POS MALAYSIA

DELIVERING A

BETTER TOMORROW

Together



ANNUAL REPORT 2025

About This Report



For more information, scan the QR code and/or link to website https://www.pos.com.my/investor-relations/annual-reports to view Pos Malaysia Berhad's Annual Report 2025.

The cover of the Annual Report 2025 reflects Pos Malaysia Berhad's ("Pos Malaysia") commitment to progress, connectivity and service excellence. Centred on the iconic Pos Malaysia symbol, the glowing arrow represents forward momentum and shared direction as the Group continues to strengthen its nationwide postal and logistics network while advancing its transformation journey.

Radiating beams of light extend from the symbol, illustrating the reach, speed and connectivity that define Pos Malaysia's services. The vibrant red palette reinforces the Group's heritage and trusted brand identity, while the luminous elements symbolise optimism and collaboration as Pos Malaysia works together with its stakeholders in Delivering a Better Tomorrow Together.

Pos Malaysia Berhad and its subsidiaries ("the Group") present our Annual Report for the financial year ended 31 December 2025 ("FY2025"). This report provides a comprehensive overview of our financial and non-financial performance, strategy, governance approach, risk management and business outlook.

Scope and Boundaries

The report covers the Group's primary activities and value creation, presenting information relevant for long-term investment decisions.

Regulatory Compliance

- Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- Companies Act 2016
- Postal Services Act 2012
- Malaysian Financial Reporting Standards
- International Financial Reporting Standards

Assurance

This report's credibility is upheld through robust governance practices and verified by our Board of Directors ("Board"), with external assurance from KPMG PLT for financial statements and the Statement on Risk Management and Internal Control.

Materiality

We focus on issues, opportunities and challenges that significantly impact the Group's sustainable business operations and value delivery to key stakeholders.

Forward-Looking Statements

This report includes forward-looking statements based on current assumptions and circumstances. Actual results may differ due to changes in operating conditions and other factors.

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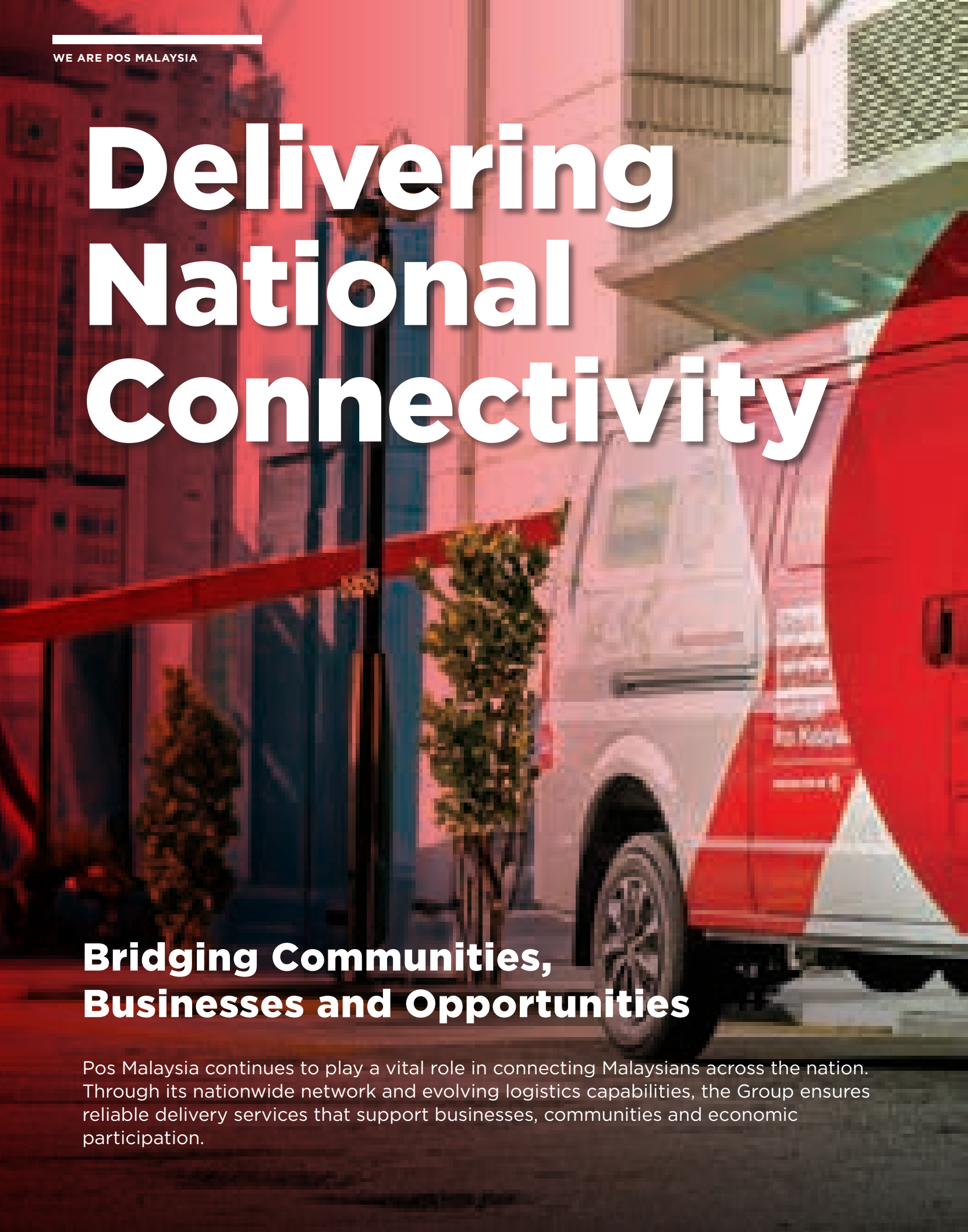
Delivering National Connectivity



Bridging Communities, Businesses and Opportunities

Pos Malaysia continues to play a vital role in connecting Malaysians across the nation. Through its nationwide network and evolving logistics capabilities, the Group ensures reliable delivery services that support businesses, communities and economic participation.



Group Corporate Profile

Pos Malaysia's rich and incredible history started in the 1800s, and has always been about connecting Malaysians and Malaysia's businesses for a better tomorrow. In line with our purpose and mandate to deliver the universal service obligation, the Group has evolved from being a mail business that also delivers parcels into an end-to-end parcel-focused logistics provider that also delivers mail, expanding its offerings across Retail, Logistics, Aviation and Digital services.

Pos Malaysia's unrivalled network of over 3,000 touchpoints enables it to connect Malaysians nationwide and internationally, with an exceptional and unparalleled reach covering more than 11 million addresses throughout Malaysia.

Market Capitalisation

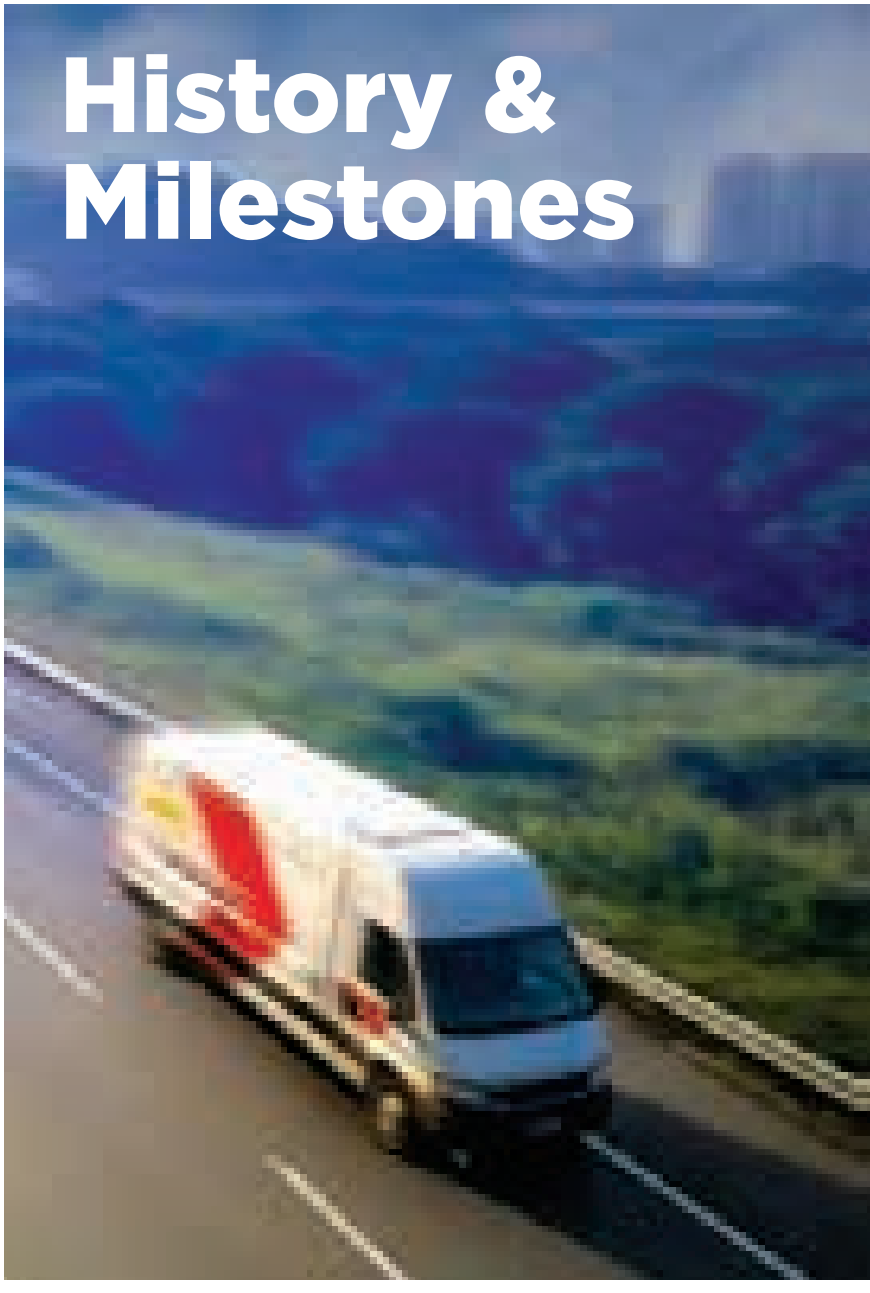
RM0.24 billion

Revenue

RM1.84 billion

Our Purpose Statement

We are passionate about building trust to connect lives and businesses for a better tomorrow



Our Customer Promise

We Deliver

We Connect

We Improve Lives

Our Values

Own It
We take ownership to achieve a great outcome.

Build Trust
We win mutual trust with fairness and integrity, always.

One Team
We work together with others to achieve great results.

Drive Innovation
We challenge the way we do things to create better solutions.

Move Fast
We learn, simplify, adapt and act quickly.

Delight Customers
We make our customers happy.



1800



Service Provider
Basic postal services established in the Straits Settlements

1957

Government Agency
Jabatan Perkhidmatan Pos Tanah Melayu

1992

Corporatised
Rebranded as Pos Malaysia

2001

Public-Listed Government-Linked Company (GLC)
Listed via Philleo Allied Malaysia

2007

Restructured GLC
Internally restructured and transferred listing status to Pos Malaysia Berhad

2011

Privatised to Non-GLC
DRB-HICOM Berhad acquired Khazanah Nasional Berhad's 32% equity stake in Pos Malaysia Berhad

2016

Ventured into Logistics and Aviation
Acquired DRB-HICOM Berhad's 100% equity stake in KL Airport Services Group of Companies by issuance of 100% new shares. Raised DRB-HICOM Berhad's stake in Pos Malaysia Berhad to 53.5%

2021

Transformation
Our ongoing transformation is enhancing trust and connectivity, supported by technology and sustainability. Despite challenges, we achieved a 96% delivery success rate and remain committed to our communities and a greener future

2024

Growth Initiatives
A great parcel delivery company that also delivers mail. Value creators: International, Fulfilment, Retail

Our Businesses

Postal

Revenue **56.6%**

RM1,041.48
million

- Domestic mail and parcel
- International mail and parcel
- Retail services, including bill payment, licence renewal and insurance
- Redly Pos Malaysia International; Global logistic services

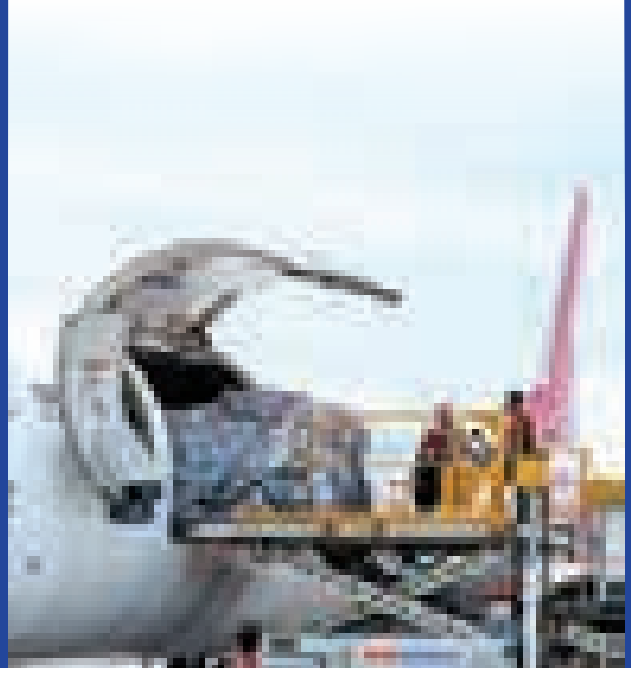


Aviation

Revenue **20.9%**

RM383.81
million

- Ground handling
- Cargo handling
- In-flight catering
- Aircraft maintenance



Logistics

Revenue **11.8%**

RM216.52
million

- Air freight
- Ocean freight
- Road freight
- Rail freight
- Warehousing; Industrial and Supply Chain Project Management



Others

Revenue **10.7%**

RM197.40
million

- Pos Ar-Rahnu; Islamic Pawn Broking and Gold Trading Services
- Pos Digicert; Digital Certificate Solutions
- Datapos; Mailing Solutions



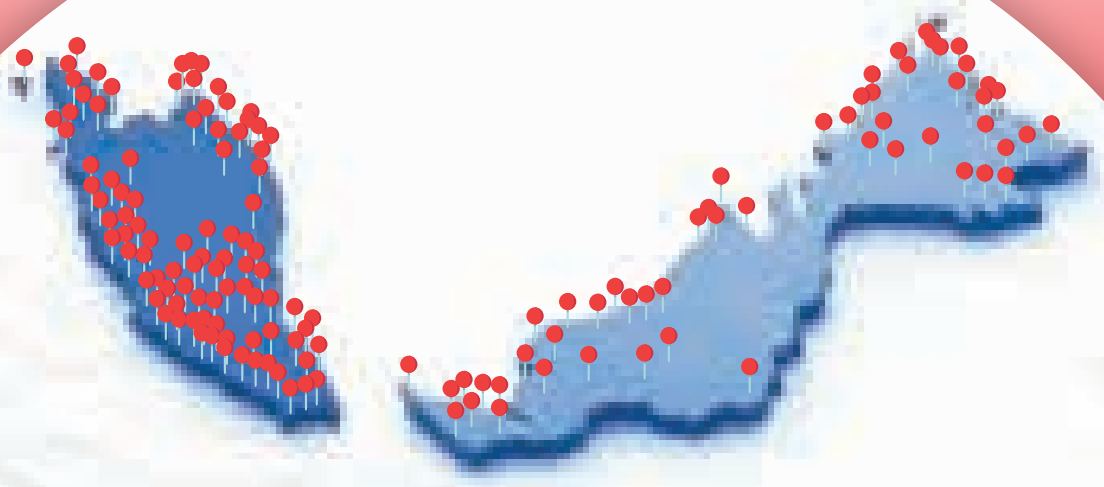
Our Presence

Our Delivery Network

- **3,225** Bikes
- **1,252** e-Bikes
- **2** Bulk Carrier Vessels
- **1,379** Vans
- **279** e-Vans
- **8** Mail Processing Centres
- **123** Prime Movers
- **2** Integrated Parcel Centres
- **258** Lorries
- **93** Parcel Distribution Centres

Our Extensive Touchpoints

- **614** General Post Offices & Post Offices
- **98** Pos Automated Machines
- **34** Pos Laju Branches & Kiosks
- **1,434** Pos Agents
- **139** Pos Mini Outlets
- **481** Community Postmen
- **213** Representatives
- **50** Pos Shop Outlets



Proudly serving Malaysians for more than 200 years

We deliver across the nation, connecting every address in Malaysia.

2025 Key Highlights

Non-Financial Highlights

269 million
Mail items delivered

32.8 million
Parcels delivered

Total addresses served
>11 million

3,292,305 km
EV distance travelled (equivalent to 82 times around the planet)

481
Community Postmen and 213 Community Postal Agents (including Peninsular, Sabah, Sarawak)

8,114 GJ
Clean solar energy generated

92%
Next-day parcel delivery performance

95%
On-time mail delivery performance

91%
Delivery Performance:
– Reliability
(MCMC 2023–2024 survey)

Pos Logistics

14
Ocean voyages completed by the bulk vessels

40,685
TEUs container throughput carried by PLB in 2025
(TEUs: Twenty Foot Equivalent Units)

Pos Aviation

29,564
Flights handled

5.4 million
In-flight catering meals served

Financial Highlights

Revenue
RM1.84 billion

Revenue Per Employee
RM113,720

Net Tangible Assets Per Share
RM0.01

Revenue by Segment

Postal
RM1,041.48 million
56.6%

Logistics
RM216.52 million
11.8%

Aviation
RM383.81 million
20.9%

Other Businesses
RM197.40 million
10.7%

Total Assets
RM1.95 billion

Total Shareholders Equity
RM82.49 million

Gearing Ratio
5.90
* (Total borrowings + Total lease liabilities)/Total Equity

Awards and Achievements



Sustainability

1 Energy Asia Awards 2025

- Eureka Award

2 Sustainability & CSR Malaysia Awards 2025

- Company of the Year (Postal Services): Community Empowerment & Care Award
- Company of the Year: Long-Standing Excellence Award

3 MIHAS Services Innovation & Sustainability Award 2025

4 The Edge ESG Awards 2025 (Gold)

- Transportation & Logistics: Based on FTSE Russell rating

5 National Energy Awards 2025

- Energy Management (Small and Medium Building) for Mail Delivery Centres in Bandar Baru Bangi and Seri Kembangan (Winner)
- Energy Management (Large Building) for National Mail Centre in Shah Alam (1st Runner-Up)
- Energy Management (Small & Medium Building) for Pusat Pos Laju Kapar (Merit)

6 ASEAN Energy Awards (AEA) 2025

- Energy Management in Buildings and Industries (Small and Medium Building) for Mail Delivery Centres in Bandar Baru Bangi and Seri Kembangan (Winner)
- Energy Management in Buildings and Industries (Large Building) for Pusat Mel Nasional (1st Runner-Up)

7 UNGCMYB ESG Select List 2025

- ESG Breakthrough Innovation, ESG Trailblazer, Future-Fit & Responsible Workforce and The North Star ESG Target Setting (4-Star Lister)

8 FemForward Award 2025

- Women Excellence in Sustainability Land Transport: Fiona Liao



Human Resources

9 Graduates' Choice of Employers to Work For!

- #1 in Courier Services (3rd Consecutive Year)
- #4 in Warehousing

10 Employee Experience Awards 2025 Malaysia

- Most Innovative Leadership Development Programme (Gold)
- Best HR Digital Transformation Strategy (Silver)
- Best Use of Technology to Enhance Employee Engagement (Silver)

11 Human Resources Excellence Awards 2025

- Excellence in Digital Transformation (Silver)
- Excellence in HR Communication Strategy (Silver)
- Best HR Team GLC (Silver)

Occupational Safety & Health

12 43rd Malaysian Society of Occupational Safety & Health (MSOSH) Award 2025

- Gold Merit Award (Excellent OSH Performance): Pusat Poslaju Petaling Jaya, Selangor
- Gold Class 1 (Very Good OSH Performance): DC Kepala Batas, Pulau Pinang
- Silver Class Award (Good OSH Performance): Pusat Serahan Kuala Terengganu, Terengganu
- Silver Class Award (Good OSH Performance): Pusat Serahan Mel Kuching A & B, Sarawak
- MSOSH President Award (Excellent Employee): Presiden UPUS Sarawak, Tuan Haji Rasdi Ahmad bin Mohamad

13 Transport Expo Asia (TXA) 2025

- Anugerah Sokongan Keselamatan Perjalanan Selamat: Majikan Terbaik

UPU

14 Asian-Pacific Postal Union (APPU)

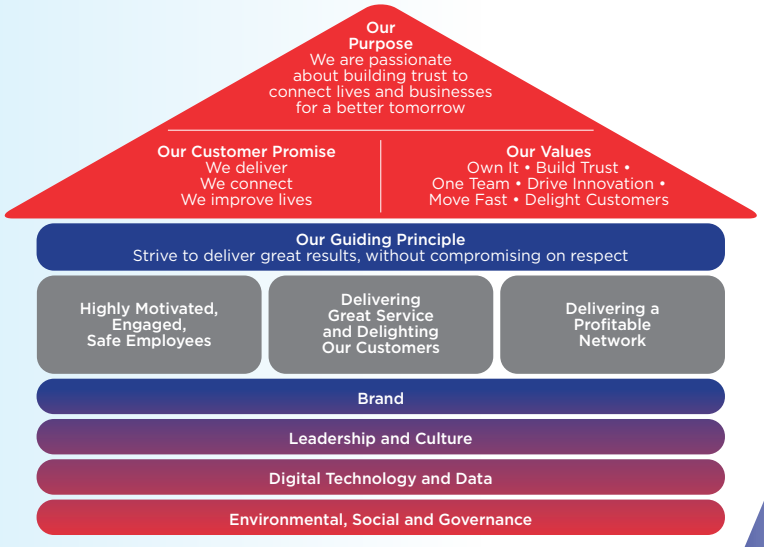
- Innovation Awards 2025

15 Universal Postal Union (UPU)

- International Express Mail Service (EMS) Award: Gold

Strategy and Transformation

We embarked on a business transformation plan in August 2021, and are now accelerating Phase 4.



Fix the Basics

Phase 1

- **Service improvements**
- **Cost reductions**

Growth Initiatives

Phase 2

- Cultural transformation
- Operational excellence
- Restructured customer journey
- Digitalisation
- Growth and quality

Transform the Core

Phase 3

- **A great parcel delivery company that also delivers mail**
- **Value creators: International, Fulfilment, Retail**

Delivering a Better Tomorrow

Phase 4

The best people, service, great customer experience and a renewed business model, delivering a significantly better bottom line.

What We Are Focusing on

Continuing to transform the core

Delivering a profitable and sustainable future

4

Focus Areas

Optimising growth initiatives

Gearing for a better tomorrow

OUR COMPETITIVE STRENGTHS

Our People

Pos Malaysia's performance is driven by our dedicated Pos Wiras, whose unwavering commitment is reflected in a robust employee engagement rate of 76%, demonstrating strong levels of trust and connection across the workforce. We have further advanced diversity and deepened inclusivity throughout the organisation, with female representation in leadership roles increasing significantly from 38% to 49%. Most importantly, our ongoing emphasis on safety has resulted in sustained and accelerated improvements from 0.61 in 2024 to 0.57 in 2025 across the company, strengthening our overall organisational culture.

Our Network

Pos Malaysia boasts an extensive network comprising more than 3,000 touchpoints across the country, including over 640 post offices and Pos Laju branches, collectively forming one of Malaysia's broadest retail networks and complementing its already broadest delivery network. Leveraging this reach, Pos Malaysia successfully delivers 269 million letters and more than 32.8 million parcels each year, efficiently serving over 11 million addresses nationwide. This robust infrastructure ensures reliable and comprehensive coverage, meeting the diverse needs of our customers throughout Malaysia.

Our Service

In 2025, Pos Malaysia surpassed its service targets across several key performance indicators, demonstrating notable improvements in operational reliability and customer satisfaction. Parcel next-day on-time delivery reached an impressive 92%, underscoring our commitment to efficient and timely logistics. Mail on-time delivery attained a high level of 95%, reflecting consistent standards in traditional postal services.

Moreover, the retail Net Promoter Score ("NPS") rose to 97.6, highlighting significant advancements in customer experience and service quality. These results collectively showcase Pos Malaysia's dedication to delivering dependable services and prioritising customer needs, solidifying its reputation as a leader in the sector.

Corporate Structure

as at 31 December 2025

POSTAL GROUP

- 100% Datapos (M) Sdn Bhd
- 100% Pos Digicert Sdn Bhd
- 100% Effivation Sdn Bhd
- 100% Pos Ar-Rahnu Sdn Bhd
- 100% Poslaju (M) Sdn Bhd
- 100% Pos Malaysia & Services Holdings Berhad
  - 100% Prima Pegun Sdn Bhd
- 100% PSH Express Sdn Bhd
- 100% Posmen Sdn Bhd
- 100% PMB Properties Sdn Bhd
- 100% Pos Shop Sdn Bhd
  - 100% Prestige Future Sdn Bhd
- 100% PSH Properties Sdn Bhd
  - 100% Real Riviera Sdn Bhd

Corporate Structure

as at 31 December 2025

AVIATION & LOGISTICS GROUP

- 100% Pos Aviation Sdn Bhd
  - 51% Pos Aviation Engineering Services Sdn Bhd
  - 100% Pos Logistics Berhad
    - 100% Aman Freight (Malaysia) Sdn Bhd
    - 100% Diperdana Kontena Sdn Bhd
    - 100% KP Asia Auto Logistics Sdn Bhd
    - 100% KP Distribution Services Sdn Bhd
    - 100% PNSL Berhad
    - 100% PNSL Risk Management Sdn Bhd
    - 100% Westport Distripark (M) Sdn Bhd
    - 100% Kaypi Southern Terminal Sdn Bhd
    - 49% K.P.B. Sadao I.C.D. Co., Ltd (Thailand)
    - 100% Malaysian Shipping Agencies Sdn Bhd
      - 100% Konsortium Logistik (Sabah) Sdn Bhd
      - 100% Konsortium Logistik (Sarawak) Sdn Bhd

ASSOCIATES OF POS AVIATION SDN BHD

- 49% World Cargo Airline Sdn Bhd
  - 100% **Gading Sari Aviation Services Ltd** (Ceased business)

Strategic Leadership

Guiding Transformation in a Changing Industry

Amid structural shifts in the postal and logistics landscape, Pos Malaysia's leadership remains focused on disciplined execution, regulatory engagement and long-term transformation to strengthen resilience and sustain its national mandate.



Chairman's Statement



Dear Shareholders,

2025 was a demanding year for Pos Malaysia, amid continued structural changes across the postal and logistics sector. Declining mail volumes, shifting consumer behaviour and intensified competition in the parcel segment reinforced the need for disciplined execution and ongoing regulatory engagement. Throughout the year, the Group focused on strengthening its financial resilience while progressing its transformation agenda.

Economic Landscape

Malaysia's economy expanded by 4.9% in 2025 (2024: 5.1%), driven by domestic demand, tourism activity and festive spending, while targeted assistance and subsidies helped preserve purchasing power among lower-income households. Inflation moderated during the year, although cost-of-living pressures continued to influence consumer spending.

Against this backdrop, the postal and logistics sector faced strong headwinds. Traditional mail volumes declined further as digital channels replaced physical mail and retail footfall softened. At the same time, competition in the parcel segment intensified, placing persistent pressure on pricing and margins despite continued growth in e-commerce volumes.

These pressures were influenced by predatory pricing, "masking" practices by large e-commerce platforms and the expansion of in-house logistics capabilities by major e-commerce players. This created uneven competitive dynamics, particularly for operators with Universal Service Obligation (USO) responsibilities, highlighting the importance of regular regulatory engagement to address structural imbalances within the sector.

Industry Engagement and Regulatory Progress

Long-term viability in the postal and logistics sector depends on a level playing field and regulatory settings that reflect market realities. The Group regularly engaged with the Malaysian Communications and Multimedia Commission (MCMC), the Association of Malaysian Express Carriers (AMEC) and the Malaysia Competition Commission (MyCC) to address structural imbalances, advocate for conditions that promote fair competition and strengthen industry governance.

These engagements focused on addressing anti-competitive practices, improving transparency throughout the value chain and driving regulatory reforms necessary to ensure the long-term viability of the postal and parcel ecosystem. Throughout the year, we maintained focus on the need for transformation and regulatory reform to sustain Pos Malaysia's operating model and fulfil its national mandate.



Largest EV fleet

in Malaysia's logistics sector

1,252
e-Bikes

279
e-Vans

FTSE4Good rating

4.2

(Top 12% as globally evaluated by FTSE Russell)

The Edge ESG Awards 2025

Gold

(Transportation & Logistics)



Sustainability

Pos Malaysia strengthened its commitment to safety, environmental impact and workforce practices that affect long-term performance. Despite ongoing efforts to enhance safety standards, the Group recorded one work-related fatality during the year. This demonstrated the need for ongoing focus on safety practices, clearer accountability and disciplined risk management throughout the organisation, especially within high-intensity delivery activities.

Across the network, the Group's environmental actions were embedded within daily operations. In 2025, Pos Malaysia expanded its electric vehicle (EV) fleet to 1,252 e-bikes and 279 e-vans, the largest EV fleet in Malaysia's logistics sector, reducing last-mile emissions and avoiding 579.63 tCO_2e of emissions. This enabled approximately 10.8 million kilometres of coverage with lower environmental impact. In addition, more than 2,200 e-bikes, trucks and vans are now equipped with telematics systems to monitor vehicle movement and driver behaviour, helping to reduce idle time, lower emissions and improve safety outcomes.

Energy efficiency improved during the year through the wider adoption of renewable energy within the Group's facilities. Solar installations across 18 buildings contributed to a more stable energy consumption, generating 3.6 GWh of renewable energy and delivering RM766,000 in energy savings.

Chairman's Statement

On the waste reduction front, the Group continued to embed circular practices across operations. In 2025, all polymailer products were incorporated with recycled content, while 290 tonnes of waste were successfully diverted from landfill. To encourage greener practices throughout the supply chain, the top 100 suppliers were required to disclose sustainability data as part of the Greening the Value Chain initiative.

Efforts in driving greener practices continued to receive industry recognition. The Pos Hijau Carbon Emissions Report received the MIHAS Services Innovation & Sustainability Award for delivering transparent, shipment-level carbon emissions tracking. The award also acknowledged the scale of the Group's electric vehicle rollout, with more than 1,500 EVs operating nationwide.

Pos Malaysia secured first place in the Energy Management (Small & Medium Building) category for mail delivery centres in Bandar Baru Bangi and Seri Kembangan at the National Energy Awards 2025. In addition, the Group received the Gold Award in the Transportation & Logistics category at The Edge ESG Awards 2025, based on the FTSE4Good ESG ratings. In 2025, the Group's FTSE4Good rating reached 4.2, highlighting the dedication to enhanced reporting and transparency. This placed Pos Malaysia within the top 12% of companies evaluated by FTSE Russell worldwide.

The Group recognises the importance of continued capability building and improving employee awareness on sustainable practices. 16,173 employees participated in the We Deliver Sustainably programme, improving audit-readiness for sustainability indicators and enhancing coordination across functions.

In terms of workforce alignment, clear communication of priorities and leadership practices contributed to an employee engagement score of 76% in 2025. Diversity and inclusion continued to feature in governance considerations with women representing 49% of leadership positions, reflecting progress in gender diversity and leadership balance. These outcomes amplified the Group's focus on building a motivated, engaged and inclusive organisation over time.

In 2025, Pos Malaysia employees contributed a total of 4,650 volunteering hours through the efforts of 347 volunteers. Collectively, these initiatives benefited 64,297 individuals and families, translating into a corporate social responsibility investment value equivalent to RM401,703, underscoring our continuous commitment to social responsibility and positive change.



Commitment to Strong Governance

The Board views governance as a cornerstone of the Group's overall strategy, particularly in how the Group makes decisions, manages risks and allocates capital. Throughout the year, the Board exercised oversight through sound judgement and disciplined risk practices to ensure decisions were taken with due regard for transparency and ethical conduct. As part of this, a Board retreat was conducted on 9 June 2025 to review strategic priorities, governance matters and key risks faced by the Group.

Throughout the Group, governance was applied through established structures, frameworks, internal controls and compliance processes that were in line with regulatory expectations. These practices supported decision-making, safeguarded integrity and strengthened stakeholder confidence.

The Group maintained a zero-tolerance policy towards bribery and corruption. This commitment was upheld through established controls, clear procedures, ongoing communication and regular awareness efforts to ensure expectations were clearly understood and applied consistently across the organisation.

Outlook

Moving into 2026, Pos Malaysia will continue to drive its transformation strategy amid structural pressures in mail, intense competition in parcels and ongoing regulatory and cost uncertainties that are expected to persist.

Mindful of the challenging operating environment, the next phase of the Group's transformation will centre on long-term financial sustainability, regulatory reform and continued evolution of the business model, anchored by clearer strategic direction and disciplined execution. Key focus areas include advancing Phase 4 of the Transformation Plan, pursuing sustainable revenue streams, engaging with the government on regulatory matters, including USO compensation and changes to the Postal Services Act, as well as improving cost efficiency through operating model optimisation.

The Group will also continue investing in technology, with digitalisation, data and artificial intelligence driving productivity, decision-making and service standards. Engagement with regulators will also continue to promote reforms that contribute to a more balanced and sustainable industry structure.

Moving forward, the focus is to strengthen long-term resilience, position Pos Malaysia for long-term value creation and continue to serve its national mandate.

Acknowledgements

On behalf of the Board, I would like to thank our shareholders, customers, business partners and stakeholders for their continued support.

I would like to extend our gratitude to the late Datuk Idris bin Adullah @ Das Murthy for his contributions and service to the Group. The Board would also like to record its appreciation to Dato' Seri Mohamad Fauzi bin Md Isa and Mano A/L Verabathran for their contributions during their tenure.

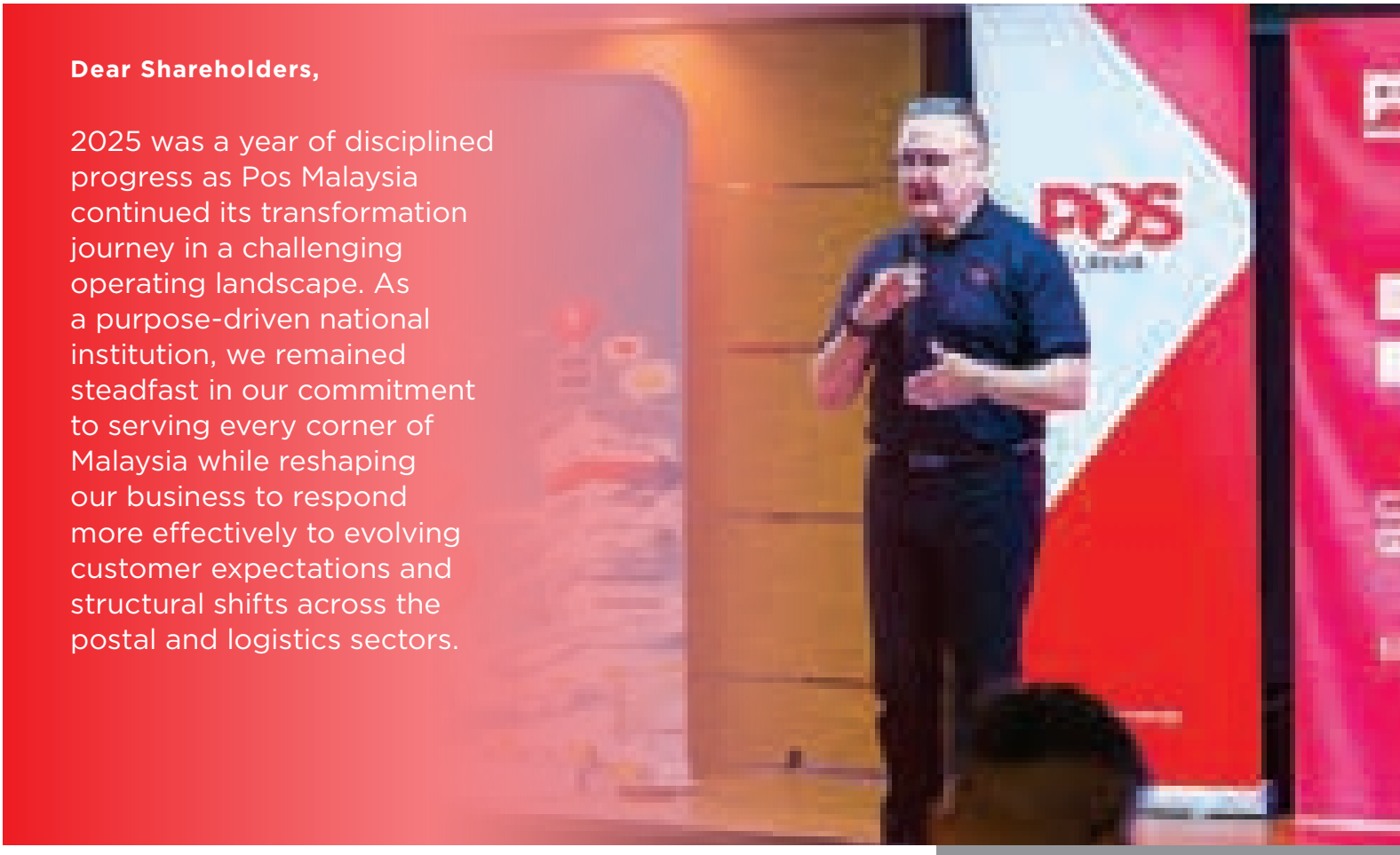
I would also like to extend our appreciation to the Government of Malaysia, the Ministry of Communications, the Ministry of Finance and the Malaysian Communications and Multimedia Commission for their ongoing engagement and collaboration as the Group fulfils its Universal Service Obligation and moves forward with its transformation agenda.

Finally, I would like to express our sincere thanks to 16,173 Pos Wiras, including the Management, for their professionalism, resilience and commitment in supporting Pos Malaysia's transformation and continued service to the nation.

TAN SRI SYED FAISAL ALBAR BIN SYED A.R ALBAR

Chairman

Group Chief Executive Officer's Statement



Dear Shareholders,

2025 was a year of disciplined progress as Pos Malaysia continued its transformation journey in a challenging operating landscape. As a purpose-driven national institution, we remained steadfast in our commitment to serving every corner of Malaysia while reshaping our business to respond more effectively to evolving customer expectations and structural shifts across the postal and logistics sectors.

OUR PERFORMANCE IN 2025

The year unfolded in a demanding environment marked by continued structural mail decline, intense parcel competition and persistent cost pressures. Despite these headwinds, we focused on stabilising performance, strengthening service reliability and advancing the key enablers of our transformation agenda.

Our Postal Segment delivered revenue of RM1,041.48 million, a 1% increase from 2024, supported primarily by stronger contributions from the courier and retail businesses. Parcel volumes grew 9% year on year, driven by deeper partnerships with major e-commerce platforms and market share gains. Throughout the year, we intensified network optimisation efforts to reduce end-to-end delivery costs while reinforcing our service differentiation.

We also made meaningful improvements in customer experience. Mail service reliability reached 95%, while parcel service levels improved to 92%, driven by stronger network execution, tighter operational controls and greater consistency across the delivery ecosystem.

Postal Revenue

RM1,041.48
million

Pos Aviation Revenue

RM383.81
million

Pos Logistics Revenue

RM216.52
million

Pos Aviation delivered revenue of RM383.81 million and Profit Before Tax (PBT) of RM20.29 million, supported by increased in-flight catering and higher ground-handling volumes at key stations. Pos Logistics reported revenue of RM216.52 million, supported by contribution in the automotive, general (commodity) and marine segments.

The Other Segments recorded revenue of RM197.40 million, with growth driven by digital certificates and higher printing and insertion volumes from major clients. Within this segment, Pos Ar-Rahnu registered revenue of RM120.31 million following the rationalisation of unprofitable outlets and tighter cash controls. DataPos achieved RM22.14 million in revenue, largely driven by major government correspondence projects, including MADANI and Sumbangan Tunai Rahmah. Pos Digicert delivered RM51.40 million, supported by retail product growth, new project wins and continued demand from government digital initiatives.

While our overall financial performance continued to reflect structural market pressures, we made encouraging progress in strengthening several business lines and positioning the Group for the next phase of our transformation.



Group Chief Executive Officer's Statement

PROGRESS IN 2025

2025 marked our entry into Phase 4 of the Transformation Plan — a phase focused on building capabilities, empowering our people and renewing our business model to create long-term value while upholding our national mandate.

A key priority in 2025 was addressing structural cost pressures linked to the Universal Service Obligation (USO). With declining mail volumes, declining post office footfall and incremental delivery points, the cost of maintaining nationwide services continued to rise, underscoring the urgency of rethinking how we structure to the USO and the required compensation for providing USO-related services.

To address this, we launched two Proofs of Concept (POCs) in the fourth quarter to evaluate new approaches to USO delivery. Initial operational observations and customer feedback have been encouraging, and findings from these trials will guide future scalability.

We also expanded our international and cross-border capabilities through the launch of Redly Pos Malaysia International, an asset-light model designed to improve regional connectivity and customer access to global markets.

A refreshed product suite comprising Redly Express, Redly Priority and Redly Connect was introduced to better meet evolving customer needs.

Innovation remained a central priority. Pos Fulfill scaled its offerings into a fully integrated fulfilment and e-commerce logistics solution across business-to-business and business-to-consumer sectors, operating across eight sites in Peninsular Malaysia.

We continued active engagement with regulators on revisions to the Postal Services Act, industry governance and long-term sector sustainability. These efforts have moved us closer to establishing a Postal Services Fund, greater regulatory clarity for the industry and a modernised Postal Services Act.

To support these ambitions, we strengthened our digital and data foundations. More than 60 initiatives across products, systems, analytics and artificial intelligence (AI) were deployed to drive better planning, productivity, and more consistent service delivery.



Group Chief Executive Officer's Statement



LOOKING AHEAD

The operating environment in 2026 is expected to remain challenging, shaped by ongoing mail and footfall decline, intense parcel market competition and continued USO-related cost pressures. Our focus will remain on executing Phase 4 of our Transformation Plan, rearchitecting the operating model, enhancing capabilities and elevating service quality, while aligning with regulatory developments and USO requirements.

The Postal sector is expected to benefit from long-overdue USO compensation, tariff adjustments, regulatory approvals and new business models aimed at both Mail and Retail. Network optimisation efforts will focus on accelerating efficiency gains, leveraging the rapidly changing digital developments, including AI, and service and capacity gains. Pos Aviation will pursue growth in engineering, ground handling and cargo, while Pos Logistics will focus on recovery through targeted expansion in automotive, commodity and specialised logistics. The Other Segments will continue diversifying its customer base through process automation.

2026 and 2027 will be pivotal for Pos Malaysia, as we look to leverage new approaches and business models, and execute much needed regulatory changes to create long-term resilience and fulfil our national service commitments.

ACKNOWLEDGEMENTS

2025 tested our resilience, and the progress we achieved is the direct result of the dedication, grit and unity of our Pos Malaysia family. I am deeply proud of how our people stepped forward with determination and a shared sense of purpose to serve the nation.

I would like to extend my sincere appreciation to our Chairman, Tan Sri Syed Faisal Albar, and the Board for their leadership, support and guidance. To our management team, shareholders and customers, thank you for your continued trust and confidence. I am also grateful to the government, particularly the Ministry of Communications and the MCMC, for their constructive engagement and support.

Finally, to all Pos Wiras across the country, thank you. You are the heartbeat of Pos Malaysia. Your dedication enables us to serve every Malaysian, every day, while building a stronger and more sustainable future for our organisation.

CHARLES BREWER
Group Chief Executive Officer

Business Performance

Strengthening Resilience in a Competitive Landscape

As industry dynamics continue to evolve, Pos Malaysia remains committed to enhancing operational efficiency, refining its business model and unlocking sustainable growth opportunities.



Strategic Review Navigating The Market Landscape



MACROECONOMIC LANDSCAPE

Background

Parcel Segment Performance and Structural Challenges

Parcel Segment Growth in 2025

In 2025, the Parcel segment achieved notable progress, recording a 9% increase in volume compared to the previous year. This growth was primarily fuelled by the continued expansion of operations, reflecting the organisation's efforts to adapt to evolving market demands and customer expectations.

Persistent Structural Challenges

Despite the positive momentum in parcel volumes, the segment continued to face persistent structural challenges. Traditional mail volumes continue to experience a sustained long-term decline, indicative of the broader trend towards digital communication and the substitution of physical mail. Additionally, retail footfall has been decreasing since 2018, further highlighting the impact of digital substitution and shifting consumer preferences.

Cost Pressures and the Universal Service Obligation

These pressures were exacerbated by rising labour costs, which increased the overall cost base for the organisation. Furthermore, the ongoing requirement to provide comprehensive nationwide service under the Universal Service Obligation (USO) added to operational complexities, underlining the critical need for reforming the operating model and implementing structural cost optimisation measures while driving regulatory change.

Our Response

- Transformation progress: Since 2021, Pos Malaysia has delivered measurable improvements across people, service and cost efficiency. Employee engagement rose from below 70% in 2021 to 76%, while safety performance improved with the Lost Time Injury Frequency Rate (LTIFR) declining from 1.81 in August 2021 to 0.57.
- Business model evolution: As part of Phase 4 of the Transformation Plan, the Group tested refreshed business models through targeted proof-of-concept initiatives to address structural cost pressures arising from the cost of delivering the USO requirements and the ongoing market dynamics.
- Service resilience: Despite macroeconomic pressures, service performance in 2025 exceeded internal targets with Parcel Next-Day Delivery Service Level Agreement (SLA) at 92% and Mail SLA at 95%, reflecting stronger discipline and operational effectiveness.

Outlook

Macroeconomic and industry challenges are expected to persist across the Group. The Pos Malaysia Group will continue to prioritise productivity improvements, cost optimisation and operating model evolution across its postal, aviation, logistics and digital commerce businesses. These efforts will be supported by disciplined capital allocation, targeted expansion in higher-yield segments and continued transformation initiatives to strengthen long-term financial resilience while maintaining nationwide service continuity, including advancing use of technologies, such as AI and robotics.

Strategic Review Navigating The Market Landscape

REGULATORY LANDSCAPE

Background

The regulatory environment continued to play a pivotal role in shaping industry sustainability throughout 2025. Ongoing challenges include declining mail volumes, increasing delivery costs and the financial obligations linked to USO delivery within an evolving yet not fully modernised regulatory framework. Additionally, the absence of mandated minimum parcel pricing, combined with ongoing "masking" practices by major e-commerce platforms, intensified competitive imbalances and further compressed industry yields, reinforcing the urgency for regulatory reform.

Our Response

- Modernisation of the Postal Services Act: The Group maintained active engagement with the Malaysian Communications and Multimedia Commission (MCMC) and relevant ministries on modernising the Postal Services Act, including proposals for a Postal Services Fund to sustainably finance USO delivery. White papers and impact studies were submitted in 2025, with regulatory review processes ongoing.
- Parcel pricing and competition matters: Engagements continued with the MCMC, the Malaysia Competition Commission (MyCC) and industry bodies to address anti-competitive practices, including predatory pricing and "masking" by e-commerce platforms, and to advocate for a more balanced and transparent operating environment.
- USO cost optimisation initiatives: Targeted proof-of-concept initiatives were launched in the fourth quarter of 2025 to test refreshed business models aimed at reducing USO delivery costs while maintaining service levels.

Outlook

Regulatory reform is central to the sector's long-term sustainability. Pos Malaysia will continue to constructive engage with policymakers and regulators to help shape a fit-for-future regulatory framework that balances service affordability, fair competition and financial viability while enabling the Group to continue fulfilling its national service mandate.

COMPETITIVE LANDSCAPE

Background

Competition in the parcel and logistics market was intense in 2025, characterised by a fragmented market structure, aggressive pricing behaviour and the continued rise of platform-led in-house logistics. Predatory pricing, "masking" practices and the absence of a mandated minimum pricing framework contributed to a decline in industry yields and created uneven competitive conditions.

Our Response

- Service reliability: Delivery performance strengthened with Parcel Next-Day Delivery SLA reaching 92% in 2025, driven by operational enhancements and productivity initiatives.
- Brand strength: Pos Malaysia held a strong brand position, ranking first in brand equity and second in brand preference, with improved service consistency and customer trust.
- Diversification: Continued expansion of Redly Pos Malaysia International and Pos Fulfill served as key growth drivers to reduce reliance on the traditional postal business and drive innovation to broaden our portfolio.
- Customer experience: Net Promoter Score (NPS) exceeded internal targets in 2025 with Retail NPS of 97.6 and Delivery NPS of 78.5, indicating improved service outcomes at a lower cost base.

Outlook

Competitive pressures are expected to stay elevated. Pos Malaysia will prioritise operational excellence, digital enablement and service reliability to defend its market position and avoid value-destructive competition.

Strategic Review Navigating The Market Landscape

EMBRACING DIGITALISATION

Background

In 2025, Pos Malaysia accelerated its digital transformation agenda to enhance operational performance, frontline productivity, customer experience and commercial outcomes. These efforts focused on modernising legacy processes, strengthening data-driven decision-making and improving service reliability across a complex nationwide network. The Transformation & Digital division delivered high-impact solutions across analytics, digital platforms, customer service and automation, building a more connected and efficient organisation.

A leadership transition in the fourth quarter of 2025, with the appointment of a new Group Chief Technology Officer, strengthened Pos Malaysia's focus on digital and AI innovation.

Our Response

- Data-driven insights: Pos Malaysia's ability to understand, measure and act on performance across the organisation was strengthened through enhanced analytics, real-time dashboards and workforce insights, enabling accurate and timely action on outlet profitability, operational performance and delivery execution.
- Performance ownership: Clearer metrics and dashboards enabled teams to prioritise issues more effectively and close gaps faster, strengthening operational discipline and improving customer outcomes.
- Accountability and trust: Transparent tracking of commissions, productivity and driver behaviour improved accountability with fair and consistent visibility into earnings and engagement, building deeper trust with Pos Wiras.
- Customer platforms: Key digital channels were modernised to deliver simpler, faster and more reliable customer experiences nationwide, contributing to a 15.9 improvement (2024: 10.6 2025: 26.5) in website-based general NPS response coverage, higher conversion and clearer service visibility.
- Consistency and reliability: Essential services were extended to more neighbourhoods across rural and urban communities, with digital platforms delivering consistent, reliable experiences across all touchpoints, reinforcing Pos Malaysia's position as a trusted national service provider.

Outlook

Digital and AI transformation will be a key priority in 2026 and going forward, and Pos Malaysia will accelerate initiatives to build an AI-first organisation with stronger data governance, higher digital and AI literacy, and secure, scalable platforms to deliver faster and greater returns across both AI and robotics.



Strategic Review Navigating The Market Landscape

STRENGTHENING THE CUSTOMER JOURNEY

Background

Customer expectations rose further in 2025, driven by rapid e-commerce expansion and increasingly digital-first behaviours. Customers now expect real-time visibility, instant access to information, proactive updates and seamless omnichannel self-service across every touchpoint. In this environment, elevating the moments that most influence satisfaction and trust were critical while maintaining service accessibility and a balanced cost-to-serve in a highly competitive market.

Our Response

- Customer service innovation: We strengthened customer service performance by embedding AI, automation and intelligent workflows across all support channels, enabling faster resolution, more intuitive self-service and tighter coordination.
- Issue resolution: We ensured faster and more consistent issue resolution through enhanced search capabilities, instant cross-channel visibility, automated case routing and streamlined workflows. These improvements reduced handling time, enhanced service reliability and empowered agents to resolve problems on the first attempt.
- 24/7 self-service: We delivered more intuitive 24/7 self-service experiences through human-like conversational AI and automated support journeys, reducing wait times and ensuring timely assistance.
- Improved coordination: Clearer case visibility, improved bulk ticket management and WorkQueue-based routing strengthened interdepartmental coordination, enabling faster, more coordinated troubleshooting across the organisation.
- Improved customer experience: Continuous improvement and deeper customer insights led to higher NPS response coverage, real-time sentiment monitoring and actionable reporting, enabling teams to identify and resolve customer pain points earlier.

Outlook

Customer experience continues to be a key priority, with a focus on key moments that drive satisfaction and loyalty. Key priorities include scaling AI-powered self-service, strengthening proactive communication to anticipate customer needs and optimising end-to-end processes at high-impact touchpoints. The focus will be on maintaining NPS leadership, optimising cost-to-serve and delivering consistent satisfaction outcomes.

SUSTAINABILITY

Background

Malaysia's logistics sector entered a period of transition as decarbonisation became central to long-term competitiveness. As a significant source of emissions, the industry faced rising expectations from regulators, customers and business partners for lower-carbon operations, improved energy efficiency and credible emissions disclosure. Carbon and sustainability requirements raised expectations for cleaner fleets, energy-efficient facilities and transparent reporting, reshaping customer needs and operating priorities for logistics players, including Pos Malaysia. Globally, logistics-related emissions accounted for over 7% of greenhouse gas (GHG) output, accelerating the adoption of cleaner fuels, electric fleets and stringent carbon data integration across supply chains, influencing expectations in Malaysia.

Our Response

- ESG governance: ESG integration was strengthened across business units, improving data quality, internal accountability and alignment with the Net Zero 2050 pathway.
- Scaling low-carbon fleet: The electric vehicle (EV) fleet was expanded with 136 new e-vans and 1,092 e-bikes, extending nationwide coverage to include Sabah and Sarawak, accelerating the shift towards cleaner last-mile delivery.
- Renewable energy expansion: We advanced our solar rollout, with rooftop solar photovoltaic (PV) systems operating across 18 sites since commencement, generating 3.6 GWh of clean energy annually and delivering approximately RM766,000 in cost savings.
- Digital carbon reporting: Pos Hijau adoption was broadened, and is now used by over 120 corporate customers for emissions tracking, procurement reporting and Scope 3 disclosures.
- ESG recognition: Pos Malaysia achieved an FTSE4Good rating of 4.2, placing it within the top 12% of global companies for ESG performance.

Outlook

Low-carbon logistics will continue to be a strategic priority. Pos Malaysia will accelerate EV deployment across high-volume routes, increase solar PV installations at additional hubs and outlets and conduct targeted energy audits to reduce consumption through efficiency upgrades. Pos Hijau will be enhanced with greater automation, supplier-level emissions data and more granular reporting while engagement will continue with regulators and industry peers to pilot greener delivery models and sustainable packaging solutions. Operational efficiency will also be strengthened through advanced analytics, optimisation tools and broader digitalisation to build a more resilient, lower-emission logistics ecosystem.

5-Year Group Financial Summary

	FY2021	FY2022	FY2023	FY2024	FY2025
Profit/(Loss) Before Tax (RM million)	(331.4)	(169.8)	(140.7)	(180.2)	**(186.6)**
Profit/(Loss) Before Tax Margin (%)	(15.1)	(8.7)	(7.5)	(9.7)	**(10.1)**
EBITDA Margin (%)	(2.3)	3.4	3.8	1.6	**(0.2)**
Return on Assets (%)	(12.5)	(7.1)	(7.3)	(10.1)	**(10.7)**
Return on Equity (%)	(41.4)	(25.9)	(31.8)	(67.7)	**(233.0)**
BALANCE SHEET					
Total Assets (RM million)	2,688.8	2,375.5	2,174.1	2,004.1	**1,947.9**
Total Equity (RM million)	811.6	646.3	499.5	297.6	**89.2**
Equity Attributable to Owners of the Company (RM million)	811.6	646.3	495.2	292.2	**82.5**
Current Ratio (Times)	0.9	0.8	0.7	0.6	**0.5**
STAFF INFORMATION					
Number of Staff (Number)	19,071	17,825	17,194	16,307	**16,173**
Revenue per Employee (RM'000)	115.0	110.0	108.8	113.6	**113.7**

