ANCOM LOGISTICS BERHAD

60TH ANNUAL GENERAL MEETING

Questions raised by

Minority Shareholders Watch Group

OPERATIONAL AND FINANCIAL MATTERS

MSWG Question – Q1

Despite reporting higher revenue in FY2026 at RM35.2 million (FY2025: RM33.4 million), ALB's pre-tax profit was down to RM0.7 million compared to RM2 million previously. Both the Chemical Storage and Logistics segments faced operational and cost pressures during the year.

(a) While Ancom Nylex Terminals Sdn Bhd (ANT) recorded approximately 24% growth in revenue to RM16.6 million (FY2025: RM13.4 million), its PBT declined to RM4.6 million (FY2025: RM4.7 million), reflecting higher depreciation and financing charges associated with the newly completed tanks, as well as increased maintenance expenses to ensure the operational reliability and safety compliance of its existing facilities.

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OPERATIONAL AND FINANCIAL MATTERS

MSWG Question – Q1 (continued)

(i) Please provide an update on ANT's operational performance in FY2026, i.e., the utilisation of the 54,100 cbm tank farm capacity, capacity committed under long-term storage contracts versus spot tank rentals, and the respective contribution of these arrangements to revenue, and whether any major lease has been secured.

Company's response

In FY2026, the average term-storage contract volume was 38,200 cbm, representing 84% of total leased storage capacity, while spot contracts averaged 7,100 cbm, accounting for the remaining 16%. Term contracts contributed 81% of ANT's revenue, with spot contracts generating the other 19%.

ANT typically allocates approximately 80% of its tank capacity to term contracts to secure a stable revenue base, while reserving the balance for spot contracts to capitalize on higher spot rates and provide flexibility for maintenance scheduling. For example, in Q1 FY2027, ANT achieved a 97% occupancy rate across its total storage capacity, supported by strong market demand.

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MSWG Question – Q1 (continued)

ii) While expansion has contributed to revenue growth, the associated depreciation and financing charges, together with higher maintenance expenses, have weighed on ANT's profitability.

In FY2026, interest expense on lease liabilities increased to RM2.21 million from RM1.71 million, while term loan interest of RM787,000 was also recognised. Meanwhile, lease payments rose by approximately 19% to RM4.54 million from RM3.81 million in the preceding financial year.

Given the substantial and recurring financial commitments associated with the expanded tank farm, these costs could continue to weigh on ANT's profitability if the additional capacity does not generate sufficient incremental earnings.

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MSWG Question – Q1 (continued)

- Does management expect the benefits of higher tank utilisation and operating leverage to outweigh the increased depreciation, financing and maintenance costs in FY2027 and beyond? What is the anticipated timeline for the expanded capacity to deliver a meaningful improvement in ANT's profitability?

Company's response

Our lease with Westports was renewed for a further 45 years, resulting in higher lease rental commitments. The additional tank capacity has enabled ANT to increase revenue and offset these higher fixed costs. The benefits were immediately evident in FY2026, as the expanded capacity contributed additional revenue that helped mitigate the higher lease expenses. In Q1 FY2027, ANT reported a 97% utilisation rate of its enlarged storage capacity of 54,100 cbm.

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MSWG Question – Q1 (continued)

- Please elaborate on the expected trend of lease payments and interest expenses on lease liabilities over the remaining lease terms. Are these expenses expected to remain elevated, increase further or decline over time, and what are the key factors driving the anticipated trend?
- In view of these recurring financial commitments, please illustrate ANT's ability to generate sufficient operating cash flow to meet its lease payments, financing obligations and maintenance requirements, while delivering satisfactory returns on the capital invested in the expanded tank farm.

Company's response

Lease and financing costs consist of the following, will decline over time:

- Interest expenses on the new tank farm's 7-year term loan will gradually decline as the loan is repaid.
- Deemed interest portion of the fair value lease payments to Westports (based on present value calculation). This is higher in the beginning of the lease and will taper off over the lease term.

ANT generated RM9.4 million of net operating cash flow in FY2026, nearly double the RM4.7 million recorded in FY2025. This resulted in a RM1.4 million increase in cash and bank balances to RM3.1 million from RM1.7 million in FY2025.

The loan for the new tanks was RM18 million, which is to be repaid over 7 years or approximately RM2.9 million annually.

This indicate that ANT is generating sufficient cash flow to meet its obligations.

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MSWG Question – Q1 (continued)

b) Despite efforts to broaden customer base, diversify revenue streams and provide value-added services, Cogent's financial performance remained challenging in FY2026 with lower revenue and deterioration in profitability.

It posted a pre-tax loss of RM1.7 million (FY2025: PBT RM0.1 million) amid intensifying competition, resulting in market share erosion and margin compression. Operating performance was further affected by significantly higher truck repair and maintenance expenses.

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OPERATIONAL AND FINANCIAL MATTERS

MSWG Question – Q1 (continued)

i. Given the increasingly competitive operating environment and continued pressure on profit margins, to what extent can Cogent pass on rising operating costs to customers through higher freight rates or contractual price adjustments?

ii. What are management's key priorities and targets for restoring Cogent's profitability in FY2027, and when does it expect the segment to return to profitability?

Company's response

Cogent operates in a highly competitive business environment.

On revenue

For revenue growth, we are pursuing several initiatives:

- pricing increase, where possible.
- optimizing fleet utilization and trip scheduling
- securing higher-value customers with better margins.

In addition, management is exploring opportunities to expand beyond core transportation services into complementary value-added offerings, which could enhance customer retention and diversify revenue streams.

On costs

We are tightening our control over operating expenses and discretionary spending. Key initiatives:

- closer monitoring of repair and maintenance costs at both the truck and branch levels.
- greater emphasis on preventive maintenance to minimize breakdowns and improve fleet reliability.

Management believe that these efforts should improve the results of Cogent in FY2027.

OPERATIONAL AND FINANCIAL MATTERS

MSWG Question – Q2

External auditor BDO PLT flagged the two subjects below as the Key Audit Matters of the Group (pages 77 – 78 of AR2026):

a) Recoverability of trade receivables

i) As of 31 May 2026, ALB's gross trade receivables amounted to RM5.45 million, of which RM871,000 was impaired, representing approximately 16% of the gross carrying amount (page 77 of AR2026).

In addition, the Group recognised a net impairment provision of RM468,000 for trade receivables past due beyond their credit terms in FY2026, compared with only RM20,000 in FY2025 (page 103 of AR2026).

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OPERATIONAL AND FINANCIAL MATTERS

MSWG Question – Q2 (continued)

i) What caused the deterioration in credit collection experience and the quality of its outstanding receivables? Which segment accounts for the bulk of the impaired trade receivables, and what is the ageing profile of these outstanding balances?

ii) ALB did not renegotiate the terms of any trade receivables during the financial year. Does the current collection experience warrant a revision of terms on trade receivables?

ALB did not renegotiate the terms of any trade receivables during FY2026. In view of the higher impairment provisions and weaker collection experience, will management reassess the adequacy of its existing credit policies to preserve receivables quality?

Company's response

The impairment provision is based on the ageing and recoverability of trade receivables. The higher provision was primarily driven by slower customer payments, which led to an increase in overdue balances and impairment risk. This is the Expected Credit Loss provisions that we assessed annually.

Most of the impaired receivables relate to Cogent, with balances predominantly overdue by more than 30 days. If collection trends improve and receivables are deemed more recoverable, the provision may be partially reversed upon reassessment.

Based on trade receivables of RM4.6 million and revenue of RM35.2 million, the Group's average collection period stood at approximately 47 days, which remains within a healthy range and within the Group's operating requirements.

Management will continue to closely monitor collection trends and customers' payment patterns.

OPERATIONAL AND FINANCIAL MATTERS

MSWG Question – Q2 (continued)

b) Recoverability of deposits

i) As of 31 May 2026, gross deposits of the Group and Company amounted to RM2.19 million and RM2.06 million, respectively. During FY2026, the Group and Company recorded a net reversal of impairment of deposits of RM250,000 (FY2025: RM418,000), thanks to the recovery of deposits during the financial year.

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OPERATIONAL AND FINANCIAL MATTERS

MSWG Question – Q2 (continued)

Please clarify the total amount of deposits recovered during FY2026, the amount of impairment reversed and the outstanding deposits that remain unrecovered as of 31 May 2026.

Of the outstanding balance, how much has been assessed as recoverable, and what is the expected timeline for recovery?

ii) The Group had previously disclosed that ALB initiated legal action against S7 Holdings Sdn Bhd to recover a deposit. Has S7 consistently met the payment obligation? Please provide an update on the outstanding sum yet to be recovered.

Company's response

As at 31 May 2026, the amount outstanding was RM2.06 million. Subsequent collections of RM1.38 million have reduced the balance to RM0.68 million.

Pursuant to the Consent Judgment, the remaining balance is payable by 15 December 2026.

Based on the collection track record and the existing settlement arrangement, management expects the outstanding sum to be fully settled by December 2026.

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MSWG Question – Q3

In April 2024, ALB and Ancom Nylex Berhad (ANB) entered into a Heads of Agreement (HOA) with Greenheart Sdn. Bhd., Choong Wee Keong, and How Yoon For (the Vendors) for ALB's proposed acquisition of the entire share capital of Green Lagoon Technology Sdn Bhd (GLTSB) for RM120 million ("Proposed Acquisitions"). Subsequently, on 21 April 2025, ALB and ANB entered into a Supplemental Agreement (SA) with the Vendors and GLTSB, followed by a second SA on 22 October 2025 to vary the terms and conditions of the 1st SA to the HOA.

Pursuant to the 2nd SA, ANB completed the subscription of 2.7 million shares in GLTSB, representing a 16.92% equity interest, for RM22 million in cash on 30 June 2026. However, as disclosed on pages 120–121 of AR2026, the remaining proposals had yet to be completed as at the date of the Annual Report.

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OPERATIONAL AND FINANCIAL MATTERS

MSWG Question – Q3 (Continued)

a) More than two years have elapsed since the proposal was first announced in April 2024. What are the remaining hurdles to be cleared to pursue the completion of the acquisition? What factors have contributed to the prolonged timeline, and what steps are being taken to resolve the outstanding matters?

b) Given the significant time elapsed since the transaction was first proposed, do the valuation assumptions underpinning the proposed acquisition remain relevant and appropriate? Has there been any material change in GLTSB's business prospects, financial position or operating performance that could warrant a revision of the purchase consideration?

Company's response

a) The GLTSB Group operates 16 biogas plants across 6 states in Malaysia and on land sub-leased from plantation landowners. Certain regulatory and operational require GLTSB to seek consents and/or approvals from all the respective landowners. This makes it inherently more time-consuming. A consultation paper was submitted to Bursa Malaysia on 9 October 2026 to seek Bursa Malaysia's views on our proposed approach in addressing these matters. The consultation process is currently ongoing.

b) The biogas industry is part of the renewable energy sector, which continues to offer significant growth potential. This positive industry outlook has been considered in the valuation of GLTSB at RM120 million. Nonetheless, the valuation is still subject to an independent valuation to ensure that it is fair and reasonable. GLTSB is actively developing several potential new projects to provide an even better prospects and expanding GLTSB's future opportunities.

OPERATIONAL AND FINANCIAL MATTERS

MSWG Question – Q3 (Continued)

c) Please disclose GLTSB's revenue, profit or loss before tax, and net profit or loss for each of the past three financial years, together with its latest available financial performance for shareholders' assessment.

d) In view of the prolonged transaction timeline, what is the expected timeline for completing the remaining proposals?

Company's response

c) As GLTSB is currently a private company and ALB does not hold any equity interest directly in GLTSB until the completion of the Proposed Acquisitions, we are unable to disclose GLTSB's financial information at this AGM.

d) With respect to the expected timeline for completing the remaining proposals, the Company will immediately implement the necessary requirements upon receiving Bursa Malaysia's response. We will expedite the transaction after assessing the implications of Bursa's response. The Company intend to submit the necessary application to the relevant regulation within the next 6 months upon procuring the positive responses.