ELK-DESA®

36th Annual General Meeting

PERFORMANCE REVIEW FOR FYE 31 MARCH 2025

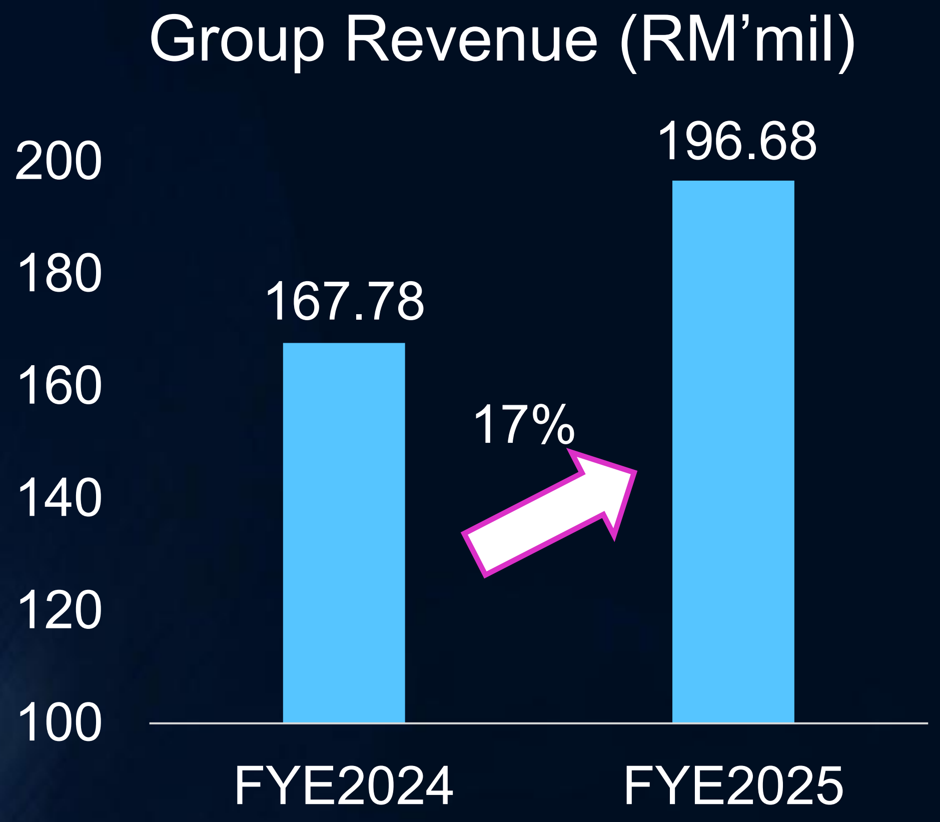
Agenda

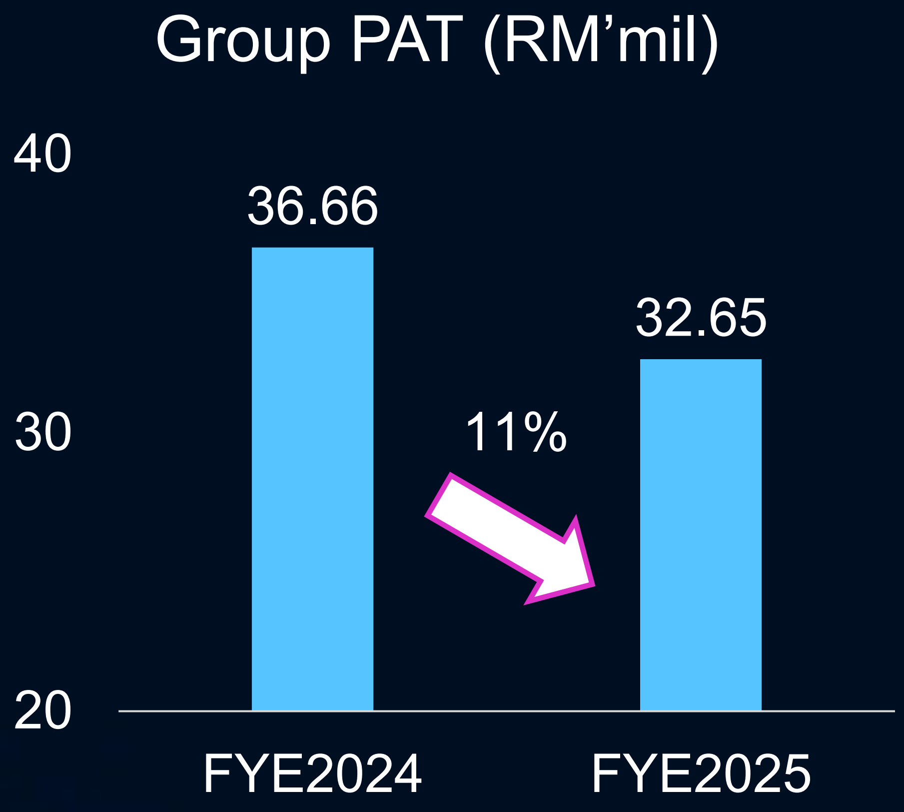
- Financial Performance for FYE2025
- Outlook for FYE2026

Financial Performance for FYE2025

OVERALL GROUP

Group Performance



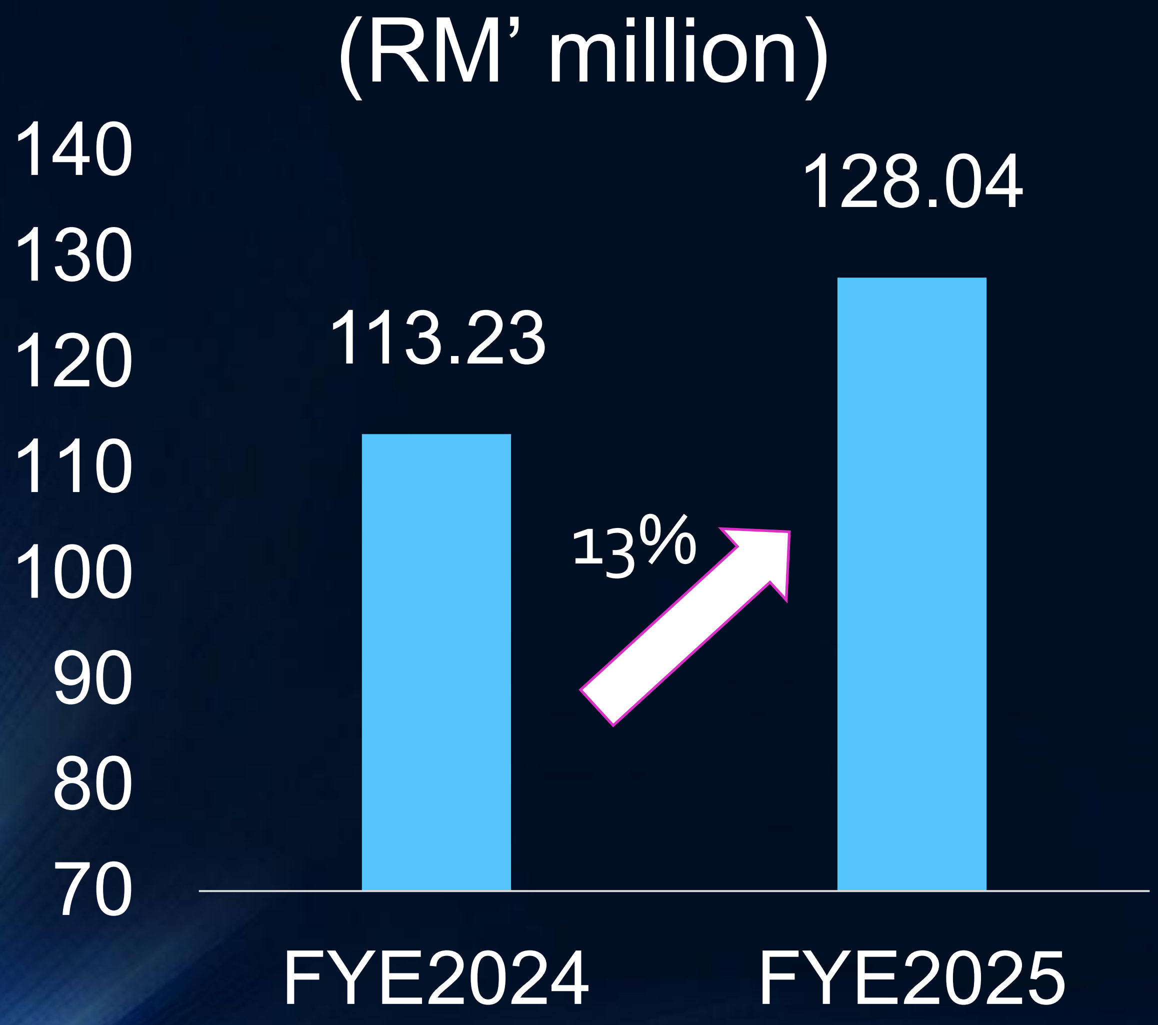


- Higher revenue contributions from both HP Financing and Furniture divisions
  Lower profits mainly due to lower contribution from HP Financing division.

Financial Performance for FYE2025

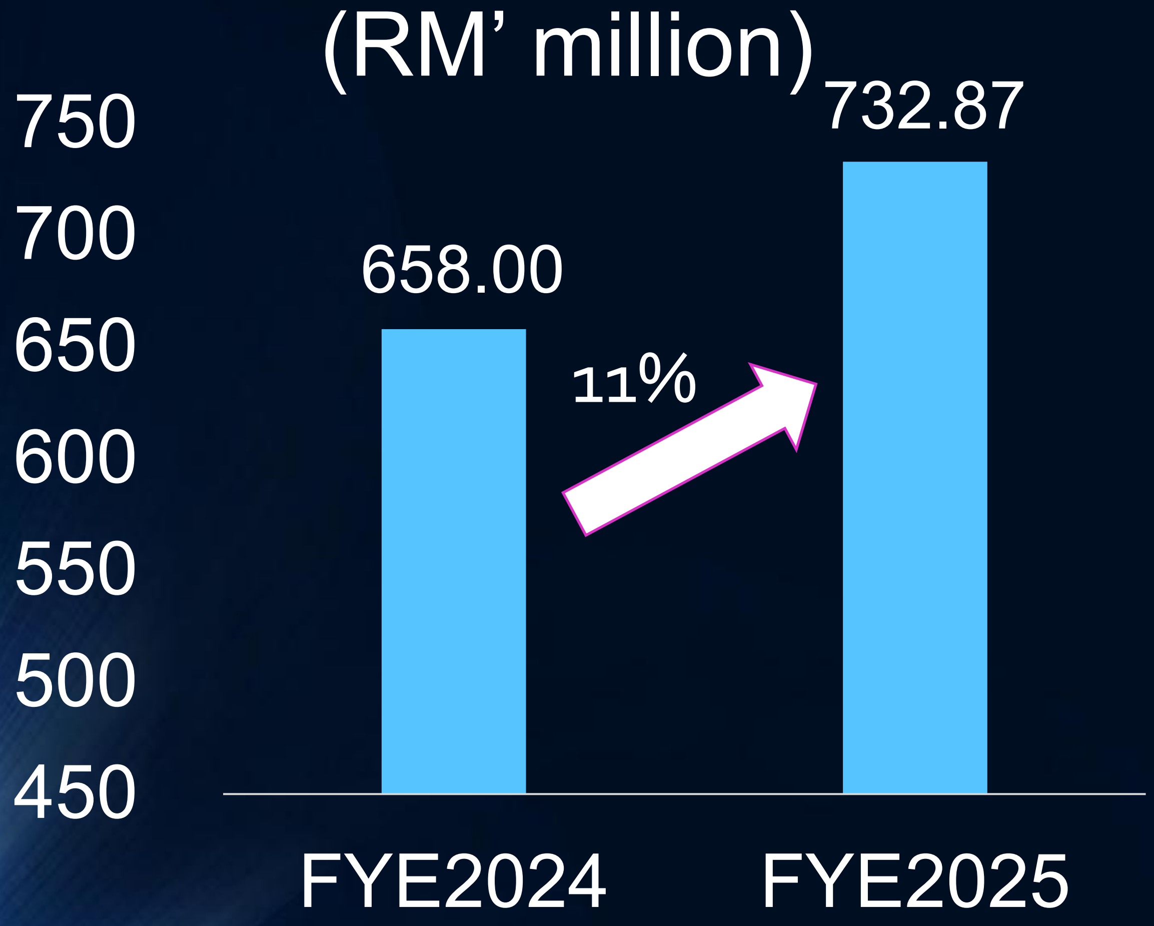
SEGMENTAL PERFORMANCE – HIRE PURCHASE FINANCING DIVISION

HP Segment Revenue



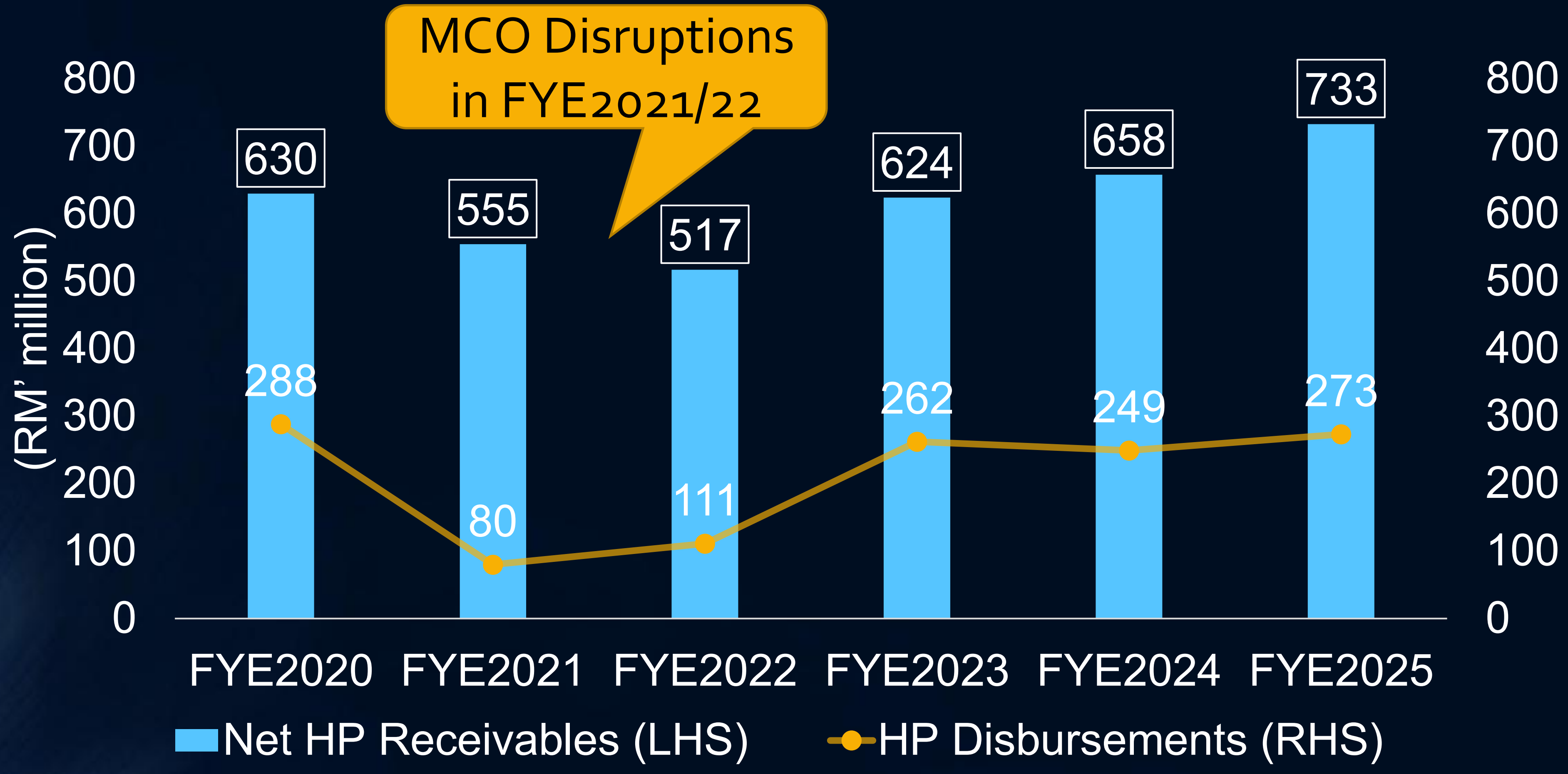
- 90% of the HP segment revenue was derived from HP interest income.
- HP interest income recorded a 13% increase to RM114.8 million from RM101.6 million last year.
- Non HP interest income increased 14% to RM13.3 million.

Net HP Receivables



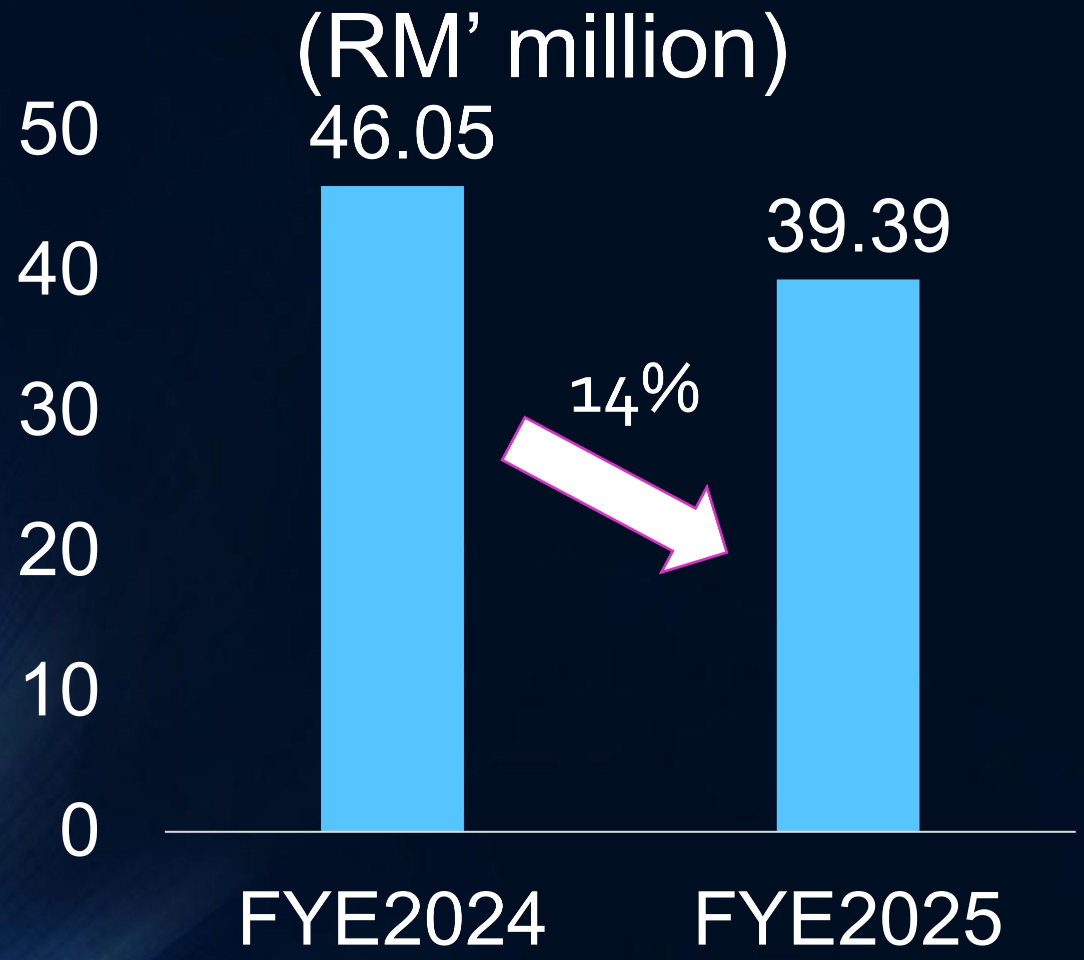
- Increase in Net HP receivables was one of the driving factor for the Division's higher revenue during the year.
- Notably, Net HP receivables are at the highest level since the commencement of the HP business.

Net HP Receivables & HP Disbursements



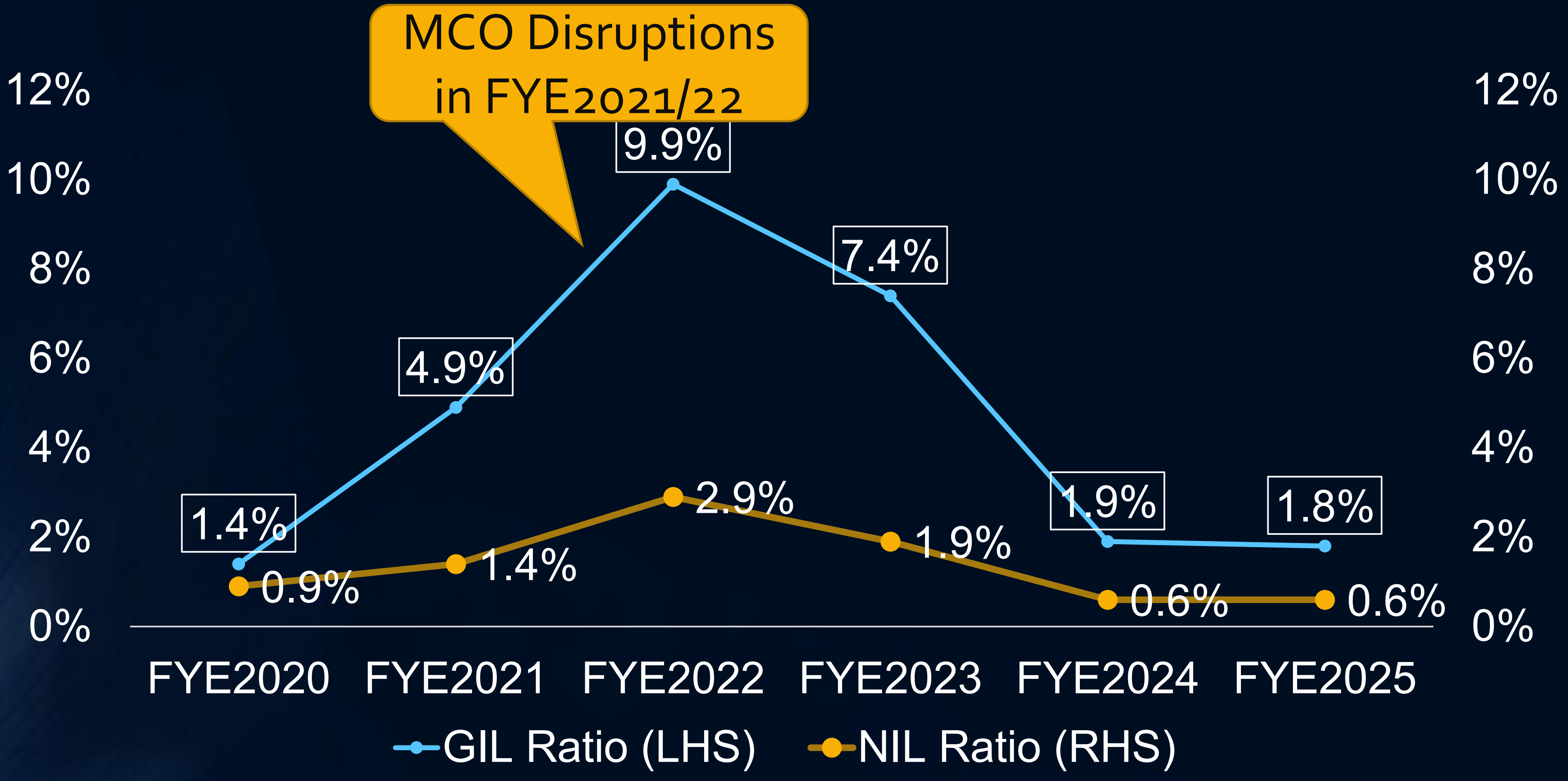
- Net HP receivables bounced back significantly in FYE2023. CAGR of 12.4% over the past 3 years after the Covid/MCO years.

HP Segment Profit Before Tax



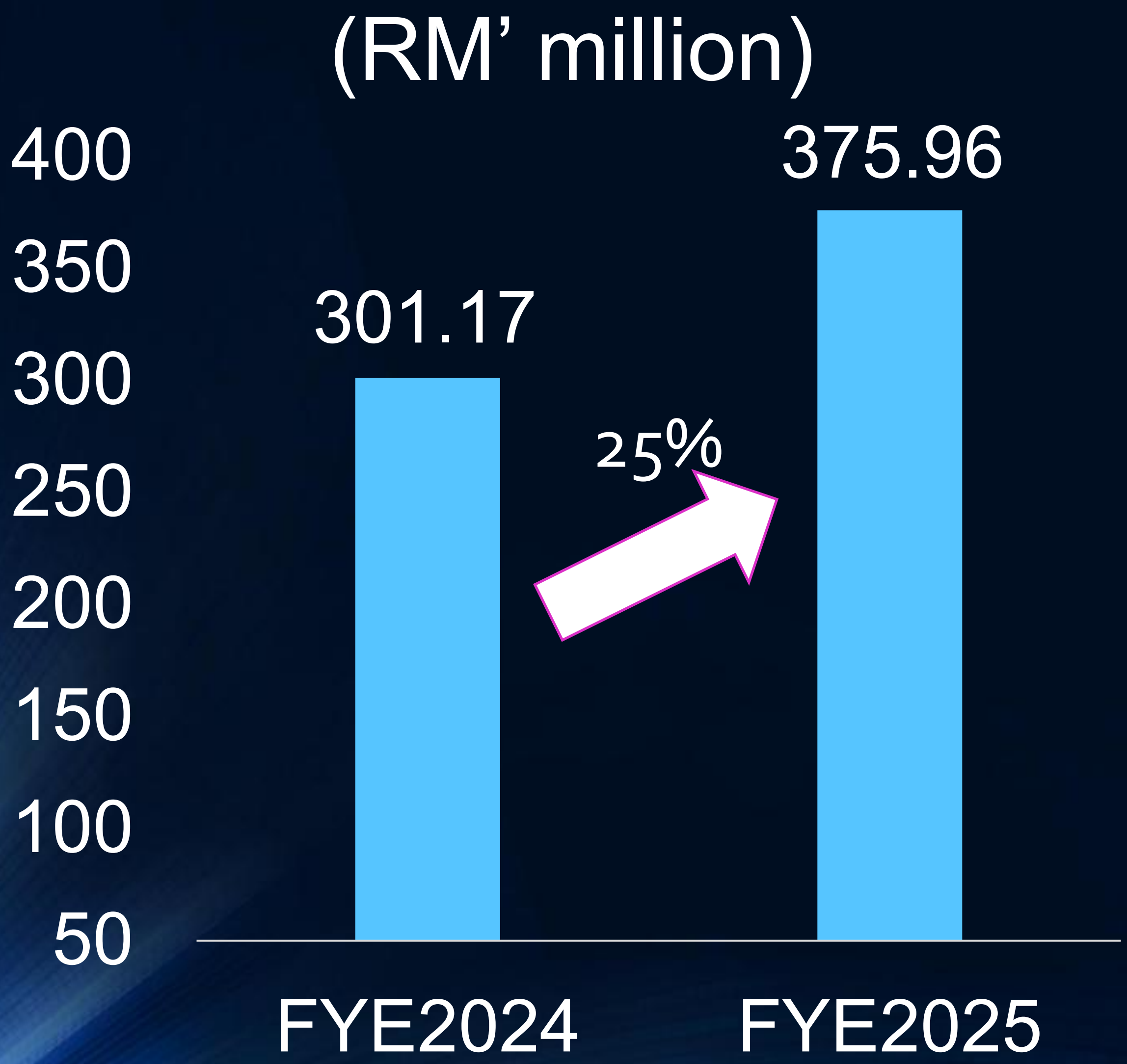
- Higher impairment by RM17.7mil
  - High losses from sales of repossessed vehicles.
  - Slower repayment from non-performing accounts.
  - Despite the above, overall collection rate of monthly instalments increased from 97.5% to 98.5%.

Gross & Net Impaired Loans Ratio



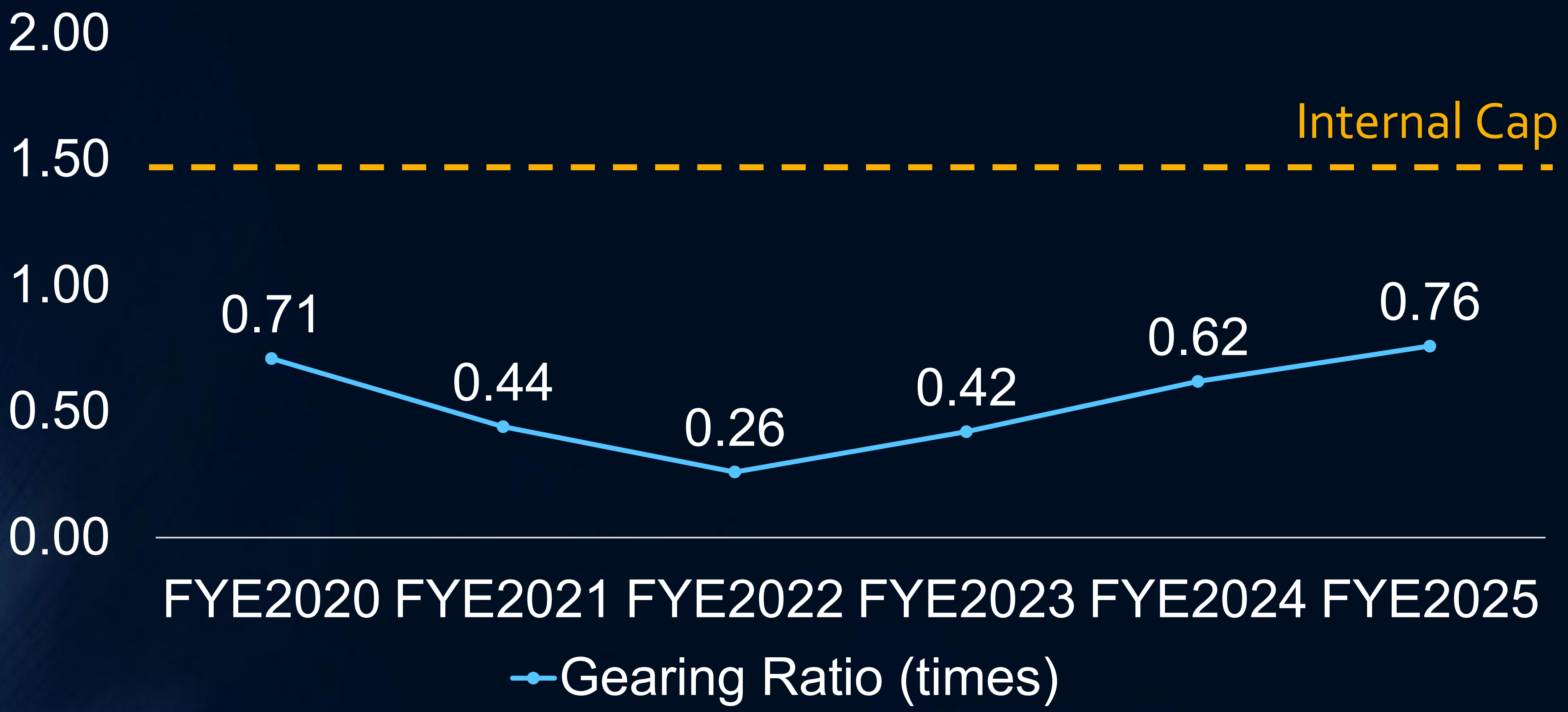
- Increase in impaired loans ratio largely caused by disruptions of hirers' repayment during MCO periods. Management strives to gradually bring down to Pre-Covid levels.

Total Borrowings



- Higher borrowings to support growth in HP receivables.
- Group's gearing ratio remains at a manageable level of 0.76 times.

Gearing Ratio

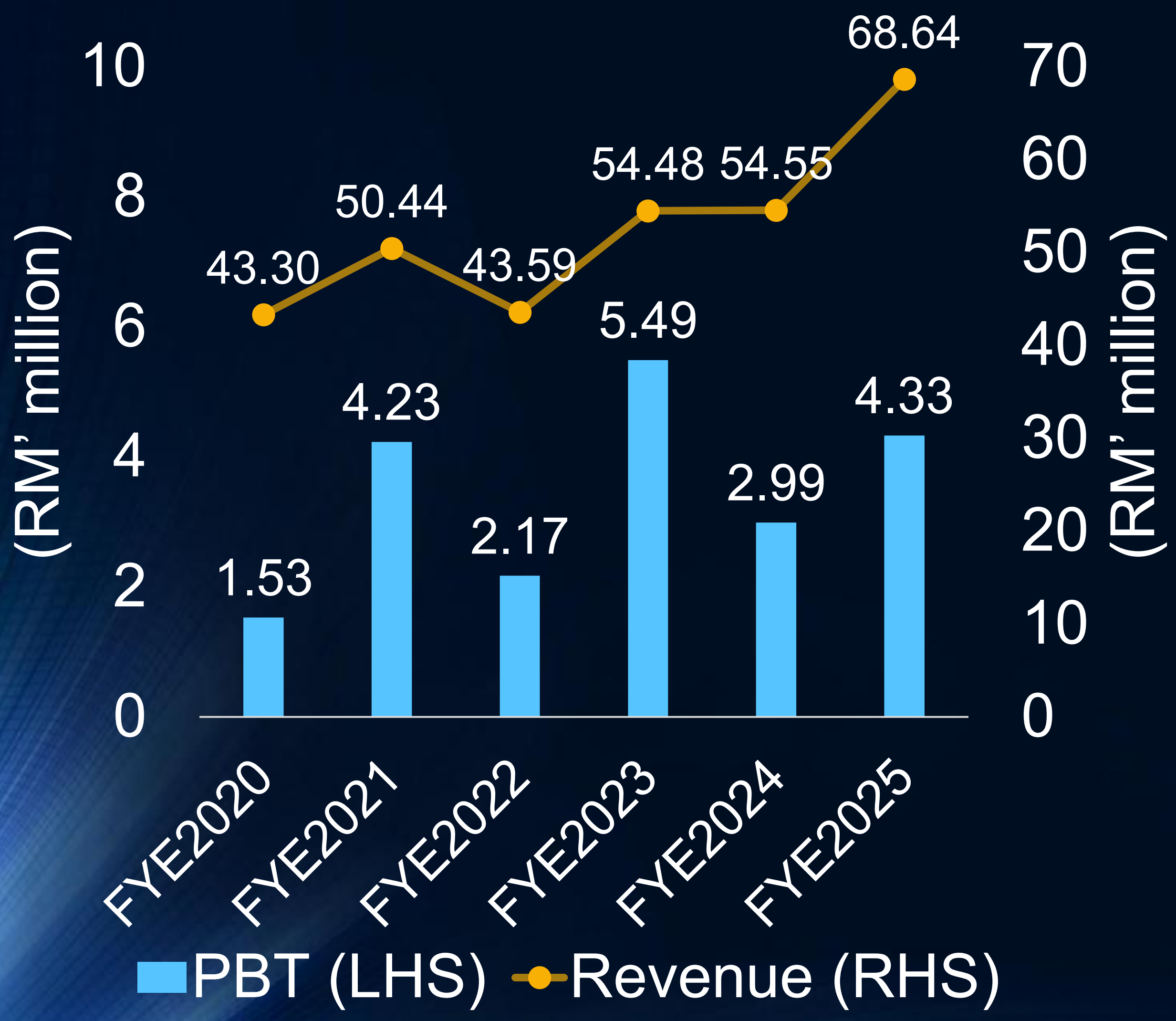


- Manageable gearing level. Pared down borrowings while managing risk during Covid/MCO, resumed drawdown in FYE2023 to support HP receivables growth.

Financial Performance for FYE2025

SEGMENTAL PERFORMANCE – FURNITURE DIVISION

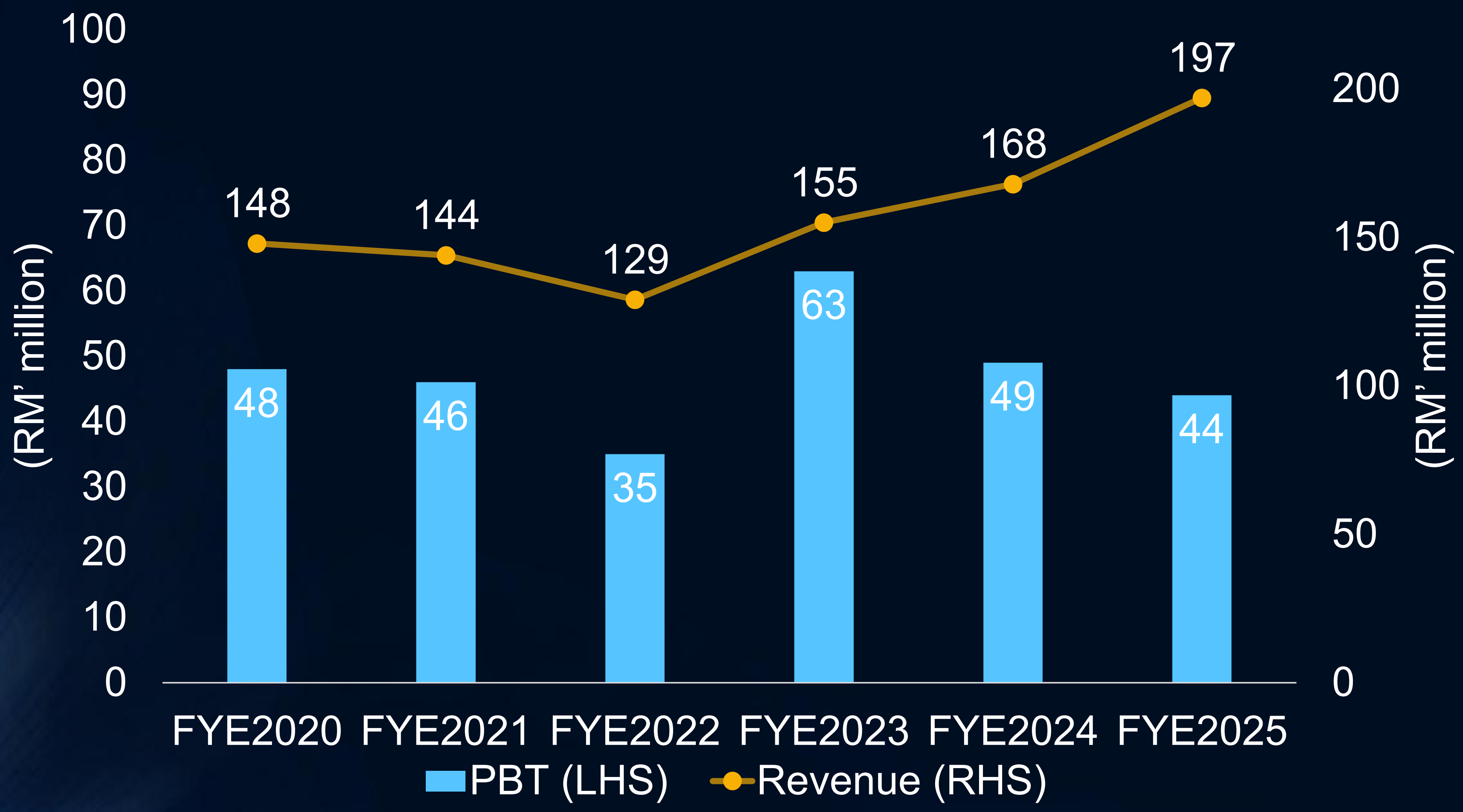
Furniture Segment Results



- Positive contribution from the furniture segment all these years.
- FYE2025 saw a 26% higher revenue and 45% higher profit before tax.
- Stable gross profit margins of 35%.

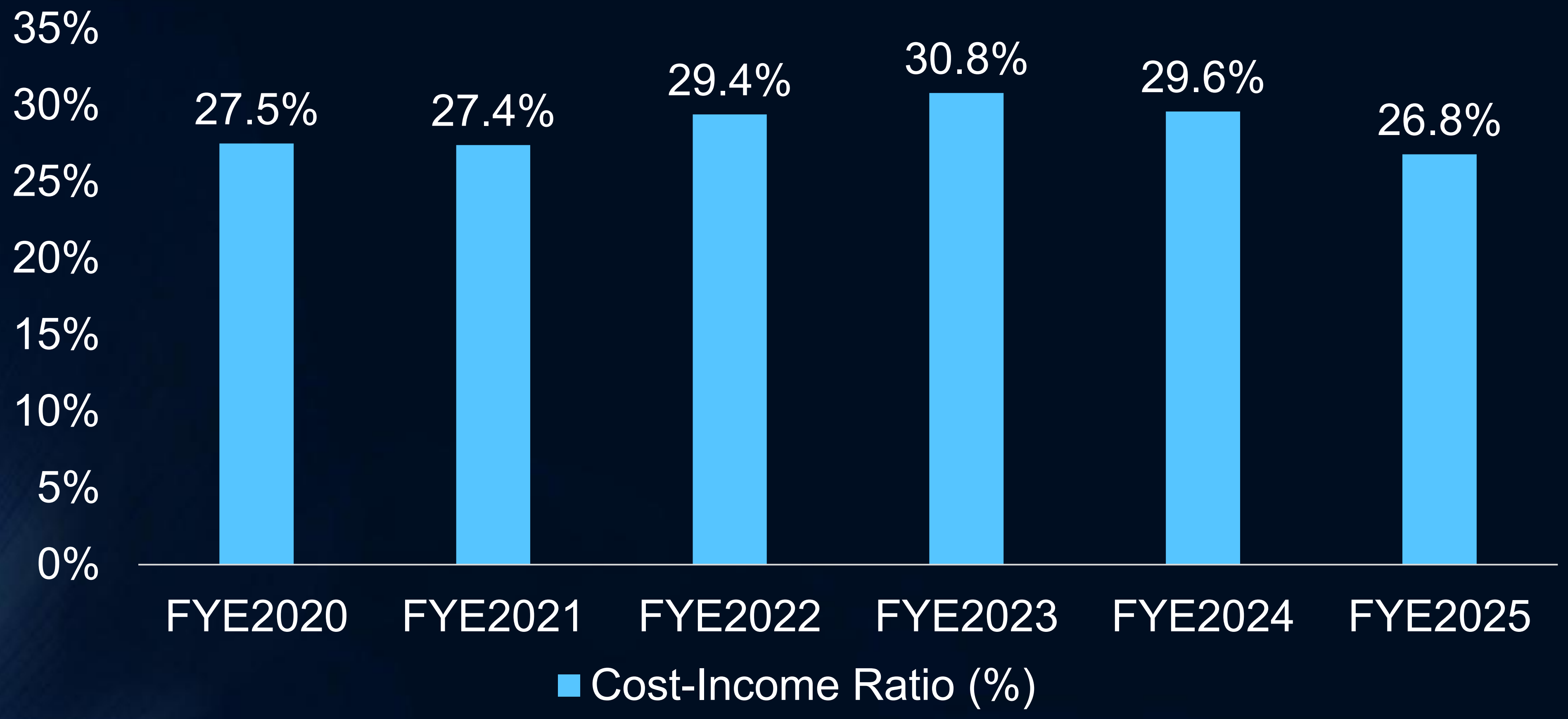
Other Key Financial Trends

Revenue & Profit Before Tax (Group)



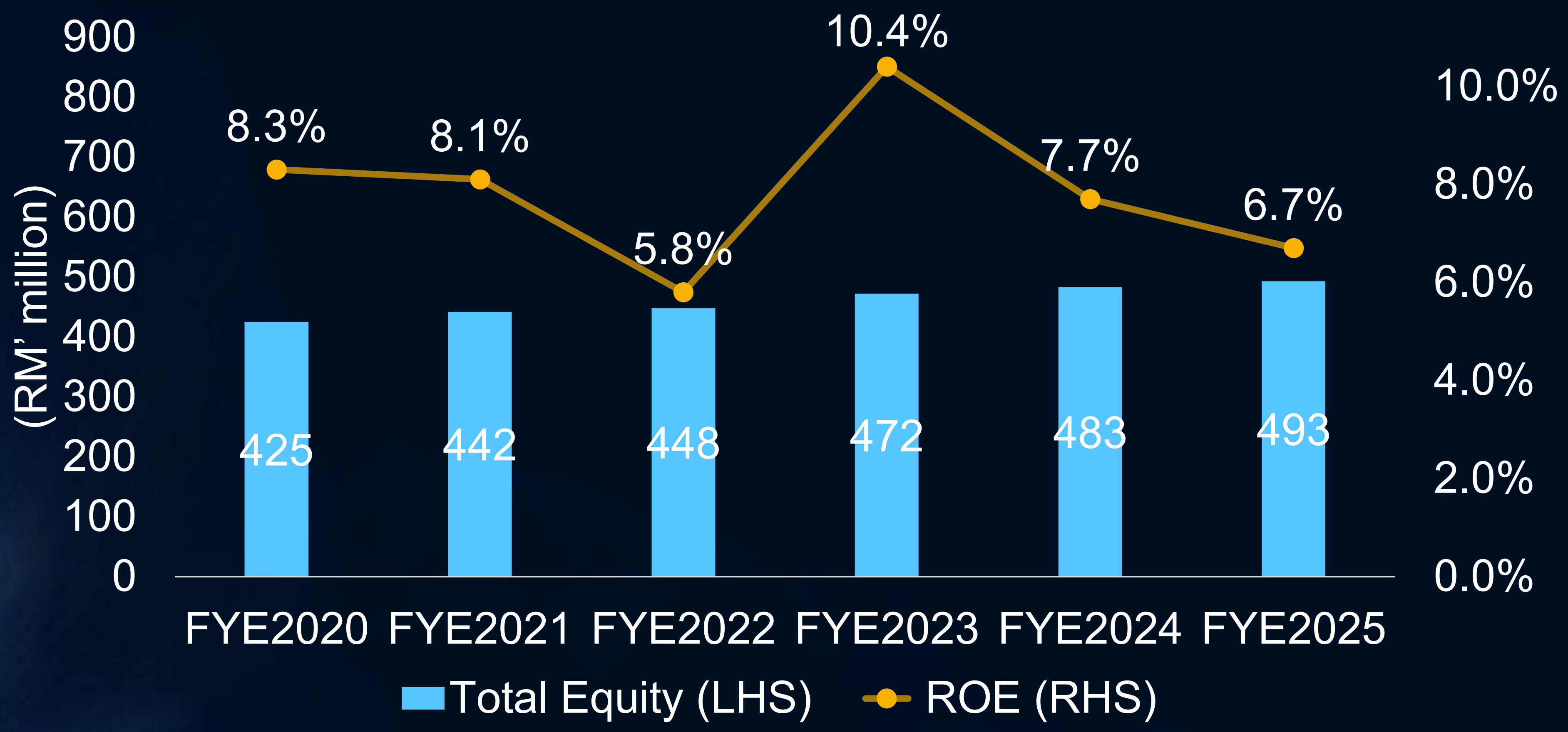
- Healthy revenue growth, considering that we experienced 2-3 years of Covid/MCO. Need to ensure that impairment allowances are within reasonable ratios ➔ key to improving profitability.

Cost-Income Ratio (HP Segment)



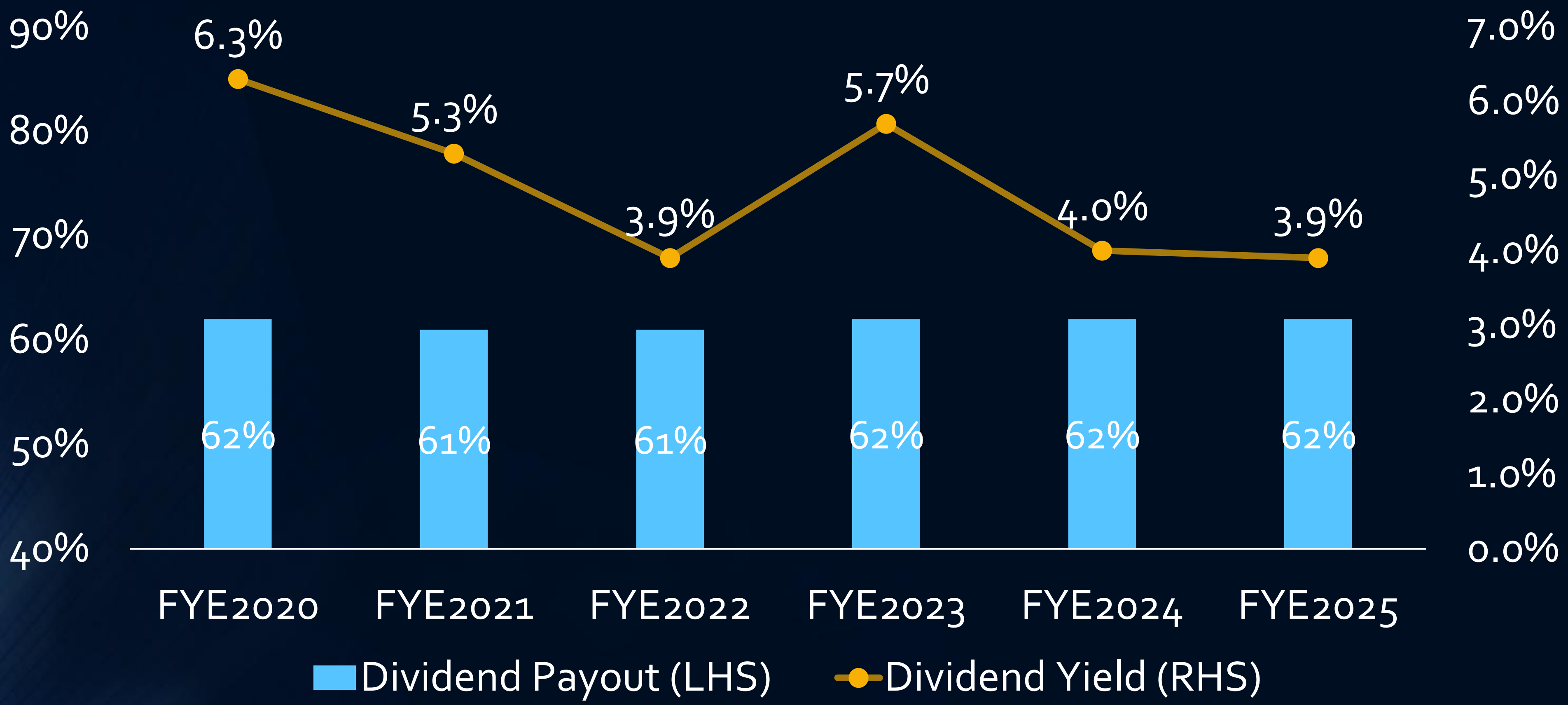
- Low and manageable cost-income ratio.

Total Equity & Return on Equity



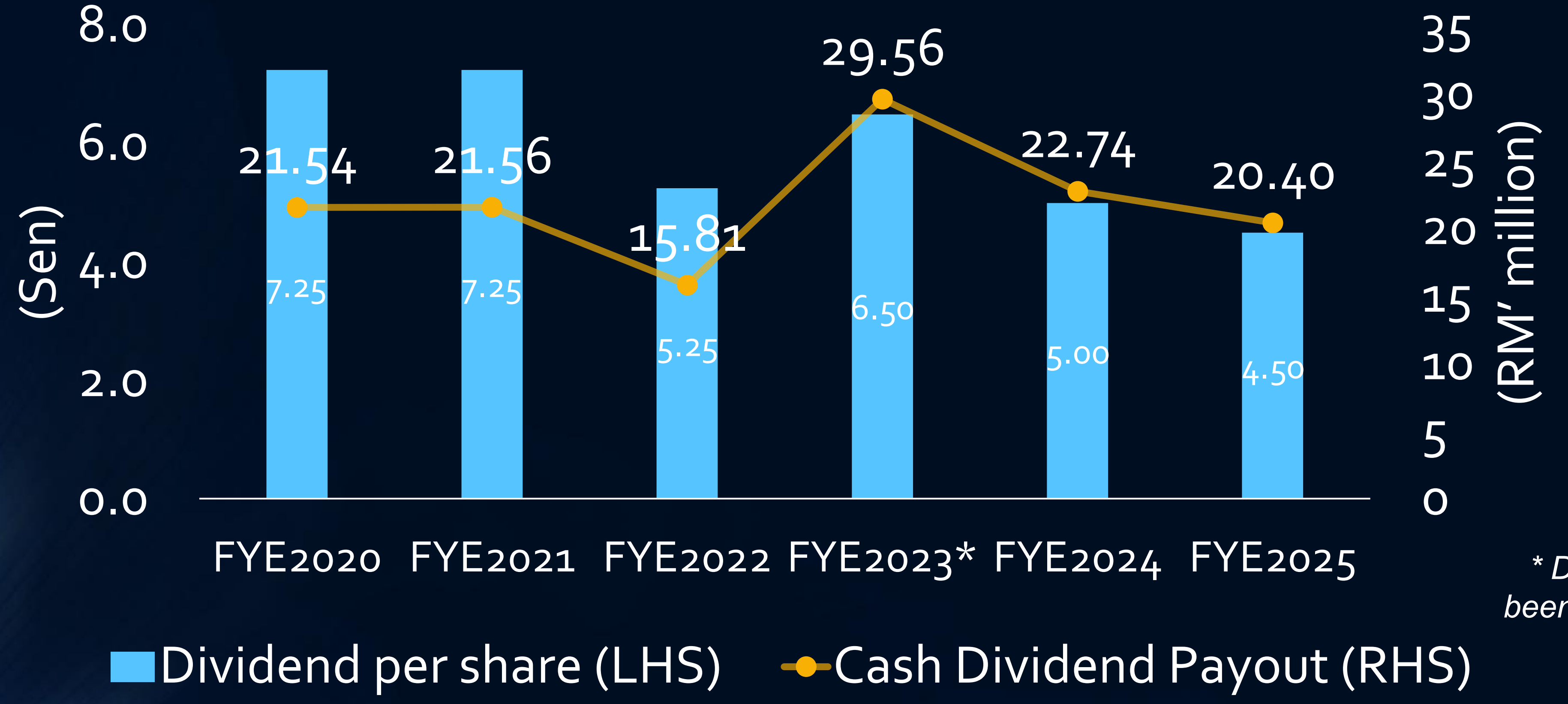
- ROE target of 8%. FYE2024 fell short due to lower gross profit margins for furniture division. FYE2025 fell short due to high impairment allowances in the HP financing division.

Dividend Payout and Dividend Yield



- Dividend Policy of not less than 60% of Profit After Tax. Average Dividend Yield of 4.6% in the last 5 years.

Dividend History



** DPS (1st interim) has been restated in respect of bonus issuance.*

- Total cash dividends of RM110mil to shareholders in the past 5 years.

Outlook for FYE2026

Challenges Ahead in FYE2026

Easy access of consumer credit (e.g. BNPL) affecting the real repayment ability of car buyers

Subsidy rationalisation, expansion of SST driving up living costs

Aggressive pricing strategy of Chinese car manufacturer affecting credit risk & asset recovery

Outlook for FYE2026

Prioritise asset quality over growth

- Moderate growth in HP receivables portfolio (5-10%)

Manage credit loss

- Strengthen loan underwriting guidelines
- Proactive management of slow paying accounts

Sustain momentum for furniture division

- Solidify presence in furniture wholesaling
- Improve margins for East M'sia markets

MSWG Enquiries

No.	MSWG Question	Response
1.	In July 2025, Bank Negara Malaysia cut the Overnight Policy Rate (OPR) by 25 basis points (bps) to 2.75% from 3.00%, where it had been since May 2023. While credit demand should benefit from the rate cut, financing activities may taper off in view of slower economic growth arising from global trade uncertainty. With the two factors at play, how will ELK-Desa perform in FY2026? Does the Group expect to achieve a similar quantum of receivable growth, i.e., double-digit growth in FY2026?	The more direct and relevant key macroeconomic factors that will affect our business are employment rates and cost of living. The challenges that we potentially see in FY2026 is that consumers are faced with subsidy rationalisation, expansion of SST that drives up living costs. At the same time, the influx of Chinese car manufacturers affects the overall demand patterns of consumers as well as residual value of cars. Furthermore, easy access of consumer credit (e.g. BNPL) affects the real repayment ability of car buyers. Given the challenges above, we intend to grow the hire purchase receivables at a more moderate rate of between 5% to 10% in FY2026.

No.	MSWG Question
2.	ELK-Desa set its eyes to achieve an ROE of 8% in the medium term (page 15 of Annual Report 2025). a) What specific operational, financial, or capital allocation levers does management intend to utilise to deliver this 8% ROE target? b) We note a significant ramp-up in share buyback activities since April 2025, with 4.935 million treasury shares accumulated as of 8 August 2025. i. What is the total consideration paid for these buybacks, and what sources of funding were utilised? ii. Are these buybacks intended as a deliberate strategy to enhance ROE, and how does management assess the trade-off between buybacks and alternative uses of capital?

No.	MSWG Question	Response
2.	ELK-Desa set its eyes to achieve an ROE of 8% in the medium term (page 15 of Annual Report 2025). a) What specific operational, financial, or capital allocation levers does management intend to utilise to deliver this 8% ROE target?	<u>ROE</u> One of the key strategies to improve ROE is to manage the high impairment allowances and credit loss charges faced by the hire purchase segment in the last two years. More efforts will be placed on strengthening the hire purchase loan underwriting guidelines, coupled with proactive management of slow paying accounts. Con'd...

No.	MSWG Question	Response
2.	... Con'd b) We note a significant ramp-up in share buyback activities since April 2025, with 4.935 million treasury shares accumulated as of 8 August 2025. i. What is the total consideration paid for these buybacks, and what sources of funding were utilised? ii. Are these buybacks intended as a deliberate strategy to enhance ROE, and how does management assess the trade-off between buybacks and alternative uses of capital?	... Con'd <u>Share Buybacks</u> Regarding share buyback, as at 15 August 2025, the company utilised RM6.41 million of its internally generated funds to repurchase a total of 5.63 million shares. The share buybacks were carried out with the main intention of stabilising the supply and demand of our shares and to reduce the volatility of the share prices. This stability of share price is important to maintain investors' confidence in order to facilitate any future fund raising or corporate exercises via the equity market. The repurchased shares are currently retained as treasury shares and could potentially be used to reward shareholders in the form of share dividends when the need arises.

No.	MSWG Question
3.	ELK-Desa faced a challenging FY2025 with an 11% down in net profit to RM32.65 million (FY2024: RM36.66 million, despite a high double-digit growth in revenue to RM196.68 million. The core hire purchase financing segment contributed to the decline. The division provided an impairment allowance of RM44.06 million – 67% higher than RM26.39 million in FY2024, resulting in a 14% decline in the division's pre-tax profit. Meanwhile, the credit loss charge rose to 6.3% from 4.1% previously (page 11 of AR2025). a) The higher impairment allowance was due to slower repayment by hirers and higher losses incurred from repossessions during the financial period. i. Was there an improvement in hirers' repayment pattern compared to the year before? What key repayment patterns that the Company observed in FY2025? ii. The figures suggested that the losses incurred from repossessions remain significant. Please illustrate the extent of losses incurred from repossessions recorded during the financial period. Furthermore, how was the extent of losses incurred compared to the year before?

No.	MSWG Question	Response
3.	a) The higher impairment allowance was due to slower repayment by hirers and higher losses incurred from repossessions during the financial period. i. Was there an improvement in hirers' repayment pattern compared to the year before? What key repayment patterns that the Company observed in FY2025? ii. The figures suggested that the losses incurred from repossessions remain significant. Please illustrate the extent of losses incurred from repossessions recorded during the financial period. Furthermore, how was the extent of losses incurred compared to the year before?	In FY2025, we experienced much slower repayment from the non-performing group of accounts, resulting in the need to increase the impairment allowances for these accounts. Despite the above, it is important to note that the overall collection rate of our entire hire purchase portfolio has increased from 97.5% in FY2024 to 98.5% in FY2025. Losses incurred from repossession in FY2025 were approximately 10% lower compared to the previous year. In spite of the decline, the substantial repossession losses were mainly due to sharp fluctuations of car prices between 2023 and 2025. As a result of the fluctuations, we suffer more losses in the fall of car value as compared to earlier years (i.e. 2020 and before) where there was no such drastic movement of car prices. Overall, the impairment allowances and credit loss charges in FY2025 were higher than what we expected.

No.	MSWG Question	Response
3.	b) The financing cost for the HP financing division grew 34% y-o-y to RM16.26 million compared to RM12.13 million previously, driven by expanding HP receivables disbursed during the period. With the reduction in OPR, what is the estimated cost savings to be incurred?	As at 31 March 2025, 88% of the Group's total RM375.96 million borrowings was derived from fixed rate block discounting payables. The reduction of OPR has no impact on this portion of the borrowings. For the remaining 12% of total borrowings, a 25 basis point reduction in OPR could yield approximately RM109,000 of interest savings per annum.

No.	MSWG Question	Response
3.	c) The Company is committed to expanding its HP receivables while being cautious to protect asset quality. However, its asset quality seems to be under pressure as impairment allowance and credit loss charges rose for two consecutive years. Is the strategy effective in preserving asset quality?	The average tenure of our hire purchase receivables is approximately 6 years. Hence, in order to see improvements in impairment allowance and credit loss charges, we may need a longer period of time to resolve those slow paying accounts. We have already seen positive results on asset quality for hire purchase loans that were approved and disbursed in FY2025.

No.	MSWG Question	Response
3.	d) The influx of EV cars to the domestic market has shifted the automotive industry landscape and dynamics. Market observers opined that the growing presence of EV cars may undermine the long-term resale value of internal combustion engine (ICE) cars, accelerating the depreciation of ICE cars. Is this a valid concern for ELK Desa? If yes, to what extent that ELK-Desa affected by this development? Has the emergence of EV cars resulted in a lower volume of second-hand ICE cars transacted?	The recent aggressive pricing strategy of Chinese car manufacturers in the first half of 2025, regardless of whether they are EV or ICE, is a major concern for car financiers. The launch of many new Chinese models at very attractive prices changes the overall demand patterns of consumers as well as residual value of existing cars running on the road. This will therefore have an impact on the value of our repossessed vehicles and eventually increase our credit losses. Since ELK-Desa is focusing on financing vehicles that are between 6 to 12 years of age, the price impact to this segment of cars is much less compared to generally newer cars.

No.	MSWG Question
4.	In September 2023, ELK-Desa Furniture Sdn Bhd, a wholly-owned subsidiary of ELK- Desa, acquired 3.1 million ordinary shares, representing 15.5% of equity interest in Tat Lian Holding Sdn Bhd (TLHSB) from a related party, ELK Group Sdn Bhd (ELKGSB), for RM4.03 million in cash (Note 7 - Investment in an associate, page 120 of AR2025). Mr. Teoh Hock Chai @ Tew Hock Chai, the Executive Chairman of ELK-Desa, is a director and major shareholder for both ELK-DESA and ELKGSB. During FY2025, the Group received dividend-in-specie comprised of unquoted equity shares amounting to RM744,000. On 21 February 2025, TLHSB commenced members' voluntary liquidation pursuant to a special resolution passed at the Extraordinary General Meeting of the TLHSB held on that date. The liquidation process is ongoing as of the date of the annual report. Con'd...

No.	MSWG Question
4.	a) Why did TLHSB commence voluntary liquidation? Was the Group aware of the risk of liquidation at the point of acquiring the 15.5% stake in TLHSB? b) How does the liquidation of TLHSB impact ELK-Desa's investment in it? Has the liquidation of TLHSB triggered any impairment assessment on the Group's investment, and if so, what is the estimated impact on the Group's financial results and balance sheet? What is the expected recovery value, if any, from the investment? c) What due diligence and governance measures, e.g., independent valuation, related-party transaction review, were undertaken before acquiring TLHSB shares from the related party? d) Referring to the dividend-in-specie received amounting to RM744,000 received from its investments in TLHSB, ELK-Desa said "these instruments are strategic investments of the Group and not held for trading purpose" (Note 8 – Other Investment, page 121 of AR2025). Please provide: • The identity and profile of the investee company, i.e., principal business activities, financial standing • The strategic rationale for holding these instruments • How these "strategic investments" align with the Group's business strategy, capital allocation priorities and risk appetite.

No.	Response
4.	<u>Background</u> TLHSB is an investment holding company. Its primary investment was in the ordinary shares of Unico Holdings Berhad ("UHB"), a non-listed public company. Its main source of income was derived from the dividends received from UHB. TLHSB, with a shareholding of 30.66% in UHB was the only major shareholder of UHB. UHB, through its subsidiaries, is involved in the business of property development as well as rental of land and building. The acquisition will allow ELK-Desa Furniture Sdn Bhd ("EDFSB") to invest into the property business via TLHSB and diversify its future income streams. In terms of financial position, as at 31 March 2023, UHB had a shareholder equity of RM94.90 million and a net cash position of RM46.43 million. The strong financial position enables UHB to have a competitive edge in the capital intensive property business. All the above information was disclosed in the Bursa Announcement made in September 2023. Con'd...

No.	Response
4.	<u>Liquidation of TLHSB</u> Our investment into TLHSB was primarily due to its investment in UHB and the property business. At the point of acquisition in 2023, there was no indication that TLHSB would undergo a voluntary liquidation. In February 2025, TLHSB decided to voluntarily liquidate the company and distribute its UHB shares to its shareholders, enabling them to invest directly in UHB. The voluntary liquidation of TLHSB has no negative impact to the value of our investment because all the assets of TLHSB (mainly cash and UHB shares) will be proportionately distributed to TLHSB's shareholders. In April 2025, EDFSB received an interim distribution in specie of 4,057,985 shares in UHB. In addition to the 930,000 UHB shares received as share dividends in December 2024, we now hold a total of 4,987,985 UHB shares, representing 4.99% shareholdings in UHB. Based on the last audited net asset value of UHB as at 31 March 2024, our investment in UHB is worth approximately RM4.62 million, as compared to an initial investment of RM4.03 million into TLHSB. We opine that UHB is worth higher than its net asset value.

No.	Response
4.	<u>Future Plans</u> We intend to continue investing in UHB and be exposed to the property business as the fundamentals of UHB have not changed since our first investment in 2023. Ultimately, we think that the furniture and property businesses will be a good fit together.

No.	MSWG Question	Response
5.	We commend the Group's efforts for the expanded sustainability disclosure in FY2025. As part of its customer experience and satisfaction initiatives, ELK-Desa introduced the MyELK-Desa+ mobile application in FY2025, enabling customers to make payments, seek advice on loans, insurance, and road tax matters, and to contact the customer careline team. a) What was the adoption rate of MyELK-Desa+ among the Group's 40,000 hirers, and how has the Group addressed any digital accessibility challenges for less tech-savvy or underserved customer segments? b) How has the mobile application driven engagement between ELK-Desa and its hirers? Please outline the specific parameters or metrics used to measure adoption, penetration, and ongoing performance of the mobile application.	<u>Mobile Application</u> Since migrating from the old MyELK-Desa app to the new MyELK-Desa+ mobile app in February 2025, adoption has continued to rise. Out of our group's 40,000 hirers, 14,886 are actively using and logged into the new app. Of these, 9,333 are new hirers who have successfully onboarded. While we continue to drive digital adoption, we remain committed to supporting less tech-savvy customers by maintaining accessible payment and service channels: - Our physical payment counters are still available at our KL and Klang branch. In addition, hirers can use our e-pay facility for cash payments at all KK Mart outlets nationwide. Con'd...

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No.	MSWG Question	Response
5.	c) The Company stated that the mobile application has significantly reduced reliance on paper documentation. However, reported data shows that office paper waste generated by the HP division increased from 2 tonnes to 11 tonnes in FY2025 (page 34 of AR2025). Please explain the factors behind this increase and clarify how it reconciles with the claimed paper-reduction benefits.	<u>Paper Waste</u> To monitor our office paper waste output, we track the weight of office paper waste sold via invoices provided by our shredding service vendors. These vendors also provide reports confirming the amount of office paper waste shredded and recycled. The office paper waste in FY2025 for HP division is significantly higher than FY2024, primarily due to housekeeping activities carried out during the year, and unnecessary hardcopy documents were disposed of, in line with our document management policy as well as digitisation initiatives.

Pre-Meeting Questions

FROM SHAREHOLDERS VIA TRICOR'S MEETING PLATFORM

No.	Pre-Meeting Shareholders' Question	Response
1.	Questions requesting the Company to provide vouchers or door gifts to shareholders attending the AGM.	Since the Company listed in December 2012, we have consistently practiced no door gifts and vouchers at all our AGMs, as we believe that the best way to reward shareholders is to keep improving the way we run the business and providing good dividend returns to our loyal shareholders.

ELK-DESA®

36^{th} Annual General Meeting

END OF PRESENTATION