

PEERMOHAMED BIN IBRAMSHA

Group Chief Financial Officer

MSWG Questions & Answers



Operational and Financial Matters

Question 1

A major business and financial media outlet recently reported that a privatisation is in the offing for Pos Malaysia. Please confirm the veracity of the report and confirm whether the Company is considering any privatisation proposal or other major corporate exercise involving changes in shareholding.

Answer

Pos Malaysia is not in a position to comment on media speculation or market rumour. As a public listed company, the Company is subject to its continuous disclosure obligations under Bursa Malaysia's Listing Requirements and will make all material announcements to Bursa Malaysia in accordance with the applicable regulatory framework.

Pos Malaysia wishes to confirm that, as at the date of this response, the Company has not received any formal privatisation proposal, nor has the Company been deliberating on any corporate exercise that would involve a change in the Company's listing status on the Main Market of Bursa Malaysia Securities Berhad.

Should any development of a material nature arise that requires disclosure pursuant to the Company's obligations under the Bursa Malaysia Listing Requirements, the Company will make the necessary announcements promptly. The Company reaffirms its commitment to timely and transparent disclosure to all shareholders

Operational and Financial Matters

Question 2 (part 1 of 2)

As of 31 December 2025, Pos Malaysia shareholders' equity decreased to RM82.5 million due to higher accumulated losses of RM988.9 million. Meanwhile, the total share capital amounted to RM1.07 billion. These numbers raised concerns that Pos Malaysia might slip into Practice Note 17 (PN17) status if the loss-making condition persists.

- a) Given the net losses position, rising accumulated losses and depleting shareholders' equity, what are the viable strategies to ensure long-term business continuity and sustainability of Pos Malaysia?

Answer

The Company acknowledges the seriousness of the financial position and shares shareholders' concern regarding the trajectory of accumulated losses and the erosion of equity. The Company is acutely aware of the PN17 thresholds prescribed under Bursa Malaysia's Listing Requirements and the importance of avoiding that status.

To address the potential PN17 status, Pos Malaysia has established a RM1.0 billion Perpetual Sukuk Wakalah Programme in March 2026 and the first tranche of RM300 million was issued from the Programme in March 2026 to Pos Malaysia's parent company. Issuances from the Programme to the parent company are considered as shareholders' equity and as such, the PN17 issue has been resolved in the short to medium term.

The Company noted that its financial position cannot be assessed in isolation and wishes to draw shareholders' attention to the following key factors, as previously shared:

Operational and Financial Matters

Answer (cont.)

- **USO Cost Burden:** *Unfunded Universal Service Obligation (USO): Pos Malaysia is designated as the sole USO provider in Malaysia, mandated to maintain universal postal connectivity — including over 1,000 post offices and delivery to more than 11 million addresses nationwide, 5 days a week. The incremental cost of fulfilling this obligation, which no private competitor is required to bear, constitutes a material and persistent drag on the Group's financial performance. Management estimates that the uncompensated cost of the USO is the primary driver of the Group's accumulated losses.*
- **Structural Headwinds:** *Structural mail volume decline: The transition from physical mail to digital communication channels has been accelerating globally and in Malaysia. This secular trend compresses the revenue base of the Postal segment — which remains the Group's largest revenue contributor — and it is not unique to Pos Malaysia. It is a challenge facing every incumbent national postal operator worldwide.*
- **Parcel Margin Compression:** *Competitive dynamics in parcels: While parcel volumes grew 9% year-on-year to 32.8 million items in FY2025, both volume and margin improvement is been constrained by a) ~75% of volume originating from 'platforms, b) ~75% of that volume is in-sourced to the 'platforms' own delivery network, c) masking, preventing the Malaysian consumer from being able to select the carrier of their choice and d) continued predatory pricing primarily by foreign carriers and the 'platforms'. The Company has been and continues to actively engage the relevant regulatory bodies on these practices.*

Operational and Financial Matters

Answer (cont.)

Pos Malaysia's path to sustainable profitability is achievable provided that the regulatory environment is appropriately recalibrated to reflect the true cost of the Company's public service obligations. The Company does not regard its current financial position as a consequence of management failure, but as an outcome of a structural imbalance between the obligations placed on it and the compensation received. Against this backdrop, the Company has identified the following viable strategies to ensure long-term business continuity:

- 1. Regulatory:** *Postal Service Fund, USO funding and Postal Services Act reform: The single most consequential lever for Pos Malaysia's financial recovery is the establishment of a proper framework for USO compensation. The Postal Services Fund (PSF) is yet to be established by the MCMC and the initial funding of RM50 million represents an important first step. However, the Company's submitted USO compensation claims for 2023 and 2024 remain under review.*

Separately, the modernisation of the Postal Services Act is expected to establish a sustainable framework, including durable, transparent framework for USO funding, tariff revision, and competitive regulation. The Company is actively participating in the legislative consultation process led by the MCMC.

- 2. Transformation Programme:** *The Company continues to execute its Business Transformation Plan, focused on sustainable revenue streams, new and optimised operating models, and digital capability building. Specific initiatives include network optimisation, alternate day delivery, retail, and the deployment of both robotics and artificial intelligence aimed at providing a significantly lower end to end cost of delivery.*

Operational and Financial Matters

Answer (cont.)

- 3. Capital discipline and portfolio management:** *The Company continues to apply strict capital allocation discipline, directing investment to highest-return activities and actively managing the asset base. Non-core and loss-making activities are being reviewed. The Pos Aviation segment continues to be a profitable contributor and is being scaled further.*
- 4. Balance sheet management:** *The Company is in ongoing engagement with its financing partners to manage its debt obligations in a manner consistent with its transformation timeline. The Company will continue to evaluate all options available to it to strengthen the balance sheet, including rigorous regulatory review and organic capital generation.*

Operational and Financial Matters

Question 2 (part 2 of 2)

- b) Pos Malaysia embarked on a Business Transformation Plan in August 2021 (BTP 2021) with four phases outlined. The Company is currently at Phase 4 of implementation – Delivering a Better Tomorrow, focusing on pursuing sustainable revenue streams, engaging with the government on regulatory matters, including Universal Service Obligation (USO) compensation and changes to the Postal Services Act, and improving cost efficiency through operating model optimisation (page 21 of Annual Report 2025):
- i. What are the key initiatives to be carried out under Phase 4 of BTP based on the three key focus areas? Please disclose the operational key performance indicators (KPI) and regulatory milestones to be achieved.

Answer

Phase 4 of the Business Transformation Plan — Delivering a Better Tomorrow — is organised around three strategic focus areas: (i) Pursuing Sustainable Revenue Streams; (ii) Regulatory Engagement and USO Reform; and (iii) Operating Model Optimisation. The key initiatives and measurable outcomes under each focus area are as follows:

i. Sustainable Revenue Streams

- *Scale Mel Plus as an B2B and e-commerce door-to-door postal solution, primarily focused on the SME sector.*
- *Deepen parcel volume share with major e-commerce platform partners, but at that right price, leveraging the Company's unmatched last-mile reach.*
- *Expand Pos Fulfil fulfilment services across additional sites beyond the current 8 facilities in Peninsular Malaysia.*
- *Expand our international portfolio, focused on cross-border for the SME sector.*

Operational and Financial Matters

Answer (cont.)

- *Grow Pos Aviation's engineering, cargo handling and VIP services businesses alongside recovery in air travel volumes.*
- *Scale Pos Logistics into higher-margin specialised segments — automotive, industrial, and regulated logistics.*

ii. **Regulatory Engagement**

- *Progress Establish the Postal Services Fund and disbursement framework with the MCMC.*
- *Advocate for adoption of the internationally accepted compensation methodology as the basis for USO compensation computation.*
- *Review the Postal Services Act.*
- *With KPDN and MyCC, address both predatory pricing and 'masking' practices.*
- *Pos Malaysia is engaging with the MCMC to mandate the existing Reference Price Guidelines for courier services to ensure fair competition and a healthier industry ecosystem.*

iii. **Operating Model Optimisation**

- *National roll-out of alternate day delivery for mail.*
- *Transition the post office network to distinguish between commercially viable and USO-mandated touchpoints.*
- *Accelerate robotics and automation to reduce the end-to-end cost of delivery.*
- *Expand both the electrification and type of the electric vehicle to reduce transport operating costs.*
- *Continue organisational rightsizing.*

Operational and Financial Matters

Answer (cont.)

Key Operational KPIs and Regulatory Milestones for Phase 4:

Metric	FY2025 Actual	FY2026 Target
Parcel next-day delivery SLA	92%	≥93%
Mail on-time delivery SLA	95%	≥95% (sustain)
Parcel volume growth	+9% YoY	+10–12% YoY
EBITDA	–RM2.9M	Return to positive
Employee engagement	76%	≥78%
LTIFR (safety rate)	0.57	≤0.50
EV fleet deployment	1,531 units	2,000+ units
New Business Model decision	Q4 2025 (launched)	H2 2026
PSF disbursement commencement	—	2027 (expected)
Revised Postal Services Act	Consultation stage	Tabling expected 2026/ 2027

Operational and Financial Matters

Question 2 (part 2 of 2 cont.)

- ii. Notwithstanding the improved metrics, i.e., mail service reliability at 95%, parcel service levels improved to 92%, since the inception of BTP2021, shareholders have yet to see corresponding improvements in the Company's financial performance. Net loss widened to RM209.26 million (FY2024: -RM202.66 million), on the back of muted topline at RM1.84 billion (FY2024: RM1.85 billion). Meanwhile, EBITDA, a measure of a company's core operating performance, turned negative at RM2.9 million compared to a positive RM29.4 million in FY2024, suggesting weakening operational profitability despite the improved KPIs.

In short, there is a divergence between improved metrics and profitability despite the final implementation phase of BTP2021. Why have the improvements in service reliability and operational KPIs not translated into stronger revenue growth and profitability?

To what extent are the improved service metrics commercially meaningful if they are not translating into better margins, customer monetisation, or revenue growth?

Answer

The Company acknowledges this as a legitimate and important question. The apparent divergence between improving operational metrics and continuing financial losses reflects a structural gap between what is within management's control and what is not — and it is important for shareholders to understand this distinction clearly.

Operational and Financial Matters

Answer (cont.)

Factors within management's control — improving:

- ***People:*** For example, diversity, safety, employee engagement.
- ***Service:*** For example, on time delivery for mail and parcel, NPS for delivery, retail, customer service.
- ***Customer:*** For example, target customers, margins, retention.

Factors outside management's direct control — structural headwinds:

- ***Mail:*** the decline is structural and irreversible
- ***Parcel:*** masking, insourcing (self-referencing), predatory pricing.
- ***Cost of Delivering the USO:*** No amount of operational efficiency improvement can fully offset the financial impact of maintaining over 1,000 post offices and serving more than 11 million addresses at regulated tariff rates, no amount of operational efficiency improvement can offset the decline in footfall across the retail footprint, and the increasing cost to serve both. This is the single most significant factor in the Company's continuing losses
- ***One-off events:*** The prolonged breakdown of the Pos Logistics bulk carrier PL1 for most of FY2025 resulted in a RM64.8 million loss in the logistics segment. This was an operational setback, not indicative of structural deterioration in that segment.

The Company has established, and continues to strengthen, the appropriate operational foundation, and emphasises that its financial sustainability remains critically dependent on regulatory reforms and funding support.

Operational and Financial Matters

Question 2 (part 2 of 2 cont.)

- iii. What immediate priorities and strategies does management have to restore EBITDA positivity and achieve sustainable profitability?

Answer

Management's priorities for restoring EBITDA positivity are centred on three concurrent tracks:

- **Track 1 — Revenue:** Revenue optimisation: accelerating domestic parcel volume growth at the right price, driving higher-margin fulfilment revenues through Pos Fulfil and accelerated cross-border volumes. Management targets domestic parcel volume growth of 10–12% in FY2026.
- **Track 2 — Cost:** Cost optimisation: Reducing cost per parcel through automation; reducing transport costs through EV fleet expansion; continuing organizational rightsizing; and implementing new operating business models.
- **Track 3 — Regulatory:** Regulatory relief: The most significant single driver of EBITDA recovery will be the commencement of PSF disbursements and the resolution of the USO compensation methodology. The Company expects that regulatory progress in 2026 will have a direct and material positive impact on the Group's reported results.

The Company does not regard EBITDA restoration as a distant objective. In FY2025, the Group's EBITDA was –RM2.9 million — a relatively small negative number in the context of a RM1.84 billion revenue base. The margin to EBITDA positivity is narrow and achievable through the combination of the three tracks noted above, particularly if regulatory progress materialises as anticipated in 2026.

Operational and Financial Matters

Question 2 (part 2 of 2 cont.)

- iv. With BTP2021 nearing completion, does the Board consider the transformation programme to be on track in delivering its intended financial objectives?

Answer

The BTP2021 has been substantially successful in delivering its operational objectives, while the intended financial outcomes have been materially constrained by factors external to the programme itself. As examples and certainly not a complete list, the transformation has delivered:

1. People

- A fundamental shift in workforce culture — employee engagement improved from below 70% in 2021 to 76% in 2025.*
- Leadership and diversity transformation — female leadership increased from below 38% in 2021 to 49% in 2025.*
- Improvement in workplace safety — LTIFR reduced from 1.81 to 0.57.*

2. Service

- Service quality uplift towards world-class benchmarks.*
- Parcel D+1 SLA improved from approximately 57% in 2021 to 92% in 2025.*
- Mail SLA improved from approximately 51% in 2021 to 95% in 2025.*
- Customer experience strengthened — Retail NPS exceeded 97, while Delivery NPS improved significantly from 54.5 to 78.5 in 2025*

Operational and Financial Matters

Answer (cont.)

3. Customer

- *Stronger brand position and customer trust.*
- *Ranked #1 in brand equity, share of voice, PR and PR value.*
- *Ranked #2 in brand preference.*
- *Continued focus on improving the customer journey and experience.*

4. Financial

- *Tangible progress in financial discipline and operational efficiency.*
- *Approximately RM12 million in monthly 'run' costs removed.*
- *Last-mile productivity improved by over 100%.*
-

5. Others (Digital and ESG)

- *Accelerated digital transformation — >90% of applications migrated to the cloud.*
- *Enhanced customer platforms — revamped website, Pos Mobile App, new digital solutions (e.g. SendParcel Pro)*
- *Stronger data and operational capabilities — upgraded track & trace (AXIS), enhanced analytics*
- *ESG progress — Net Zero 2050 commitment, fleet electrification (1,252 eBikes & 274 eVans), solar rollout across 18 sites*

Operational and Financial Matters

Answer (cont.)

On the financial dimension, the Company acknowledges that the programme has not yet delivered profitability, reflecting the key reality that the BTP2021 was designed to transform the business on the assumption that the regulatory environment — specifically market access and regulatory reform, including USO compensation — would be concurrently addressed. This has taken longer than anticipated, and without it, the operational improvements alone cannot overcome the structural cost of delivering the USO.

Pos Malaysia considers 2026 and 2027 to be the pivotal years in which the financial results of BTP2021 will become visible — specifically as regulatory reform materialises and the operational improvements deliver

Question 3 (part 1 of 3)

Structural challenges, including the continued decline in traditional mail volumes and intense market competition, continue to weigh on the financial performance of Pos Malaysia. That said, we note several potentially positive developments on the regulatory front. In October last year, the Government, through the Malaysian Communications and Multimedia Commission (MCMC), announced the establishment of the Postal Services Fund (PSF), a RM50 million fund aimed at supporting the long-term sustainability of postal services, particularly in rural and underserved areas served by Pos Malaysia pursuant to its Universal Service Obligation (USO). In parallel, Pos Malaysia is working with the regulator on the development of a modernised Postal Services Act (PSA), including a framework to compensate the designated USO provider.

- a) What is the current status of the PSF disbursement by MCMC? What conditions or performance criteria must Pos Malaysia satisfy to qualify for the funding? In addition, how will the PSF itself be funded and sustained over the longer term to ensure continued support for Pos Malaysia's USO responsibilities?

Answer

The Postal Services Fund (PSF) has yet to be established by MCMC. However, in October 2025, the Ministry confirmed RM50 million funding, representing the government's recognition that delivering the USO imposes a genuine and quantifiable cost burden on the designated service provider that must be appropriately compensated. The RM50 million should be understood as an advance payment pending the formal resolution of Pos Malaysia's USO compensation claims for 2023 and 2024. These claims are currently under review by the regulator. The Regulator conducted a limited public review in order to obtain feedback from the industry on what should and shouldn't be included in the Postal Service Fund. That review is ongoing. The exact mechanics of how the fund will be established, when or how it will be funded have yet to be concluded or communicated by the MCMC.

Question 3 (part 2 of 3)

- b) Given the Government's current focus on broader economic challenges and cost-of-living concerns, is there a risk that the proposed revamp of PSA may be deprioritised or delayed? Has the Government or MCMC engaged with Pos Malaysia for consultations or feedback in relation to the proposed legislative changes? What key areas or reforms does management hope to see incorporated into the updated framework?

Answer

The Company acknowledges that legislative reform operates within a broader government agenda and is subject to parliamentary timetabling and policy prioritisation. Pos Malaysia is not aware of any risk of delay.

Key areas of reform that the Company is advocating for inclusion in the revised Postal Services Act:

- A permanent and adequately funded USO compensation mechanism computed using the internationally accepted methodology.*
- A statutory framework enabling periodic tariff review for regulated products to ensure postal pricing reflects the actual cost of service — including indexation for inflation and labour cost movements.*
- Provisions enabling the modernisation of the USO delivery model, including USO network.*
- Regulatory provisions addressing anti-competitive practices in the parcels market, including minimum service quality standards and fair pricing obligations for platform-operated logistics arms.*
- A framework for the PSF that establishes its long-term funding source, governance, and disbursement criteria in statute, rather than through executive discretion.*
- Licensing framework that is not overly liberalised, to safeguard fair competition, service quality, and the long-term sustainability of the local courier industry.*

Operational and Financial Matters

Question 3 (part 3 of 3)

c) As part of Phase 4 of the Transformation Plan, Pos Malaysia launched two Proofs of Concept (POCs) in Q4FY2025 to evaluate alternative approaches to USO delivery.

What is the nature and objectives of these two POCs? How are these initiatives expected to address structural cost pressures associated with USO requirements, particularly amid evolving market dynamics and competitive challenges?

Answer

The two POCs launched in Q4 FY2025 were designed to evaluate operational and financial viability reflecting the need to lower the cost of delivering the USO, meet the needs of Malaysians and deliver on our sustainability roadmap.

In broad terms, the POCs are exploring the following alternative delivery models:

- 1. Agency-based retail: Testing the use of trained Pick Up and Drop Off (PUDO) agents — operating as Pos Malaysia's retail agents to fulfil parcel delivery and drop off and basic postal services in areas where maintaining a dedicated post office is economically unviable.*
- 2. Alternate Day Delivery of Mail: Testing delivering mail on alternate days, as opposed to everyday.*
- 3. Network Optimisation: Fully merging the mail and parcel networks, leveraging our unparalleled reach for our customers at the lowest unit cost.*

The simplified objective of the POCs is to significantly lower the cost of end to to end delivery. Early findings are encouraging.

Operational and Financial Matters

Question 4 (part 1 of 4)

Pos Malaysia increased its capital expenditure commitment to RM49.95 million in FY2025, compared to RM18.15 million in FY2024, primarily for investments in property, plant and equipment (page 311, Note 31 – Commitments, AR2025).

a) Which key areas will the investments be directed towards?

Answer

The increase in capital expenditure commitment in FY2025 reflects the Group's deliberate pivot from the stabilisation focus of earlier BTB phases to the capability-building and modernisation requirements of Phase 4. Investments are directed across the following priority areas:

- Processing and sorting automation: Investment in automated sorting and scanning equipment at key processing centres to increase throughput capacity, reduce labour dependency, and lower cost per parcel as volumes scale.*
- Digital infrastructure and AI capability: Investment in technology platforms, data infrastructure and AI tools supporting customer service automation, delivery route optimisation, and operational analytics. This includes the build-out of the Group's AI-first operating model under the mandate of the newly appointed Group CTO.*
- Pos Aviation capacity: Investments in ground handling equipment and engineering tooling to support the growth of Pos Aviation's services in response to increasing airline partnerships and cargo volumes.*
- PNSL vessel repairs: the higher capital commitment included unplanned dry-docking and major repair works (which were capitalised) to maintain the seaworthiness and regulatory compliance of PNSL's vessel, PL1.*
- Facilities maintenance and compliance: Routine investment in maintaining the post office network infrastructure, including safety-compliance upgrades at selected facilities.*

Operational and Financial Matters

Question 4 (part 2 of 4)

- b) Given the Group's current financial challenges, including continued losses and negative operating cash flow, does management foresee any constraints on Pos Malaysia's ability to sustain long-term investments in technology, digitalisation and operational modernisation?

Answer

The Company acknowledges that the current financial position imposes real constraints on the Group's investment capacity and that capital allocation must be managed with discipline.

Management's approach to managing this constraint is as follows:

- Prioritisation of investments by return profile: capital is directed to initiatives with the highest expected operational or financial return — specifically those that reduce unit costs (automation), grow revenue (digital platforms, Mel Plus, fulfil, cross-border) or reduce regulatory risk (USO POCs). Discretionary investments are deferred unless they meet a defined return threshold.*
- Phased deployment: large investments are structured in phases, tied to operational milestones, to preserve flexibility and avoid committing capital ahead of confirmed returns.*
- Financing and leasing arrangements: where appropriate, the Company utilises asset financing and leasing structures — including the EV fleet leasing model — to deploy operational capability without fully committing upfront capital. This approach was recently applied in the EV van procurement exercise.*
- Regulatory relief as an investment enabler: the Company's medium-term investment capacity is directly linked to the resolution of the USO compensation framework. Regulatory relief would not only improve reported results but would also release management bandwidth and financial capacity to accelerate investment in transformation.*

Operational and Financial Matters

Question 4 (part 3 of 4)

- c) What is the Group's expected capital allocation or investment budget for technology and digital transformation initiatives over the next few years?

Answer

Pos Malaysia does not disclose forward-looking capital budgets at a segment or initiative level as a matter of policy, given the commercial sensitivity of such information in a competitive operating environment.

However, the following represent the key directional commitments:

- Technology and digital transformation will represent a growing proportion of total capital expenditure in FY2026 and FY2027, reflecting the Group's strategic intent to build an AI-first operating model.*
- AI and automation investments — particularly in processing centre automation, customer service, and route optimisation — are expected to generate measurable cost savings that offset the capital cost within 3–5 years, based on comparable deployments by peer postal operators.*

Operational and Financial Matters

Question 4 (part 4 of 4)

d) How does management prioritise investment spending while balancing liquidity preservation and operational turnaround objectives?

Answer

The Company applies a structured capital allocation framework that ranks investment priorities as follows:

- *First priority — Liquidity preservation: Maintaining adequate operational liquidity to meet day-to-day obligations and service debt commitments. No discretionary investment is approved if it would materially compromise the Company's liquidity buffer.*
- *Second priority — Cost-reduction investments: Investments that generate a quantifiable and near-term reduction in operating costs — including automation, EV fleet deployment, and network rationalisation — are prioritised, as they directly improve the cash generation position.*
- *Third priority — Revenue-generating investments: Investments in new or scaled revenue streams — Mel Plus, Pos Fulfill, Cross-Border, Pos Aviation expansion — are prioritised based on expected payback period and revenue quality.*
- *Fourth priority — Capability and compliance: Investments in regulatory compliance, safety, and foundational capability (data infrastructure, AI platforms) that do not generate direct financial returns but are essential for the Company's long-term competitiveness and regulatory standing.*

This framework is applied at both the annual budget cycle and on an individual investment approval basis at the appropriate governance level, including Tender Board Committee and Board approval thresholds.

Operational and Financial Matters

Question 5

Note 32 – Material Litigation (page 311 of AR2025). During the financial year, Pos Malaysia entered into a settlement agreement with a customer, for whom the Company was making a claim for outstanding debts, rental, maintenance costs, utilities and loss of profits amounting to RM9.99 million. Under the settlement agreement, the Group agreed to accept RM1 million as full and final settlement of all claims and counterclaims. Pos Malaysia received the said amount in February 2026.

Why did the Group settle for a substantially lower settlement amount of RM1 million relative to the original claim of RM9.99 million?

What is the likelihood of recovering the full claimed amount should the Company continue to pursue legal proceedings, and what were the associated litigation risks or costs?

Answer

The Company confirms that the settlement was approved after careful consideration by the relevant governance bodies, and that the decision to settle was based on commercial and legal merits rather than convenience.

The Company is not in a position to disclose the full details of the negotiations or the identity of the counterparty, as the settlement agreement contains confidentiality provisions that are standard in such commercial matters. Notwithstanding this, the following represent the key items:

Operational and Financial Matters

Answer (cont.)

- *Legal risk assessment: Independent legal counsel advised the Company that, while the quantum of the claim was RM9.99 million, the prospect of recovering the full amount through litigation was materially uncertain. The evidentiary position on certain elements of the claim — particularly the loss of profits component — was assessed as less straightforward to establish in court than the underlying debt and operational cost components.*
- *Counterparty financial capacity: The counterparty's demonstrated ability to satisfy a full judgment in the event of a court award in the Company's favour was assessed as limited, introducing the risk of a Pyrrhic victory — a favourable judgment that could not be enforced at full value.*
- *Litigation cost and management bandwidth: Pursuing the matter to trial would have involved significant legal costs and a material commitment of management time over an extended period, the opportunity cost of which was weighed against the certain receipt of RM1 million under settlement.*
- *Timing of receipt: The RM1 million was received in February 2026 — a certain and immediate cash inflow at a time when the Group's liquidity position requires active management.*

The Company is satisfied that the settlement was reached in the best commercial interests of the Company and its shareholders, after appropriate legal and financial due diligence. The decision is consistent with the pragmatic approach to managing legacy legal exposures, while enabling Management to focus on the Group's core operational and strategic priorities.

Corporate Governance Matters

Question 6

On 1 May 2026, Pos Malaysia announced the appointment of two new directors - Datuk Shazril Imri Mokhtar, currently the Group Technology & Transformation Officer of Al-Bukhary Group, and Datuk Abdul Halim Hamzah, who presently serves as the Secretary-General of the Ministry of Communications. Following these appointments, the Board size has increased to nine directors, returning to the same board size as in FY2024. However, the proportion of independent non-executive directors (INEDs) has correspondingly declined to approximately 33%, compared to 44.44% (4 out of 9) in FY2024. As a result, Pos Malaysia continues to depart from Practice 5.2 of the Malaysian Code on Corporate Governance, which recommends that at least half of a PLC's Board comprises INEDs.

On page 31 of the Corporate Governance Report 2025, the Company had indicated its intention to appoint an additional independent director in due course to move closer towards the adoption of Practice 5.2. However, the latest board appointments have further diluted the proportion of INED representation instead.

What is the rationale for prioritising the appointment of two NINEDs at this juncture, rather than strengthening independent representation on the Board?

Does the Board remain committed to achieving alignment with Practice 5.2 of the MCCG, and if so, what is the expected timeline or roadmap towards improving the Board's independence composition?

Answer
Next slide

Corporate Governance Matters

Answer

The Board Nomination & Remuneration Committee (“BNRC”) has undertaken a review and assessment of the new Directors’ appointments, having considered their relevant experience, skill sets, character, integrity, competence, and commitment of time to ensure the effective discharge of their duties. Pursuant to the Constitution of Pos Malaysia, the Special Shareholder, namely, Minister of Finance (Incorporated) (“MOF Inc”) is entitled to appoint up to two (2) Directors on the Board. In this regard, the appointment of Datuk Abdul Halim Hamzah is to fill the vacancy of MOF Inc representatives.

The Company also takes into consideration Datuk Shazril Imri Mokhtar’s professional background and expertise are expected to assist Pos Malaysia in enhancing its digital capabilities in support of future business transformation. The Company is of the view that, at this critical stage, both the major shareholder and the special shareholder have determined that representation at the Board level is necessary to safeguard their respective interests.

The Company emphasises the importance of maintaining strong Board independence. Upon review by the BNRC, the Company is satisfied that the INEDs continue to demonstrate independence and objectivity in the discharge of their duties and to provide effective oversight, notwithstanding that the current Board composition may not be aligned with recommended best practices. The Board composition remains compliant with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Company further acknowledges that these appointments have resulted in a temporary reduction in the proportion of INEDs and will continue to prioritise the identification and appointment of suitably qualified independent director candidates.

Question 7

Pos Malaysia also departed from Practice 8.2 of the Malaysia Code on Corporate Governance in relation to the disclosure of the top five senior management's remuneration (page 54 of CGR2025).

How much did the Group Chief Executive Officer, Mr Charles Brewer, receive in FY2025 against total key management personnel (KMP) remuneration of RM9.75 million incurred (page 237 of AR2025)?

Kindly disclose Mr Brewer's remuneration from FY2021 – 2025 in the form of a table by element, including salary, bonus, benefits in-kind and other emoluments.

Answer

The Company is of the opinion that the disclosure of senior management remuneration on a named basis would not be in the best interest of the Group, given the highly competitive talent landscape. In view of the risk of talent poaching within the industry, the Group seeks to safeguard its employee retention strategies. Furthermore, information relating to salaries, bonuses, benefits-in-kind and other emoluments is generally classified as personal and sensitive data, as it may directly or indirectly identify an individual.

Nevertheless, the Company, through the BNRC, maintains oversight of the remuneration framework to ensure that senior management are appropriately and fairly compensated. Such remuneration is determined with due consideration to individual performance, level of responsibility, and the overall performance of the Company.