



K-One Technology Berhad

[Registration No. 200101004001 (539757-K)]

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2025**

Condensed Consolidated Statements of Comprehensive Income
For The Second Quarter Ended 30 June 2025

Figures in RM'000	3 months ended		YTD 6 months ended	
	30.6.2025 Unaudited	30.6.2024 Unaudited	30.6.2025 Unaudited	30.6.2024 Unaudited
Operating revenue	64,548	44,754	123,014	89,645
Cost of sales	(55,529)	(37,373)	(104,704)	(75,992)
Gross profit	9,019	7,381	18,310	13,653
Other income	636	195	930	2,954
Interest income	170	220	399	395
Operating expense	(8,836)	(6,577)	(17,681)	(13,484)
Profit before tax	989	1,219	1,958	3,518
Income tax expense	(370)	(140)	(654)	(754)
Profit for the period	619	1,079	1,304	2,764
Non-controlling interests	(299)	(71)	(314)	67
Profit after tax after Non-controlling interests	320	1,008	990	2,831

Profit attributable to:

Owners of the parent	320	1,008	990	2,831
Non-controlling interests	299	71	314	(67)
	619	1,079	1,304	2,764

Earnings per share (EPS)
attributable to owners of
the parent (sen):

Basic EPS	0.04	0.12	0.12	0.34
Diluted EPS	0.04	0.12	0.12	0.34

**Condensed Consolidated Statements of Comprehensive Income
For The Second Quarter Ended 30 June 2025 (Cont'd)**

Figures in RM'000	3 months ended		YTD 6 months ended	
	30.6.2025 Unaudited	30.6.2024 Unaudited	30.6.2025 Unaudited	30.6.2024 Unaudited
Profit for the period	619	1,079	1,304	2,764
Items that may be subsequently reclassified to profit:				
Foreign currency translation	(223)	(8)	(226)	100
Total comprehensive income/(loss)	396	1,071	1,078	2,864

**Total comprehensive income/
(loss) attributable to:**

Owners of the parent	177	1,000	881	2,931
Non-controlling interests	219	71	197	(67)
	396	1,071	1,078	2,864

The above condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2024 and the accompanying explanatory notes attached to the interim financial statements.

Condensed Consolidated Statements of Financial Position
As At 30 June 2025

Figures in RM'000	Unaudited 30.6.2025	Audited 31.12.2024
ASSETS		
<u>Non-Current Assets</u>		
Property, plant and equipment	19,720	17,837
Intangible assets	3,732	3,692
Goodwill on consolidation	22,676	22,676
Investment property	4,392	4,440
Deferred tax assets	4,848	4,853
Total Non-Current Assets	55,368	53,498
<u>Current Assets</u>		
Inventories	26,648	24,044
Trade receivables	48,991	40,352
Other receivables	9,003	10,169
Contract assets	7,611	6,566
Tax recoverable	738	706
Short-term cash investment	3,717	5,666
Cash and bank balances	49,326	47,999
Total Current Assets	146,034	135,502
TOTAL ASSETS	201,402	189,000

EQUITY AND LIABILITIES		
<u>Equity</u>		
Share capital	123,644	123,644
Reserves	(424)	(315)
Non-controlling interests	1,871	1,674
Retained earnings	(7,447)	(8,437)
Total Equity	117,644	116,566

Condensed Consolidated Statements of Financial Position
As At 30 June 2025 (Cont'd)

Figures in RM'000	Unaudited 30.6.2025	Audited 31.12.2024
EQUITY AND LIABILITIES (Cont'd)		
<i><u>Non-Current Liabilities</u></i>		
Deferred income	482	668
Lease liabilities	102	221
Total Non-Current Liabilities	584	889
<i><u>Current Liabilities</u></i>		
Trade payables	52,641	42,088
Other payables and accruals	7,907	8,051
Contract liabilities	21,352	19,198
Current tax liabilities	669	1,611
Deferred income	371	371
Lease liabilities	234	226
Total Current Liabilities	83,174	71,545
Total Liabilities	83,758	72,434
TOTAL EQUITY AND LIABILITIES	201,402	189,000
Net assets per share attributable to owners of the parent (sen)	14.14	14.01

The above condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2024 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statements of Changes in Equity
For The Second Quarter Ended 30 June 2025**

	←----- Attributable to Owners of the Parent ----->					Non- controlling Interests	Total Equity
	Non-distributable		Distributable				
	Share Capital	Foreign Currency Translation Reserve	Other Reserve	Retained Earnings	Sub-Total		
Figures in RM'000							
At 1 January 2025	123,644	(315)	-	(8,437)	114,892	1,674	116,566
Comprehensive income/(loss)							
Profit/(loss) for the period	-	-	-	990	990	314	1,304
Other comprehensive Income/(loss)							
Foreign currency translation difference	-	(109)	-	-	(109)	(117)	(226)
Total comprehensive Income/(loss)	-	(109)	-	990	881	197	1,078
At 30 June 2025	123,644	(424)	-	(7,447)	115,773	1,871	117,644

**Condensed Consolidated Statements of Changes in Equity
For The Second Quarter Ended 30 June 2025 (Cont'd)**

	←----- Attributable to Owners of the Parent ----->					Non- controlling Interests	Total Equity
	←----- Non-distributable ----->		----- Distributable ----->				
	Share Capital	Foreign Currency Translation Reserve	Other Reserve	Retained Earnings	Sub-Total		
Figures in RM'000							
At 1 January 2024	123,644	(2)	-	(8,640)	115,002	1,454	116,456
Comprehensive Income/(loss)							
Profit/(loss) for the period	-	-	-	2,831	2,831	(67)	2,764
Other comprehensive income/(loss)							
Foreign currency translation difference	-	100	-	-	100	-	100
Total comprehensive income/(loss)	-	100	-	2,831	2,931	(67)	2,864
At 30 June 2024	123,644	98	-	(5,809)	117,933	1,387	119,320

The above condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2024 and the accompanying explanatory notes attached to the interim financial statements.

**Condensed Consolidated Statements of Cash Flows
For The Second Quarter Ended 30 June 2025**

Figures in RM'000	YTD 6 months ended	
	30.6.2025	30.6.2024
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Profit before taxation</i>	1,958	3,518
Adjustments for:		
Net reversal impairment loss on trade receivables	(23)	-
Amortisation of computer software	10	8
Depreciation of property, plant and equipment	1,665	1,605
Depreciation of investment property	48	48
Fair value gain on short-term cash investment	(34)	(20)
Amortisation of government grant income	(186)	-
Interest expense on lease liabilities	13	20
Interest income	(399)	(395)
Foreign exchange loss/(gain) – unrealised	1,022	(334)
Operating profit before working capital changes	4,074	4,450
Changes in working capital:		
Inventories	(2,604)	7,008
Receivables	(8,518)	(10,419)
Payables	12,563	(1,622)
Net cash generated from/(used in) operations	5,515	(583)
Tax paid	(767)	(745)
Interest received	399	395
Net cash generated from/(used in) operating activities	5,147	(933)
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of short-term cash investment	1,983	4,000
Withdrawal of deposits with licensed bank	1,084	4,398
Capitalisation of intangible assets	-	(727)
Purchase of property, plant and equipment	(3,548)	(1,069)
Purchase of intangible asset	(50)	-
Net cash (used in)/generated from investing activities	(531)	6,602
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid on lease liabilities	(13)	(20)
Payment of lease liabilities	(111)	(124)
Net cash used in financing activities	(124)	(144)

**Condensed Consolidated Statements of Cash Flows
For The Second Quarter Ended 30 June 2025 (Cont'd)**

Figure in RM'000	YTD 6 months ended	
	30.6.2025	30.6.2024
Net increase in cash and cash equivalents	4,492	5,525
Effects of exchange rate changes	(781)	178
Cash and cash equivalents at beginning of the financial year	25,336	17,927
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	29,047	23,630

COMPOSITION OF CASH AND CASH EQUIVALENTS

Figure in RM'000	YTD 6 months ended	
	30.6.2025	30.6.2024
Cash and bank balances	29,047	23,630
Deposit placed with licensed banks	20,279	17,576
	49,326	41,206
Less: Non short-term fixed deposits	(20,279)	(17,576)
	29,047	23,630

The above condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2024 and the accompanying explanatory notes attached to the interim financial statements.

Part A: Explanatory Notes Pursuant to Financial Reporting Standard 134 (“FRS 134”) - Interim Financial Reporting

1. BASIS OF PREPARATION

The interim financial statements are unaudited and has been prepared in accordance with MFRS 134 – Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and Rule 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Securities) for the ACE Market and should be read in conjunction with the audited statutory financial statements presented for the financial year ended 31 December 2024.

The accounting policies and presentation adopted for this interim report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2024, except for the following Malaysian Financial Reporting Standards (MFRSs) and IC Interpretations (IC Int):

New/Amendments to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 10	Consolidated Financial Statements
MFRS 18	Presentation and Disclosure in Financial Statements
MFRS 107	Statement of Cash Flows
MFRS 121	The Effects of Changes in Foreign Exchange Rates
MFRS 128	Investments in Associates and Joint Ventures

The adoption of the above applicable new MFRSs and amendments is not expected to have a material impact on the financial statements of the Group upon initial application.

2. AUDITORS’ REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENT

The audited financial statements of the preceding financial year were not subjected to any qualification.

3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The K-One Group’s Electronics Manufacturing Services (EMS) business is predominantly export-oriented (96.0% export in 1H’25; 98.2% export in 1H’24) and is subject to seasonal fluctuations. Business in the second half of the year is normally stronger than the first half due to surge in demand attributed mainly to the consumer electronics market in conjunction with Christmas and New Year seasons overseas.

Revenue contribution from the Cloud Computing (Cloud) business is mainly derived from Malaysia with growing contributions from Singapore, Indonesia and Vietnam. Cloud revenue is not subject to any obvious seasonality.

4. UNUSUAL ITEM DUE TO THEIR NATURE, SIZE OR INCIDENCE

During the quarter under review, there were no unusual items affecting assets, liabilities, equity, net income or cash flows to the effect that is unusual in nature, size or incidence.

5. MATERIAL ESTIMATES AND CHANGES IN ESTIMATES

There were no changes in estimates that have had any material effect on the financial year-to-date results.

6. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES

There were no issuances, repurchases and repayments of debt and equity securities during the financial period.

7. DIVIDENDS PAID

No dividend was paid during the current quarter under review.

8. NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Figures in RM'000	3 months ended		YTD 6 months ended	
	30.6.2025	30.6.2024	30.6.2025	30.6.2024
Amortisation of computer software	(6)	(4)	(10)	(8)
Depreciation of:				
- property, plant and equipment	(855)	(805)	(1,665)	(1,605)
- investment property	(24)	(24)	(48)	(48)
Net reversal impairment loss on trade receivables	23	-	23	-
Foreign exchange gain/(loss)				
- realised	247	(136)	394	(208)
- unrealised	(746)	99	(1,022)	334
Fair value gain on short-term cash investment	8	8	34	20
Amortisation of government grant income	93	-	186	-
Interest income	170	220	399	395
Interest expense on lease liabilities	(6)	(9)	(13)	(20)

9. SEGMENT INFORMATION

Segment information is provided based on contribution by activities, sales contribution by geography and sales by major customers. Expenses, assets and liabilities which are common and cannot be meaningfully allocated to the segments are presented under unallocated expenses, assets and liabilities respectively.

(a) Contribution by Activities

	Research, D&D and Sales	Manu- facturing	Cloud	Invest- ment Holding	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Sales					
External sales	485	26,003	38,060	-	64,548
Internal sales	-	-	-	-	-
Total operating sales	485	26,003	38,060	-	64,548
Others and interest income	59	392	271	84	806
Total sales and other income	544	26,395	38,331	84	65,354
Results					
Segment results	(301)	(489)	1,781	(2)	989
Finance costs	-	-	-	-	-
Income tax expense	(6)	-	(364)	-	(370)
(Loss)/profit after tax before non-controlling interests	(307)	(489)	1,417	(2)	619
Non-controlling interests	-	-	(299)	-	(299)
(Loss)/profit after tax after non-controlling interests	(307)	(489)	1,118	(2)	320
Other information					
Segment assets	43,596	82,495	63,936	5,782	195,809
Unallocated assets					5,593
Total assets					201,402
Segment liabilities	2,258	33,654	47,167	10	83,089
Unallocated liabilities					669
Total liabilities					83,758

9. SEGMENT INFORMATION (Cont'd)

(b) Sales Contribution by Geography for the EMS and Cloud Businesses

The geographical sales breakdown is as follows:

	6 months ended 30.6.2025		
	EMS RM'000	Cloud RM'000	Total RM'000
Malaysia	2,118	45,167	47,285
Asia (excluding Malaysia)	14,932	24,642	39,574
Europe	27,555	233	27,788
US	5,266	31	5,297
Oceania	1,659	117	1,776
Middle East	1,182	112	1,294
	52,712	70,302	123,014

	6 months ended 30.6.2024		
	EMS RM'000	Cloud RM'000	Total RM'000
Malaysia	845	25,424	26,269
Asia (excluding Malaysia)	13,537	17,182	30,719
Europe	22,246	33	22,279
US	8,220	-	8,220
Oceania	1,355	160	1,515
Middle East	632	11	643
	46,835	42,810	89,645

Note: 1) The EMS business is 96.0% (1H'24: 98.2%) derived from the export markets with the balance of 4.0% (1H'24: 1.8%) from the local (Malaysian) market.

2) The Cloud business is 35.8% (1H'24: 40.6%) derived from the overseas markets with the balance of 64.2% (1H'24: 59.4%) derived from the local (Malaysian) market.

(c) Sales to Major Customers

For the 6 months ended 30 June 2025, three (3) major international customers contributed more than 10% of the Group's revenue.

10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There was no revaluation of property, plant and equipment during the financial quarter under review.

11. CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the financial quarter ended 30 June 2025.

12. CONTINGENT ASSETS & LIABILITIES

As at the end of the quarter under review, the corporate guarantee for credit facilities granted to a subsidiary but not utilised as the Group has cash surplus was:-

	RM'000
K-One Industry Sdn Bhd	<u>20,576</u>

13. CAPITAL COMMITMENTS

There were no material capital commitments for the period under review.

14. SUBSEQUENT EVENT

There are no subsequent events which have a material impact on the financial statements under review.

15. PERFORMANCE REVIEW

(a) Current quarter compared to the corresponding quarter of last year (2Q'25 vs 2Q'24)

For the second quarter ended 30 June 2025, the Group registered sales revenue of RM64.6 million representing a solid year-on-year growth of 44% compared to RM44.8 million in the corresponding quarter last year. This commendable performance was driven by the continued expansion of the Cloud Computing (Cloud) business, supported by a steady contribution from the Electronics Manufacturing Services (EMS) business, reflecting the Group's ability to capture opportunities in key growth sectors in the respective businesses.

EMS Sales

EMS revenue increased to RM26.5 million from RM22.2 million in the corresponding quarter last year, marking a 19% improvement. This growth was supported by stronger demand for key product lines, including electronic headlamps, floorcare products, medical/healthcare devices, and consumer electronics products. However, the gains were partially offset by softer sales in industrial equipment and IoT gadgets. The Group remains focused on driving growth in the EMS business through targeted product innovation, customer diversification, and investment in design-to-manufacture capabilities to deepen customer engagement and enhance competitiveness.

Cloud Sales

Revenue from the Cloud business rose markedly to RM38.1 million in 2Q'25, up 69% from RM22.6 million in the corresponding quarter last year. The strong growth was fueled by recurring income streams, an expanding customer base, increased contributions from the Group's overseas subsidiaries, and a higher number of development and infrastructure projects. The market's positive momentum was further reinforced by sustained investments in local data center infrastructure by global hyperscalers such as AWS, Google, and Microsoft, which have continued to drive demand for Cloud services.

Earnings

The Group recorded a net profit of RM0.3 million for the current quarter, compared to RM1.0 million in the corresponding quarter last year. While overall profitability moderated, the performance remained positive, reflecting growth in Cloud earnings and the Group's continued investment in operational capabilities to support long-term business expansion.

15. PERFORMANCE REVIEW (Cont'd)

(a) Current quarter compared to the corresponding quarter of last year (Cont'd) (2Q'25 vs 2Q'24)

Earnings (Cont'd)

The EMS business posted a loss of RM0.8 million in 2Q'25, compared to a net profit of RM0.3 million in the corresponding quarter last year. The decline was mainly attributable to margin compression (2Q'25: 13%; 2Q'24: 16%), increased operating expenses in line with higher business activity and a substantial rise in foreign exchange loss due to the appreciation of the Ringgit against the US Dollar (2Q'25: (RM325k); 2Q'24: (RM11k)). Despite these challenges, the Group continues to prioritize operational efficiencies and product innovation to support the EMS business's medium term growth prospects.

The Cloud business reported a higher net profit of RM1.1 million in 2Q'25, up from RM0.7 million in the corresponding quarter last year. This improvement was underpinned by strong revenue growth from Cloud migration, enterprise support, and infrastructure deployment projects, driven by new customer acquisitions and increasing demand across local and regional markets.

(b) Current quarter versus the preceding quarter (2Q'25 vs 1Q'25)

The Group's revenue grew by 10% to RM64.6 million in 2Q'25, compared to RM58.5 million in the preceding quarter. The positive quarter over quarter momentum was largely driven by the continued strength of the Cloud business, which outpaced the EMS business's growth rate to make it a key contributor to the Group's topline performance.

EMS Sales

EMS revenue inched higher at RM26.5 million in 2Q'25 as compared to RM26.2 million in the preceding quarter. Sales of electronic headlamps declined after peaking in the previous quarter and the appreciation of the Ringgit further dampened export value. However, sturdy demand of medical/healthcare devices, floorcare products, industrial equipment, IoT gadgets and consumer electronics products propped up sales for the quarter. With ongoing product development initiatives, these design and tooling efforts are expected to support ramp-up of mass production in the upcoming quarters, positioning the EMS business for stronger performance ahead.

15. PERFORMANCE REVIEW (Cont'd)

(a) Current quarter versus the preceding quarter (Cont'd) (2Q'25 vs 1Q'25)

Cloud Sales

Cloud revenue advanced by 18% to RM38.1 million in 2Q'25 from RM32.3 million in 1Q'25, underpinned by stronger contributions from the Vietnam and Indonesia subsidiaries arising from new customers and increased subscription revenue. In Malaysia, Cloud service offerings continued to gain traction as the Group deepened its engagement with enterprise and public sector clients, in particular the impetus provided by early AI applications. This strong demand underscores the relevance of the Group's comprehensive Cloud portfolio amid accelerating digital transformation.

Earnings

The Group posted a net profit of RM0.3 million for the current quarter, compared to a net profit of RM0.7 million in the preceding quarter. While overall earnings softened slightly, its performance continued to reflect resilience in a dynamic and volatile market environment, supported by sustained earnings growth in the Cloud business and financial stabilization in the EMS business.

The EMS business registered a loss of RM0.8 million in the current quarter, compared to a marginal profit of RM0.02 million in the preceding quarter. The decline was largely driven by lower gross margin due to reduced contributions from higher-margin products (2Q'25: 13%; 1Q'25: 17%) and an escalation in foreign exchange losses caused by the strengthening of the Ringgit against the US Dollar (2Q'25: loss of RM325k; 1Q'25: gain of RM1k). The Group remains focused on cost optimization and margin recovery, while driving new product initiatives aimed at strengthening future earnings visibility.

The Cloud business delivered a stronger quarter-on-quarter performance with net profit rising to RM1.1 million from RM0.7 million in the preceding quarter. This improvement was primarily attributed to increased revenue from development projects and subscription sales, as well as a slight reduction in operating expenses due to staff attrition and improved resource allocation.

16. COMMENTARY ON PROSPECTS AND TARGETS

Initially hit with a 24% US reciprocal tariff in early April 2025, lighter than many ASEAN peers, Malaysia's US tariff was subsequently revised upwards to 25%. On the eve of 1 August 2025, following successful diplomatic engagement, Malaysia's US tariff was reduced to 19%, comparable with the recent revised US tariffs for its ASEAN counterparts, namely; Indonesia, Thailand, Cambodia and the Philippines, and just a touch below Vietnam's 20%. This realignment reflects US's recognition of Malaysia's improved market access and trade reciprocity. Although Malaysia has lost its US tariff comparative advantage over its ASEAN counterparts in the most recent revision, it is still ahead in competitiveness over its ASEAN peers as it has a more established electrical and electronics (E&E) ecosystem which is crucial to enable supply chain efficiency. As such, Malaysia is likely to continue to be the preferred choice for EMS relocation. On another note, historically, the Group's EMS exposure to the US has been limited, averaging around 10% of total EMS revenue, with a predominant Euro-centric focus where 50-70% of its business being derived from European clients. This geographic mix offers a degree of insulation from direct US tariff headwinds.

For the first half of the year ended 30 June 2025, the K-One Group delivered sales of RM123.1 million against RM89.6 million for the corresponding period last year, representing a stellar increase of 37%, driven by the vibrant growth in both the EMS and Cloud businesses, especially the spectacular sales jump in the Cloud business.

EMS sales clocked-in at RM52.7 million in 1H'25 as compared with RM46.8 million in the corresponding period last year, representing an increase of 13% due mainly to new customer acquisitions in the medical/healthcare, industrial and consumer electronics segments.

The Cloud business generated sales revenue of RM70.4 million in 1H'25 as compared with RM42.8 million in the corresponding period last year, marking a surge of 64% on stronger recurring revenue, expanded development and infrastructure projects, streaming of new customers and enhanced contributions from the subsidiaries in Singapore, Indonesia and Vietnam.

Despite the US tariff uncertainties in 1H'25 and the prevailing global macroeconomic disruptions, the K-One Group managed to emerge with commendable business growth. Moving forward to 2H'25, barring unforeseen circumstances, the Group is cautiously optimistic and expects to see sales trending higher than 1H'25 based upon the rationales and expectations illustrated below in the EMS and Cloud businesses' prospects respectively.

16. COMMENTARY ON PROSPECTS AND TARGETS (Cont'd)

EMS Business

1) The Group will step up concerted focus on Europe, Japan, Australia, and Canada to mitigate the unpredictable US tariff headwinds. These target geographies typically offer more stable, forecastable demand for regulated and quality-assured products, providing a conducive environment for long-term partnerships. This market recalibration is expected to yield improved demand consistency and margin visibility. Meanwhile, the Group will remain vigilant to cherry-pick new customers from the US market which are less sensitive to the US tariffs but are adamant to diversify their manufacturing risks with multiple sites in different geographical locations. Such opportunities in the US are still aplenty and the Group will focus on them.

2) The EMS trajectory has strategically been positioned to specialize on medical devices, diagnostics machines, industrial equipment and IoT gadgets. These segments demand compliance, precision, and technical competency where the Group's Malaysian manufacturing footprint and skilled workforce offer a competitive advantage. This strategic pivot aligns with the global trend of supply chain diversification away from China ("China + 1 or + 2" strategy), enabling the Group to serve as a dependable alternative within the Asia-Pacific region. The move into higher-value, niche manufacturing is expected to enhance margin profile while deepening integration with customers' long-term product roadmaps.

3) The EMS business growth in the near-to-medium term will be underpinned by expanding contributions from the ongoing new product development initiatives for new customers from the industrial, medical and consumer electronics segments. Concurrently, the re-scaling of electronic headlamp manufacturing is set to complement the EMS product mix, adding both volume resilience and technical depth to the business in subsequent quarters. The Group remains committed to meeting local content rules to qualify for the "Made in Malaysia" designation, reinforcing its position as a preferred, trusted and compliant manufacturing partner.

16. COMMENTARY ON PROSPECTS AND TARGETS (Cont'd)

Cloud Business

1) The Cloud business is set to unlock further growth in 2H 2025, driven by rising cloud adoption, spurred by AI applications in both Malaysia and emerging regional markets such as Vietnam and Indonesia. On the Cloud front, demand is accelerating across regulated sectors including financial services, healthcare and manufacturing, where secure and compliant infrastructure is essential. Similarly, in Vietnam and Indonesia, early-stage digitalisation efforts are gaining traction, especially within public sector and enterprise clients seeking scalable, compliant cloud solutions. As a premier cloud partner with hybrid deployment capabilities, the Group is well-positioned to serve this expanding base. Its proven ability to meet higher regulatory and operational requirements, especially those of enterprise and public sector clients reflects its strength in delivering enterprise-grade compliance, security and performance. Backed by multiple awards from AWS and Google and a first-mover advantage in regional cloud enablement, the Group is strategically aligned to capture the next wave of cloud-driven transformation spurred by Malaysia's National Cloud Computing Policy (NCCP) targeting leadership in the regional cloud and digital hub space by 2030.

2) The Cloud business stands to benefit from strengthened partnerships with hyperscalers, augmented by its recently acquired badge as an AWS Managed Service Provider (MSP), among other accreditations. This brings enhanced access to technical support, co-marketing opportunities and scalable infrastructure deployment, both locally and regionally. In parallel, rising cybersecurity risks are intensifying demand for zero-trust architecture, advanced threat protection and compliance-as-a-service. These needs are consistent across Malaysia, Vietnam and Indonesia, where regulatory scrutiny and enterprise risk awareness are on the rise, creating meaningful expansion opportunities for the Group's cloud-native security offerings.

3) To address the national cloud talent shortage, the Group continues to invest in structured in-house training, certification programmes and participation in public upskilling initiatives. This supports the reskilling of local talent into higher-paying, high-demand roles, strengthening delivery capability and workforce retention. This strategy is mirrored regionally, where the Group invests in developing local talent in Vietnam and Indonesia through training and certification initiatives. Collectively, these efforts reinforce long-term client trust and operational sustainability in both home and regional markets in the ensuing quarters. Looking ahead, cloud computing is becoming foundational digital infrastructure across ASEAN, driving AI readiness, data sovereignty and economic resilience. With recognized capabilities, premier partnerships and a strong local-regional execution model, the Group is primed to drive growth with this transformation.

16. COMMENTARY ON PROSPECTS AND TARGETS (Cont'd)

Healthcare Business

1) In the Healthcare business, growth prospects remain positive despite slower procurement cycles. As the exclusive distributor of Diversey hygiene-care products, the Group continues to strengthen its presence across hospitals, elderly care facilities and the food and beverage sector. In addition, the Healthcare business is actively promoting a range of specialized Diversey equipment to further enhance cleaning efficiency and drive wider market adoption. Rising demand for high quality, eco-conscious hygiene solutions is projected to accelerate sales momentum as the year progresses.

2) Expanding its healthcare portfolio, the Group has entered into an exclusive four-year distribution agreement with UK-based CIGA Healthcare. Under this arrangement, K-One Wellness Sdn Bhd, a wholly owned subsidiary, will distribute CIGA's fertility and general healthcare self-test kits in Malaysia. Subject to obtaining the requisite approvals from the Medical Device Authority (MDA), the products rollout are expected to contribute steady sales moving forward.

3) The Group's recent appointment by Mindray to distribute Automated External Defibrillators (AEDs) on a non-exclusive basis to non-hospitals in Malaysia is timely with the government considering introducing regulations to install AEDs in public places, including transportation hubs, shopping malls, sports complexes, schools and work premises. This positions the Group to capture emerging demand driven by increased public awareness and policy momentum. To support business expansion and strengthen market credibility, the Group is investing in in-house CPR certification to enhance staff competencies and participating in trade exhibitions to elevate brand visibility. Additionally, on 7 August 2025, its wholly-owned subsidiary, K-One Wellness Sdn Bhd, entered into a Memorandum of Agreement with MyResQ Sdn Bhd, appointing MyResQ as its official CPR and First Aid Training Partner to boost CPR capabilities among the working population and promote emergency response education. These initiatives are expected to drive incremental revenue opportunities and strengthen the Group's foothold in the growing emergency response solutions segment.

Across its three core businesses - EMS, Cloud, and Healthcare, the Group is advancing a strategic pivot centered on resilience, specialisation and sustainable value creation. Backed by a debt-free balance sheet and a robust cash position of RM53.0 million, the Group is well-capitalized to drive organic growth and selectively pursue synergistic acquisitions in alignment with its long-term strategic priorities. In the face of ongoing macroeconomic headwinds, the Group's financial strength, operational discipline and focused sectoral repositioning collectively provide a resilient foundation to navigate volatility and seize emerging opportunities.

17. INTANGIBLE ASSETS

Figures in RM'000	Ventilator Development	Software Development	Total
Cost			
At 1 January 2025	3,659	337	3,996
Addition	-	50	50
	<u>3,659</u>	<u>387</u>	<u>4,046</u>
Accumulated amortisation			
At 1 January 2025	-	304	304
Amortisation charged	-	10	10
	<u>-</u>	<u>314</u>	<u>314</u>
Net carrying value At 30 June 2025	<u>3,659</u>	<u>73</u>	<u>3,732</u>

Figures in RM'000	Ventilator Development	Software Development	Total
Cost			
At 1 January 2024	2,019	89	2,108
Addition	726	-	726
	<u>2,745</u>	<u>89</u>	<u>2,834</u>
Accumulated amortisation			
At 1 January 2024	-	39	39
Amortisation charged	-	8	8
	<u>-</u>	<u>47</u>	<u>47</u>
Net carrying value At 30 June 2024	<u>2,745</u>	<u>42</u>	<u>2,787</u>

18. INCOME TAX EXPENSE

	3 months ended		YTD 6 months ended	
	30.6.2025	30.6.2024	30.6.2025	30.6.2024
	RM'000	RM'000	RM'000	RM'000
Current corporate tax expense	370	32	654	430
Deferred tax income	-	108	-	324
Total Income Tax Expense	<u>370</u>	<u>140</u>	<u>654</u>	<u>754</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the period.

19. PURCHASES OR SALES OF UNQUOTED SECURITIES AND PROPERTIES

There were no purchases or disposal of unquoted securities and properties during the financial quarter.

20. QUOTED SECURITIES

There were no purchases or disposal of quoted securities during the financial quarter under review.

21. CORPORATE PROPOSALS

Save as disclosed below, there are no other corporate proposals announced but not completed as at the reporting date:

The Company's wholly-owned subsidiary, K-One Wellness Sdn. Bhd. ("K-One Wellness") had on 7 August 2025 entered into a Memorandum of Agreement with MyResQ Sdn. Bhd. ("MyResQ"). This collaboration designates MyResQ as the Cardiopulmonary Resuscitation (CPR) and First Aid Training Partner for K-One Wellness.

22. BORROWINGS AND DEBTS SECURITIES

The Group has neither any secured nor unsecured borrowings as at 30 June 2025.

23. OFF BALANCE SHEET FINANCIAL INSTRUMENTS

As at the end of the current quarter and up to the date of this report, there are no off-balance sheet financial instruments which have a material impact to the financial statements under review.

24. CHANGES IN MATERIAL LITIGATION

As at the date of this report, the Group is not engaged in any material litigation as plaintiff or defendant and the Directors do not have any knowledge of any proceedings pending or threatened against the Group.

25. PROPOSED DIVIDEND

There is no dividend proposed in the current quarter and the previous corresponding quarter.

26. EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

Diluted earnings per share are based on the profit for the period attributable to equity holders of the Company and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares.

Basic/Diluted earnings per share

	3 months ended		YTD 6 months ended	
	30.6.2025	30.6.2024	30.6.2025	30.6.2024
Profit attributable to equity holders of the parent (RM'000)	320	1,008	990	2,831
Weighted average number of ordinary shares in issue ('000)	832,007	832,007	832,007	832,007
Basic/Diluted earnings per ordinary share (sen)	0.04	0.12	0.12	0.34

27. AUTHORISED FOR ISSUE

The interim financial statements are authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 25 August 2025.

BY ORDER OF THE BOARD

LIM LI HEONG (MAICSA 7054716)
WONG MEE KIAT (MAICSA 7058813)
Company Secretaries

25 August 2025