business** lines?

RESPONSE

As we transitioned into post COVID environment, there was **no COVID related income stream in 2024.** The Group has successfully transitioned to core and international growth sectors to offset the previous initiative. **No material future COVID-related revenue contribution is expected in 2025**.

SHAREHOLDER (2): Teoh K (Total: 23 Qs)

Q4 Financials:

Has the speculation surrounding a **potential take-private by UEM Group** subsided?

What is the current **market sentiment regarding UEM Edgenta's valuation** and future prospects?

Despite its recent uptrend of 10% but it is still trading well below its share price for the last few years of above RM2

RESPONSE

Any decision regarding privatisation rests solely with the shareholders. As a listed company, the Group remains committed to complying with all relevant Bursa Malaysia regulations in the event such an exercise is initiated.

As the Group ended the year of 2024 with positive growth in topline and profitability, the **share price** showed improvement during the same period. With over RM2.8 billion of new wins in FY2024 contributing towards total orderbook of RM8.7 billion as of 31 December 2024 (as disclosed on page 6, under 2024 Performance Snapshots), the business outlook for the Group remains strong and robust for future growth.

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SHAREHOLDER (2): Teoh K (Total: 23 Qs)

Q4 RESPONSE (CONT'D)

We remain committed to delivering sustainable growth amidst a challenging market environment and will continue to move forward with our strategic plans towards capturing business opportunities in emerging markets.

Please also **refer to our response to Teoh Say Thuan's Question 8 on long term shareholder value.**

SHAREHOLDER (2): Teoh K (Total: 23 Qs)

Q5 Financials:

Going forward, any plan to expand its core competency to other **new and high growth areas and industries** i.e. education

RESPONSE

With the Group's strong track record in Asset Management and Infrastructure Services, we are well-positioned to leverage our expertise across sectors and regions. The **successful completion of our acquisition of KAIZEN**, **a tech-enabled property management services company in the UAE, in February 2024** (as disclosed on our IAR24 page 26, under NAVIGATING MARKET DYNAMICS), marks a key milestone in our regional expansion strategy.

This expansion is aligned with the region's robust growth trajectory, driven by rapid urbanisation, infrastructure development, and increasing adoption of smart technologies and sustainable practices. The UAE market's projected compound annual growth rate (CAGR) of up to 8.75% underscores the significant growth potential we aim to capitalise on.

In June 2025, UEM Edgenta through its 60% owned subsidiary KAIZEN Owner Association Management Services LLC, strengthen its presence in the UAE by **entering into a Joint Venture and Shareholders' Agreement with 21 Estates Group FZCO. This partnership is dedicated to provide services for master development projects within Expo City Dubai FZCO, a development spanning over 2.5 million square meters.**

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SHAREHOLDER (2): Teoh K (Total: 23 Qs)

Q5 RESPONSE (CONT'D)

As a leading provider of hospital support services in **Singapore**, the Group has **expanded its service offerings to include in-meal patient services and patient care assistance**. We also recognise that Singapore's hospitality industry is experiencing robust growth. Market projections indicate a compound annual growth rate (CAGR) of 4.32% through to 2033, with particularly strong momentum in the luxury hotel segment. Since 2024, the Group has **successfully secured contracts with several prominent hospitality groups, including Ascott, Fairmont, Swisshôtel, and Four Seasons**, reinforcing our position as a trusted partner in this high-growth sector.

In the domestic market, we wish to highlight that the Group has recently commenced an **Integrated Facility Management (IFM) contract for a multinational client in the minerals sector** located in Perak. This strategic entry into a niche and resilient sector lays a strong foundation for the Group's further expansion into similar high-potential industries.

Our strategy remains **focused on capturing value from emerging markets and growth opportunities across sectors and key regions where we operate**.

SHAREHOLDER (2): Teoh K (Total: 23 Qs)

Q6 Financials:

Hope management could commit to its **dividend** payout of 4.0 sen per share or more for the ensuing years

RESPONSE

We remain committed to the **dividend payout ratio of 50% to 80% of PATANCI**, which is geared towards delivering sustainable long-term return to the shareholders. We are steadfast in executing our growth strategy to drive continuous profitability and we will continue to assess and balance the need for reinvestment to support the growth with our commitment to delivering strong shareholders return.

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SHAREHOLDER (2): Teoh K (Total: 23 Qs)

Q7 Financials:

UEM Edgenta's IMTN under its RM1.0 billion **Sukuk Murabahah** Programme had its **rating upgraded to AAIS from AA-IS by MARC Ratings**, with outstanding sukuk at RM250mil. With this upgrade, what is the **potential interest savings** from this IMTN in FYE25?

RESPONSE

While the rating upgrade does not result in immediate interest (profit) savings, given that the current IMTN carries a fixed profit rate until its maturity in April 2026, it **provides the potential to positively impact future issuance**. The improved credit rating **enhances our potential to secure a lower profit rate and achieve a stronger take-up rate if we were to reissue the IMTN upon the maturity of the existing tenure.**

QUESTIONS RELATING TO INTERNATIONAL BUSINESSES IN KSA AND UAE

SHAREHOLDER (2): Teoh K (Total: 23 Qs)

Q8 Operational and Market Challenges:

What is the current status of UEM Edgenta's **operationalization in new international markets** (e.g., **Saudi Arabia**)? Are these ventures on track to contribute positively to the bottom line?

Q9 Operational and Market Challenges:

How successful has UEM Edgenta been in **integrating its acquired companies, like the Kaizen Group**, and realising the anticipated synergies and benefits?

INNOVATING FOR A SUSTAINABLE FUTURE

SHAREHOLDER (2): Teoh K (Total: 23 Qs)

Q8 & Q9   RESPONSE

In the Kingdom of Saudi Arabia ("KSA"), our operations are carried out through Edgenta Arabia Limited ("EAL"), a wholly owned subsidiary based in Riyadh, and MEEM Facilities Management Company ("MEEM"), both forming part of UEM Edgenta's international business division. We are dedicated to providing innovative, technology-driven, and sustainable solutions, while also delivering traditional Integrated Facilities Management (IFM) services.

With finances and operations stabilised **post-MEEM integration**, we focused on **driving operational efficiency through technology, automation, and workforce development.** In FY2024, we advanced the **MEEM FM Development Program, emphasising building maintenance, environmental solutions, and engineering consultancy services**.

To date, MEEM has established itself as a Class A contractor, managing over 37 facilities across diverse sectors including healthcare, sports facilities, real estate (commercial and residential), and airport infrastructure. **In 2024, MEEM recorded revenues of RM44.0 million** (as disclosed on page 326, under Note 18 Investment in Subsidiaries), representing a **growth of approximately 40% compared to 2023**, and **secured new contracts valued at RM32.8 million**. We remain optimistic about the continued growth of our business in the Kingdom of Saudi Arabia (KSA) as we position ourselves to capitalise on opportunities arising from the ambitious Saudi Vision 2030 agenda.

(continued next page)

SHAREHOLDER (2): Teoh K (Total: 23 Qs)

Q8 & Q9 RESPONSE (CONT'D)

Our **acquisition of Kaizen,** UAE's premier property management company, was completed in February 2024. This marked a pivotal **entry into the Middle East's premium property management sector**, opening new opportunities to scale integrated facilities management and asset lifecycle solutions across the Middle East. Coupled with our existing and long-term presence in UAE through our wholly-owned indirect subsidiary Operon Middle East Ltd, we are gearing towards **creating scale and maximizing returns through the asset management value chain** by strengthening value proposition and regional credentials and **cross-pollinating technology adoption, through an integrated tech-enabled property management & facility management solutions.**

SHAREHOLDER (2): Teoh K (Total: 23 Qs)

Q10 Technology Adoption:

What is the current **adoption rate of UEM Edgenta's digital platforms** (Edgenta NXT, Asseto) among its clients in Malaysia and internationally?

What are the key challenges in driving wider adoption?

RESPONSE

The adoption of Edgenta NXT's Asseto system continues to gain momentum, particularly in supporting other areas of our business to secure new contracts and drive growth. **In FY2024, Asseto was deployed for 15 PFS clients (as disclosed on page 22, under 2024 Milestones for Asseto), across a total of over 36,466 assets.** We are expanding through **various solution modules** supported by our interoperability layer, which **enables customers to select and integrate specific components of our digital offerings into their existing digital ecosystems.**

Many prospective **clients still operate on aging or legacy systems**, making integration with diverse technologies such as BMS, IoT, and other legacy infrastructure complex. A significant barrier is the **lack of interoperability required for seamless smart building operations**, which is why **educating clients on the value of digital retrofits,** as opposed to full-scale system replacements, is a critical part of our engagement strategy. To address these challenges, **we are offering pilot projects** to demonstrate tangible benefits, and developing modular, plug-and-play solutions that can be integrated progressively. Additionally, we are exploring **zero-capex financing models to help ease the upfront financial burden** and accelerate adoption.

SHAREHOLDER (2): Teoh K (Total: 23 Qs)

Q11 Technology Adoption:

What specific **cybersecurity measures** have been implemented and updated **in 2025** to safeguard UEM Edgenta's digital infrastructure and client data against evolving cyber threats?

RESPONSE

At UEM Edgenta, **cybersecurity is not just a technical requirement, it is a strategic priority embedded in our business operations**. In 2025, our cybersecurity efforts are guided by three key imperatives: strengthening our defences, proactively identifying vulnerabilities through regular posture assessments, and fostering a culture of cyber vigilance across the organisation.

1. Strengthening Our Cyber Defences

Key initiatives include:

- Deployment of 24/7 Security Operations Centre (SOC) for real-time threat monitoring and rapid incident response.
- Advanced Endpoint Detection & Response (EDR) and Unified Endpoint Management (UEM) to secure all devices.
- Strengthened Network Detection & Response (NDR) and next-gen firewalls to monitor and block malicious traffic.

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SHAREHOLDER (2): Teoh K (Total: 23 Qs)

Q11 RESPONSE (CONT'D)

- Implementation of Multi-Factor Authentication (MFA) and Privileged Access Management (PAM) to secure critical access.
- Continuous enhancements to cloud security, encryption, and data loss prevention protocols.

2. **Identifying Vulnerabilities Early Through Regular Assessments**

   We believe that proactive detection is as important as reactive defence. In 2025, we institutionalised regular security posture assessments, including:

   - Penetration testing, vulnerability scanning, and red teaming to uncover and address weaknesses early.
   - Enhanced Security Information and Event Management (SIEM) to improve threat correlation and visibility.
   - Ongoing legacy system modernisation to eliminate risks tied to outdated technologies.

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SHAREHOLDER (2): Teoh K (Total: 23 Qs)

Q11 RESPONSE (CONT'D)

3. Cultivating a Cyber-Aware, Vigilant Workforce

The human layer remains the first line of defence. That is why we have intensified efforts to build a security-conscious culture:

- Phishing simulations and cyber hygiene training are conducted regularly to build awareness and test readiness.
- Open communication and internal campaigns reinforce the message that cybersecurity is everyone's responsibility.
- We are empowering staff with the knowledge and confidence to spot and report threats early.

As threats grow more sophisticated, our commitment is clear: fortify our defences, detect vulnerabilities before they are exploited, and build a vigilant organisation ready to respond.

SHAREHOLDER (2): Teoh K (Total: 23 Qs)

Q12 Technology Adoption:

What strategies are being employed to **attract, develop, and retain talent with the necessary digital skills** to support UEM Edgenta's technology-enabled transformation goals?

RESPONSE

To support our technology-enabled transformation goals, we attract fresh graduates' talent through a dedicated **Tech Graduate Programme** and experienced tech talent by **offering Digital Skills Premium, a digital skills allowance for selected tech capabilities.** Our **competitive benefits package and flexible work arrangements** also serve as key levers for both attraction and retention. Retention is further reinforced through targeted compensation and continuous development. Organisation-wide tech development initiatives **include training and certifications** in areas such as data analytics, Microsoft applications, and AI, supported by personalised development plans to build more specialised skills.

SHAREHOLDER (2): Teoh K (Total: 23 Qs)

Q21 RHB Research's decision to **cease coverage** on UEM Edgenta stems from a combination of the company's recent disappointing financial performance & reallocation of internal resources.

I suggest the Group to improve its lackluster performance immediately and look at all the angles to improve its performance and erratic earnings.

The GP margins of the Group have gone haywired with high operating expenses.

A lot of explanations need to be done to address the lackluster performance and issues to the shareholders for the upcoming AGM

RESPONSE

We respect RHB's internal decision, although it is an internal matter regarding resources; not related to Edgenta's financial performance. While it is an internal matter on their part, we remain **open to re-engaging with all related partnering analysts. We are also taking active steps to improve disclosures with the goal of restoring broader analyst coverage.**

Please also refer to our response to MSWG's Questions 1(a) and 1(b) on FY2025 outlook.

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SHAREHOLDER (2): Teoh K (Total: 23 Qs)

Q21 RESPONSE (CONT'D)

In term of performance, we are encouraged by the progress made in FY2024. Both top-line and bottom-line growth, as highlighted in our earlier response to Question 8 from Teoh Say Thuan, reflect the positive impact of our strategic initiatives. These results provide a strong platform that we aim to replicate and build upon in future financial years.

Our GP margin improved from 11.8% in FY2023 to 13.0% in FY2024, demonstrating the effectiveness of our cost optimisation efforts and the growing contribution from higher margin markets, particularly through Kaizen.

The increase in operating expenses during the year was mainly attributed to the consolidation of Kaizen's operation and a one-off staff rationalisation cost of RM15.2 million, linked to our ongoing workforce optimisation programme. This initiative is expected to contribute long-term savings in staff costs moving forward.

We remain confident that these strengthened fundamentals supported by a healthy orderbook, continued international expansion and technology-driven transformation, provide a strong foundation for sustainable value creation and renewed investor confidence.

SHAREHOLDER (2): Teoh K (Total: 23 Qs)

Q23 On the completion and commercialization of the Group's Recycled Asphalt (Pavement) Premix (plant) in Tapah, can I understand the followings:

i. the potential revenue from selling of Asphalt Premix to external customers;

ii. Expected net cost savings per annum from its maintenance of pavement of 400km long;

iii. The completion date of the RAP plant; and

iv. The details of the ownership structure of this RAP Plant. It is wholly-owned by the Group

RESPONSE

Please refer to our response to MSWG's Questions 2(a) and 2(b) on our RAP product and plant.

A major milestone was the establishment of the Recycled Asphalt Pavement (RAP) Plant in Tapah which is **wholly-owned by the Group**. This facility integrates a Recycling Facility, repurposing milling waste into RAP reducing the consumption of virgin materials while minimising waste with estimated reduction of 800 tonnes of CO2-e savings; equivalent to 50,000 trees a year. The expected reduction in material costs using RAP are at ~7% over the next 5 years. **Commercial operations commenced in Q4 2024**, with the plant supplying PLUS as its main client. The use of Recycled Asphalt Pavement (Hot) is limited to within a 100 km radius of the production plant to maintain material integrity.

SHAREHOLDER (3): Teo CM (Total: 6 Qs)

Q2 Based on note 22 **sundry receivables** at group level increased from 25.5 m in FY23 to 72.2 in FY24

1. What is the nature of these sundry receivables and who are the counter parties
2. To date, has these been collected yet and if no when do management expect it to be recovered

RESPONSE

The increase was primarily **attributable to the reintroduction of the SST Intra-Group Relief in December 2024**. Under this revised regulation, intercompany transactions are now exempt from SST. As a result, the Group has quantified the SST amount refundable from Customs and payable to related companies within UEM Group of Companies, relating to SST previously paid on such transactions.

The **SST recoverable from the Customs** is recorded under sundry receivables in page 331, Note 22 Trade and Other Receivables, while the corresponding amount payable to the respective related companies is reflected under sundry payables in page 351, Note 36 Trade and Other Payables. This represent a timing and classification adjustment, not an indication of increased operational liabilities.

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SHAREHOLDER (3): Teo CM (Total: 6 Qs)

Q2 RESPONSE (CONT'D)

The **refund process is currently ongoing, and applications are being submitted in batches as advised by the authorities**. Each batch may take several months to process and is subject to government approval. Management expects the recovery to take place progressively over the coming quarters

SHAREHOLDER (3): Teo CM (Total: 6 Qs)

Q3 For Healthcare Solutions Division:

It is noted from the IAR that there were major **contract renewals in SG and Taiwan** Market in FY24 and it is also noted from the IAR that customers are demanding more value at competitive prices.

Are these **contract renewals at a similar or better pricing compared to previous contracts**?

RESPONSE

The contract renewals in both the Singapore and Taiwan markets have been concluded with pricing structures that reflect the evolving cost landscape. **These renewals factor in the increase in operating costs, particularly the rise in manpower costs stemming from the implementation of the Progressive Wage Model in Singapore and the increase in minimum wage levels in Taiwan.**

Notwithstanding these cost pressures, we have managed to secure renewal for these contracts on commercially sustainable terms, **through a combination of operational efficiencies, enhancing our service offerings and proactive engagement with our customers** to ensure alignment on both value delivery and cost dynamics.

SHAREHOLDER (3): Teo CM (Total: 6 Qs)

Q4 For Infra Services Division:

1. It is noted from the CFO review that commercialisation of RAP plant will bring margin and cost benefits
   a) how much of a cost reduction is the company expecting
   b) is there opportunity for the company to sell some of the RAP to external parties that require them for additional revenue source. To date are there any sales of RAP to external parties has been generated?

RESPONSE

Please refer to our response to MSWG's Questions 2(a), 2(b) and also to Teoh Kensen's Question 23 on our RAP product and plant.

As highlighted in our response to Question 23 from Teoh Kensen, the RAP plant is expected to yield savings of approximately 7% over the next five years, in material costs. Commercial operations for the RAP plant commenced in the Q4 FY2024, therefore, the financial impact for FY2024 was limited. The plant is primarily established to supply PLUS, which remains its main client, while concurrently exploring opportunities to expand sales to other road maintenance companies.

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SHAREHOLDER (3): Teo CM (Total: 6 Qs)

Q6 What is the expected financial impact of the RM 1,700 minimum wage?

RESPONSE

The recent increase in the minimum wage is expected to result in an **estimated 2% to 3% escalation in manpower costs from our Malaysia operations**. As highlighted in our response to **Question 1(c) from MSWG**, we have successfully agreed on the fee revision agreement with the majority of our commercial clients to mitigate the associated cost impact. Engagement are ongoing with the remaining clients, including negotiation with the MOH, to reach mutually agreeable terms that safeguard our operational viability.

QUESTIONS FROM SHAREHOLDERS RELATED TO EXPANDED SST

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SHAREHOLDER (1): Teoh ST (Total: 18 Qs)

Q11 For UEM Edgenta's Infrastructure Solutions segment, specifically Edgenta PROPEL Berhad, how much of its current and projected revenue from construction services will be subject to the new 6% service tax starting July 1, 2025?

Q12 What percentage of UEM Edgenta's existing construction service contracts contain clauses that allow for the direct pass-through or renegotiation of costs due to new taxes like the expanded SST?

Q13 How will UEM Edgenta's bidding strategy for new infrastructure projects change post-July 1, 2025, to account for the additional 6% service tax on construction services, particularly in maintaining competitiveness?

Q14 Beyond the direct 6% tax on construction services, are there any other new SST provisions (e.g., related to rental, leasing, or other business support services) that UEM Edgenta has identified as potentially impacting its Property & Facility Solutions segment? If so, what is the estimated financial impact?

QUESTIONS FROM SHAREHOLDERS RELATED TO EXPANDED SST

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SHAREHOLDER (1): Teoh ST (Total: 18 Qs)

Q15 Given the new 6% service tax on private healthcare services for non-citizens, what is UEM Edgenta's assessment of the potential impact on its Healthcare Support Services, especially concerning its contracts with private hospitals in Malaysia, Singapore, and Taiwan?

Q16 Considering the recent Q1 FY2025 net loss, how will the additional cost burden from the expanded SST (if not fully passed through) further impact UEM Edgenta's profitability and margins in the second half of FY2025 and beyond?

Q17 Has UEM Edgenta engaged in discussions with the Ministry of Health or other government agencies regarding the potential for SST-related cost adjustments within its long-term concession agreements for hospital support services, similar to the minimum wage adjustments?

QUESTIONS FROM SHAREHOLDERS RELATED TO EXPANDED SST

SHAREHOLDER (3): Teo CM (Total: 6 Qs)

Q5 What is the impact of the recently announced expanded SST?

Any numbers that can be shared and is there a clause in the contracts that allows the company to pass through the tax increase in case there are policy change such as a change in tax rates

QUESTIONS FROM SHAREHOLDERS RELATED TO EXPANDED SST

RESPONSE

We are currently undertaking a comprehensive assessment of the full implication arising from the recently announced expansion of SST scope, including seeking further clarification from the relevant authorities on specific scope that may directly impact us. Based on our preliminary review, we anticipate an increase in rental-related costs, as commercial leasing arrangement are now subject to SST under the revised framework. We expect short term inflationary pressure on the overall cost of doing business due to the indirect supply chain impacts, particularly on certain items and materials within the expanded scope.

We are exploring SST related reliefs that can bring further efficiencies to our cost structure. While there may be short-term cost impacts arising from the SST change, these are expected to normalise over time through cost pass-through to customers, particularly via revised pricing during contract renewal cycles.

SHAREHOLDER (4): Eng BW (Total: 1 Q)

Q1 Please hold future AGMs/EGMs in hybrid mode to enable more shareholders to attend them.

RESPONSE

We take note of the comment and will revisit the mode of AGM in 2026, taking into consideration of the industry practice and cost factor.

QUESTIONS FROM SHAREHOLDERS RELATED TO DOOR GIFTS / VOUCHERS / PARKING ALLOWANCE

SHAREHOLDER (1): Teoh ST (Total: 18 Qs)

Q5 We are coming to this AGM without any door gift, parking subsidised and meal. But the Q1 2025 results was extremely disappointed. I was totally flabbergasted !

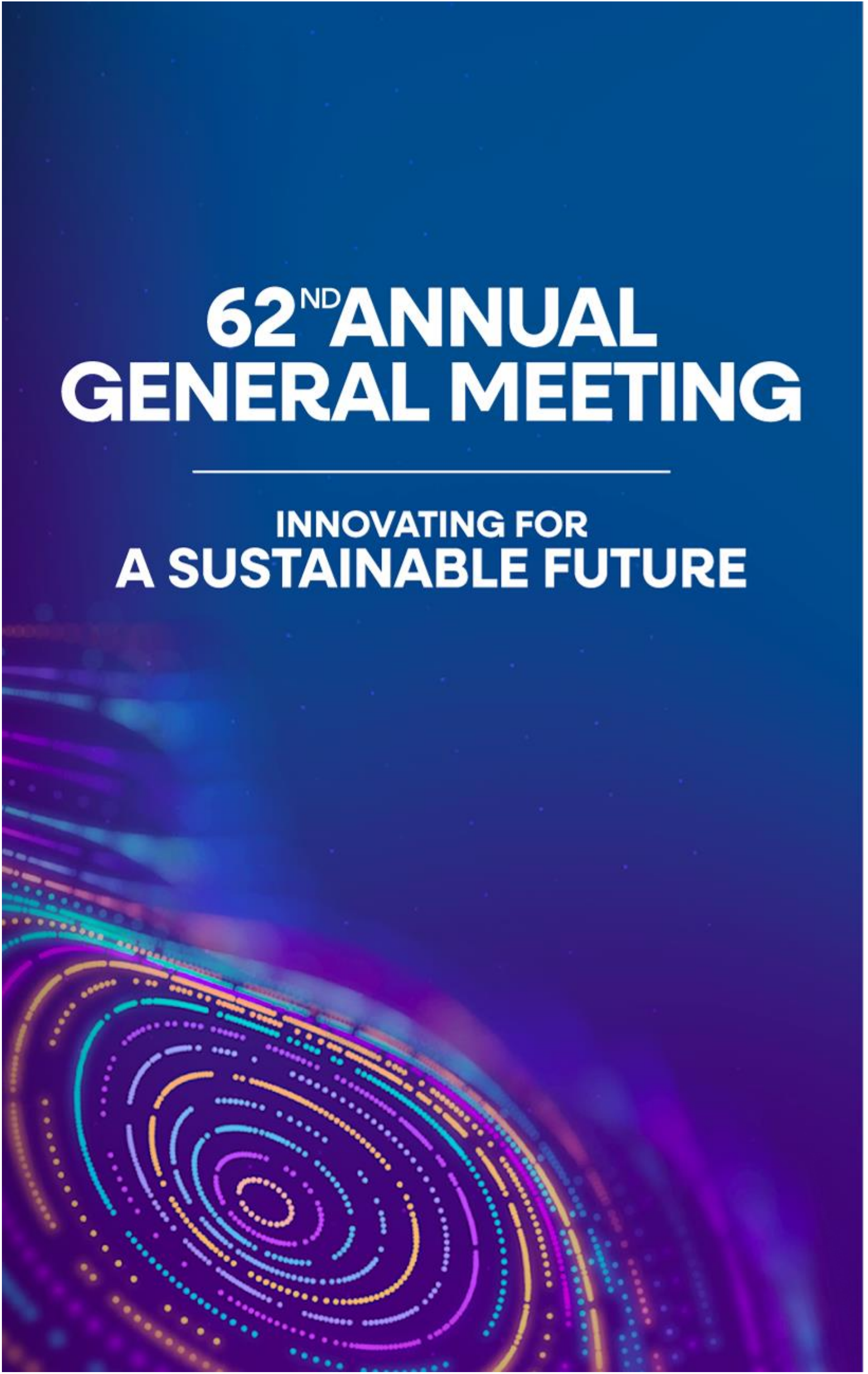
Q7 Since the Group cannot makes money from its core segments in Q1 2025, I suggest the Company to provide door gifts, subsidised parking and meal vouchers to the shareholders attending this AGM. Anyway, it doesn't cost a lot.

Q18 For this AGM, the shareholders have been informed there will be no door gifts, gift vouchers, breakfast, or lunch, and parking will incur a flat fee

RESPONSE

We have detailed out in the Administrative Notes that the Company adopts a no-gift policy.

For the past few years, the issuance of door gifts at general meeting had been discontinued and the available funds would be channelled back to shareholders in the form of dividend payout.



Questions from Shareholders related to Q1 FY2025

QUESTIONS FROM SHAREHOLDERS RELATED TO Q1 2025

SHAREHOLDER (1): Teoh ST

Q1 Is the Group's recent net loss in 1QFY2025 a "deliberate" one, making a privatization by UEM Group by Khazanah potentially more attractive? But is detrimental to the interest of the shareholders especially most of us holding the share price at RM2.50 to above. Kindly elaborate on this?

Q6 What strategies is the Group implementing to recover from its financial setback, specifically regarding cost management and operational efficiency?

QUESTIONS FROM SHAREHOLDERS RELATED TO Q1 2025

SHAREHOLDER (2): Teoh K

Q13 How does the RM31.5m decline in overall revenue in Q1 25 impact the company's long-term growth trajectory, and what measures are being taken to address this revenue reduction?

Q14 Given the shift from profit to a loss before tax of RM11.75m in Q1 25, what specific strategies are in place to return the company to profitability in the upcoming quarters? It is a warranted concern as this is the first loss of the Group since Q4 2024

Q15 What were the primary drivers behind the substantial increase in cash used in operations to RM103.95 million and the RM126.61 million net decrease in cash and cash equivalents in Q1 2025, and how will these cash flow pressures be alleviated?

QUESTIONS FROM SHAREHOLDERS RELATED TO Q1 2025

SHAREHOLDER (2): Teoh K

Q16 Why all financial ratios of the Group deteriorated in Q1 25 - Current ratio weakening to 1.11 times (from 1.16 times), increase in Receivable Turnover Days to 94.35 days (from 81.70 days)

Q17 Beyond typical seasonality, what underlying issues contributed to the significant losses in the Asset Management and Infrastructure Solutions segments, and what corrective actions are planned for these divisions?

Q18 What factors led to the stubbornly high operating expenses, from RM66.06m in the Q1 24 to RM68.5m in the Q1 25?

QUESTIONS FROM SHAREHOLDERS RELATED TO Q1 2025

SHAREHOLDER (2): Teoh K

Q19 Why did the GP margin for the Group decrease significantly from 12.13% in the Q1 24 to 8.41% in the Q1 2025?

The Group is operating in very low margins businesses. It needs to continue to do the 3rd round of cost-cutting scheme

Q20 Any one-off expenses for Q1 25?

Q22 May I add additional questions as the recent Q1 2025 results are concerning? The 20% decline of its share price exacerbates the whole situation. Hope the management team will address in the forthcoming AGM

QUESTIONS FROM SHAREHOLDERS RELATED TO Q1 2025

SHAREHOLDER (3): Teo CM

Q1 Q1 2025 suffered a loss of 17.95 million which is based on the results briefing the CFO said that this is a “temporary blip”.

1. Comparing Q1 2025 and Q1 2024 revenue it dropped by 4.7% which is attributed to seasonally slow quarter and there were one off contracts in Q1 2024. How much is the inpact of the one off contracts to revenue
2. Noted from Q1 results release, another factor for lower revenue was termination of a contract in Malaysia. Is this related to termination of AMS for Hospital Tunku Azizah?

RESPONSE TO QUESTIONS FROM SHAREHOLDERS RELATED TO Q1 2025

As addressed in our response to Question 1 from MSWG, the net loss recorded in Q1 FY2025 reflects the seasonal nature of our business, with the first quarter typically generating lower revenue and further impacted by a higher number of festive periods falling within the quarter this year, which resulted in increased suspension of road maintenance works. The revenue decline was further exacerbated by limited absorption of fixed costs due to reduced activity levels, as well as rising cost pressures stemming from the increase in minimum wages, the expansion of SST scope and the SST rate hike from 6% to 8%.

Despite the challenging first quarter, we remain confident in our recovery trajectory. We anticipate a progressive pick-up in activity levels over the subsequent quarters, as deferred works are gradually reinstated. This recovery will be supported by the execution of contracts under our healthy order book, including new contracts secured in Q1 totaling RM1.1 billion. Our current order book of RM9.3 billion provides a solid foundation for revenue recovery. We remain optimistic about expanding our contract pipeline, particularly in higher-margin markets, building upon the positive momentum achieved last year in international markets and high-margin segments such as private healthcare and smart building solutions.

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RESPONSE TO QUESTIONS FROM SHAREHOLDERS RELATED TO Q1 2025 (CONT'D)

In response to escalating operating costs, we are actively engaging with customers to negotiate cost-sharing mechanisms, especially in relation to regulatory-driven increase in manpower costs. Many of our contracts contain provisions that allow for price adjustments in the event of statutory changes, such as minimum wage increases, and we are leveraging on the clauses in our ongoing discussions.

On the operational front, we remain focused on driving internal efficiencies and enhancing cost management. As outlined in our earlier response, we continue to implement our existing strategic cost-saving initiatives, while also refining current efforts and exploring additional measures to further strengthen our cost structure.

With these initiatives underway, we remain committed to restoring profitability and delivering long-term value to our shareholders.

We appreciate the questions relating to our Q1 2025 results and would steer our shareholders in attendance today to the primary focus on FY2024 company's performance in this 62nd AGM.

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Thank You