SALUTICA BERHAD
Registration No.: 201201040303 (1024781-T)
(Incorporated in Malaysia)

MINUTES OF THE EXTRAORDINARY GENERAL MEETING ("EGM" OR "THE MEETING") OF SALUTICA BERHAD ("SALUTICA" OR "THE COMPANY") HELD AT NO. 3, JALAN ZARIB 6, KAWASAN PERINDUSTRIAN ZARIB, 31500 LAHAT, IPOH, PERAK, MALAYSIA ON MONDAY, 13 JULY 2026 AT 10.30 A.M.

Present	:	Mr. Lim Chong Shyh, Executive Chairman Mr. Joshua Lim Phan Yih, Managing Director/Chief Executive Officer Mr. Low Teng Lum, Senior Independent Non-Executive Director Ms. Chan Shook Ling, Executive Director/Chief Financial Officer Mdm. Tan Gim May, Independent Non-Executive Director Mdm. Wong Poh May, Independent Non-Executive Director
	:	All members and proxies have been entered in the Attendance List
By Invitation	:	All invitees have been entered in the Attendance List
In Attendance	:	Ms. Chong Lay Kim, Company Secretary

OPENING AND NOTICE

Mr. Joshua Lim Phan Yih ("the Chairman"), on behalf of the Board of Directors ("the Board"), welcomed all the members and attendees to the Company's EGM.

The notice convening the meeting, having been circulated earlier to all members of the Company within the prescribed period, was taken as read.

The Chairman then introduced the members of the Board, the Secretary and the representatives of the Principal Adviser and the Legal Adviser to the shareholders.

Upon the confirmation of the presence of the requisite quorum, the Chairman called the meeting to order at 10.30 a.m.

ANNOUNCEMENT ON ADMINISTRATIVE MATTERS

The Chairman informed the meeting that, pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the notice of a general meeting must be voted on by way of a poll. Accordingly, the Chairman demanded that the Special Resolution set out in the Notice of the Extraordinary General Meeting ("EGM") be put to a poll in accordance with the Company's Constitution.

The Chairman further informed the meeting that the Special Resolution would be deemed passed only if it was approved by not less than seventy-five percent (75%) of the votes cast by the members present in person or by proxy at the EGM.

The Chairman informed the meeting that the poll voting would be conducted after the item on the Agenda had been dealt with.

The Chairman informed the meeting that Tricor Investor & Issuing House Services Sdn. Bhd. had been appointed as the Poll Administrator, while Coopers Professional Scrutineers Sdn. Bhd. had been appointed as the independent Scrutineer.

<u>FAQs PRESENTATION</u>

At the Chairman's invitation, Ms. Chan Shook Ling, Executive Director/Chief Financial Officer, delivered a brief presentation on the Frequently Asked Questions (FAQs), addressing several key questions to provide greater clarity and enhance shareholders' understanding of matters relating to the Group. A copy of the FAQs presentation is attached as Appendix A.

SPECIAL RESOLUTION

PROPOSED REDUCTION OF RM100.00 MILLION OF THE ISSUED SHARE CAPITAL OF SALUTICA PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 ("PROPOSED CAPITAL REDUCTION")

The Chairman informed the meeting that the business of the EGM was to consider and, if thought fit, approve the Proposed Capital Reduction of the Company.

The Chairman further informed the meeting that the full text of the Special Resolution was set out in the Notice of the EGM, while details of the Proposed Capital Reduction were provided in the Circular to Shareholders dated 19 June 2026.

The Chairman then proposed the Special Resolution for the meeting's consideration and informed the shareholders that voting on the resolution would be conducted by way of a poll upon the conclusion of the meeting.

As there were no questions from the shareholders, the Chairman proceeded to conduct the poll on the Special Resolution.

<u>CONDUCT OF POLL</u>

Having concluded the business on the Agenda, the Meeting proceeded to vote on the Special Resolution by way of a poll.

The Chairman then adjourned the Meeting at 10.48 a.m. to allow the Poll Administrator to conduct the counting of votes and the Scrutineer to verify the poll results.

Upon completion of the vote counting by the Poll Administrator and the validation of the poll results by the Scrutineer, the Chairman resumed the Meeting at 11.00 a.m. and declared the results of the poll.

SPECIAL RESOLUTION

PROPOSED REDUCTION OF RM100.00 MILLION OF THE ISSUED SHARE CAPITAL OF SALUTICA PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 (“ACT”) (“PROPOSED CAPITAL REDUCTION”)

Vote For			Vote Against		
No. of Shares	No. of Shareholders	%	No. of Shares	No. of Shareholders	%
173,976,400	23	99.9999	100	1	0.0001

Based on the poll results, the Chairman declared that the Special Resolution was passed and it was **RESOLVED** as follows:-

THAT, subject to all approvals being obtained from the relevant authorities and/or parties, if applicable, and the confirmation by the High Court of Malaya pursuant to Section 116 of the Act, approval be and is hereby given for the Board of Directors of Salutica (“**Board**”) to implement the Proposed Capital Reduction and reduce the share capital of the Company via the cancellation of RM100.00 million of the issued share capital of the Company and that the credit arising from such share capital reduction shall be used to eliminate the accumulated losses of the Company and its subsidiary (“**Salutica Group**” or the “**Group**”);

THAT, the balance credit, if any, after the elimination of the Group’s accumulated losses pursuant to the Proposed Capital Reduction, shall be credited to a capital reserves account of the Company, which may serve as additional credit buffer for the Company to set off future losses and/or utilised in such manner as the Board deems fit and in the best interest of the Company, as permitted by relevant and applicable laws, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad as well as the Constitution of the Company;

AND THAT, the Board be and is hereby authorised to sign and execute all documents, do all things and acts as may be required to give effect to the Proposed Capital Reduction with full power to assent to any conditions, variations, modifications and/or amendments in any manner as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts and things in any manner as they deem fit, necessary and/or expedient to implement, finalise and give full effect to the Proposed Capital Reduction.

CLOSURE OF MEETING

There being no further business, the Chairman declared the Meeting closed at 11.05 a.m. and thanked all present for their attendance.

APPENDIX A

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QUESTIONS AND ANSWERS PRESENTATION AT THE EXTRAORDINARY GENERAL MEETING OF THE COMPANY HELD ON 13 JULY 2026 AT 10.30 A.M.

1. **How was the amount of RM100.0 million determined?**
The Proposed Capital Reduction of RM100.0 million was determined after taking into consideration of the unaudited accumulated losses of the Group for the 9-month FPE 31 March 2026 of RM86.19 million and the potential future losses to be incurred by the Group.

The quantum of RM100.0 million was set at a level deemed sufficient not only to eliminate the existing accumulated losses but also to provide a prudent buffer to absorb future potential losses, thereby strengthening our Group's financial position. Notwithstanding that the Proposed Capital Reduction will result in the creation of significant resultant capital reserves (as the accumulated losses are primarily recorded at the subsidiary level), our Board is of the view that such reserves provide our Group with greater financial flexibility whilst not affecting our Group's underlying business operations or cash flows.

2. **What does the Proposed Capital Reduction entails?**
The Proposed Capital Reduction entails the reduction of the issued share capital of the Company via cancellation of the Company's paid up share capital which is substantially lost and/or unrepresented by available assets of RM100.0 million.

The corresponding credit of RM100.0 million will be credited to a capital reserves account which will result in elimination of the accumulated losses as follows:-

		Audited as at 30 June 2025		Unaudited 9-month FPE 31 March 2026	
		Company (RM'000)	Group (RM'000)	Company (RM'000)	Group (RM'000)
Retained earnings / (accumulated losses)		6,321	(67,289)	5,799	(86,185)
Add:	Credit arising from the Proposed Capital Reduction	100,000	100,000	100,000	100,000
Less:	Estimated expenses for the Proposed Capital Reduction	(200)	(200)	(200)	(200)
Resultant capital reserves		**106,121**	**32,511**	**105,599**	**13,615**

3. **What is the rationale for the Proposed Capital Reduction?**
The Proposed Capital Reduction will enable the Group to rationalise the financial position by eliminating the accumulated losses to reflect more accurately the value of the underlying assets and the financial position of the Group.

Furthermore, the elimination of the Group's accumulated losses is expected to enhance the credibility of the Group with customers, suppliers, bankers, investors, and other stakeholders due to an improved financial standing. With a healthier balance sheet, the Group would be in a better position to engage with bankers in obtaining financing on more favourable terms, negotiate with customers and suppliers for better trade and credit terms, and improve investor confidence.

4. What are the factors that resulted in the accumulated losses of the Group?

The Group's accumulated losses were mainly attributable to the losses incurred by Salutica Allied, due to the following:-

(i) low order volume from existing products, holding of excess resources pending mass production for new projects currently under development stage. This led to higher production line set up cost and inefficient absorption of fixed overheads;

(ii) impairment losses on the property, plant and equipment ("**PPE**") following the periodic impairment assessments performed in accordance with applicable accounting standards. PPE are impaired by evaluating the extent to which the recoverable amount of the asset is less than its' carrying amount. The total impairment losses amounted to approximately RM9.8 million and were recognised in FYE 30 June 2023 and FYE 30 June 2024;

(iii) allowance for impairment loss on trade receivables amounting to RM7.9 million incurred in FYE 30 June 2024 mainly due to a legal suit against one Australian customer which subsequently went into liquidation effective 19 June 2025;

(iv) legal fees amounting to approximately RM3.5 million in FYE 30 June 2025 for ongoing legal court cases including RM1.2 million security for costs for losing the legal suit against Apple Malaysia in the High Court of Malaya in Kuala Lumpur which the Group subsequently appealed to the Court of Appeal as disclosed in **Section 5** of **Appendix I** of the Circular; and

(v) a mutual separation scheme exercise amounting to approximately RM1.5 million in FPE 31 December 2025. The scheme was undertaken as part of the Group's cost rationalisation and operational restructuring efforts to align the workforce size with current business volume and operation requirements.

5. What is the timeframe of obtaining approval for the Proposed Capital Reduction?

Upon approval obtained from shareholders during the EGM, we shall submit an application to the Court for the Proposed Capital Reduction in mid July 2026.

Confirmation by the Court is expected to be obtained in mid September 2026.

The effective date of the Proposed Capital Reduction will be the date of lodgement of the sealed court order from the Court for the Proposed Capital Reduction with the Registrar of Companies, which is expected to be obtained in early October 2026.

6. Will the Company become a PN17 issuer after the Proposed Capital Reduction?

No. The Company will not become a PN17 issuer as a result of the Proposed Capital Reduction, as the two conditions under Practice Note 17 of the Main Market Listing Requirements are not simultaneously met — namely, the Group's consolidated shareholders' equity is not 25% or less of the Company's share capital (excluding treasury shares), and such shareholders' equity is not less than RM40.0 million. The resultant consolidated shareholders' equity is expected to be approximately RM45.33 million after the Proposed Capital Reduction.

7. What are the financial impacts on the Company's balance sheet after the Proposed Capital Reduction?

The Proposed Capital Reduction primarily reduces the shareholders' equity through adjustment in the capital reserves account.

The Proposed Capital Reduction will not result in any cash outflow or payment to shareholders, save for the estimated expenses of approximately RM0.20 million incurred in relation to the exercise, and will not otherwise affect the Group's net assets, cash flows or underlying business operations.

8. What are the initiatives undertaken by the Group to improve its financial condition and prevent the accumulation of financial losses?

The initiatives undertaken by the Group to improve its financial condition are as follows:-

(i) acceleration of transition into high-value global infrastructure sectors, with a focus on automotive, medical, and data-computing applications;

(ii) implementation of disciplined cost management measures to stabilise its operations; and

(iii) introduction of new production projects involving network accelerator cards, thermal scanners, fingerprint sensor modules, and Internet of Things (IoT) modules for automotive and medical devices.

Collectively, these initiatives demonstrate the Group’s ongoing efforts to strengthen its operational resilience, diversify its revenue base and restore profitability.

9. Will I lose any of my shares, or receive any cash, as a result of the Proposed Capital Reduction?

No. The Proposed Capital Reduction does not involve any change to the total number of shares in issue, or the number of shares held by shareholders, and does not involve any payment to shareholders. It is an internal restructuring of the Company's capital structure — the portion of paid-up share capital that is substantially lost and/or unrepresented by available assets is cancelled, and the resulting credit is used to eliminate the Group's accumulated losses. Shareholders will continue to hold the same number of shares before and after implementation.

10. Will this affect the market price of my shares, or my percentage shareholding in the Company?

No. The Proposed Capital Reduction will not result in any adjustment to the reference share price of the Company's shares, nor will it change shareholders' percentage shareholding, as it does not involve the issuance of any new shares. Similarly, the Proposed Capital Reduction has no effect on the shareholdings of the Company's substantial shareholders.

11. Does the Proposed Capital Reduction mean the Company is in financial difficulty?

The Proposed Capital Reduction is a balance sheet and accounting exercise — it will not result in any cash outflow (save for the estimated expenses of approximately RM0.20 million) or otherwise affect the Group's net assets, underlying business operations or cash flows.

The accumulated losses being eliminated arose over prior financial years from a combination of factors, including impairment losses on property, plant and equipment, higher production costs from new projects under development, a customer receivable write-off, legal costs, and a workforce rationalisation exercise. The Board has already undertaken, and will continue to undertake, several initiatives to restore profitability — including the Group's transition into higher-value automotive, medical and data-computing applications, disciplined cost management, and new production projects.

The Proposed Capital Reduction complements these initiatives by resetting the Group's balance sheet to more accurately reflect the value of its underlying assets, and supports its long-term turnaround strategy.