

SALUTICA BERHAD (“SALUTICA” OR THE “COMPANY”)

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

1. INTRODUCTION

On behalf of the Board of Directors of Salutica (“**Board**”), UOB Kay Hian (M) Sdn Bhd (formerly known as UOB Kay Hian Securities (M) Sdn Bhd (“**UOBKH**”)) wishes to announce that the Company proposes to undertake a reduction of RM100.00 million of its issued share capital pursuant to Section 116 of the Act.

Further details of the Proposed Capital Reduction are set out in the ensuing sections.

2. DETAILS OF THE PROPOSED CAPITAL REDUCTION

The Proposed Capital Reduction entails the reduction of the issued share capital of Salutica pursuant to Section 116 of the Act via the cancellation of the Company’s paid-up share capital, which is substantially lost and/or unrepresented by available assets of RM100.00 million. The corresponding credit of RM100.00 million arising from the Proposed Capital Reduction will be credited to a capital reserves account of the Company which will result in the elimination of the accumulated losses of Salutica and its subsidiary (“**Salutica Group**” or the “**Group**”), while the balance credit, if any, 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, as permitted by the relevant and applicable laws, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) (“**Listing Requirements**”) as well as the Company’s Constitution.

For avoidance of doubt, the Proposed Capital Reduction of RM100.00 million was determined by the Board, after taking into consideration amongst others, the unaudited accumulated losses of the Group for the 6-month financial period ended (“**FPE**”) 31 December 2025 of RM80.19 million and the potential losses to be incurred by the Group.

As at 15 May 2026, being the latest practicable date prior to this announcement, the total issued share capital of the Company is RM120,424,768 comprising 468,850,000 ordinary shares in Salutica (“**Salutica Share(s)**” or “**Share(s)**”) (including 3,000,000 treasury shares).

The Company does not have any convertible securities as at the LPD.

For avoidance of doubt, the Proposed Capital Reduction will not result in:-

- (i) any adjustment to the reference share price of Salutica Shares;
- (ii) any change in the total number of Salutica Shares in issue or the number of Salutica Shares held by the shareholders of the Company;
- (iii) any payment to the shareholders of the Company; and
- (iv) any cash outflow or change in the net assets (“**NA**”) of the Group, save for the estimated expenses to be incurred in relation to the Proposed Capital Reduction.

For illustrative purposes, the pro forma effects of the Proposed Capital Reduction on the accumulated losses of the Company and the Group based on the latest audited consolidated financial statements of the Group for the financial year ended (“FYE”) 30 June 2025 and the unaudited financial results for the 6-month FPE 31 December 2025 are set out below:-

| | Audited as at 30 June 2025 | | Unaudited 6-month FPE 31 December 2025 | |
|---|----------------------------|----------------|--|----------------|
| | Company (RM'000) | Group (RM'000) | Company (RM'000) | Group (RM'000) |
| Retained earnings / (accumulated losses) | 6,321 | (67,289) | 5,959 | (80,195) |
| 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 | 105,759 | 19,605 |

An order by the High Court of Malaya will be sought to confirm the Proposed Capital Reduction pursuant to Section 116 of the Act upon the approval being obtained from the shareholders of the Company for the Proposed Capital Reduction at an extraordinary general meeting (“EGM”) to be convened.

The effective date of the Proposed Capital Reduction will be the date of lodgement of the sealed court order from the High Court of Malaya for the Proposed Capital Reduction with the Registrar of Companies pursuant to Section 116(6) of the Act. Further, an immediate announcement will be made on the effective date of the Proposed Capital Reduction.

3. RATIONALE FOR THE PROPOSED CAPITAL REDUCTION

The Proposed Capital Reduction will enable the Group to rationalise its financial position by eliminating the accumulated losses of the Group 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 Salutica 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, all of which are important for the Group’s long-term growth and sustainability.

4. EFFECTS OF THE PROPOSED CAPITAL REDUCTION

For illustrative purposes, the pro forma effects of the Proposed Capital Reduction are illustrated based on the following scenarios:-

Minimum Scenario : Assuming none of the 3,000,000 treasury shares held by the Company are resold to the open market prior to the implementation of the Proposed Capital Reduction.

Maximum Scenario : Assuming all of the 3,000,000 treasury shares held by the Company are resold to the open market prior to the implementation of the Proposed Capital Reduction.

4.1 Issued share capital

For illustrative purposes, the pro forma effects of the Proposed Capital Reduction on the issued share capital of the Company as at the LPD are set out below:-

| | Minimum Scenario | | Maximum Scenario | |
|--|----------------------|----------------|----------------------|----------------|
| | No. of Shares ('000) | (RM'000) | No. of Shares ('000) | (RM'000) |
| Issued share capital of Salutica as at the LPD | 468,850 | 120,425 | 468,850 | 120,425 |
| (Less): treasury shares | (3,000) | (984) | - | - |
| | 465,850 | 119,441 | 468,850 | 120,425 |
| Reduction of the issued share capital pursuant to the Proposed Capital Reduction | - | (100,000) | - | (100,000) |
| After the Proposed Capital Reduction | 465,850 | 19,441 | 468,850 | 20,425 |

4.2 Substantial shareholders' shareholdings

The Proposed Capital Reduction will not have any effect on the shareholdings of the substantial shareholders in the Company as the Proposed Capital Reduction does not involve any issuance of new Shares by the Company.

4.3 NA, NA per Share and gearing

For illustrative purposes, the pro forma effects of the Proposed Capital Reduction on the NA, NA per Share and gearing of the Group based on the audited statement of financial position of the Group for the FYE 30 June 2025 are set out below:-

Minimum Scenario

| | Audited as at 30 June 2025 (RM'000) | ⁽¹⁾ Subsequent adjustments up to the LPD (RM'000) | Pro forma I After the Proposed Capital Reduction (RM'000) |
|--------------------------------|-------------------------------------|--|---|
| Share capital | 113,557 | 120,425 | ⁽²⁾ 20,425 |
| Treasury shares | (984) | (984) | (984) |
| Revaluation reserve surplus | 12,557 | 12,366 | 12,366 |
| Accumulated losses | (67,289) | (80,195) | ⁽²⁾ - |
| Capital reserves | - | - | ⁽²⁾ 19,605 |
| Shareholders' equity/NA | 57,841 | 51,612 | 51,412 |
| No. of Shares in issue ('000)* | 424,500 | 465,850 | 465,850 |
| NA per Share (RM) | 0.14 | 0.11 | 0.11 |
| Total borrowings (RM'000) | 52 | 52 | 52 |
| Gearing (times) | # | # | # |

Notes:-

- * Excluding 3,000,000 treasury shares held by the Company as at the LPD.
- # Negligible.
- (1) After adjusting for the following events subsequent to 30 June 2025:-
- (i) allotment and issuance of the remaining 41,350,000 new Shares out of the total 42,350,000 new Shares from 1 July 2025 up until the LPD at issue prices ranging from RM0.159 to RM0.191 pursuant to the private placement exercise undertaken by the Company on 27 January 2025 and completed on 11 September 2025. For information purposes, 1,000,000 new Shares were allotted and issued in the FYE 30 June 2025 at issue prices ranging from RM0.187 to RM0.203; and
- (ii) the loss after tax of RM13.1 million for the 6-month FPE 31 December 2025.
- (2) After cancellation of approximately RM100.00 million from the share capital of the Company and the recognition of the corresponding credit pursuant to the Proposed Capital Reduction as well as after deducting estimated expenses pertaining to the Proposed Capital Reduction amounting to approximately RM0.20 million.

Maximum Scenario

| | Audited as at 30 June 2025 (RM'000) | ⁽¹⁾ Subsequent adjustments up to the LPD (RM'000) | Pro forma I ⁽²⁾ Assuming all treasury shares are resold (RM'000) | Pro forma II After Pro forma I and the Proposed Capital Reduction (RM'000) |
|--------------------------------|---|---|--|--|
| Share capital | 113,557 | 120,425 | 120,425 | ⁽³⁾ 20,425 |
| Treasury shares | (984) | (984) | - | - |
| Revaluation reserve surplus | 12,557 | 12,366 | 12,366 | 12,366 |
| Accumulated losses | (67,289) | (80,195) | (80,195) | ⁽³⁾ - |
| Capital reserves | - | - | - | ⁽³⁾ 19,605 |
| Shareholders' equity/NA | 57,841 | 51,612 | 52,596 | 52,396 |
| No. of Shares in issue ('000) | *424,500 | *465,850 | 468,850 | 468,850 |
| NA per Share (RM) | 0.14 | 0.11 | 0.11 | 0.11 |
| Total borrowings (RM'000) | 52 | 52 | 52 | 52 |
| Gearing (times) | # | # | # | # |

Notes:-

- * Excluding 3,000,000 treasury shares held by the Company as at the LPD.
- # Negligible.
- (1) After adjusting for the following events subsequent to 30 June 2025:-
- (i) allotment and issuance of the remaining 41,350,000 new Shares out of the total 42,350,000 new Shares from 1 July 2025 up until the LPD at issue prices ranging from RM0.159 to RM0.191 pursuant to the private placement exercise undertaken by the Company on 27 January 2025 and completed on 11 September 2025. For information purposes, 1,000,000 new Shares were allotted and issued in the FYE 30 June 2025 at issue prices ranging from RM0.187 to RM0.203; and
- (ii) the loss after tax of RM13.1 million for the 6-month FPE 31 December 2025.
- (2) Assuming all of the 3,000,000 treasury shares held by the Company as at the LPD are resold to the open market prior to the implementation of the Proposed Capital Reduction.
- (3) After cancellation of approximately RM100.00 million from the share capital of the Company and the recognition of the corresponding credit pursuant to the Proposed Capital Reduction as well as after deducting estimated expenses pertaining to the Proposed Capital Reduction amounting to approximately RM0.20 million.

4.4 Earnings and earnings per Share (“EPS”)

The Proposed Capital Reduction will not have any material effect on the consolidated earnings and EPS of Salutica for the FYE 30 June 2026.

4.5 Convertible securities

As at the LPD, the Company does not have any outstanding convertible securities.

5. APPROVALS REQUIRED

The Proposed Capital Reduction is subject to the following approvals being obtained:-

- (i) the shareholders of the Company at an EGM to be convened;
- (ii) the confirmation from the High Court of Malaya pursuant to Section 116 of the Act; and
- (iii) the approval of any other relevant authorities and/or parties, if required.

6. CONDITIONALITY

The Proposed Capital Reduction is not conditional upon any other corporate proposals undertaken or to be undertaken by the Company.

7. INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS, CHIEF EXECUTIVE AND/OR PERSONS CONNECTED WITH THEM

None of the directors, major shareholders, chief executive of Salutica and/or persons connected with them have any interest, direct or indirect, in the Proposed Capital Reduction.

8. DIRECTORS’ STATEMENT

The Board, after having considered all aspects of the Proposed Capital Reduction, including but not limited to the rationale and financial effects of the Proposed Capital Reduction, is of the opinion that the Proposed Capital Reduction is in the best interest of the Company.

9. ESTIMATED TIMEFRAME FOR COMPLETION

Barring any unforeseen circumstances and subject to all required approvals being obtained, the Proposed Capital Reduction is expected to be completed by the fourth quarter of 2026.

10. PRINCIPAL ADVISER

UOBKH has been appointed as the Principal Adviser for the Proposed Capital Reduction.

This announcement is dated 21 May 2026.