

KOTRA INDUSTRIES BERHAD
[REGISTRATION NO. 199901022732 (497632-P)]

Health For Life

ANNUAL REPORT 2026

OUR VISION

HUMANISING HEALTH

Everyone deserves a healthier tomorrow

OUR MISSION

To be the centre of excellence for the pharmaceutical industry

OUR CORE VALUES

- We act with integrity
- We deliver on commitment
- We are customer oriented
- We work with passion and strong team spirit
- We believe everything is possible

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Form of Proxy



CORPORATE INFORMATION

BOARD OF DIRECTORS

DATUK JAMALUDIN BIN NASIR
Independent Non-Executive Chairman

LEE MIN ON
Independent Non-Executive Director

PIONG TECK ONN
Managing Director

DATUK PIONG TECK YEN
Non-Independent Non-Executive Director

CHIN SWEE CHANG
Executive Director

PIONG CHEE KUAN
Non-Independent Non-Executive Director

AUDIT COMMITTEE

Lee Min On (Chairman)
Datuk Jamaludin bin Nasir
Piong Chee Kuan

REMUNERATION COMMITTEE

Datuk Jamaludin bin Nasir (Chairman)
Lee Min On
Piong Chee Kuan
Piong Teck Onn

NOMINATION COMMITTEE

Datuk Jamaludin bin Nasir (Chairman)
Lee Min On
Piong Chee Kuan

COMPANY SECRETARIES

Chua Siew Chuan
(MAICSA 0777689) (SSM PC NO. 201908002648)

Tan Ley Theng
(MAICSA 7030358) (SSM PC NO. 201908001685)

SOLICITORS

Chee Siah Le Kee & Partners
Advocates & Solicitors
No. 2B, Jalan KLJ 4,
Taman Kota Laksamana Jaya,
75200 Melaka, Malaysia.
Tel : 06-283 3423
Fax : 06-284 7251

REGISTERED OFFICE

No. 60-1, Jalan Lagenda 5,
Taman 1 Lagenda,
75400 Melaka, Malaysia.
Tel : 06-288 0210
Fax : -
Email : info@sshsb.com.my

BUSINESS OFFICE

No. 1, 2 & 3, Jalan TTC 12,
Cheng Industrial Estate,
75250 Melaka, Malaysia.
Tel : 06-336 2222
Fax : 06-336 6122

REGISTRAR

Mega Corporate Services Sdn. Bhd.
[Registration No. 198901010682 (187984-H)]
Level 15-2, Faber Imperial Court,
Jalan Sultan Ismail,
50250 Kuala Lumpur, Malaysia.
Tel : 03-2692 4271
Fax : 03-2732 5388
Email : mega-info@megacorp.com.my

AUDITORS

Crowe Malaysia PLT
201906000005 (LLP0018817 – LCA) & AF 1018
52, Jalan Kota Laksamana 2/15,
Taman Kota Laksamana, Seksyen 2,
75200 Melaka, Malaysia.
Tel : 06-282 5995
Fax : 06-283 6449

PRINCIPAL BANKER

Malayan Banking Berhad (Maybank)

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
Main Market
Stock Name : KOTRA
Stock Code : 0002
Sector : Health Care
Sub-sector : Pharmaceuticals



DIRECTORS' PROFILE



DATUK JAMALUDIN BIN NASIR
Independent Non-Executive Chairman
65, Malaysian, Male
Date appointed: 2 January 2017

Board Committee memberships:
- Chairman, Remuneration Committee
- Chairman, Nomination Committee
- Audit Committee

Academic qualification:
- Master of Business Administration (MBA) from Texas A&M International University (formerly known as Laredo State University)
- Bachelor of Science in Finance & Business Economics, Southern Illinois University
- Bachelor of Arts in Economics, Southern Illinois University
- Alumni of Bank Negara Malaysia ICLIF Global Leadership Development Programme

Experience and career path:
- SMH Rail as Senior Group Advisor: January 2025 to date.
- Malaysian Rating Corporation Bhd. / MARC Rating:
  - Advisor: June 2024 till November 2024
  - Group Chief Executive Officer from December 2019 till May 2024
  - Chairman, Rating Committee from September 2019 till November 2019
  - Member, Rating Committee from September 2014 till June 2024
- Asian Finance Bank (now known as MBSB Bank) as Deputy Chief Executive Officer from July 2010 till May 2012.
- Maybank as Group Chief Credit Officer from July 2005 till June 2010.
- Dresdner Kleinwort Wasserstein, as its Chief Operating Officer, Malaysia and Director, Capital Markets and Syndicate, Asia Pacific ex Japan based in Singapore from June 1999 till June 2005.
- Dresdner Bank AG, as General Manager and Group Principal Officer, Malaysia from February 1997 till June 2005.
- Kwong Yik Bank (presently known as RHB Bank) as Divisional Head, Corporate Banking and Capital Markets: February 1986 till January 1997.

Other Boards, associations or affiliations:
- Past Board Member of MARC Ratings Bhd.
- Past Board Member of MARC Solutions Sdn. Bhd.
- Past Board Member of MARC Data Sdn. Bhd.
- Past Board Member of Bank Pembangunan Malaysia Berhad

Any Other Directorship in public companies and listed issuers:
- Swift Haulage Berhad
- Affin Hwang Investment Bank Berhad
- EI Power Berhad

Relationships with other Directors/Substantial Shareholders:
- No relationship

Board Meeting attendance during the financial year ended 30 June 2026:
- Has attended all five (5) Board meetings



PIONG TECK ONN
Managing Director
68, Malaysian, Male
Date appointed: 5 June 2000

Board Committee memberships:
- Remuneration Committee

Academic qualification:
- Bachelor of Science in Pharmacy (University of Wales, Cardiff, United Kingdom)

Experience and career path:
- Completed his pre-registration training in a retail and wholesale pharmacy, City Chemist & Asia Pharmacy.
- Joined Kotra Pharma (M) Sdn. Bhd. ("KPM") in January 1984 and pioneered the development of KPM's manufacturing, marketing, research and development ("R&D") departments.
- With experience of more than 43 years and through his protracted efforts, he has also introduced a number of conventional dosage forms ranging from tablets, capsules, creams, ointments, wet and dry syrups as well as injectables, both aseptically and terminally sterilised.
- Under his leadership, KPM has grown from a locally established pharmaceutical company to an internationally recognised company, producing well-known brands such as Appeton, Axcel and Vaxcel.
- Responsible for the Group's overall operations, business strategic directions and driving the Group's initiatives towards achieving its set of goals.

Committee served:
- Chairman of the ASEAN Pharmaceutical Industry Club ("APC") (2008-2009)

Associations or affiliations:
- Past President of the Malaysian Organisation of Pharmaceutical Industries ("MOPI")
- Past Branch Committee Member of Federation of Malaysian Manufacturers ("FMM"), Melaka Branch
- Past Committee Member of FMM Belt & Road Initiative and China Affairs
- Former Member of Sectoral Training Committees ("STCs") for Chemicals & Chemical-Based Products under Human Resource Development Corporation ("HRD Corp")
- Current Executive Council Member of MOPI
- Chairman of Pharma Manufacturing Hub (Export) Sub-Committee under Pharmaceutical Productivity Nexus ("PPN")
- Member of MyMAHIR Future Skills Talent Council ("FSTC") Biopharma & Manufacturing Sector

Any Other Directorship in public companies and listed issuers:
Nil

Relationships with other Directors/Substantial Shareholders:
- Brother of Datuk Piong Teck Yen
- Married to Chin Swee Chang
- Uncle of Piong Chee Kuan

Board Meeting attendance during the financial year ended 30 June 2026:
- Has attended all five (5) Board meetings

DIRECTORS' PROFILE (CONT'D)



CHIN SWEE CHANG
Executive Director
69, Malaysian, Female
Date appointed: 5 June 2000

Academic qualification:
- Bachelor of Science (Hons) in Data Processing (University of Leeds, United Kingdom)

Experience and career path:
- She has more than four decades of experience in information technology, business systems, digital transformation and organisational management, having progressed from a programmer to senior management and Chief Information Officer.
- She began her career in 1982 in software development, subsequently taking on increasingly senior roles in systems analysis, IT management and electronic data processing, including serving as Head of the Electronic Data Processing Department at Robert Bosch (Southeast Asia).
- Since joining KPM in 1993, she has played a key role in the company's technology transformation, including the transition from standalone computing to an integrated networked environment incorporating MRP, financial and distribution systems. She subsequently led the implementation and upgrading of enterprise systems and established an in-house IT team.
- As Chief Information Officer, she was responsible for Management Information Systems, Order Processing and Administration, and later served as Project Manager for the implementation of SAP from 2008 to 2009, replacing the legacy ERP system.
- Her experience also includes the introduction of mobile sales technology using iPads, bringing customer and order information directly to the sales team and supporting greater operational efficiency.
- Beyond technology and business systems, she has been actively involved in employee welfare, workplace well-being and corporate events, including serving as an organiser and advisor for the company's triennial events over the years.
- Her career combines technology leadership, business transformation, operational management and long-term organisational experience, giving her a broad understanding of both the technical and business dimensions of corporate operations.

Any Other Directorship in public companies and listed issuers:
Nil

Relationships with other Directors/Substantial Shareholders:
- Sister-in-law of Datuk Piong Teck Yen
- Married to Piong Teck Onn
- Aunt of Piong Chee Kuan

Board Meeting attendance during the financial year ended 30 June 2026:
- Has attended all five (5) Board meetings



LEE MIN ON
Independent Non-Executive Director
66, Malaysian, Male
Date appointed: 2 January 2017

Board Committee memberships:
- Chairman, Audit Committee
- Remuneration Committee
- Nomination Committee

Professional qualification:
- Chartered Accountant (M), Malaysian Institute of Accountants
- Certified Public Accountant (M), Malaysian Institute of Certified Public Accountants
- Fellow (CFIIA), Institute of Internal Auditors Malaysia

Experience and career path:
- Began his career with Peat Marwick Mitchell & Co. (now known as KPMG PLT) in 1979 and retired as a partner of the firm after serving 36 years in the Audit and Consulting Divisions.
- Co-authored the "Corporate Governance Guide: Towards Boardroom Excellence" 1st and 2nd Editions, published by Bursa Malaysia Securities Berhad ("Bursa Securities").
- Served in the Task Force set up by Bursa Securities that was responsible for the development of the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" in 2012.

Any Other Directorship in public companies and listed issuers:
- Lii Hen Industries Bhd.
- Gadang Holdings Berhad

Relationships with other Directors/Substantial Shareholders:
- No relationship

Board Meeting attendance during the financial year ended 30 June 2026:
- Has attended all five (5) Board meetings

DIRECTORS' PROFILE (CONT'D)



DATUK PIONG TECK YEN
Non-Independent Non-Executive Director
59, Malaysian, Male
Date redesignated: 1 February 2019

Academic qualification:
- Lewisham College, United Kingdom

Experience and career path:
- Responsible for marketing and sales activities of Kwong Onn Tong Sdn. Bhd. ("KOT") in 1989.
- Sales Manager of KPM in 1989.
- Marketing Manager of KPM in 1995 and was instrumental in formulating and implementing promotions aimed at creating brand awareness.
- Served as the Business Director of KPM who was responsible for the development of exports and international marketing activities of the Group.

Awards:
- DMSM, DSM, PJK, JP

Any Other Directorship in public companies and listed issuers:
Nil

Relationships with other Directors/Substantial Shareholders:
- Brother of Piong Teck Onn
- Brother-in-law of Chin Swee Chang
- Uncle of Piong Chee Kuan

Board Meeting attendance during the financial year ended 30 June 2026:
- Has attended all five (5) Board meetings



PIONG CHEE KUAN
Non-Independent Non-Executive Director
39, Malaysian, Male
Date appointed: 1 February 2025

Board Committee memberships:
- Audit Committee
- Remuneration Committee
- Nomination Committee

Academic qualification:
- Master of Pharmacy (University of Nottingham) (2010)
- Registered Pharmacist (General Pharmaceutical Council ("GPhC"))

Experience and career path:
- Began his career as a pharmacist at Walgreens Boots Alliance United Kingdom Division in 2011 and progressed to management roles. Managed operational optimisation, rebranding and renovations, staff training, budgeting and change management, consistently delivering superior performance outcomes and earning recognition for leadership excellence.
- Senior Leadership at Walgreens Boots Alliance Asia Division (2016-2024): Directed the strategic expansion and operational setup of Boots stores and brands across Europe and Asia. Concurrently led central operations at headquarters level, implementing global strategies that enhanced efficiency and performance across Boots stores globally (13 countries).
- Played a pivotal role during a key assignment in Shanghai, China by directing Retail Optimisation programmes that successfully integrated international best practices with local market needs, significantly boosting regional sales and operational effectiveness.
- Currently the Project Manager at Lonnix (M) Sdn. Bhd. since April 2024, spearheaded new product research and market expansion across Asia. Specialised in leveraging best practices from Southeast Asian ("SEA") markets and integrating advanced industry solutions to optimise operations and enhance product offerings.

Any Other Directorship in public companies and listed issuers:
Nil

Relationships with other Directors/Substantial Shareholders:
- Nephew of Piong Teck Onn, Datuk Piong Teck Yen and Chin Swee Chang

Board Meeting attendance during the financial year ended 30 June 2026:
- Has attended all five (5) Board meetings

DIRECTORS' PROFILE (CONT'D)

Additional Information

i. Directorship in public companies and listed issuers

Save as disclosed above, none of the Directors holds any directorships in any other public companies and listed issuers.

ii. Family relationship with Director and/or Substantial Shareholder

Save as disclosed herein, none of the Directors has any family relationship with any other Director and/or substantial shareholder of Kotra Industries Berhad.

iii. Conflict of Interest/Potential Conflict of Interest

Save for the related party disclosures in the Circular to Shareholders dated 27 October 2026, none of the Directors has any conflict of interest or potential conflict of interest, including interest in any competing business with Kotra Industries Berhad and/or its subsidiaries.

iv. Conviction for offences

Other than traffic offences, none of the Directors has any conviction for offences within the past five (5) years and has no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2026.

KEY SENIOR MANAGEMENT'S PROFILE

CHEAH MING LOONG

Chief Operating Officer
55, Malaysian, Male
Date appointed: 1 November 2015

Academic qualification:

- Bachelor of Science in Pharmacy (Liverpool John Moores University, United Kingdom)
- MBA in Marketing (University of Southern Queensland, Australia)

Experience and career path:

- 31 years of pharmaceutical experience in both the patent and generic drugs industry.
- Currently, responsible for the daily operation and the strategic development of Kotra Pharma (M) Sdn. Bhd. ("KPM") for Malaysia and international markets.
- Has keen involvement and consultation with the Ministry of Health, Malaysia on matters relating to the development of the local generic industry, guidelines & policies.
- Committee member for FMM Branding & Intellectual Property (IPR) for the term 2021-2028.
- Advisory Board for the Pharmacy Faculty, Universiti Malaya for the term 2024-2028.

Associations and affiliations:

- Member of Malaysian Pharmacists Society ("MPS")
- Member of Malaysian Organisation of Pharmaceutical Industries ("MOPI")
- Member of Federation of Malaysian Manufacturers ("FMM")

DANIEL CHUA CHONG LIANG

Chief Financial Officer
52, Malaysian, Male
Date appointed: 1 July 2003

Academic qualification:

- Bachelor of Business (Accounting) (University of Technology Sydney)

Experience and career path:

- More than 29 years of working experience and 23 years of experience in the pharmaceutical industry.
- Worked in the big six (6) international accounting firm with experience in the areas of audit and taxation.
- Currently, responsible for the financial management of Kotra Industries Berhad ("KIB") and its subsidiaries.

Associations and affiliations:

- Member of Malaysian Institute of Accountants ("MIA")

KEY SENIOR MANAGEMENT'S PROFILE (CONT'D)

PIONG CHEE WEI

Executive Director of KPM, a subsidiary of KIB
41, Malaysian, Male
Date appointed: 1 July 2021

Academic qualification:

- Master of Pharmacy (University of London, United Kingdom)

Experience and career path:

- More than 14 years of experience in the pharmaceutical industry.
- Responsible for overseeing the daily operations and strategic development of KPM's over-the-counter ("OTC") sales and marketing department.

Associations and affiliations:

- Past President of MPS (Melaka Area)
- Member of MPS
- Alternate Member of MOPI
- Alternate Member of MyMAHIR Future Skills Talent Council ("FSTC") Biopharma & Manufacturing Sector

Relationships with other Directors/Substantial Shareholders:

- Son of Piong Teck Onn and Chin Swee Chang
- Nephew of Datuk Piong Teck Yen
- Cousin of Piong Chee Kuan

Additional Information

i. Directorship in public companies and listed issuers
None of the Key Senior Management holds any directorships in any other public companies and listed issuers.

ii. Family relationship with Director and/or Substantial Shareholder
Save as disclosed herein, none of the Key Senior Management has any family relationship with any other Director and/or substantial shareholder of Kotra Industries Berhad.

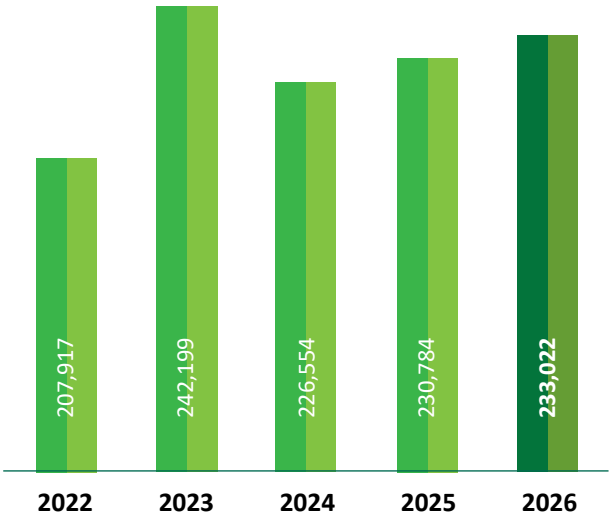
iii. Conflict of Interest/Potential Conflict of Interest
Save for the related party disclosures in the Circular to Shareholders dated 27 October 2026, none of the Key Senior Management has any conflict of interest or potential conflict of interest, including interest in any competing business with Kotra Industries Berhad and/or its subsidiaries.

iv. Conviction for offences
Other than traffic offences, none of the Key Senior Management has any conviction for offences within the past five (5) years and has no public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 30 June 2026.

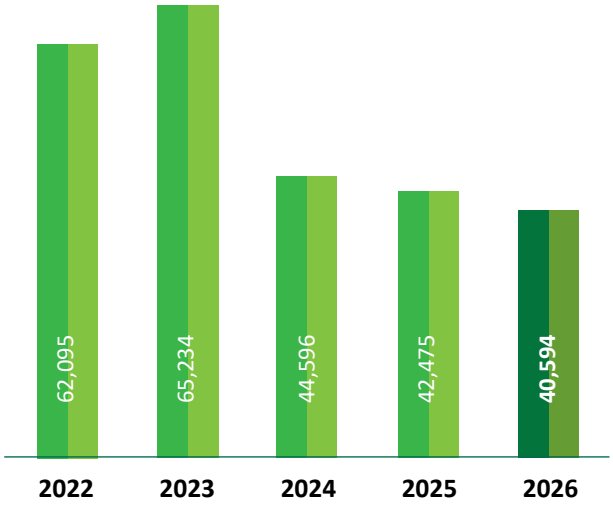
FINANCIAL HIGHLIGHTS

	2022 (RM'000)	2023 (RM'000)	2024 (RM'000)	2025 (RM'000)	2026 (RM'000)
Revenue	207,917	242,199	226,554	230,784	233,022
Profit before tax	58,279	66,076	56,474	51,356	51,645
Profit after tax	62,095	65,234	44,596	42,475	40,594
Shareholders' equity	244,140	271,079	275,439	280,094	288,059
Net assets per share (RM)	1.65	1.83	1.86	1.89	1.94
Gearing ratio (Times)	0.03	0.00	0.00	0.01	0.09
Return on assets (%)	20.76	19.75	13.16	12.19	10.86
Return on equity (%)	25.43	24.06	16.19	15.16	14.09

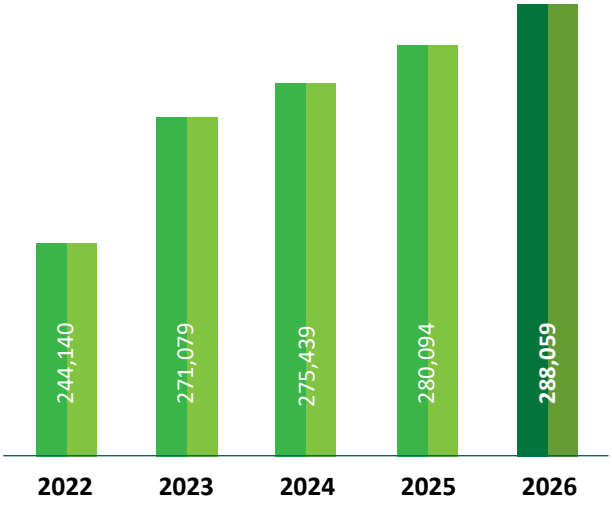
REVENUE (RM'000)



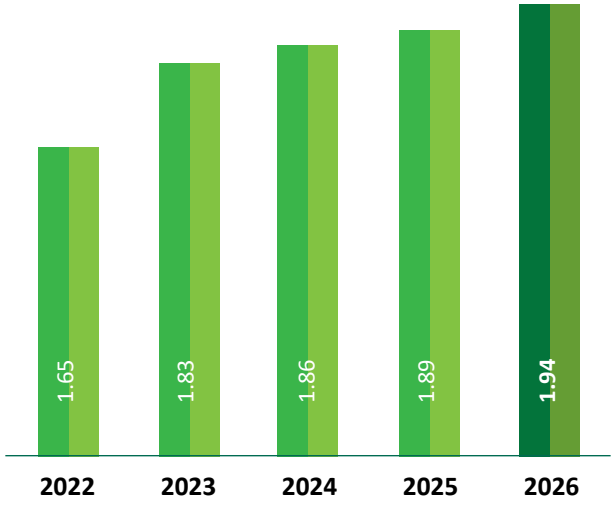
PROFIT AFTER TAX (RM'000)



SHAREHOLDERS' EQUITY (RM'000)



NET ASSETS PER SHARE (RM)



CHAIRMAN'S STATEMENT



Dear Valued Shareholders,

On behalf of the Board of Directors ("Board"), I am pleased to present the performance and achievements of Kotra Industries Berhad and its subsidiaries ("Group") for the financial year ended 30 June 2026.

This marks another year of steady progress for the Group as we continued to sustain our performance, maintain prudent financial management and focus on quality investment to support future growth. The Group once again earned recognition at The Edge Malaysia Centurion Club Corporate Awards, winning "Highest Growth in Profit After Tax Over Three Years" and "Highest Returns to Shareholders Over Three Years", our fifth consecutive year receiving this honour within the healthcare sector.

Our Financial Performance

The Group remained resilient during the financial year under review amid geopolitical uncertainties, evolving global trade conditions and continued cost pressures. Despite these challenges, demand for the Group's healthcare products remained steady in the local market, with domestic sales increasing from RM155.54 million in the preceding financial year to RM164.19 million in the current financial year, providing a stable foundation for the Group's performance. Meanwhile, export sales declined from RM75.25 million to RM68.83 million, mainly reflecting external headwinds affecting our overseas markets.

Overall, the Group recorded revenue of RM233.02 million, representing a marginal increase of approximately 1% from RM230.78 million in the preceding financial year. Profit before tax ("PBT") remained stable at RM51.65 million, reflecting the Group's ability to sustain its overall profitability despite continued cost pressures.

The Group continued to maintain a sound financial position while investing in the future of the business. Total assets increased by 7.3% to RM373.79 million, mainly due to continued investment in property, plant and equipment. These investments included the construction of a new automated warehouse and the expansion of our manufacturing capacity, which are expected to support future business needs and strengthen the Group's long-term competitiveness.

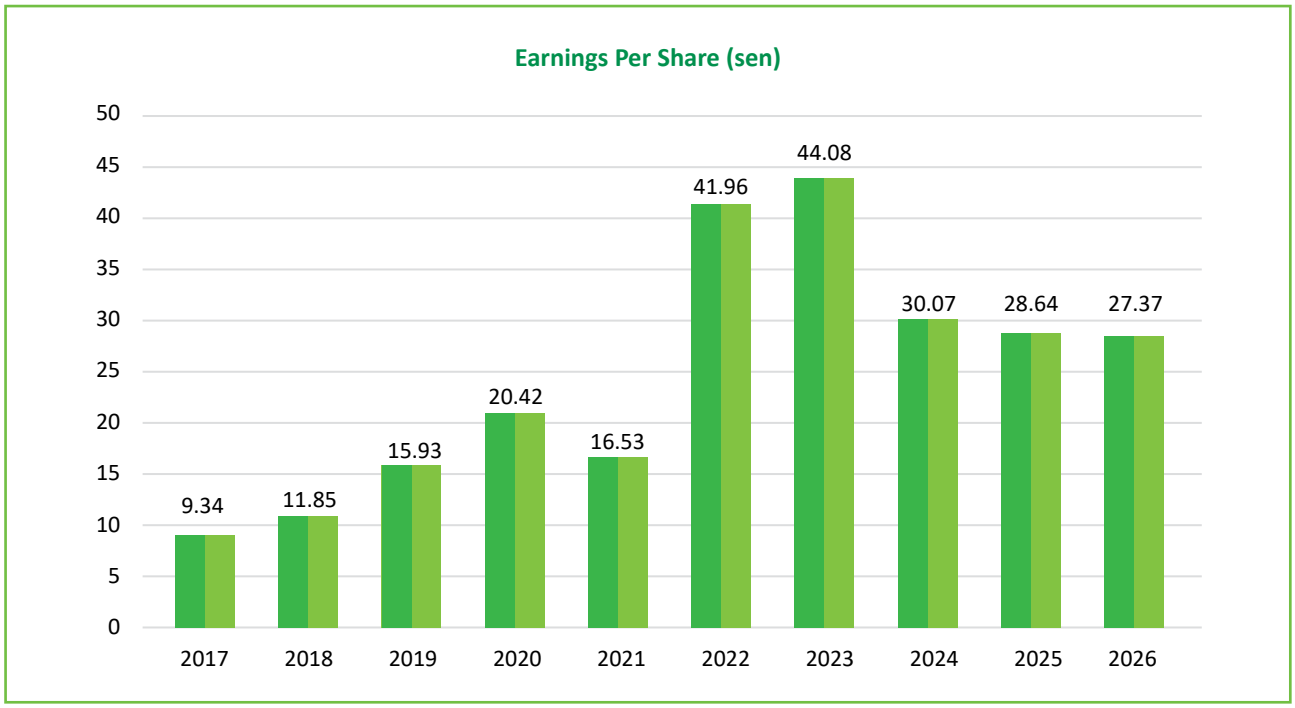
Total equity increased to RM288.06 million, supported by retained earnings. To support our expansion projects, the Group also increased its borrowings to RM23.77 million from RM1.53 million in the preceding financial year. While this resulted in higher borrowings, the funding has enabled the Group to proceed with important investments in the business. The Board remains committed to carefully managing these investments while maintaining sufficient financial flexibility to support our ongoing operations.

CHAIRMAN'S STATEMENT (CONT'D)

Rewarding Our Shareholders

In line with the Group's commitment to delivering sustainable and consistent returns to our shareholders, the Board declared and paid an interim single-tier dividend of 9.0 sen per ordinary share, amounting to RM13.35 million, on 23 April 2026 in respect of the financial year ended 30 June 2026.

For the financial year ended 30 June 2026, earnings per share ("EPS") moderated to 27.37 sen, compared with 28.64 sen in the preceding financial year. The chart below illustrates the Group's EPS trend since 2017:



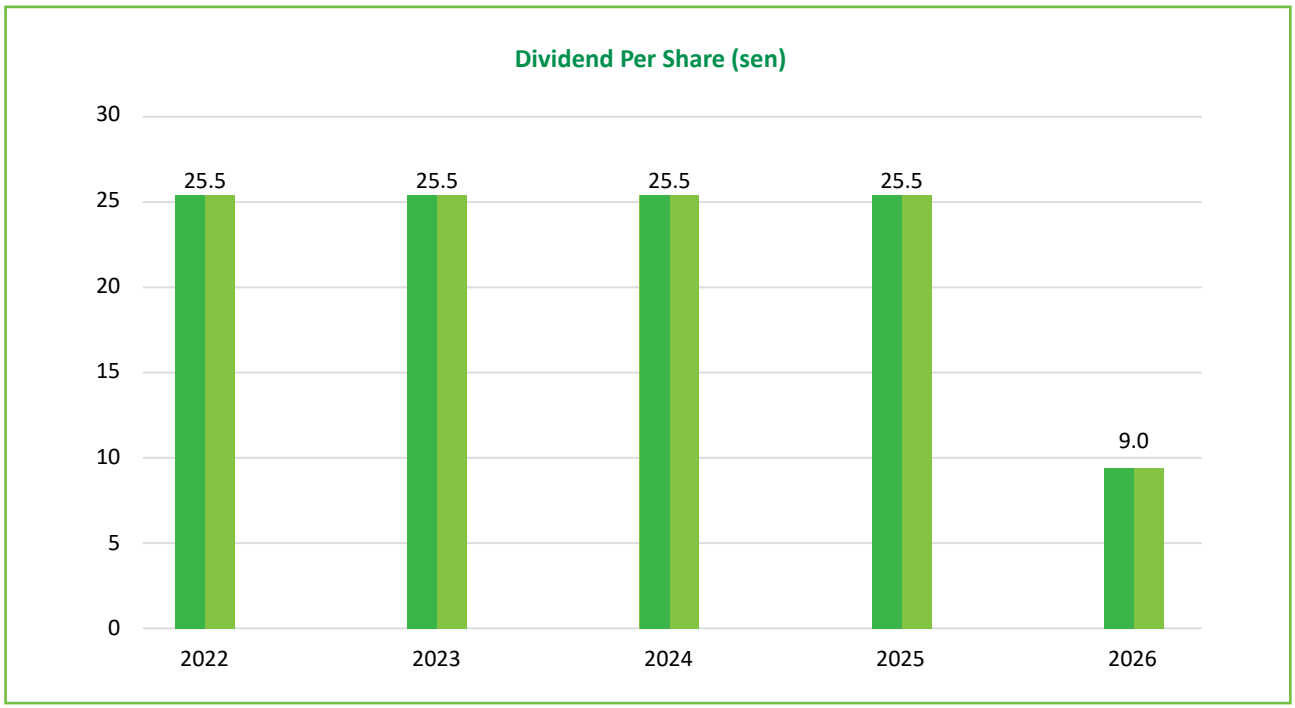
For the financial year under review, the total dividend per share ("DPS") was 9.0 sen, compared with 25.5 sen per share paid in each of the preceding four financial years. The lower dividend payout for the current financial year reflects the Group's prudent cash flow planning, with cash resources being retained to support the funding requirements of expansion projects. This approach allows the Group to balance shareholder returns with the need to fund strategic investments that are expected to contribute to the Group's long-term value creation.



CHAIRMAN'S STATEMENT (CONT'D)

Rewarding Our Shareholders (Cont'd)

The chart below illustrates the Group's DPS over the past five (5) years:



Our Commitment Towards Corporate Governance and Sustainability

Sound corporate governance remains fundamental to the Group's efforts to sustain stakeholders' trust and deliver long-term value. We remain committed to the ongoing review and strengthening of our policies, procedures and practices to keep pace with regulatory developments and industry standards. The Board continues to discharge its fiduciary responsibilities diligently, providing strategic direction and oversight across the Group's operations.

Integrity remains fundamental to everything we do. The Group maintains a zero-tolerance stance towards bribery, corruption and unethical conduct and continues to foster a culture of transparency, accountability and ethical decision-making. We continue to enhance our Enterprise Risk Management framework to identify and mitigate key risks facing the Group so as to safeguard the resilience of our operations.

Sustainability remains woven into how we operate, rather than a standalone initiative. The Group continues to invest in reducing our environmental footprint, developing our people and supporting the communities in which we operate, so that the value we create is shared broadly with all our stakeholders. We remain committed to nurturing a supportive and dynamic workplace culture that champions diversity, meritocracy and equity, empowering our employees to grow and contribute to the Group's continued success. In tandem, the Group remains mindful of evolving sustainability reporting requirements, including Malaysia's National Sustainability Reporting Framework and will continue to strengthen our practices in line with these developments. Further details of the Group's Economic, Environmental, Social and Governance performance and initiatives are set out in the Sustainability Statement section of this Annual Report.

Acknowledgement

I wish to express my sincere gratitude to Management and every employee across the Group for their dedication, hard work and commitment throughout the year. Your efforts and passion remain the driving force behind the Group's progress. I would also like to thank my fellow Board members for their invaluable guidance, insightful counsel and diligent oversight, which have been indispensable in steering the Group through another year of change and opportunity.

Finally, I extend my heartfelt appreciation to our business partners, bankers, suppliers, shareholders and customers for your trust and support. You remain instrumental to the Group's progress, and we look forward to your continued partnership as we work together to build a stronger and more sustainable future.

DATUK JAMALUDIN BIN NASIR
Independent Non-Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Dear Valued Shareholders,

I am pleased to present the Management Discussion and Analysis ("MD&A") of Kotra Industries Berhad ("Company") and its subsidiaries ("Group") for the financial year ended 30 June 2026. This MD&A provides an overview of the financial and operational performance of the Group for the financial year ended 30 June 2026, as well as the anticipated risks and outlook for the financial year ended 30 June 2027.



OVERVIEW

The Group is one of the leading pharmaceutical companies in Malaysia, engaged in developing, manufacturing and supplying pharmaceutical and healthcare products since its inception in 1982. The Group, headquartered in Melaka, Malaysia, currently has its manufacturing facilities in Melaka and a branch office located in Kuala Lumpur, which focuses on sales and marketing activities.

The Group offers a comprehensive portfolio of pharmaceutical and healthcare products designed to support every stage of life, from infancy to old age. Our product development strategy emphasises both treatment and prevention, spanning life-saving medicines, over-the-counter ("OTC") supplements, and nutrition. We have built a strong market presence through three core brands, namely Appeton, which provides premium OTC health supplements and nutrition for all life stages, from prenatal to geriatric; Vaxcel, a range of life-saving injectable medicines for infectious diseases, kidney failure, and gastroenterology; and Axcel, a portfolio of oral and topical medicines specialising in paediatrics, dermatology, and infectious diseases. As of the financial year ended 30 June 2026, we have a portfolio of more than 60 OTC products and 145 pharmaceutical products registered in Malaysia as well as in the international markets that we operate.

Guided by our vision "humanising health, where we believe everyone deserves a healthier tomorrow" and our strong workforce of close to 700 employees, we strive to bring a variety of safe and cost-efficient products accessible to everyone.

FINANCIAL REVIEW

For the financial year ended 30 June 2026, the Group recorded a revenue of RM233.02 million, a marginal increase of approximately 1% from the prior financial year's revenue of RM230.78 million. Local sales amounted to RM164.19 million, while overseas sales contributed RM68.83 million. This sustained performance reflects continued demand for the Group's product portfolio, which has remained resilient amid an evolving business landscape.

For the financial year under review, pharmaceutical products maintained their strong market presence, contributing 64% of total revenue, while OTC products accounted for the remaining 36%.

The Group recorded a profit before tax ("PBT") of RM51.65 million for the financial year 2026, representing a marginal increase of 0.6% from RM51.36 million in the preceding financial year. The stable PBT performance was broadly in line with the Group's top-line performance, reflecting the Group's ability to maintain overall profitability amid an evolving business environment and cost pressures. Overall, the Group continued to sustain its financial performance during the financial year under review.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

FINANCIAL REVIEW (CONT'D)

Despite the marginal increase in PBT, profit after tax ("PAT") declined by 4.4% to RM40.59 million from RM42.48 million in the preceding financial year. This was due to higher tax expenses recognised during the financial year, primarily due to an under-provision of tax in the preceding financial year and lower eligible deduction of tax incentives under double deduction in the current financial year.

During the reporting period, the Group drew down an additional RM22.24 million from a secured long-term bank loan facility, bringing the total amount drawn to RM23.77 million. The financial facility amounted to RM61.80 million, with the remaining balance of RM38.03 million expected to be drawdown in the next financial year. To maintain our current liquidity position, the Group adopts a balanced funding strategy for its expansion projects. This approach, underpinned by detailed cash management planning, ensures sufficient cash flow to support both expansion project requirements and core operational needs.

The proceeds have been strategically allocated to fund the construction of new automated warehousing facility and the addition of three (3) new manufacturing lines. These capital investments are essential for the Group to remain competitive and meet evolving market demands. While the financing will result in a higher gearing ratio, the Management believes these capital expenditures are necessary to secure the Group's long-term operational efficiency and strengthen its market position. These investments are expected to provide a solid foundation for sustainable growth and long-term value creation for shareholders.

OPERATIONS REVIEW

A. Manufacturing (Manufacturing Excellence)

In a pharmaceutical organisation, the quality, efficacy, and timely delivery of products are crucial success factors. For many years, the Group has established consistent adherence to regulatory requirements by having a strong internal quality control system and highly skilled team in place. Our manufacturing facilities comply with the current Good Manufacturing Practices ("cGMP") requirements of the Pharmaceutical Inspection Co-operation Scheme ("PIC/S") and our quality management system is certified to the standards of ISO 9001:2015, enabling our products to be consistently produced and controlled to the appropriate quality standards as required by the regulatory agencies. We also have ISO 17025 accreditation for our quality control laboratory to be competent in conducting tests and calibration.

Our current manufacturing capacity utilisation stands at approximately 20% to 40%, leaving us with a significant buffer to accommodate future growth. We believe that this healthy excess capacity, coupled with our state-of-the-art infrastructure and resources, enables our manufacturing facility to efficiently handle large-scale production while maintaining high-quality standards. This operational flexibility allows us to respond swiftly to shifts in market demand, meet both local and international orders, and seize new opportunities as they arise.

With the Group's existing storage capacity utilisation exceeding 90%, the new automated warehousing facility is being constructed to support the Group's future growth. The facility is expected to streamline inventory management, reduce manual handling, and enhance the Group's operational flexibility. This investment underscores our initiative to integrate automation technology, directly exposing our operations to next-generation logistics solutions to secure a lasting competitive advantage.

During the financial year, the Group obtained the Certificate of Completion and Compliance ("CCC") for the construction of its new automated warehousing facility. The project is currently at the warehouse racking installation stage, together with the testing and qualification of the warehouse management system. The facility is expected to be operational in the next financial year.

Meanwhile, the Group is expanding its manufacturing capabilities through the development of three (3) new manufacturing lines. These new production lines are designed to manufacture products with different dosage forms, strategically diversifying the Group's existing product portfolio. We anticipate this expansion to unlock new growth opportunities in both the local and international markets.

Of the three (3) new manufacturing lines, two (2) have completed installation and qualification and are currently awaiting final approval from National Pharmaceutical Regulatory Agency ("NPRA"). The remaining line is undergoing machine installation and is expected to complete installation and qualification by the end of the calendar year.

While the projects experienced some delays due to their inherent technical complexity, the Group's team remains committed and has been working diligently to navigate the challenges encountered throughout the implementation process. The Group continues to place strong emphasis on quality, safety and operational requirements, with the aim of ensuring that the projects are completed to meet their intended use and performance specifications.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OPERATIONS REVIEW (CONT'D)

A. Manufacturing (Manufacturing Excellence) (Cont'd)

Sustainability remains one of the Group's key priorities, as demonstrated by our investment in a solar photovoltaic ("PV") system at our manufacturing facility. This initiative reflects the Group's commitment to integrating environmental, social and governance ("ESG") considerations into our business strategies and operations. As expectations from regulators, investors and customers continue to evolve, the Group remains committed to identifying innovative solutions and further embedding sustainability across our operations. Further details of the Group's ESG initiatives and performance are set out in the Sustainability Statement of this Annual Report.



Construction of the new automated warehouse

B. New Product Development (Research and Development Excellence)

The pharmaceutical industry in which we operate is intensely competitive and rapidly evolving. To remain relevant and maintain a competitive edge, new product development is both a strategic necessity and a core focus. To deliver high-quality yet accessible products that are trusted by our customers and patients, we have consistently invested in our research and development ("R&D") capabilities, supported by a team of more than 40 dedicated and experienced employees.

The Group anticipates continued growth for local generic drug sales in the coming years. This demand is primarily driven by demographic shifts, including an ageing population and a rising prevalence of chronic diseases, compounded by ongoing inflationary pressures. As cost-of-living increases, cost-conscious consumers are actively seeking more affordable healthcare solutions. Generic drugs, which deliver the same therapeutic benefits as innovator products at a significantly lower cost, are ideally positioned to meet this growing need. Given this trend, we see substantial growth potential in the local generic market and are strategically focused on capitalising this opportunity.

During the financial year ended 30 June 2026, we launched four (4) pharmaceutical products, namely:

- Axcel Azithromycin-250mg Tablet;
- Axcel Prednisolone 5mg/5ml Syrup;
- Vaxcel Methylprednisolone-500mg for Injection or Infusion; and
- Vaxcel Polymyxin E 1M IU Powder for Injection, Infusion or Inhalation.

While the Group's R&D team continues to develop new generic products, the Group has, during the financial year, also invested significant efforts in exploring opportunities in the biopharmaceutical segment. Compared with generic products, biopharmaceutical products generally require longer development timelines and involve greater technical complexity and development challenges.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OPERATIONS REVIEW (CONT'D)

B. New Product Development (Research and Development Excellence) (Cont'd)

Notwithstanding these, the Group believes that expansion into this field represents a pivotal shift in the future pharmaceutical industry. The Group views the development of capabilities in this field as a strategic investment to strengthen its competitive position and support sustainable long-term growth. Building on these efforts, the Group will continue to strategically expand its product portfolio across both generic and biopharmaceutical segments to support future growth.

The Group is actively seeking partnerships with established leaders in the biopharmaceuticals field, both locally and internationally. We believe that such collaborations will facilitate valuable knowledge sharing and technology transfer, significantly benefitting the Group and enhancing our competitiveness in international markets. Given that biopharmaceuticals are typically administered in injectable forms, our four (4) injectable production lines, combined with our 20 years of experience in aseptic operations, uniquely position us to accelerate our transition to this advanced technology.

C. International Markets (Global Pharmaceutical Excellence)

Over the years, the Group has dedicated significant efforts towards strengthening our position in the international pharmaceutical market. Our global footprint now spans over thirty-seven (37) countries, with a primary focus on ASEAN markets. This strategic international expansion has been instrumental in diversifying our revenue streams and enhancing our global presence.

For the financial year under review, the Group's international division contributed RM68.83 million to the Group's overall revenue, representing an 8.5% decrease from RM75.25 million recorded in the preceding financial year. The decline was primarily attributable to challenging external conditions, including geopolitical developments and global trade uncertainties, as well as the increasing adoption of policies in certain overseas markets favouring local sourcing and self-sufficiency to strengthen domestic supply chains. Continued political instability in certain markets also affected the Group's international business.

Despite these challenges, the Group remains committed to expanding its international market reach and strengthening its presence across existing high-potential overseas markets, while exploring opportunities in new markets. The availability of additional manufacturing capacity is also expected to enhance the Group's ability to participate in overseas tender opportunities, particularly for the supply of pharmaceutical products to public sector healthcare providers. This provides the Group with opportunities to broaden its international product portfolio and build a sustainable pipeline for future overseas revenue growth.

D. Brand and Marketing (Brand and Marketing Excellence)

The Group believes that brand image is a critical driver in establishing customer loyalty and significantly influencing purchasing decisions. A strong brand not only differentiates us in the competitive market but also builds lasting relationships and credibility with our customers. Over the years, the Group has invested significantly in brand development, ensuring that our products are synonymous with quality, reliability and innovation. The Group believes that we have successfully positioned our brands as trusted names in the pharmaceutical industry.

Strategic advertising and promotional efforts have played a vital role in establishing the Group as one of the key players in the market, ensuring our brands are not only visible but also competitive. These efforts have been particularly effective in promoting Appeton, which remains one of the main contributors to our revenue.

Through sustained investments in advertising and promotional activities for Appeton, we have strengthened our brand position, particularly in the local market. These efforts have helped elevate brand awareness and consumer trust, enabling us to differentiate ourselves in a highly competitive industry. By consistently promoting Appeton's unique value propositions, we are able to reinforce our sustainable competitive advantage.

The Group has strategically embraced digital media to enhance our brand image. By effectively utilising social media platforms such as Facebook, Instagram, and TikTok, we have been able to maximise customer engagement and expand our reach through targeted, data-driven advertising campaigns. Interactive content and influencer partnerships have boosted brand visibility and fostered meaningful consumer interactions. Recognising digital marketing as essential for brand building, we intend to continue leveraging these platforms as a core element of our long-term strategy.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

OPERATIONS REVIEW (CONT'D)

D. Brand and Marketing (Brand and Marketing Excellence) (Cont'd)

A key digital initiative is our BigLink loyalty programme, a smartphone-based app that allows customers to earn and redeem points (eRM) digitally with every purchase of Appeton products. This innovative platform enhances customer engagement, fosters brand loyalty, and provides valuable data-driven insights into consumer purchasing behaviour.

The Group continues with outdoor advertising through billboards across Malaysia and other Asian markets where we operate. Additionally, we have taken significant steps to enhance brand presence by strategically positioning our products at customer outlets. This approach not only enables effective communication of product information to both existing and potential customers but also maximises product visibility and accessibility, further strengthening our market position.

For prescribed products, which are subject to advertising restrictions, the Group has focused on building and strengthening brand presence through medical education initiatives. The Group participates annually in medical educational related talks for doctors and pharmacists across the country, covering topics such as paediatrics, dermatology and infectious diseases. Participating in these educational events enables the Group to deepen the medical community's understanding of our products and position our products as trusted and reliable solutions.

Looking ahead, we will focus on high-impact marketing activities that deliver value and increase awareness among our customers. We believe that by combining traditional and innovative marketing strategies, we will effectively reach our target audiences.





Participated in Overseas Exhibition organised by MOPI

E. Human Capital (People Excellence)

The Group takes pride in our human capital as one of our most valuable assets for driving continuous growth. We are dedicated to fostering a culture that empowers our employees to reach their full potential by developing our leaders and leveraging the strengths of a diverse workforce. While product innovation is crucial, retaining talented employees is equally important to avoid losing valuable experience, skills, and knowledge, which can negatively impact productivity and revenue.

We prioritise attracting, motivating and retaining individuals who align with the Group's values and working culture, as well as bring fresh ideas to help realise our vision. By building talents internally, it is not only cost-effective but, more importantly, motivates employees by offering opportunities for continuous development and progression. We have developed succession planning, a strategic framework to identify and develop future leaders among our employees in the Group. Moreover, our job rotation programme provides opportunities for potential candidates to expand their knowledge, exposing them to different experiences and acquiring wider skills to enhance job satisfaction and enrichment.

A strong development programme for human capital enables our employees to acquire the necessary knowledge and skills to navigate the industry's challenges with confidence. The Group continues to organise internal training through the Kotra Institute of Talent Excellence ("KITE"), focusing not only on technical skills but also on soft skills and employee well-being. Key initiatives include the National Sales Conference and Compass Meetings. The Group believes that continuous training and development, together with retention of valued employees, will enhance their performance and enable them to make meaningful contributions to the Group's continued growth.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

ANTICIPATED RISKS

The business environment in the pharmaceutical industry is continuously evolving, especially given the current global situation. The Group recognises the importance of robust risk management in our operational processes. We systematically identify, evaluate, and address various business risks, including strategic, operational, financial, regulatory compliance, geopolitical, sustainability, and cybersecurity exposures. Each division's risk owner is responsible for monitoring the identified risks closely. Risk mitigation plans are proposed with reference to the Board-approved risk appetite, implemented, and periodically assessed to ensure their adequacy and effectiveness. Findings and updates, assisted by externally appointed risk consultants, are reported to the Audit Committee and Board for ongoing oversight and strategic decision-making.

The salient ongoing principal business risks faced by the Group comprise the following:

a) Operational Risk

As a manufacturer of pharmaceutical products, the Group is exposed to operational risks inherent in the industry. Key operational risks include product quality, inventory obsolescence and stock management, escalating raw material costs, supply chain disruptions and breakdowns of critical machines and equipment. These risks could result in production disruptions, increased operating costs, inventory write-offs, delays in fulfilling customer orders and potentially affect the Group's financial performance and reputation.

In addition, any prolonged downturn in the general economic conditions may present risks to the Group's business, such as a decrease in Government healthcare spending and dampened consumer sentiment.

The Group manages these risks through established quality management systems, operating procedures and internal controls. Product quality, inventory levels and raw material availability are regularly monitored, while critical machines and equipment are subject to regular maintenance. The Group also maintains appropriate procurement and supply chain arrangements to mitigate supply disruptions. Cross-functional communication and coordination among relevant departments, including sales, production planning, material management and production, facilitate alignment of customer demand with production and material requirements. The Group also exercises prudent financial management and monitors the broader economic and operating environment to enable timely and appropriate responses to emerging risks.

b) Financial Risk

The Group is exposed to foreign currency risk arising mainly from its overseas sales and purchases denominated in currencies other than the Group's functional currency. Fluctuations in foreign exchange rates may affect the value of the Group's foreign currency transactions and balances, potentially resulting in foreign exchange gains or losses and impacting the Group's financial performance.

The Group manages its foreign currency exposure through regular monitoring of foreign exchange movements. Where necessary, the Group enters into forward foreign currency contracts to hedge its foreign currency exposure. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes, whereby foreign currency receipts from customers are utilised to settle payments to suppliers in the same currency, thereby serving as a natural hedge against foreign currency exposure.

Further details on foreign currency risk, credit risk, liquidity risk, and other financial risks are set out in Note 34 to the Financial Statements of this Annual Report.

c) Regulatory and Compliance Risk

Pharmaceutical Regulatory Compliance

Regulatory and compliance risks are inherent in the pharmaceutical industry. Changes to regulatory requirements in the markets in which the Group operates may increase production cost and/or lengthen the time required for product registration. Such higher cost or delays in product registration could adversely affect the Group's margins and its ability to achieve targeted sales volumes in the relevant markets.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

ANTICIPATED RISKS (CONT'D)

The salient ongoing principal business risks faced by the Group comprise the following (Cont'd):

c) Regulatory and Compliance Risk (Cont'd)

Pharmaceutical Regulatory Compliance (Cont'd)

To mitigate this, the Group engages with relevant regulatory and government authorities and participates in pharmaceutical related associations, such as Malaysian Organisation of Pharmaceutical Industries ("MOPI"), to stay informed of regulatory developments and enable timely and effective responses to changes in regulatory requirements. Internally, the Group has implemented a robust compliance management system by embedding relevant controls and compliance processes across its operations. This includes conducting periodic reviews, providing continuous training, and establishing a dedicated compliance management team consisting of approximately 150 members across various departments, such as quality assurance, quality control and regulatory and product development department. The Group has also established an internal Halal Committee to oversee Halal compliance. This structure enables us to maintain our steadfast commitment towards regulatory compliance.

Other Regulatory and Compliance

Beyond pharmaceutical regulatory compliance, the Group is also subject to various regulatory and compliance requirements, including occupational health and safety, tax compliance, financial reporting, employment, anti-bribery and corruption, as well as other applicable laws and regulations.

The Group maintains relevant policies, procedures and internal controls to support compliance in these areas, complemented by periodic reviews, internal and external training, and engagement with external expertise, where necessary. The Group has also established a Safety and Health Committee to oversee workplace health and safety matters and promote a safe working environment. In addition, the Group promotes ethical business conduct and zero tolerance for bribery and corruption through its anti-bribery and corruption policies, supported by employee awareness and training initiatives. These measures help enhance employees' awareness and understanding of applicable requirements, promote responsible business practices and uphold the integrity of the Group's operations.

d) Geopolitical Risk

The Group's overseas business activities may be affected by geopolitical tensions, political instability and other external uncertainties, which could disrupt international trade and potentially impact business continuity in those markets, with implications for the Group's financial performance.

The Group manages these risks through ongoing monitoring of geopolitical and market developments and assessment of country-specific risks when establishing or maintaining business relationships. Key developments are reported to Management to facilitate timely assessment and appropriate responses. Where appropriate, contractual safeguards, including force majeure provisions, are incorporated into major contracts to mitigate the potential impact of events beyond the Group's reasonable control.

e) Strategic Risk - Competitive Environment

The pharmaceutical industry plays a pivotal role in improving healthcare. The Group faces intense competition from a myriad of local and foreign players, some of which have greater resources than the Group. This competitive environment places pressure on the Group's revenue, profit margin and market share if not effectively managed. The Group may also be affected by increasing protectionist measures from overseas markets, as observed in recent years, where governments in these countries prescribed policies such as tariffs, import quotas and subsidies to support local companies and businesses against foreign competition.

The Group seeks to remain responsive to competitive pressures and emerging market trends by closely monitoring pricing, promotional investments, customer preferences and trading terms. The Group continues to strengthen its focus on product quality, effective and targeted marketing, brand development, pricing strategies and other initiatives to enhance its competitive position. These efforts are aimed at maintaining the Group's market share, strengthening its presence in existing markets and supporting expansion into new markets.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

ANTICIPATED RISKS (CONT'D)

The salient ongoing principal business risks faced by the Group comprise the following (Cont'd):

f) Cybersecurity Risk

The Group's reliance on information technology systems and digital infrastructure exposes it to cybersecurity threats, including cyberattacks, malware, phishing, ransomware and unauthorised access. Such incidents could disrupt business operations and result in the loss or compromise of data, potentially affecting the Group's business continuity, reputation and performance.

The Group manages these risks through established cybersecurity policies and controls, including access controls, user authentication, antivirus and endpoint security software, and data backup and recovery measures. Cybersecurity awareness is also promoted among employees through regular knowledge-sharing and communication to strengthen their understanding of cybersecurity threats and safe practices.

DIVIDEND POLICY

The Company does not have a fixed dividend policy in its distribution of profits. Dividends are paid after careful consideration of the Group's working capital requirements, including its funding needs for capital expenditure additions and replacement. Dividend paid for the financial year under review is disclosed in the Chairman's Statement of this Annual Report.

OUTLOOK

The Group remains positive on the growth prospects of the Malaysian pharmaceutical industry, supported by sustained Government commitment to healthcare and favourable demographic trends. The Government's commitment to healthcare is reflected in the Ministry of Health's ("MOH") allocation of RM46.5 billion under Budget 2026, representing an increase of approximately 2.6% from RM45.3 billion in the preceding year. Both the 13th Malaysia Plan and the New Industrial Master Plan 2030 ("NIMP 2030") have identified the pharmaceutical sector as an important contributor to Malaysia's economic growth. In addition, the ageing population and increasing prevalence of non-communicable diseases ("NCDs") are expected to support sustained demand for healthcare and pharmaceutical products.

Against this favourable backdrop, the Group will remain agile in responding to emerging opportunities and continue to strengthen its core pharmaceutical business, including through the expansion into biopharmaceutical products. The ongoing expansion of its manufacturing and warehousing facilities is expected to enhance capacity and operational flexibility, supporting product diversification and future growth.

At the same time, the Group remains mindful of external headwinds, including shifts in global trade policies, fluctuations in export demand, geopolitical developments, inflationary pressures and broader economic uncertainties. The Group will continue to adopt proactive measures, including alternative sourcing, effective inventory management and continuous improvements in operational efficiency, to strengthen operational resilience and mitigate, where practicable, the potential impact of these external factors on its operations and financial performance.

In addition, the Group recognises its role in enhancing the Social (S) pillar in environmental, social and governance ("ESG") as our products play an important role in helping communities treat or relieve various diseases and improve general health and immunity as well as enhance the population's access to quality yet accessible healthcare products. We recognise our responsibility to address the pressures of global sustainability, especially challenges posed by climate change and its associated impacts. A more comprehensive coverage of all our ESG initiatives has been included in the Sustainability Statement of this Annual Report.

Looking ahead, the Group remains cautiously optimistic about its prospects. Supported by its established capabilities, expanding manufacturing and warehousing capacity, and transitioning towards biopharmaceutical products, the Group will continue to focus on operational efficiency, cost optimisation and strategic execution to pursue sustainable growth and create long-term value for its shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

ACKNOWLEDGEMENT

Navigating this challenging journey has been made possible by the unwavering commitment of our employees and the support of our stakeholders. The Group's progress would not be possible without the dedication and hard work of our management team and employees. I would like to extend my heartfelt gratitude for their tireless efforts and invaluable contributions.

A special mention goes to the Board of Directors for their exceptional guidance and stewardship. I sincerely appreciate their leadership and support. Additionally, I would like to extend a big thank you to all our shareholders, suppliers, bankers, business partners, and clientele for their continued trust and unwavering support over the years.

Looking ahead, the key focus is to continue enhancing operational efficiency and shareholders' returns. With the economic uncertainties and challenges ahead, we will continue to exercise caution and prudence in our day-to-day operations. With determination and focus, I am confident that we will be able to navigate the challenges to emerge stronger and deliver our commitments to our stakeholders.

PIONG TECK ONN
Managing Director

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") acknowledges the importance of sound corporate governance practices and remains committed to upholding the Principles, Practices and Guidance set out under the Malaysian Code on Corporate Governance ("MCCG"). These governance initiatives are applied across the Company and its subsidiaries ("Group"), as appropriate, to ensure integrity, accountability and transparency. By integrating governance into the Group's operations and decision-making, the Board seeks to enhance shareholder value, safeguard stakeholder interests and position the Group for sustainable growth over the long term.

This Corporate Governance Overview Statement ("Statement") is prepared pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and guided by Practice Note 9 of the MMLR. The Statement sets out an overview of the Group's application of the three (3) principles enshrined in the MCCG, as follows:

- Principle A: Board Leadership and Responsibilities;
- Principle B: Effective Audit and Risk Management; and
- Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This Statement is to be read in conjunction with the Corporate Governance Report ("CG Report"), which is available on the Group's website at www.kotrapharma.com and has also been released via announcement on Bursa Securities' website.

As of the date of this Statement, the Group has applied the Practices prescribed under the MCCG, save for the following departures:

- Practice 1.4: The Chairman of the Board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee;
- Practice 4.4: Evaluation of the Board and Senior Management in addressing the Group's material sustainability risks and opportunities;
- Practice 5.2: At least half of the Board comprises Independent Directors;
- Practice 5.3: 2-tier voting process for Independent Directors beyond the 9-year tenure;
- Practice 5.9: The Board comprises at least 30% women Directors;
- Practice 8.2: Disclosure on a named basis of the remuneration components of the top five (5) Senior Management, including salary, bonus, benefits-in-kind and other emoluments, in bands of RM50,000; and
- Practice 13.3: Listed companies should leverage technology to facilitate voting including voting in absentia and remote shareholders' participation at general meetings.

The CG Report sets out in detail the Group's application of the MCCG Practices, including disclosures and explanations in respect of any departures, as well as the alternative practices adopted by the Company to achieve the Intended Outcomes of the departed Practices.

PRINCIPLE A: BOARD LEADERSHIP AND RESPONSIBILITIES

PART I – BOARD RESPONSIBILITIES

1.0 Board's Leadership

The Board remains steadfast in its commitment to providing strategic direction and oversight, guiding the Group towards its strategic objectives, while upholding its core values. In discharging its fiduciary duties and leadership functions, the Board's overarching responsibilities encompass oversight of the Group's business conduct, promoting a culture of sound corporate governance, maintaining effective shareholder communications, and reviewing the adequacy and integrity of internal controls and risk management processes.

The Board is guided in its conduct by the Board Charter, which serves as the principal reference document for setting out the roles and responsibilities of Board members. In discharging its oversight responsibilities, the Board is supported by three (3) Board Committees, namely, the Audit Committee ("AC"), Nomination Committee ("NC") and Remuneration Committee ("RC"), to which specific responsibilities are delegated under their respective Terms of Reference. The Committees assist the Board by deliberating on and evaluating matters within their purview and by making recommendations to the Board for approval or notation, as the case may be. Notwithstanding this delegation, ultimate responsibility and the final determination of all matters reported by the Board Committees remain vested in the Board.

The Board Charter and the Terms of Reference of each Committee are accessible on the Group's website at www.kotrapharma.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND RESPONSIBILITIES (CONT'D)

PART I – BOARD RESPONSIBILITIES (CONT'D)

1.0 Board's Leadership (Cont'd)

Chairman and Managing Director

The roles of Chairman and Managing Director are held by separate individuals, with their respective responsibilities clearly demarcated and each vested with defined responsibilities and authority under the Board Charter. This separation of roles ensures a balanced distribution of power, preventing any single individual from exercising unfettered decision-making powers.

Datuk Jamaludin bin Nasir, Independent Non-Executive Chairman, leads the Board and is responsible for upholding sound governance practices and ensuring the Board's overall effectiveness in its oversight of Management. Mr. Piong Teck Onn, the Group Managing Director, is responsible for the Group's day-to-day operations and for implementing the strategies, policies and decisions approved by the Board, supported by his fellow Executive Director and the Senior Management team.

The Board comprises a majority of Non-Executive Directors possessing diverse skill sets, knowledge, calibre, and experience relevant to their respective roles. The Independent Non-Executive Directors provide unbiased and independent views, judgement and consideration to matters deliberated by the Board. This ensures the necessary checks and balances, precluding any individual or group from exerting undue influence over the Board or its decision-making process.

Company Secretary

The Board is supported by two (2) qualified and experienced Company Secretaries, both members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). Board members have unrestricted access to the advice and services of the Company Secretaries, who provide administrative and advisory support to ensure the effective functioning of the Board and its Committees. The Company Secretaries are responsible for ensuring that Board procedures and related matters comply with the MMLR, MCCG, Companies Act 2016 and other applicable laws and regulations.

A Company Secretary, even though there are two (2) named Secretaries, or her assistant attends every Board and Board Committee meeting to provide the necessary support and ensure meetings are properly convened. Minutes of proceedings and resolutions passed are duly recorded and kept at the Company's registered office.

Access to Information and Advice

The Company Secretary prepares, in advance, an annual calendar for all Board and Board Committee meetings, as well as the Annual General Meeting, to facilitate Directors' scheduling and to enable informed participation by all Board members. The Board convenes on a quarterly basis, with additional meetings held as circumstances require.

Prior to each meeting, a formal notice specifying the venue, time and date, together with a structured agenda and the accompanying Board and Board Committee papers, is circulated electronically to all Directors at least seven (7) days in advance, providing the Directors sufficient time to peruse the reading materials in preparation for effective discussion and decision-making. The minutes of meetings, prepared by the Company Secretary, constitute a formal record of all salient matters discussed, decisions made and conclusions reached.

Directors have full and unrestricted access to all information within the Group and may, where deemed necessary, seek independent professional advice on specific matters, at the Company's expense, to facilitate independent and informed decision-making.

2.0 Demarcation of Responsibilities

The Board has adopted a Board Charter ("Charter"), which establishes and delineates the roles, responsibilities, duties and functions of the Board, its Committees and individual Directors, as well as a schedule of matters reserved for the Board's decision, to enhance oversight of the Group's business.

The Charter is reviewed at least once every two (2) years or more frequently when the need arises and in tandem with any changes in the MCCG, MMLR or other applicable rules and regulations affecting Directors' responsibilities. The Board Charter is available on the Group's website at www.kotrapharma.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND RESPONSIBILITIES (CONT'D)

PART I – BOARD RESPONSIBILITIES (CONT'D)

3.0 Promoting Good Business Conduct and Corporate Culture

Code of Conduct and Ethics

The Group's Code of Conduct and Ethics ("Code") sets the standards of integrity and conduct expected of employees and Directors, requiring compliance with applicable laws and the upholding of ethical standards across all business activities.

The Board is further governed by the Directors' Code of Ethics and Conduct ("Directors' Code"), incorporated within the Board Charter.

Whistleblowing Policy and Procedures

The Group has formalised in writing its Whistleblowing Policy and Procedures ("Whistleblowing Policy") to promote integrity, transparency, and accountability. The Whistleblowing Policy provides a secure and structured channel through which employees, members of the public and external parties may report any actual or suspected misconduct in good faith, without fear of reprisal or retaliation.

Anti-Bribery and Corruption Policy

Pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009, the Board has adopted an Anti-Bribery and Corruption ("ABC") Policy setting out guidelines, procedures, and controls to prevent bribery and corruption practices. The Group adopts a zero-tolerance approach to bribery, corruption and comparable misconduct. The ABC Policy serves to strengthen the Group's ethical standards, ensure compliance with applicable legal requirements and protect the Group's reputation.

Directors' Fit and Proper Policy

In compliance with Paragraph 15.01A of the MMLR, the Board has adopted a Directors' Fit and Proper Policy ("Policy"), which enumerates the fit and proper criteria constituting the mandatory framework for evaluating the appointment and re-election of Directors to the boards of the Company and its subsidiaries.

The Policy, together with the Code, Whistleblowing Policy and ABC Policy, is accessible on the Group's website at www.kotrapharma.com.

Conflict of Interest Policy

The Board has established a Conflict of Interest ("COI") Policy applicable to Directors and Key Senior Management, to ensure that actual or potential conflicts of interest are identified and effectively managed. All Directors and Key Senior Management are required to act at all times in the best interests of the Group and to avoid, as far as is practicable, situations giving rise to conflicts of interest. The COI Policy is aligned with Bursa Securities' updated Issuers Communication - Guidance on Conflict of Interest (ICN 1/2023).

4.0 Sustainability Governance

The Board is responsible for overseeing the Group's sustainability efforts, including matters pertaining to economic, environmental, social and governance ("EESG") concerns. This oversight encompasses the setting of strategic direction and ensuring that sustainability considerations are duly integrated into the Group's strategies, business practices and decision-making processes. Day-to-day implementation and operational execution of these sustainability strategies are led by the Group Managing Director, with the support of Heads of Department and Managers.

The Group engages with its stakeholders through various communication channels to enhance understanding of its operations and to solicit feedback on relevant matters for consideration in the development of its strategies. Further details of the Group's key stakeholders, engagement channels and their respective areas of interest or concern are disclosed in the Sustainability Statement contained within this Annual Report 2026.

The Board remains committed to keeping abreast of the evolving business environment, including sustainability matters relevant to the Group's strategies and operations. With the support of the NC, the Board evaluates Directors' training programmes on an annual basis to ensure Directors remain apprised of the latest developments and emerging sustainability issues. Particulars of the training attended are disclosed in this Statement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND RESPONSIBILITIES (CONT'D)

PART I – BOARD RESPONSIBILITIES (CONT'D)

4.0 Sustainability Governance (Cont'd)

The Board has adopted a Sustainability Policy that sets out the Group's approach to managing EESG matters as part of its overall business strategy. The Sustainability Policy defines the Group's sustainability governance structure and key priority areas and affirms the Group's commitment to conducting its business in a responsible and sustainable manner, in compliance with applicable laws, regulations and the sustainability reporting requirements under the MMLR. The Sustainability Policy was approved by the Board on 26 August 2025.

PART II – BOARD COMPOSITION

5.0 Composition and Independence of the Board

The Board consists of six (6) members, comprising two (2) Executive Directors, two (2) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. This composition ensures a majority of Non-Executive Directors representation on the Board and is compliant with Paragraph 15.02 of the MMLR, which requires at least two (2) Directors or one-third of the Board's membership, whichever is higher, to be Independent Non-Executive Directors. The Board, as a whole, comprises members with a diverse range of skills, competencies, calibre, and experience commensurate for an effective discharge of its oversight responsibilities over the Group. The profile of each Director is presented in the Directors' Profile section of this Annual Report 2026.

The Independent Non-Executive Directors play an integral role in the Board's governance framework, providing the checks and balances necessary for the Board's deliberations and decision-making. They remain independent of the Management and are free of any business, family or other relationship that could impair their objectivity, contributing independent and objective oversight to all deliberations. This oversight is further reinforced by the support of Non-Independent Non-Executive Directors, whose presence enables the Board to maintain a majority of Non-Executive Directors, thereby fostering a boardroom culture of accountability and fair, balanced decision-making.

Although the Company does not apply Practice 5.2 of the MCCG, which prescribes that at least half of the Board comprises Independent Non-Executive Directors, the Board is of the view that the existing number and composition of Board members are sufficient and constitute an adequately balanced group of experienced individuals possessing the requisite experience and skills commensurate with the Group's needs, having regard to the nature, size and scale of its business.

The Board has extended its tenure policy for Independent Non-Executive Directors from nine (9) years to twelve (12) years, in line with the MMLR, after which the Director concerned shall step down from the Board.

Appointment of Directors and Senior Management, including Gender Diversity

The Board has established robust procedures for the appointment of new Directors. The NC is responsible for identifying, assessing and nominating suitable candidates for the Board's consideration. There was no new appointment of Directors during the financial year under review. As a matter of practice, for each prospective candidate, the NC conducts a fit-and-proper assessment before making its recommendation to the Board. For the evaluation of potential candidates, the NC considers a range of criteria, including character, competence, knowledge, expertise, experience, time commitment, professionalism and integrity. The NC further assesses the candidate's ability to discharge the duties expected of the role, with particular scrutiny applied to candidates proposed as Independent Non-Executive Directors.

The Group Managing Director is responsible for selecting and appointing Senior Management, guided by established criteria in assessing leadership qualities, character, relevant experience, skills, capability, integrity and competence. These criteria ensure candidates are well-suited to advance the Group's objectives and strategies.

The Board affirms its commitment to fair and equal opportunity and does not condone discrimination on the basis of ethnicity, cultural background, age, or gender. All Board and Senior Management appointments are based on merit, in the context of diversity in skills, experience, knowledge and other factors in the Group's best interest. In line with this, the Board Diversity Policy, as approved by the Board, adopts a qualitative approach to diversity at Board level rather than setting specific gender targets. The Board Diversity Policy is accessible on the Group's website at www.kotrapharma.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND RESPONSIBILITIES (CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

5.0 Composition and Independence of the Board (Cont'd)

Appointment and Re-election of Directors

Pursuant to the Company's Constitution, all Directors are required to retire at least once every three (3) years and are eligible for re-election at the Company's Annual General Meeting ("AGM"). Furthermore, the Constitution and the MMLR require newly appointed Directors to hold office only until the next AGM, during when they shall be eligible for re-election. For the financial year ended 30 June 2026, the NC convened to assess the eligibility of retiring Directors for re-election at the forthcoming AGM. The retiring Directors declared to the NC, by way of the Board-approved prescribed forms, their conformance with the Group's fit and proper criteria, including any conflict of interest or competing interest with the Group.

Having assessed such declarations and in the absence of any inconsistencies of which it was aware, the NC recommended to the Board that the resolution for the re-election of retiring Directors be tabled for shareholders' approval, a recommendation concurred with by the Board. The explanatory notes to the Notice of AGM set out a statement confirming the Board's and the NC's satisfaction with the performance and effectiveness of the retiring Directors who offered themselves for re-election at the forthcoming AGM.

The Nomination Committee

The NC comprises exclusively Non-Executive Directors, the majority of whom are Independent Non-Executive Directors. The NC is entrusted by the Board with identifying and recommending suitable candidates for directorship, and conducting the annual performance evaluation of the Board, its Committees and individual Directors.

The members of the NC are as follows:

- Datuk Jamaludin bin Nasir – Chairman, Independent Non-Executive Director;
- Lee Min On – Member, Independent Non-Executive Director; and
- Piong Chee Kuan – Member, Non-Independent Non-Executive Director.

The NC convened one (1) meeting during the financial year ended 30 June 2026 and undertook the following activities:

(i) Assessed the performance and effectiveness of the Board as a whole, the Board Committees and the individual Directors;
(ii) Reviewed the terms of office, of which no changes were required, and performance of the AC and each of its members;
(iii) Conducted the annual evaluation of Key Officer of the Group;
(iv) Reviewed the independence of the Independent Non-Executive Directors based on the criteria prescribed under the MMLR; and
(v) Reviewed the continued eligibility of retiring Directors and their written consent to act, prior to recommending their re-election to the Board, with the interested Director abstaining from the deliberation on his own re-election.

6.0 Overall Effectiveness of the Board and its Individual Directors

The NC has been entrusted by the Board to conduct the annual evaluation of the performance and effectiveness of the Board, its Committees and individual Directors. For the financial year under review, this evaluation was led by the NC using a self and peer assessment approach, with pre-set questionnaires adapted from the Corporate Governance Guide (4th Edition) issued by Bursa Securities, covering key areas such as the effectiveness of the Board and its Committees, individual Directors' performance and the Board's structure, size and composition.

The NC also assessed the independence of the Independent Non-Executive Directors on the basis of declarations furnished by the Directors concerned as to their conformance with the independence criteria prescribed under the MMLR. The Board was generally satisfied with the level of independence demonstrated by the two (2) Independent Non-Executive Directors, noting no indication of any circumstance that could compromise or impair their capacity to exercise independent and objective judgement.

Based on the evaluation conducted, the NC was satisfied with the current Board composition, concurring that the Directors have demonstrated effectiveness and dedication in discharging their duties, both in terms of time commitment and active participation at meetings. Having assessed the suitability and eligibility of the retiring Directors to continue serving on the Board, the NC recommended to the Board their re-election at the Company's upcoming AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND RESPONSIBILITIES (CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

6.0 Overall Effectiveness of the Board and its Individual Directors (Cont'd)

Time Commitment

The Directors are mindful of the time commitment required to fulfil their fiduciary duties and responsibilities. Scheduled meetings are held on a quarterly basis, supplemented by additional meetings as circumstances require. During the financial year under review, all Directors met the minimum attendance requirement of 50% of Board meetings, as stipulated under the MMLR.

The attendance record of each Director at Board and Board Committee meetings for the financial year under review is as below.

No.	Director	Board	AC	NC	RC
1.	Datuk Jamaludin bin Nasir	5/5	5/5	1/1	1/1
2.	Lee Min On	5/5	5/5	1/1	1/1
3.	Piong Chee Kuan	5/5	5/5	1/1	1/1
4.	Datuk Piong Teck Yen	5/5	-	-	-
5.	Piong Teck Onn	5/5	-	-	1/1
6.	Chin Swee Chang	5/5	-	-	-

All Directors have fulfilled the Mandatory Accreditation Programme ("MAP") requirement prescribed by Bursa Securities. Each Director is also expected to commit to their continuous professional development, attending relevant training programmes and seminars from time to time or as deemed necessary, to remain abreast of developments in the business and regulatory landscape including market trends, industry practices, corporate governance promulgations and statutory and regulatory changes.

During the financial year under review and up to the date of this Statement, the Directors attended a range of training programmes comprising briefings, seminars, webinars, workshops and conferences conducted by relevant regulatory authorities and professional bodies, as set out in the table below:

Name of Director	Trainings Attended
Datuk Jamaludin bin Nasir	• Capital Market Director Programme (CMDP) Module 1: Directors as Gatekeepers of Market Participants
	• Capital Market Director Programme (CMDP) Module 2A: Business Challenges and Regulatory Expectations – What Directors Need to Know (Equities & Future Broking)
	• Capital Market Director Programme (CMDP) Module 3: Risk Oversight and Compliance Action Plan for Board of Directors
	• Capital Market Director Programme (CMDP) Module 4: Emerging and Current Regulatory Issues in the Capital Market
	• FIDE CORE Modules A & B – Bank
	• Anti-Money Laundering, Countering Financing of Terrorism & Countering Proliferation Financing (AML/CFT/CPF)
	• Anti-Bribery and Corruption Training
	• Anti-Money Laundering, Combating the Financing of Terrorism & Countering Proliferation Financing (AML/CFT/CPF) Training
	• Training on Cybersecurity
	• Unlocking Productivity through Scaling AI – Lessons Learnt from Industry Leaders
	• Board & Leadership AI and Cyber Responsibilities
Lee Min On	• Quarterly & Annual Financial Reporting – Executing effective strategic oversight by Audit Committees, including pitfalls to avoid
	• Enhanced Conflict of Interest ("COI") & Disclosure Obligations: Unpacking the COI implications to, & disclosure obligations of, listed issuers, their Directors, & Key Senior Management
	• The new Statement on Risk Management & Internal Control ("SORMIC") Guide 2025
	• MFRS 18 & Sustainability Disclosure Standards (i.e., IFRS S1 and S2)
	• Trust on Trial: Fiduciary Duties in the Modern Boardroom
	• Related Party Transactions & Conflict of Interest: What Every Leader Must Get Right

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND RESPONSIBILITIES (CONT'D)

PART II – BOARD COMPOSITION (CONT'D)

6.0 Overall Effectiveness of the Board and its Individual Directors (Cont'd)

Time Commitment (Cont'd)

Name of Director	Trainings Attended
Datuk Piong Teck Yen	• Effective Board Governance: Principles and Practices for High-Performing Boards
Piong Chee Kuan	• Mandatory Accreditation Programme Part II: Leading For Impact ("LIP")
	• ISSB: Applying the IFRS Sustainability Disclosure Standards
Piong Teck Onn	• Mandatory Accreditation Programme Part II: Leading For Impact ("LIP")
	• Anti-Bribery and Corruption Refresher Training
	• Malaysia - China Pharma Machinery Industry Seminar 2025
	• Webinar on Understanding the Government Procurement Act 2025
	• Halal Biopharmaceutical Seminar 2025
	• Webinar on Pharma Patents: Malaysia's New Post-Grant Opposition Explained
	• WHO Webinar on Expanding Access to Insulin: Current Needs, WHO - supported Regulatory Pathways and Opportunities for Manufacturers
	• Webinar on Preparing for Pharmaceutical Track & Trace in Malaysia
	• Webinar on Patent Linkage Implementation under CPTPP
	• Understanding the Impact of Patent Linkage Systems on Access to Medicines & the Generic Industry
	• Webinar on Australian Pharma Market Entry by MATRADE
Chin Swee Chang	• Fire Insurance Clauses
	• Business Interruption Clauses
	• Advance Liability Products, Specialist Lines, and Claims Management
	• Machinery and Equipment Clauses
	• Understanding Miscellaneous Accident Insurance
	• Product Training - Prime PA (Enhancement)
	• Miscellaneous Class - Burglary
	• Anti-Bribery and Corruption Refresher Training

PART III – REMUNERATION

7.0 Remuneration Policies and Decisions

The RC comprises a majority of Non-Executive Directors, chaired by an Independent Non-Executive Director. The Group's remuneration matters fall within the RC's purview, guided by its Terms of Reference, available on the Group's website at www.kotrapharma.com.

The members of the RC are as follows:

- Datuk Jamaludin bin Nasir – Chairman, Independent Non-Executive Director;
- Lee Min On – Member, Independent Non-Executive Director;
- Piong Teck Onn – Member, Group Managing Director; and
- Piong Chee Kuan – Member, Non-Independent Non-Executive Director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND RESPONSIBILITIES (CONT'D)

PART III – REMUNERATION (CONT'D)

7.0 Remuneration Policies and Decisions (Cont'd)

Pursuant to Practice 7.1 of the MCCG, the Board has Policies and Procedures for the Remuneration of Directors and Senior Management ("Policies and Procedures") in place. The Executive Directors' remuneration is structured so as to link rewards to the performance of the Group and of individuals, with reference to companies of comparable business and market capitalisation. For Non-Executive Directors, remuneration is determined with reference to their respective roles, experience, expertise, level of responsibility and meeting participation. Their remuneration, comprising fixed annual fees and meeting allowances, is determined by the Board and remains subject to shareholders' approval at the AGM.

The RC reviewed, deliberated upon, and recommended Directors' remuneration for the financial year ended 30 June 2026 to the Board, with each Director abstaining from discussions of their own remuneration. The remuneration of Senior Management is reviewed and determined annually by the Group Managing Director, comprising basic salary, bonus and other benefits that reflect qualifications, experience, market competitiveness, responsibilities, and Group and individual performance.

8.0 Remuneration of Directors and Senior Management

The total remuneration received by Directors for the financial year ended 30 June 2026 amounted to RM456,000 from the Company and RM3,916,194 from the Group. Detailed remuneration for each Director, disclosed on a named basis, is set out under Practice 8.1 in the Corporate Governance Report ("CG Report"), accessible via Bursa Securities and the Group's website at www.kotrapharma.com.

The Board has decided not to disclose the remuneration of the top five (5) Senior Management personnel on a named basis, as this could be prejudicial to the Group's interests and position within a highly competitive human resource environment in which it operates. Owing to the sensitive nature of this information and the risk of talent poaching, the Board has instead adopted the alternative approach under Practice 8.2, as set out in the CG Report for shareholders' information.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT COMMITTEE

9.0 Effective and Independent Audit Committee

The AC is composed of three (3) Non-Executive Directors, the majority of whom are Independent Directors. The AC Chairman is distinct from the Board Chairman to ensure independent oversight, in line with Practice 9.1 of the MCCG. The AC is guided by its Terms of Reference, accessible on the Group's website at www.kotrapharma.com.

In line with Practice 9.2 of the MCCG, a cooling-off period of at least three (3) years is observed before any former partner of the external audit firm or its affiliates is appointed as a member of the AC. All AC members are financially literate, enabling them to assist the Board in overseeing the accuracy, completeness, and compliance of the Group's financial reporting with applicable financial standards.

Further particulars of the AC's composition and its summary of work during the financial year ended 30 June 2026 can be found in the Audit Committee Report of this Annual Report 2026.

External Auditors

The External Auditors provided the AC with assurance as to their independence, affirming that they were and had remained independent throughout the financial year under review. The AC conducted its annual assessment of the External Auditors' performance, suitability, objectivity and independence, utilising pre-set questionnaires adapted from the Corporate Governance Guide (4th Edition) issued by Bursa Securities. This assessment considered the level of audit fees to ensure the conduct of a quality audit, as well as the nature, extent and fees of non-audit services to preclude any compromise of the External Auditors' independence and objectivity.

For the financial year ended 30 June 2026, the AC was satisfied with the outcome of this assessment and recommended that the Board endorse the re-appointment of the External Auditors for the ensuing financial year, subject to shareholders' approval at the forthcoming AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

PART II – RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

10.0 Sound Risk Management and Internal Control Framework

The Board recognises its statutory responsibility for establishing and maintaining a sound risk management and internal control framework within the Group. The AC assists the Board by overseeing the Group's Enterprise Risk Management ("ERM") framework and regularly evaluating its adequacy and effectiveness, with the assistance of an outsourced independent service provider, namely BDO Governance Advisory Sdn. Bhd. ("BDOGA"). The ERM framework is designed to identify, manage and mitigate significant risks, and to safeguard stakeholders' interests and protect the Group's assets. Principal business risks are rated and prioritised according to their likelihood of occurrence and potential impact, and are compiled through risk registers and risk profiles facilitated by BDOGA in conjunction with the relevant process and risk owners. Principal business risks are managed to acceptable levels vis-à-vis the Board-approved Risk Appetite through the implementation of suitable internal controls by Management, led by the Group Managing Director on an ongoing basis.

An overview of the Group's risk management and internal control systems is set out in the Statement on Risk Management and Internal Control contained within this Annual Report 2026.

11.0 Internal Audit Function

The Group's Internal Audit function was outsourced to BDOGA during the financial year under review. The Internal Audit function was led by an Executive Director of BDOGA, assisted by a team of two (2) to three (3) personnel, and reported directly to the AC. BDOGA remained independent of the activities it audited, and all personnel deployed by BDOGA during the financial year under review were free from any relationships or conflicts of interest that could impair their objectivity and independence. The independence of the Internal Audit function was further safeguarded by ensuring that the Head of Internal Audit was distinct from the BDOGA personnel responsible for the Group's risk updates.

In this capacity, BDOGA supported the Board and the AC by providing an independent assessment of the adequacy and effectiveness of the Group's internal control systems, adopting a risk-based audit approach and largely deploying Global Internal Audit Standards, a key element of the International Professional Practices Framework ("IPPF") of the Institute of Internal Auditors.

Internal audits were conducted in accordance with a plan approved by the AC. All audit findings, together with Management's action plans and responses thereto, were reported directly to the AC. Through this process, the AC was furnished with assurance, as well as comprehensive and timely insights into the effectiveness of the Group's internal control systems.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

PART I – ENGAGEMENT WITH STAKEHOLDERS

12.0 Continuous Communication Between the Company and Stakeholders

The Board is mindful of the need for accurate and timely dissemination of material information to shareholders, stakeholders and the public at large. The Group maintains an active communication approach, leveraging various channels, including information technology.

The Board is guided by the disclosure requirements of the MMLR and the Corporate Disclosure Guide issued by Bursa Securities. To promote transparency, foster trust and support informed decision-making, the Board has established Corporate Disclosure Policies and Procedures ("CDPP"), which provide specific guidance on the disclosure of material information, the maintenance of confidentiality and the dissemination of information. The CDPP document was recently updated and approved by the Board on 27 November 2025 to ensure its continued alignment with prevailing regulatory requirements and recommended practices.

All material information is released to Bursa Securities, enabling shareholders and other stakeholders to access the Group's financial results and other announcements. The Board reviews and approves all such announcements prior to release to the relevant regulators, save for administrative matters, which are delegated to the Company Secretaries.

The Group maintains a corporate website featuring a dedicated Investor Relations section, through which information such as announcements, corporate policies, Annual Reports, the Board Charter, Terms of Reference, AGM notices and minutes are readily accessible. Shareholders and members of the public may further submit queries via the e-mail contact provided within the Investor Relations section, with all relevant concerns addressed promptly.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

PART II – CONDUCT OF GENERAL MEETINGS

13.0 Shareholders' Participation and the Board and Senior Management Engagement

The Company's AGM is an important platform for direct communication and engagement between the Board and shareholders. The AGM is chaired by the Chairman of the Board, who ensures that proceedings are conducted in an orderly manner. The Chairman encourages shareholder participation by allocating sufficient time for shareholders to exercise their right to raise questions and express concerns regarding all aspects of the Group's business and performance, both financial and non-financial.

Shareholders are furnished with the notice and agenda of the AGM at least twenty-eight (28) days prior thereto, in line with Practice 13.1 of the MCCG. This advance notice affords shareholders adequate time to review the Annual Report, evaluate the proposed resolutions and make the necessary arrangements to participate and vote, whether in person or by proxy.

The AGM date is scheduled well in advance to enable all Directors to attend, allowing them to respond meaningfully to shareholder questions. The Twenty-Sixth ("26th") AGM was held as a physical meeting, allowing shareholders and proxies to be present and interact directly with the Board. All Directors, Senior Management, the Company Secretary and representatives of the External Auditors were in attendance to address questions raised by shareholders and proxies. The Executive Director of Kotra Pharma (M) Sdn. Bhd. presented the Group's operational and financial performance for the financial year ended 30 June 2025, together with an overview of the Group's activities, key challenges, market outlook and strategies for the ensuing financial year.

During the 26th AGM, pre-submitted questions from the Minority Shareholder Watch Group and the Group's corresponding responses were displayed to attendees. All resolutions were voted electronically and an independent scrutineer was appointed to validate the votes cast in respect of each resolution. The poll results were announced by the Chairman prior to the conclusion of the 26th AGM and were published on the Group's website and via Bursa Securities on the same day. The minutes of the 26th AGM were uploaded to the Group's website at www.kotrapharma.com within thirty (30) business days of the AGM.

KEY FOCUS AREAS AND FUTURE PRIORITIES

The Board remains committed to good governance and ethical conduct, and continues to strengthen its oversight of sustainability matters. As stakeholders increasingly scrutinise the environmental, social and governance ("ESG") agenda, the Board will work to integrate ESG-related factors into the Group's Remuneration Policies for Directors and Senior Management.

The Board is aware of its responsibilities under the MCCG's Practices on sustainability governance, management and reporting, as well as the requirements of the National Sustainability Reporting Framework and MMLR. These include the phased adoption of IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, issued by the International Sustainability Standards Board. The Group is working to put in place a mechanism for gathering the quantitative and qualitative data these standards require, laying the groundwork for its disclosure obligations.

This Statement was approved by the Board on 12 October 2026.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Statement on Risk Management and Internal Control ("Statement") set out below has been prepared in accordance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and accords with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Companies ("SORMIC Guide 2025"). The Malaysian Code on Corporate Governance ("MCCG") requires the Board of Directors ("Board") to establish an effective risk management and internal control framework, the features of which, including its adequacy and effectiveness, should be disclosed.

Accordingly, the Board is pleased to provide the following Statement which outlines the nature and scope of risk management and internal controls deployed by the Group during the financial year ended 30 June 2026 and up to the date of this Statement.

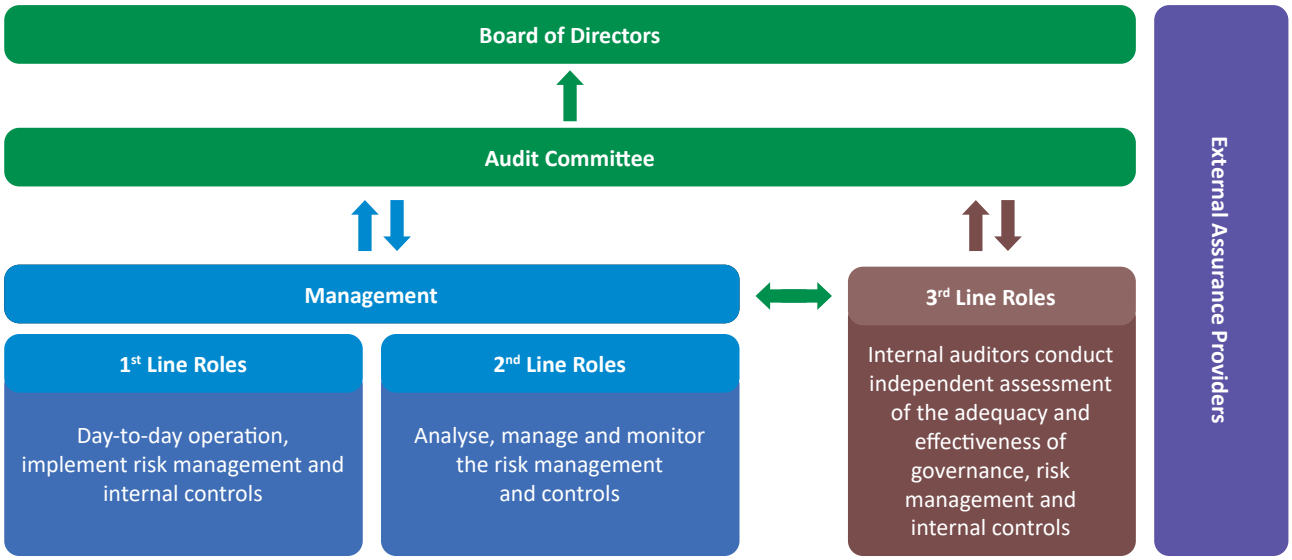
BOARD'S RESPONSIBILITY

The Board recognises the importance of maintaining the Group's system of risk management and internal control to safeguard shareholders' investment and the Group's assets. The Board is responsible for the establishment of an appropriate control environment and framework as well as reviewing its adequacy and operating effectiveness. The system of risk management and internal control addresses business risks that the Group is exposed to and the implementation of controls to mitigate those exposures to acceptable levels. However, due to its inherent limitations, the system can only mitigate and not completely eliminate risks that prevent the Group from realising its business and corporate objectives. Therefore, the system can only provide reasonable, but not absolute, assurance against material misstatement, loss, or fraudulent activities.

The Board acknowledges that identifying, evaluating, and managing the significant risks faced by the Group is a continuous process. On an annual basis, the Board, via the Audit Committee ("AC"), evaluates the adequacy and operating effectiveness of the system of risk management and internal control and, where appropriate, requires Management to implement pertinent controls to address emerging issues or areas of control deficiencies. This process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company.

GOVERNANCE STRUCTURE

The Group adopts the Institute of Internal Auditors' ("IIA") Three Lines model to establish clear roles and responsibilities in managing risks and maintaining an effective system of internal control:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

GOVERNANCE STRUCTURE (CONT'D)

- Governing Body – The Board retains overall accountability for the Group's governance, risk management, and internal control. It sets the Group's risk appetite in line with its business objectives and oversees Management and the effectiveness of the Group's risk management and internal control systems. The Board is supported by the AC, which oversees the internal audit function and assists the Board in discharging its oversight responsibilities.

- 1st Line Roles – Heads of Department or Managers, who own and manage risks and are responsible for implementing risk management and internal controls within their respective department's day-to-day operations.

- 2nd Line Roles – Management, who is responsible for overseeing the implementation of the Group's risk management framework and internal controls, continuously monitor their effectiveness, and implement appropriate measures to address emerging risks and areas of control deficiencies.

- 3rd Line Roles – Internal Audit, which provides independent and professional insight to the AC and the Board on the adequacy and effectiveness of the Group's governance, risk management, and internal control processes. This involves engaging and communicating with Management to understand operational procedures and the design of internal controls, followed by objective testing and reporting of the results.

RISK MANAGEMENT FRAMEWORK

The Group's Enterprise Risk Management framework ("ERM Framework"), which was formalised in writing with the assistance of an independent professional firm of consultants, entails the compilation of the Group's risk profile, risk registers and appropriate internal controls to manage business risks to acceptable levels. The overarching methodology that girds the Group's ERM Framework is closely aligned with the promulgations of ISO 31000:2018 Risk Management - Guidelines, an internationally recognised risk management methodology.

The Group has integrated environmental, social and governance ("ESG") sustainability risks into its overall risk management and internal control framework. These risks are identified, assessed, and monitored to ensure that their potential impact on the Group's business operations is appropriately managed. Further details on the Group's sustainability management and practices are set out in the Sustainability Statement of this Annual Report.

During the financial year, the Board appointed BDO Governance Advisory Sdn. Bhd. ("BDOGA") to assist Management to conduct an update of the Group's business risks to ensure those risks that have been identified previously remained relevant, including emerging risks that the Group was exposed to. Following the review, the Group's principal risks remained broadly relevant and certain risk ratings were updated to reflect changes in the external environment, business activities, and control landscape. The Group's risk profile comprises strategic, operational, financial, regulatory compliance and sustainability-related risks. The Group's principal business risks are summarised in the "Principal Business Risks" section below. The updated risk profile was deliberated by the AC and the Board on 10 February and 18 May 2026, respectively.

The Board believes that maintaining a sound system of risk management and internal control is founded on a clear understanding and appreciation of the following key elements of the Group's ERM Framework:

- a formalised Risk Management Policy and Procedures document to streamline the Group's risk management activities;

- the Board's approval of the Group's risk appetite, which defines the types and levels of risks the Group is willing to accept in pursuit of its business objectives, as well as the risks it seeks to avoid;

- a risk management governance structure which delineates the lines of reporting and establishes the responsibility of personnel at various levels, i.e., the Board, AC and Management;

- the Heads of Department and key Management personnel are responsible for identifying, assessing, and managing principal business risks, both existing and emerging, on an ongoing basis, and ensuring that residual risk exposures remain within the Board approved risk appetite and tolerance levels;

- Management formulates and implements appropriate action plans to address identified risks, taking into account their assessed exposure, the effectiveness of existing controls and the Group's risk appetite. Based on the residual risk assessment and the Board approved risk appetite and tolerance levels, risks may be terminated, reduced, accepted or passed on, as appropriate; and

- key risk indicators assigned are monitored periodically against pre-determined thresholds to provide an early warning signal of increasing risk exposures and to assess whether residual risks remain within acceptable limits.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

PRINCIPAL BUSINESS RISKS

The Group's principal business risks and the associated controls in place are summarised below:

Risk Description	Principal Controls
Strategic Risks The Group faces intense competition, changing market conditions and geopolitical uncertainties, which may affect its revenue growth, profitability, and market position.	The Group monitors market trends and geopolitical developments to support timely business decisions. It strengthens its competitive position through brand development, targeted marketing, product quality, pricing strategies, and new product development, while pursuing opportunities in existing and new international markets. Country-specific risks are assessed when establishing or maintaining business relationships, with appropriate contractual safeguards incorporated where necessary.
Governance and Business Ethics Risk The Group is exposed to implications from ineffective corporate governance, unethical business practices, fraud, and corruption. Such risks undermine the integrity of business operations, resulting in financial losses and legal consequences, and damaging the Group's reputation and stakeholders' confidence.	The Group has established pertinent governance policies and internal control measures, including the segregation of duties, delegated authority limits, procurement procedures, and approval requirements. The Group promotes and expects ethical conduct through its code of conduct and anti-corruption policies, supported by whistleblowing arrangements to facilitate the reporting of suspected misconduct. Training is provided across the Group to reinforce the Group's zero-tolerance stance towards corruption and unethical business practices, raise employees' awareness of business ethics and anti-corruption requirements, explain the consequences of non-compliance, and guide employees on the appropriate actions to take when encountering suspected misconduct.
Financial Risks The Group is exposed to financial risks like credit risk, liquidity risk, and foreign exchange risk, which may affect its cash flows, financial position, and financial performance.	The Group manages such exposures through established credit approval procedures, credit limits, and ongoing monitoring of customer collections. Liquidity risk is managed through cash flow planning and monitoring to ensure sufficient funds are available to meet financial obligations, support operational needs and fund business expansion. Foreign exchange risk is managed by maintaining foreign currency balances to meet working capital requirements and entering into forward foreign currency contracts for hedging purposes, where necessary.
Product Quality and Regulatory Compliance Risks The Group operates in a regulated pharmaceutical industry and is subject to applicable pharmaceutical regulations, product registration requirements, and manufacturing quality and safety standards. Failure to comply with these requirements or maintain consistent product quality may result in regulatory action, product recalls, financial losses, and reputational damage.	The Group has established a comprehensive quality management system, enabling compliance with current Good Manufacturing Practice ("cGMP") requirements. Quality assurance and quality control procedures are implemented throughout the manufacturing processes, supported by skilled and qualified employees. The Group also monitors regulatory developments and maintains procedures to address product complaints and quality issues, including the implementation of corrective actions, where necessary.
Supply Chain, Inventory and Operational Continuity Risks The Group is exposed to supply chain disruptions, inventory obsolescence, and breakdown of critical facilities, machinery and equipment, which invariably disrupt production, increase operating costs, and affect its ability to fulfil customer orders.	The Group maintains alternative sources of supply for its key raw and other materials, as appropriate, monitors stock levels, evaluates supplier performance and conducts periodic stock takes to ensure inventory records are accurately kept and discrepancies are addressed. Cross-functional communication supports effective inventory planning, while preventive maintenance is carried out on critical facilities, machinery, and equipment to minimise operational disruptions.
Information Technology and Cybersecurity Risk The Group's reliance on information technology systems exposes it to cybersecurity threats, including cyberattacks, malware, phishing, ransomware, and unauthorised access. Such incidents may disrupt business operations, compromise data, and adversely affect business continuity and reputation.	The Group has implemented cybersecurity controls, including access restrictions, antivirus and endpoint security software, as well as data backup measures. Employee awareness is promoted through regular cybersecurity communications and knowledge-sharing.
Human Capital Risk The Group's operations depend on the availability and competency of employees with the necessary technical knowledge and experience. Difficulties in attracting and retaining skilled personnel, high employee turnover or the loss of key employees may affect operational efficiency, the Group's future growth potential, and the achievement of its business objectives.	The Group prioritises employees who align with its values and working culture. It focuses on internal talent development through succession planning, job rotation and continuous training to strengthen employee competencies, prepares potential future leaders and provides opportunities for career progression. The Group provides training to enhance both technical and soft skills, with the aim of improving job satisfaction and enabling employees to achieve their individual objectives while contributing effectively to the Group's continued growth.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL AUDIT FUNCTION

The Group outsourced its internal audit function ("IA function") to an independent professional firm, namely BDOGA, which assisted both the Board and AC during the financial year under review by conducting independent assessment of the adequacy and operating effectiveness of the Group's internal control system. To ensure its independence from Management, the IA function reported directly to the AC through the execution of internal audit work based on a risk-based internal audit plan approved by the AC before commencement of work.

BDOGA adopted a risk-based approach in executing the planning, reviews, and assessments, steered by its internal audit methodology, which broadly aligned with the Global Internal Audit Standards ("GIAS"), a key element of the IIA's International Professional Practices Framework ("IPPF").

The Internal Audit Plan, which articulated the methodology adopted by BDOGA, took into consideration the Group's risk profile, and set out the proposed areas of coverage, including the rationale for their selection. This Plan was presented to the AC for comments and subsequent approval before actual internal audit work commenced. At the AC meeting where the Audit Plan was deliberated, members of the AC inquired from BDOGA the basis for its selection of the in-scope areas. Feedback from the Managing Director and Chief Financial Officer was also sought by the AC on the relevance and appropriateness of the suggested audit areas for consideration before the AC approved the Plan for the IA function to commence work.

The internal audit deliverables, which comprised Internal Audit reports on observations raised, recommendations suggested as well as Management's comments and action plans thereto, were issued and reported directly to the AC. The IA function also conducted follow-up on the status of Management action plans to address unresolved issues highlighted in previous internal audits and reported the status of Management action plans to the AC. At the relevant AC meetings, representatives from BDOGA tabled its report and deliberated with the AC the salient issues noted, recommendations by BDOGA to address the issues as well as Management's comments on the issues highlighted. The Managing Director and Chief Financial Officer, who were normally invited to the AC meeting, provided clarification to the AC on the matters highlighted, including action plans to address the concerns highlighted by the IA function.

The IA function is headed by an Executive Director of BDOGA, who is an affiliate member of the Association of Chartered Certified Accountants (ACCA) and the Institute of Internal Auditors Malaysia (IIAM). For the internal audits conducted during the financial year under review, she was assisted by a team of two (2) to three (3) members. The AC was briefed by representatives of BDOGA that all personnel deployed by BDOGA during the financial year under review were free from any relationships or conflicts of interest, which could impair their objectivity and independence during the course of the work.

During the financial year under review, BDOGA conducted a cycle of internal audit on the Group's Information Technology General Controls according to the approved Internal Audit Plan to assess the adequacy and operating effectiveness of the controls implemented by Management, i.e., how the controls mitigated the risk exposures in the processes evaluated. Observations from the internal audit, which covered areas for enhancements to be addressed by Management, were reported to the AC in August 2026. None of the observations were assessed as a significant failing or weakness. Management has agreed on action plans to address the observations, and the IA function would follow up on their implementation and report the status to the AC. The costs incurred in engaging BDOGA for the financial year ended 30 June 2026 amounted to RM60,294, comprising RM29,851 for the ERM engagement and RM30,443 for the internal audit work conducted. There was only one cycle of IA conducted for the financial year under review as contrasted against the normal two cycles for each financial year. This was mainly due to the ERM risk update exercise, which was conducted by Management during the financial year, assisted by BDOGA and led by another Executive Director. The risk updates also highlighted areas where the Management would need to focus to enhance risk management initiatives towards safeguarding Group's assets as well as realising its corporate objectives.

INTERNAL CONTROL FRAMEWORK

Key features of the Group's Internal Control Framework, including the ongoing associated activities, encompass the following:

1. Board Charter

A Board Charter which enables all Directors to be aware of their roles and responsibilities, the practices of corporate governance as well as relevant laws and regulations.

2. Organisational Structure

A clearly defined organisational structure within the Group, with respective levels of responsibility, limits of authority and accountability, to ensure that Management performs its functions and that such functions are appropriately segregated.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL FRAMEWORK (CONT'D)

3. Integrity and Ethical Framework

Establishment of an integrity and ethical framework to underpin sustainable business continuity, comprising:

- a Whistleblowing Policy and Procedures, which provide employees and other stakeholders with a safe and confidential avenue to report unethical, unlawful, or otherwise undesirable conduct;
- an Anti-Fraud, Anti-Bribery and Corruption Policy, which aims to prevent and deter fraudulent, bribery and corrupt acts by Directors, Management and employees;
- a Code of Conduct and Ethics to uphold integrity and ethical values across the Group;
- a Directors' Fit and Proper Policy, which serves as a mandatory guide for evaluating the suitability of candidates for appointment and re-election to the Board; and
- a Conflict-of-Interest Policy, which requires all the Directors and Key Senior Management to act in the best interest of the Group and to identify and appropriately manage any actual or potential conflicts of interest that may be detrimental to the Group.

4. Documented Policies and Procedures

The Group maintains documented policies, procedures, and operating practices, which are communicated to staff members to ensure clear roles, responsibilities, and accountabilities. The design of internal controls is reviewed by Management and revised where necessary to remain aligned with the Group's business needs and operational requirements.

5. Financial and Operational Monitoring

Periodic review of financial and operational reports, and scheduled Management meetings, to monitor the Group's financial performance and operational matters, with appropriate corrective actions implemented by Management where necessary.

6. Budget Approval and Financial Reporting

The annual budget is prepared by respective Heads of Department/Managers, reviewed by Senior Management, and presented to the Board for approval. The approved budget serves as a management tool to monitor the Group's financial performance and business progress throughout the financial year. Quarterly reports, comprising financial reports, progress reports, key variances and analysis of financial data of the Group's businesses, are presented to Senior Management, AC and Board.

7. Information System and Technology Controls

The Group's information technology systems and controls are progressively enhanced to meet evolving business needs and technological developments. Core safeguards include structured change management for computer programmes, secure access gateway to system and data files, daily data backup, and recovery procedures. In addition, the Group actively fortifies digital resilience by monitoring emerging threats, such as ransomware, phishing, AI-driven attacks, and technology disruptions, ensuring preparedness and continuity in an increasingly complex cyber landscape.

Additional information on data protection and security practices is available in the Sustainability Statement of this Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

INTERNAL CONTROL FRAMEWORK (CONT'D)

8. Business Continuity

The Group has measures in place to support business continuity and safeguard its assets, people, and operations. These measures are reviewed and enhanced from time to time, where appropriate, in line with business needs.

These measures include:

- Insurance and other Safeguards – Management reviews and ensures the adequacy of insurance coverage and safety measures over major assets of the Group against any mishap that may result in material losses to the Group;

- Supply Chain Management – Alternative sources and suppliers are identified, where appropriate, to mitigate the risk of supply disruptions;

- Product Quality Assurance – Quality control measures are in place to support compliance with applicable quality, safety, and regulatory requirements. Formal procedures are established, which include managing quality issues, incorporating corrective and preventive actions, where appropriate. The Group's key certifications include:

    - Certificate of GMP Compliance of a Manufacturer;
    - ISO 9001:2015 Quality Management System;
    - MS ISO/IEC 17025:2017 Quality Control Laboratory; and
    - Halal Certificates (Pharmaceutical and Contract/OEM Manufacturing);

- Operational Continuity – Arrangements are maintained to support operational continuity in the event of disruptions arising from critical utility outages, fire, and other emergencies. Periodic performance reviews and maintenance of critical machinery and equipment have also been conducted to monitor their operating condition and support continuity of production activities; and

- Human Capital Management – The Group adopts practices to support workforce continuity, employee development, and succession planning, with focus on developing and maintaining the competency of employees and identifying suitable personnel for key positions.

Further details on the Group's sustainability-related practices are set out in the Sustainability Statement of this Annual Report.

CONCLUSION ON THE ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board has received assurance in writing from the Managing Director and Chief Financial Officer that the Group's risk management and internal control system has been operating adequately and effectively, in all material respects, during the financial year under review and up to the date of this Statement. Taking into consideration this assurance and input from relevant parties, such as the IA function based on internal audit findings and feedback from the External Auditors on any control failings, the Board is of the view that the system of risk management and internal control is adequate and operating effectively, in all material respects, to achieve objectives and has not resulted in any material losses, contingencies or uncertainties that would require separate disclosure in the Annual Report. During the financial year and up to the date of this Statement, the Board, through the AC, reviewed the internal audit findings and Management's action plans, and is satisfied that actions have been or are being taken to address the areas for improvement identified. The Board remains committed on establishing a robust system of risk management and internal control, where improvements are made, as considered appropriate.

The External Auditors have reviewed this Statement, pursuant to the scope set out in the Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants, for inclusion in the Annual Report for the year ended 30 June 2026 and reported to the Board that nothing has come to their attention that caused them to believe that the Statement intended to be included in the Annual Report, in all material respects, has not been prepared in accordance with the disclosures required by Section 7 of the SORMIC Guide 2025, or is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system, including the assessment and opinion by the Board and Management thereon. The External Auditors are also not required to consider whether the approach described to managing material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

This Statement was approved by the Board on 12 October 2026.

REPORT OF THE AUDIT COMMITTEE

The Board of Directors ("Board") of Kotra Industries Berhad ("Company") is pleased to present the Report of the Audit Committee ("Report") for the financial year ended 30 June 2026, prepared in accordance with Paragraph 15.15 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). This Report provides an overview of the work undertaken by the Audit Committee ("AC") in discharging its oversight responsibilities during the financial year under review and up to the date of this report.

COMPOSITION AND MEETING ATTENDANCE

The AC comprises three (3) members, all of whom are Non-Executive Directors, with a majority being Independent Directors.

The AC members are financially literate and collectively possess a diverse range of skills, knowledge and experience that enable them to discharge their duties effectively and to address matters falling within the AC's purview. The AC is chaired by Mr. Lee Min On, who is a member of the Malaysian Institute of Accountants ("MIA"). The current composition of the AC complies with the requirements of Paragraphs 15.09 and 15.10 of the MMLR, as well as Practice 9.1 of the Malaysian Code on Corporate Governance ("MCCG").

During the financial year ended 30 June 2026, the AC convened a total of five (5) meetings, with attendance as set out below:

Name	Directorship	Designation	Meeting Attendance
Lee Min On	Independent Non-Executive Director	Chairman	5/5
Datuk Jamaludin bin Nasir	Independent Non-Executive Director	Member	5/5
Piong Chee Kuan	Non-Independent Non-Executive Director	Member	5/5

The Group Managing Director, Chief Financial Officer and Senior Finance Manager attended all AC meetings by invitation, thereby facilitating direct engagement on agenda items and other matters requiring the AC's attention. Representatives of the Internal and External Auditors were also invited to attend specific meetings to present their respective audit findings and insights.

The Company Secretary serves as Secretary of the AC and provides the requisite administrative and secretarial support to facilitate the effective functioning of the AC. Meetings were conducted in a structured manner, with detailed agendas and relevant meeting papers circulated electronically in advance to allow AC members sufficient time to review the materials prior to deliberation. The Company Secretary prepared the minutes of each AC meeting, which were circulated to the AC members for their comments prior to confirmation at the succeeding meeting and were thereafter tabled to the Board for notation. Throughout the financial year under review, the AC Chairman reported and highlighted key matters arising from each AC meeting to the Board, for its approval or notation, as appropriate.

TERMS OF REFERENCE

The roles and responsibilities of the AC are set out in its Terms of Reference which are published on the Group's website at www.kotrapharma.com.

REVIEW OF THE AC

Pursuant to Paragraph 15.20 of the MMLR, the Board, through the Nomination Committee ("NC"), conducted a review of the terms of office and performance of the AC members, including self and peer assessments by the AC members. Upon completion of the review, the NC was satisfied that the AC members had duly discharged their duties in accordance with the aforementioned Terms of Reference.

REPORT OF THE AUDIT COMMITTEE (CONT'D)

SUMMARY OF THE AC'S WORK FOR THE FINANCIAL YEAR

The summary of work carried out by the AC during the financial year under review and up to the date of this Report is as follows:

A) Financial Reporting

- Reviewed the unaudited quarterly financial results for the financial year ended 30 June 2026, together with the related announcements, prior to recommending the same for the Board's approval for submission to Bursa Securities;
- Reviewed the annual audited financial statements of the Company and the Group as well as the accompanying Directors' Report, before recommending the same to the Board for approval and inclusion in the Annual Report 2026; and
- Reviewed the quarterly results and year-end financial statements prior to their approval by the Board, with particular regard to:
  - changes in or the implementation of major accounting policies;
  - significant matters arising, including matters relating to financial reporting, key judgements exercised by Management and any significant or unusual events or transactions, together with the manner in which these were addressed; and
  - compliance with applicable accounting standards and other legal requirements.

B) Internal Audit

- Reviewed the proposal submitted by the outsourced Internal Auditors, with due consideration to the proposed audit scope, methodology, deliverables and associated fee structure;
- Reviewed and approved the Internal Audit Plan for the financial year ended 30 June 2026, as tabled by the Internal Auditors, considering the adequacy of the audit scope, approach, methodology, resources and authority to carry out its audit activities;
- Assessed and confirmed the absence of any conflicts of interest within the Internal Audit engagement team that might impair its objectivity or independence;
- Reviewed the Internal Audit Reports presented by the Internal Auditors and deliberated on the key findings and recommendations for improvement and considered Management's responses thereto;
- Reviewed the follow-up report issued by the Internal Auditors on the status of implementation of the corrective measures undertaken by Management to strengthen the Group's internal control processes; and
- Held one (1) private session with the Internal Auditors, without the Management in attendance, to facilitate discussion with candour on matters relating to the internal audit function.

C) External Audit

- Reviewed and discussed the Audit Planning Memorandum with the External Auditors, i.e., Crowe Malaysia PLT, covering areas of audit emphasis, key audit matters, the audit approach, composition of the engagement team, and proposed audit fees, including non-audit fees;
- Reviewed the provision of non-audit services provided by the External Auditors and/or their affiliates to ascertain whether their independence and objectivity had been impaired and noted the assurance provided by the External Auditors confirming their continued independence. Details of non-audit fees incurred by the Company and the Group for the financial year ended 30 June 2026 are disclosed in the Additional Compliance Information section of this Annual Report 2026;
- Reviewed the audit report on the financial statements of the Group and the Company, and discussed the key audit findings and matters arising from the audit with the External Auditors, prior to reporting the same to the Board for notation or further actions, as the case may be;
- Obtained confirmation from the External Auditors, by way of their presentation at planning and audit completion stage to the AC, that they had maintained their independence throughout the audit engagement in accordance with the independence requirements of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards), as applicable to the audit of financial statements, and that they had fulfilled their other ethical responsibilities in accordance with these requirements;
- Convened private meetings with the External Auditors on two (2) occasions, in the absence of Management, to discuss matters arising from the audit and to provide an avenue for the External Auditors to raise any other concerns directly with the AC;
- Noted from the External Auditors' feedback that no incidents indicative of actual, suspected or alleged fraud or of material non-compliance with laws and regulations were identified for the financial year under review;
- Reviewed the fees proposed for the External Auditors, having considered Management's feedback, prior to recommending the same to the Board for approval; and
- Conducted an evaluation of the performance and effectiveness of the External Auditors for the financial year under review and having been satisfied with the quality of work performed and services rendered, recommended to the Board the re-appointment of the External Auditors at the forthcoming Annual General Meeting in November 2026.

REPORT OF THE AUDIT COMMITTEE (CONT'D)

SUMMARY OF THE AC'S WORK FOR THE FINANCIAL YEAR (CONT'D)

D) Related Party Transactions and Conflict of Interest

- Reviewed and deliberated on the Group's recurrent related party transactions to ascertain whether such transactions were:
  i. conducted within the mandate approved by shareholders; and
  ii. conducted on normal commercial terms not prejudicial to the interests of the Company and its minority shareholders and not more favourable to the related parties than those generally available to the public;
- Maintained oversight of conflicts of interest within the Group. During the financial year ended 30 June 2026, save for related party transactions, no actual or potential conflict of interest involving the Directors and/or Senior Management was identified or brought to the attention of the AC for review; and
- Reviewed the Circular to Shareholders ("Circular") relating to the proposed renewal of the shareholders' mandate for existing recurrent related party transactions of a revenue or trading nature, and recommended the same to the Board for approval prior to its issuance to shareholders.

E) Risk Management and Internal Control

- During the financial year under review, the Board appointed BDO Governance Advisory Sdn. Bhd. ("BDOGA"), an independent professional service provider, to review the Group's Enterprise Risk Management ("ERM") Framework, including the facilitation of risk updates. This exercise involved engaging with Management of the various business units, as well as Senior Management, to review existing business risks, risk registers and risk parameters, facilitate the identification of emerging risks and propose appropriate levels of risk appetite for the Board's consideration. Arising from this engagement, the AC reviewed and discussed the ERM Status Update report, including the Group's updated risk profile as tabled by BDOGA. The AC deliberated on the report and provided its feedback, which BDOGA undertook to address in subsequent presentations;
- Reviewed the effectiveness of the Group's system of internal controls, having regard to the findings of the Internal and External Audit reports; and
- Assessed the adequacy of the internal controls implemented to mitigate business risks via the work conducted by the independent internal audit function based on the areas covered according to the internal audit plan approved by the AC.

F) Other Matters

- Reviewed the Group's Limits of Authority for Variance that Exceeds the Approved Budgeted Capital Expenditure and Non-Budgeted Capital Expenditure, encompassing the approving authorities and thresholds, including proposed revisions thereto, before recommending to the Board for approval; and
- Reviewed the Report of the AC and the Statement on Risk Management and Internal Control, prior to recommending the same to the Board for approval and inclusion in the Annual Report 2026.

TRAINING OF AC MEMBERS

The AC members attended various seminars, training programmes and conferences to stay updated on emerging regulatory requirements relevant to their terms of reference during the financial year ended 30 June 2026. Details of the continuing professional development activities are disclosed in the Corporate Governance Overview Statement.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Group's internal audit function is outsourced to BDOGA, an independent professional firm. The principal purpose of the Internal Audit function is to provide objective and independent assurance on the adequacy and effectiveness of the Group's governance, risk management and internal control processes. The Internal Audit function reports directly to the AC and all audit activities were conducted in accordance with the Internal Audit Plan approved by the AC and closely aligned to the Global Internal Audit Standards, a key element of the International Professional Practices Framework ("IPPF") issued by the Institute of Internal Auditors.

Ms. Chua Lei Ying, an Executive Director of BDOGA, led the outsourced Internal Audit team. Ms. Chua possesses over sixteen (16) years of experience in audit and compliance. She is affiliated with the Association of Chartered Certified Accountants and the Institute of Internal Auditors Malaysia and holds certifications in Internal Auditing for Financial Institutions and in Anti-Money Laundering/ Counter Financing of Terrorism. During the financial year ended 30 June 2026, the AC maintained full and direct access to the Internal Auditors, received report (including follow-up report) on the internal audit engagement performed, and ensured that internal audit personnel remained free from any relationship or conflict of interest that could impair their objectivity and independence.

During the financial year under review, one (1) cycle of internal audit was performed, covering the Group's Information Technology General Controls. The audit findings, together with recommendations for improvement, were discussed with Management prior to presentation to the AC. In addition, a follow-up review was conducted to assess the implementation status of Management's agreed-upon action plans addressing issues raised in prior audit cycles, with the report issued directly to the AC for deliberation.

Further details on the Internal Audit function and its activities are provided in the Statement on Risk Management and Internal Control in this Annual Report 2026.

SUSTAINABILITY STATEMENT



The Board of Directors ("Board") is pleased to present this Sustainability Statement ("Statement") for the financial year ended 30 June 2026. Amid a landscape of continuous change and emerging challenges, the Board remains focused on the environmental, social and governance issues that shape the Group's ability to deliver on its economic goals. The Group's approach and strategies are driven by the insights and feedback gathered from our stakeholders and the communities we serve. This Statement sets out the Group's initiatives, achievements and progress on its sustainability journey, undertaken with a view to creating long-term value for shareholders and other stakeholders alike.

SCOPE OF REPORTING

This Statement covers the sustainability performance of the Company and its active subsidiary, Kotra Pharma (M) Sdn. Bhd. (collectively referred to as the "Group"). It sets out the disclosures required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), including the prescribed common sustainability matters, together with an account of the Group's performance, activities and initiatives for the financial year ended 30 June 2026.

REPORTING FRAMEWORKS AND STANDARDS

This Statement has been prepared with reference to the following sustainability reporting requirements and guidelines:

- Main Market Listing Requirements of Bursa Securities;
- Bursa Securities' Sustainability Reporting Guide (3rd Edition);
- Malaysian Code on Corporate Governance; and
- United Nations Sustainable Development Goals ("SDGs").

ASSURANCE STATEMENT

The Group seeks to provide information, statistics and indicators that demonstrate how material sustainability matters were managed during the financial year under review. All data and information in this Statement have been reviewed and approved by the Board. The Board wishes to clarify that the information in this Statement is drawn from the Group's internal records and has not been independently reviewed by the outsourced internal audit function, nor verified by an external assurance provider.

EXCLUSIONS AND LIMITATIONS

This Statement presents three (3) years of historical performance data. Performance is measured against targets approved by the Board, except for community investment indicators (C2(a) and C2(b)), for which no targets have been set, as explained in the Local Community section.

SUSTAINABILITY GOVERNANCE STRUCTURE

An effective governance structure is essential for the Board and Senior Management to oversee the implementation of sustainability priorities and initiatives across the Group. The Board has therefore put in place a clear framework that defines roles and responsibilities, ensuring sustainability practices are implemented effectively across the Group.

The Board provides overall leadership, setting the Group's strategic goals and sustainability direction and ensuring these remain aligned with its overall objectives. Oversight of the adequacy and effectiveness of the Group's governance, risk management and internal control systems has been delegated to the Audit Committee ("AC"). The Group Managing Director, who is responsible for day-to-day operations, monitors and drives the execution of the Group's sustainability strategies and plans. Heads of Department and Managers play a vital supporting role, embedding sustainability practices into daily operations and building awareness among our employees. The reporting structure can be seen in the following illustration:

SUSTAINABILITY STATEMENT (CONT'D)

SUSTAINABILITY GOVERNANCE STRUCTURE (CONT'D)



STAKEHOLDER ENGAGEMENT

The Group engages its stakeholder groups through various channels to understand and respond to their varied interests, concerns and expectations. Through open communication and collaborating closely with our stakeholders, we aim to align our business practices with stakeholder interests, wherever practicable, in support of our shared goals.

The frequency of stakeholder engagement varies depending on the stakeholder category. Our engagement with regulatory and compliance-related stakeholders follows timelines set by the relevant statutes, while other stakeholder groups are engaged on an ad-hoc basis or through annual interactions. This approach allows us to address the specific needs and expectations of each group while maintaining compliance and building strong relationships.

The table below summarises our key stakeholder groups and how we engage with them:

STAKEHOLDER GROUP	AREAS OF INTEREST/CONCERN	ENGAGEMENT CHANNELS	OUR RESPONSES
Shareholders and Investors 	• Group Financial Performance • Share Price Performance • Dividend • Corporate Governance • Investor Relations Management	• Annual Reports • Corporate Website • Annual General Meetings • Announcements to Bursa Securities • Press Releases or Interviews	• Provide timely and accurate updates on our financial and strategic performance. • Our commitment to uphold good corporate governance practices.
Regulatory Agencies and Statutory Bodies 	• Regulatory Compliance • Labour Practices • Occupational Safety and Health Practices • Compliance with Conditions in Permits and Licences	• Compliance Audits • Inspections, Visits and Meetings by and with Local Authorities • Annual Regulatory Reports • Dialogues, Seminars and Meetings • Membership in Pharmaceutical Related Organisations	• Close engagement with relevant authorities and agencies for timely compliance with laws and regulations. • Comply with environmental, health and safety requirements. • Active participation in industry organisations and bodies.

SUSTAINABILITY STATEMENT (CONT'D)

STAKEHOLDER ENGAGEMENT (CONT'D)

STAKEHOLDER GROUP	AREAS OF INTEREST/CONCERN	ENGAGEMENT CHANNELS	OUR RESPONSES
Customers 	• Product Quality • Price Points • Customer Satisfaction • Ethical Business Practices	• Advertisements • Promotional Campaigns and other Marketing Events • Meeting with Sales Personnel • Social Media • Corporate Website • Field Visit by Senior Management • Trade Fairs	• Ensure customer satisfaction by providing high-quality, safe and affordable products. • Launch new products. • Organise sales and marketing campaigns to attract and retain customers.
Employees 	• Employee Benefits • Career Development Opportunities • Remuneration • Diversity and Inclusivity • Employee Performance Management • Workplace Safety and Health	• Induction Training • Annual Performance Appraisal • Circulation of Internal Policies • Learning and Development Programme • Trade Union • Company Social Events	• Provide benefits for employees such as annual leave, medical benefits and other benefits. • Recruit and promote employees solely based on merit. • Observe strict safety and health practices in the workplace.
Suppliers 	• Fair Selection of Suppliers • Credit Terms • Support to Local Businesses • Business Practices and Ethics	• Vendor Registration • Vendor Appointment • Contract Negotiation • Face-to-face, Telephone or E-mail Interaction • Supplier Audit • Trade Fairs • Supplier Performance Evaluation	• Practise fair selection of suppliers. • Conduct supplier audits. • Engage continuously with suppliers for long-term business relations.
Bankers 	• Group's Financial Health and Performance • Business Performance • Sustainability Initiatives	• Annual Report • Corporate Events • Meetings • Annual Review	• Provide accurate, timely and audited financial information. • Disclosure on sustainability efforts.
Local Community 	• Job Opportunities • Environmental Impact of Operations • Social Contributions	• Social Media and Corporate Website • Community Engagement Programme • Sponsorships • Events and Roadshows	• Support local communities through donations for charity events and activities. • Provide job opportunities for the local community, including fresh graduates.

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS

To identify and assess material sustainability matters, we consider their impact from both the Group's perspective and that of our key stakeholders. This dual lens helps us prioritise and direct our resources towards the concerns that surface through our materiality assessment. Our internal review of sustainability matters identifies the key economic, environmental, social and governance ("EESG") risks and opportunities facing the Group, which are then ranked by significance to the Group and our priority stakeholders using a materiality matrix.

Sustainability risks are also embedded within the Group's Enterprise Risk Management framework to enhance our sustainability management and improve overall business performance. It allows the Group not only to bring these risks down to acceptable levels but also to capture opportunities as they emerge. Through continuous improvement and strategic initiatives, we aim to deliver lasting value for our stakeholders while contributing to a more sustainable future.

Going forward, as part of its readiness for the National Sustainability Reporting Framework ("NSRF"), the Group is enhancing its reporting processes. This includes progressively aligning our sustainability disclosures with the requirements of IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

We have identified nine (9) SDGs of particular relevance to our Group and remain committed to taking positive steps towards them, in line with our operational focus. As we navigate our sustainability journey, we believe this focus will support sustainable growth for the Group while helping to improve the community we live in.

The material sustainability matters associated with the identified SDGs are presented in the table below:

SUSTAINABILITY PILLAR	MATERIAL TOPICS	SDGs
Economic 	Supply Chain Management	 SDG 12: Responsible Consumption and Production
Environment 	Energy Management	 SDG 7: Affordable and Clean Energy SDG 12: Responsible Consumption and Production SDG 13: Climate Action
	Water Management	 SDG 6: Clean Water and Sanitation SDG 12: Responsible Consumption and Production
	Waste Management	 SDG 12: Responsible Consumption and Production SDG 13: Climate Action

SUSTAINABILITY STATEMENT (CONT'D)

MATERIAL SUSTAINABILITY MATTERS (CONT'D)

SUSTAINABILITY PILLAR	MATERIAL TOPICS	SDGs
Social 	Employee Management	 SDG 4: Quality Education SDG 5: Gender Equality SDG 8: Decent Work and Economic Growth
	Safety and Health	 SDG 3: Good Health and Well-being
	Local Community	 SDG 3: Good Health and Well-being SDG 4: Quality Education
Governance 	Ethical Conduct	 SDG 16: Peace, Justice and Strong Institutions
	Data Protection and Security	

Notes:

1. *Diversity and Labour Practices and Standards are managed under "Employee Management".*
2. *Community/society is managed under "Local Community".*
3. *Anti-corruption is managed under "Ethical Conduct".*
4. *Data Privacy and Security is managed under "Data Protection and Security".*

ECONOMIC

SUPPLY CHAIN MANAGEMENT

Why It Matters?

Our operations rely on a broad network of suppliers, which makes building a reliable and sustainable supply chain fundamental to our business. The Group is committed to responsible procurement that delivers operational efficiency alongside positive social and environmental outcomes. Supporting local businesses is a key part of this commitment: sourcing locally shortens lead times, gives us faster access to goods, lowers the environmental footprint of our logistics and feeds directly into local economic growth. Wherever possible, we prioritise local suppliers, building a sustainable supply chain that creates business opportunities and improves livelihoods in the communities we operate in.

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC (CONT'D)

SUPPLY CHAIN MANAGEMENT (CONT'D)

Our Approach/Initiatives

Supporting Local Suppliers

Prioritising local procurement helps the Group cut its carbon footprint by shortening transportation distances and lowering the associated greenhouse gas emissions; shorter transit times also tend to mean less packaging, moving us closer to a more environmentally friendly operation. That said, the Group recognises the complexities inherent in manufacturing, particularly within the pharmaceutical sector. Our Material Management Department continually plans ahead and identifies alternative suppliers to work through sourcing challenges. Where local sources of Active Pharmaceutical Ingredients ("APIs") are not available, we make considered, responsible decisions to import them, so that the supply of critical raw materials remains uninterrupted without compromising product quality or safety.

Fostering Fair and Transparent Procurement Practices

The Group is committed to building integrity and trust into its procurement practices through fairness and transparency. These principles give every potential supplier an equal opportunity, prevent favouritism and reinforce accountability through proper documentation and consistent evaluation. Beyond supporting ethical decision-making, this commitment also strengthens our operational efficiency and regulatory compliance.

We apply stringent procedures to ensure suppliers meet our high standards, including a focus on securing alternative sources to keep the supply of materials uninterrupted. Supplier selection is guided by a set of pre-determined criteria, including:

- Reputation and Stability: Business reputation, company history, and financial stability;
- Commercial Terms: Competitive pricing and reasonable terms and conditions;
- Quality and Compliance: Quality of goods/services and full compliance with applicable laws; and
- Documentation: Availability of all relevant certifications and documentation.

Prospective suppliers are required to complete the Group's service provider assessment questionnaire, which our Management team evaluates and approves.

Annual Supplier Evaluation

Supplier performance is monitored through a risk-based evaluation programme covering product quality, timeliness and delivery reliability. Each financial year, suppliers are selected for evaluation based on two (2) criteria: (i) suppliers that have not been evaluated within the past five financial years; and (ii) suppliers with a Complaint to Supplier or Non-Conformance Report ("NCR") recorded during the financial year, regardless of whether purchase transactions were made during the financial year or whether the supplier had been evaluated within the previous five (5) financial years. Under this approach, every supplier is evaluated at least once every five years and suppliers with quality issues are reassessed in the same year the issue arises.

In the financial year ended 30 June 2026 ("FY 2026"), 94 raw and packaging material suppliers were evaluated, up from 57 in the previous financial year. The results of the evaluations over the past three (3) financial years are set out below:

Financial Year (FY)	Rating Scale for Suppliers	
	Good	Met Expectation
FY 2024	76%	24%
FY 2025	89%	11%
FY 2026	76%	24%

Note: None of the suppliers were rated as poor.

SUSTAINABILITY STATEMENT (CONT'D)

ECONOMIC (CONT'D)

SUPPLY CHAIN MANAGEMENT (CONT'D)

Our Performance

For the financial year ended 30 June 2026, local suppliers accounted for 42% of total procurement spending, below our 50% target. The decline in FY 2026 was driven mainly by increased spending on critical raw materials that were not available from local sources. We sourced these materials from international suppliers to ensure an uninterrupted supply for our products. Going forward, we will continue to support local suppliers wherever possible, while balancing this against the need for operational resilience.

Description	FY 2024	FY 2025	FY 2026
Bursa's Indicator C7(a): Proportion of spending on local suppliers.	55%	46%	42%

Our Target	Our Progress for FY 2026
To source 50% of our purchases from local suppliers.	Status: Target was not met. Our local sourcing came in at 42% of total spending for FY 2026, below our 50% target. This was due to increased spending on certain raw materials that were not available from local sources.

ENVIRONMENTAL

ENERGY MANAGEMENT

Why It Matters?

Effective energy management is central to the Group's sustainability agenda, enabling us to reduce our environmental impact while strengthening operational efficiency. Through energy practices across our operations, we seek to minimise our environmental impact, support operational efficiency and conserve resources. These efforts also deliver cost savings and promote the prudent use of resources, generating lasting value for both the environment and the business.

Our Approach/Initiatives

Managing Our Energy Consumption at Our Premises

Electricity powers our daily office operations and pharmaceutical manufacturing alike. It drives essential manufacturing equipment and critically, the Heating, Ventilation and Air Conditioning ("HVAC") systems that maintain the strict environmental conditions, such as air purity and temperature, which our products' quality, safety and efficacy depend on. Electricity supplied by Malaysia's nationwide utility provider, Tenaga Nasional Berhad, remained our primary energy source during the year under review. Our continued initiatives in this area include:

- Usage of high-efficiency LED lighting;
- Conducting regular inspections and maintenance of air-conditioning systems and machinery;
- Continuously tracking energy consumption data to identify trends, measure progress and uncover new savings opportunities; and
- Building an energy-conscious culture among employees, encouraging them to switch off lights, air-conditioning units and computers during breaks and after working hours.

Harnessing Renewable Energy

For the financial year ended 30 June 2026, our solar photovoltaic ("PV") system generated 844.96 megawatt hours ("MWh"), up from 807.32 MWh the year before. This increase of around 4.7% was mainly due to maintenance and cleaning of the solar panels carried out by our solar vendor. The sunlight availability was more favourable during the year. The output of a PV system depends directly on the amount and intensity of sunlight it receives, so periods with fewer cloudy or rainy days allow more energy to be generated. Together, these factors offset the natural degradation of panel efficiency, which typically reduces output by around 0.5% a year.

SUSTAINABILITY STATEMENT (CONT'D)

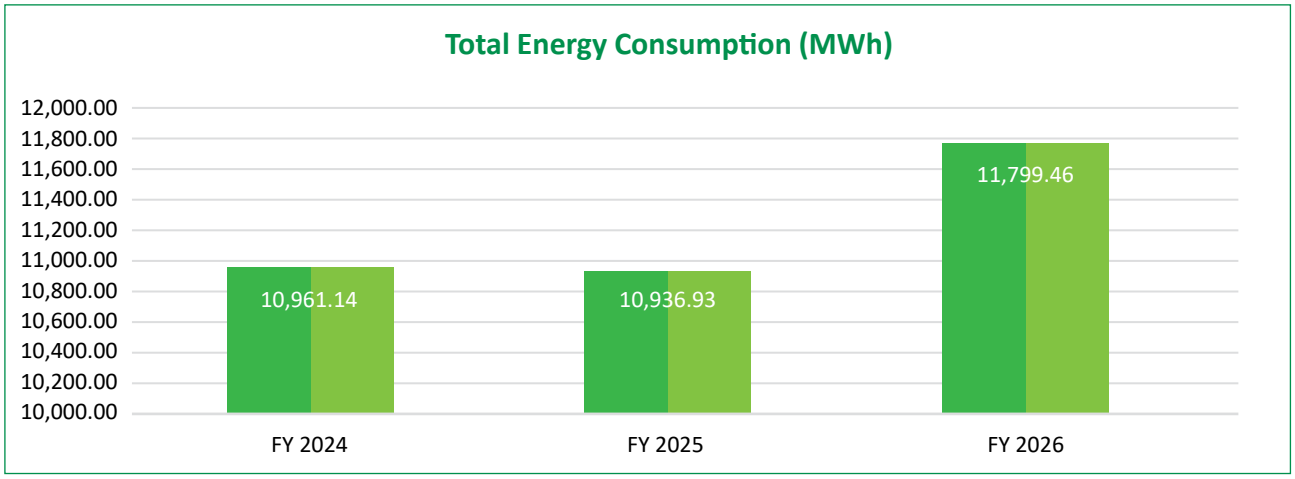
ENVIRONMENTAL (CONT'D)

ENERGY MANAGEMENT (CONT'D)

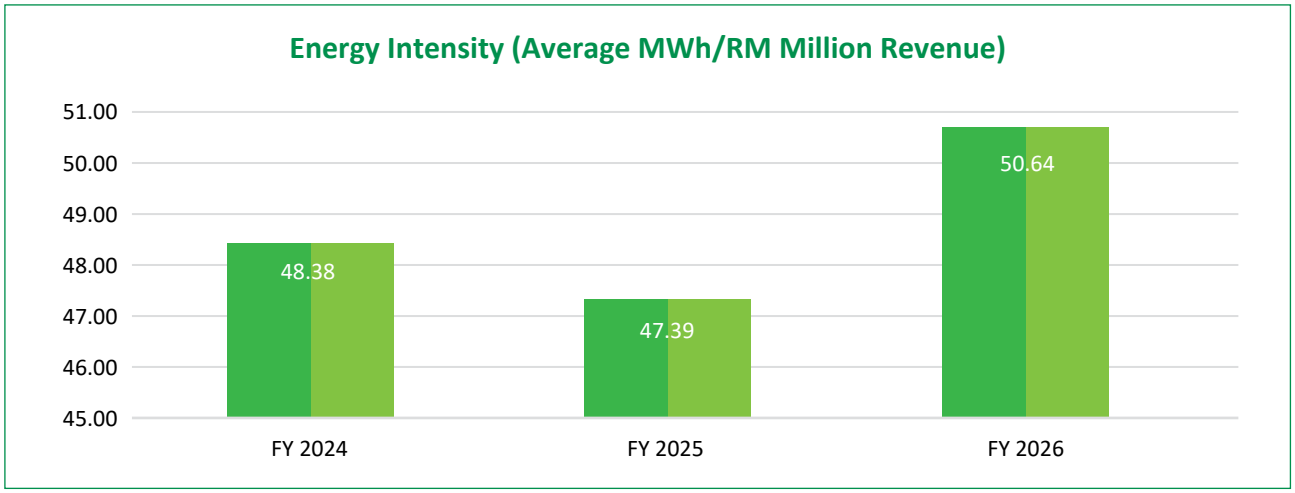
Our Performance

The Group's electricity consumption for FY 2026 increased by 7.9% to 11,799.46 MWh, from 10,936.93 MWh in the previous financial year. The increase was mainly driven by the expansion of our manufacturing capacity, including the installation and commissioning of three (3) new production lines and utilisation of machinery and equipment for the Group's products. The increase also reflected electricity used at our new warehouse during its final stages of construction, mainly for temporary site facilities and the testing and commissioning of building systems ahead of full operation.

The chart below shows our energy consumption for the last three (3) financial years:



Energy intensity, measured as purchased electricity per RM million of revenue, increased by 6.9% from 47.39 MWh in FY 2025 to 50.64 MWh in FY 2026. This remained within our internal cap of 55 MWh per RM million of revenue. As the cap has been above our actual intensity in each of the past three years, we will consider reviewing it once our new production lines and warehouse are fully operational.



The table below provides an overview of our energy consumption over the last three (3) financial years:

Description	FY 2024	FY 2025	FY 2026
	MWh	MWh	MWh
Bursa's Indicator C4(a): Total energy consumption.	10,961.14	10,936.93	11,799.46

Our Target	Our Progress for FY 2026
Setting a cap on total energy intensity at 55 MWh per RM million revenue during the reporting period.	Status: Target was achieved. 50.64 MWh per RM million revenue achieved during the financial year under review.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL (CONT'D)

WATER MANAGEMENT

Why It Matters?

Water is vital to our operations, as our production, cleaning and sanitation processes depend on a reliable supply of clean water. In pharmaceutical manufacturing, water quality and availability directly affect our ability to meet stringent product quality and safety standards, while any disruption to supply could interrupt production. Managing water responsibly is therefore essential to operational continuity and product quality, particularly as water scarcity, pollution and more frequent extreme weather pose growing risks to businesses and communities alike. As our water is drawn mainly from municipal sources shared with the surrounding community, we also recognise our responsibility to use it efficiently and to ensure that wastewater from our operations is properly treated before discharge.

Our Approach/Initiatives

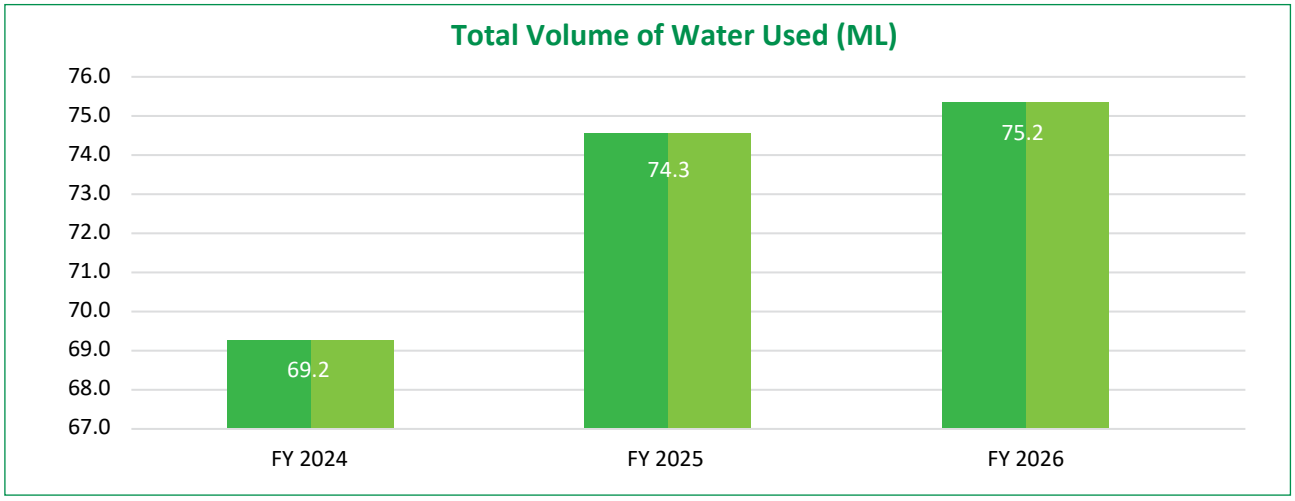
We draw our water mainly from municipal sources and work continuously to manage consumption and limit any water-related impact from our operations. Our water conservation initiatives include:

- Conducting regular inspections to detect and repair leaks promptly, alongside installing water-efficient fixtures such as low-flow toilets and faucet aerators;
- Providing water dispensers to encourage employees to refill their own bottles and discourage single-use plastic bottles;
- Educating employees on the importance of water conservation; and
- Ensuring adherence to all wastewater and effluent discharge regulations.

These measures are aimed at reducing water wastage across our operations. We will continue to identify and implement additional water conservation initiatives across the Group where feasible, while ensuring that water use in production, cleaning and sanitation continues to meet our product quality and safety requirements.

Our Performance

Water consumption increased marginally by 1.2%, from 74.3 megalitres ("ML") in FY 2025 to 75.2 ML in FY 2026, with water intensity unchanged at 0.32 ML per RM million of revenue. The slight increase was mainly due to the testing and commissioning of new equipment, including a new steriliser and tank cleaning system, which were run using water only during the testing phase. Water is mainly used in production, in the cleaning and sanitation of equipment and production areas to maintain product quality and safety, and for general use by employees across our premises.

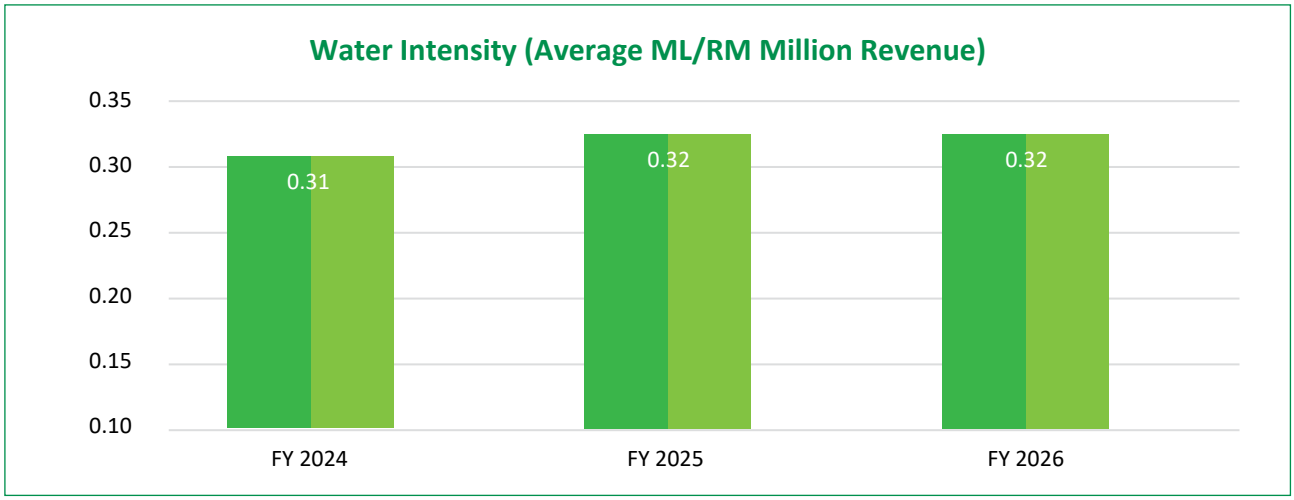


SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL (CONT'D)

WATER MANAGEMENT (CONT'D)

Our Performance (Cont'd)



Description	FY 2024	FY 2025	FY 2026
	ML	ML	ML
Bursa's Indicator C9(a): Total volume of water used.	69.2	74.3	75.2

Our Target	Our Progress for FY 2026
Setting a cap on water intensity of 0.40 ML per RM million revenue during the reporting period.	Status: Target was achieved, based on water intensity of 0.32 ML per RM million revenue.

WASTE MANAGEMENT

Why It Matters?

Waste management is a key priority for the Group given the nature of our pharmaceutical operations. Pharmaceutical waste, if not properly managed, can result in environmental contamination and significant risks to public health. To mitigate these risks, the Group adheres strictly to the Department of Environment ("DOE") regulations governing hazardous waste disposal and adopts responsible practices across the waste management cycle, from reduction and recycling to safe disposal. By embedding these principles in our operations, we reduce our environmental footprint, protect our licence to operate and demonstrate our commitment to responsible business conduct.

Our Approach/Initiatives

Wastewater and Effluent Discharge

All industrial effluents from our manufacturing operations are treated at our on-site Wastewater Treatment Plant ("WWTP") before discharge, in full compliance with the Standard B limits under the Environmental Quality (Industrial Effluent) Regulations 2009 and DOE requirements. Compliance is maintained through a rigorous monitoring protocol. Our Engineering Management team conducts daily checks on treatment processes and measures wastewater quantity and quality before discharge, while an independent consultant collects weekly samples for testing at a Skim Akreditasi Makmal Malaysia ("SAMM") accredited laboratory to verify our internal data. Together, these measures reflect our commitment to minimising our environmental impact and upholding responsible business practices.

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL (CONT'D)

WASTE MANAGEMENT (CONT'D)

Our Approach/Initiatives (Cont'd)

Disposal of Hazardous Waste

Scheduled wastes contain hazardous substances that pose a serious risk to the environment and public health if not carefully managed; improper disposal could harm local ecosystems and put the health of our employees and surrounding communities at risk. The Group is firmly committed to managing these risks proactively, in line with the Environmental Quality (Scheduled Wastes) Regulations 2005. Our handling procedures keep scheduled wastes clearly separated from general waste streams, ensuring they are safely collected, stored and disposed of.

We strengthen our waste management system further by documenting and tracking all scheduled wastes from generation through to final disposal. Disposal itself is handled by a DOE-registered, licensed third-party contractor specialising in hazardous materials, ensuring these wastes are managed in a way that prevents environmental contamination and meets regulatory standards in full.

Disposal of Non-Hazardous Waste

Most of the Group's non-hazardous waste consists of domestic and recyclable materials. Guided by the principles of reduce, reuse and recycle ("3R"), we run an ongoing initiative to manage waste more effectively and cut overall waste generation across our operations. The Group embeds 3R principles into daily practice through the following initiatives:

Operational waste

- Segregating cardboard, metal and plastic and sending them to recyclers;
- Reusing or repairing pallets, and reusing packaging materials where possible; and
- Sending shredded paper from document disposal for recycling.

Office waste

- Printing or photocopying only when necessary, and practising double-sided printing;
- Transitioning from printed annual reports to digital formats;
- Encouraging digital storage and electronic sharing of documents, including the use of email, WhatsApp and SMS in place of printed materials;
- Adopting digital signatures; and
- Reusing envelopes and using recycled paper for printing.

Our Performance

Wastewater and Effluent Discharge

Our wastewater comes mainly from cleaning equipment between production batches, a critical step in pharmaceutical manufacturing to remove residues and prevent cross-contamination. In FY 2026, we discharged 14.0 ML of wastewater, 20.5% less than the previous year, including water used during the testing and commissioning of new equipment. All wastewater is treated at our on-site treatment plant before discharge.

Description	FY 2024	FY 2025	FY 2026
	ML	ML	ML
Total Wastewater Discharged	12.9	17.6	14.0

SUSTAINABILITY STATEMENT (CONT'D)

ENVIRONMENTAL (CONT'D)

WASTE MANAGEMENT (CONT'D)

Our Performance (Cont'd)

Non-Hazardous Waste

Non-hazardous waste generated by the Group increased by 19.7% to 49.3 metric tonnes ("MT") in FY 2026, from 41.2 MT in FY 2025. This waste consisted mainly of cardboard, metal, shredded paper and other scrap materials. Cardboard comes from the packaging of incoming raw materials, packaging components and supplies, as well as our own product cartons that are damaged and become unusable. Metal waste is generated from equipment maintenance and machinery installation. Shredded paper arises from the secure disposal of documents. We keep extensive accounting, production and quality records, which must be disposed of securely when their retention period expires. Other scraps include items such as plastic wrapping and damaged pallets.

Description	FY 2024	FY 2025	FY 2026
	MT	MT	MT
Non-Hazardous Waste	49.5	41.2	49.3

Hazardous Waste

For the financial year ended 30 June 2026, the Group's hazardous waste disposal increased by 39.6% to 71.5 MT, from 51.2 MT* in FY 2025. As hazardous waste is recorded based on the date of collection by the Group's licensed waste management contractor, Kualiti Alam Sdn. Bhd. ("Kualiti Alam"), the quantity reported for the financial year under review included waste accumulated from prior period, comprising non-halogenated solvent waste, returned products, production rejects, among others. Consequently, year-on-year fluctuations were influenced by the timing of waste collection and disposal activities. All scheduled waste is stored in designated storage areas and disposed of periodically through Kualiti Alam, where it is treated and managed in accordance with the Environmental Quality (Scheduled Wastes) Regulations 2005.

Description	FY 2024	FY 2025	FY 2026
	MT	MT	MT
Hazardous Waste	56.6	51.2*	71.5

The total waste diverted from disposal and directed to disposal for three (3) financial years is as follows:

Description	FY 2024	FY 2025	FY 2026
Bursa's Indicator C10(a): Total waste generated.	106.1 MT	92.4 MT	120.8 MT
Bursa's Indicator C10(a)(i): Total waste diverted from disposal.	49.5 MT	41.2 MT	49.3 MT
Bursa's Indicator C10(a)(ii): Total waste directed to disposal.	56.6 MT	51.2 MT	71.5 MT

Our Target	Our Progress for FY 2026
To achieve a waste diversion intensity of ≥ 0.20 MT per RM million revenue by the end of the financial year and limit waste disposal intensity to ≤ 0.40 MT per RM million revenue, with zero non-compliance incidents.	Status: Target was achieved. Waste diversion intensity came in at 0.21 MT per RM million revenue, meeting the ≥ 0.20 threshold, while disposal intensity stood at 0.31 MT per RM million revenue, within the ≤ 0.40 limit. No incidents of non-compliance with waste and effluent regulations and no related fines or penalties were recorded during the financial year under review.

*Note: * The FY 2025 figure has been restated from 43.6 MT to 51.2 MT following a reconciliation against the waste collection records to the licensed contractor, Kualiti Alam Sdn. Bhd.*

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL

EMPLOYEE MANAGEMENT

Why It Matters?

The Group believes that a diverse, inclusive and supportive workplace is essential to employee engagement and job satisfaction, and ultimately to higher productivity. We are committed to upholding human rights across all our operations and to providing a safe, healthy and respectful environment for everyone. We believe every individual deserves a workplace that respects their dignity, promotes equality and protects their rights. Accordingly, we do not tolerate any form of discrimination, harassment or unfair treatment.

Beyond ensuring a fair and safe workplace, the Group continues to invest in the development of our employees through continuous learning opportunities that enhance both professional capabilities and personal growth. These efforts equip our workforce to keep pace with evolving business needs, new technologies and emerging industry trends. Our employees are our asset and their growth and well-being remain central to the Group's long-term success and resilience.

Our Approach/Initiatives

Workforce Diversity

A truly diverse and inclusive environment is, in the Group's view, both a moral imperative and a strategic advantage. We work to build a workplace culture grounded in inclusivity, mutual respect and the empowerment of every employee, valuing each individual's contribution regardless of age, gender, nationality, employment type or professional level. This forms a strong foundation for a workplace that strengthens morale, retention and productivity, and ensures every employee feels safe, respected and able to thrive.

Fair Remuneration and Benefits

Alongside our focus on diversity, we recognise that a stable workforce is essential to sustaining our operations and securing long-term continuity. The Group is committed to fair remuneration and to safeguarding the rights and well-being of all employees, with wages set at or above Malaysia's National Minimum Wage. We review our compensation and benefits packages annually and adjust them as needed to remain competitive and to attract, motivate and retain talent. Our Employee Handbook serves as the formal reference for our policies and procedures, covering matters such as working hours, salary administration, leave entitlements, benefits, grievance mechanisms, the code of conduct and disciplinary policy. Depending on job grade, employees are eligible for a range of benefits under the Employee Handbook, including:

Leave	Health	Other Benefits**
• Annual Leave • Medical Leave • Emergency Leave • Compassionate Leave • Maternity Leave • Paternity Leave	• Outpatient Treatment • Hospitalisation • Health Screening for relevant personnel • Insurance Coverage	• Petrol Card • Corporate Credit Card • Mileage Claims • Hotel Accommodation • Air Travel • Parking Allowance • Mobile Phone Bill

*** Subject to job position/job grade*

Recruitment and Retention

Hiring decisions for both Board members and employees are made strictly on merit, free from bias, prejudice or favouritism. This fairness not only builds a diverse, capable workforce but also strengthens organisational efficiency and supports a healthy leadership succession pipeline. We guard against bias and attract new talent through open interviews, targeted job advertisements and participation in career fairs.

The Group takes a zero-tolerance stance on forced labour, child labour, slavery and human trafficking, in full compliance with local labour laws. During recruitment, we verify the age and legal documentation of all prospective employees to guard against any illegal or exploitative labour practice, reflecting our ethical and responsible approach to workforce management.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

EMPLOYEE MANAGEMENT (CONT'D)

Our Approach/Initiatives (Cont'd)

Recruitment and Retention (Cont'd)

Our recruitment process is designed to be ethical, transparent and inclusive, with dedicated guidelines for hiring expatriate and migrant workers in line with applicable laws and regulations. The Human Resources Department supports new hires through onboarding with practical assistance such as accommodation, medical check-ups, transport and uniforms, helping them settle smoothly into the workforce.

Annual Performance Review and Career Development Opportunities

All employees undergo an annual performance review, with individual achievements evaluated against pre-set Key Performance Indicators ("KPIs") using predetermined factors set out in the performance appraisal form. This process helps identify strengths and development areas, giving employees clear guidance on performance expectations and objectives for the year ahead.

Where employees fall short of performance expectations, we take a supportive and constructive approach. Affected employees are placed on performance improvement plans, supported by targeted training and regular progress reviews, to help them strengthen their skills and realign with the Group's goals. Through this approach, we aim to give every employee the opportunity to grow, improve and succeed within the organisation.

The outcomes of our performance evaluations are directly linked to employee rewards, including annual salary increments, performance-based bonuses and promotion opportunities. This ensures that compensation and career progression fairly reflect both the Group's overall financial performance and each employee's individual contribution, while motivating our employees to perform at their best and grow with the Group.

Freedom of Association and Collective Bargaining

The Group respects employees' legal right to freedom of association and their ability to join labour unions without fear of retaliation. We maintain open dialogue with union representatives, meeting as needed, and review collective bargaining agreements every three years to keep them fair and relevant. Employees who are not union members have their terms and conditions of employment clearly set out in the Employee Handbook and their individual contracts. As at the financial year ended 30 June 2026, the Group had 134 employees who were union members.

Grievance Procedures & Whistleblowing Policy

Our formal grievance procedure gives employees a clear, fair channel for raising workplace concerns, through a written grievance submitted to HR along with any supporting documentation. We have also established a whistleblowing channel through which employees can, in good faith, report actual or suspected improper conduct. Confidentiality is maintained throughout, and employees are protected from retaliation, fostering an open, supportive environment for raising concerns.

Training and Development

Through regular Training Needs Analysis ("TNA"), we assess our employees' skills, knowledge and competencies, helping us identify specific gaps and align training with both individual development goals and organisational objectives. Targeted training programmes are developed based on the TNA results that strengthen employees' current capabilities and equip them with new skills to enhance productivity.

One highlight of our annual training calendar is the National Sales Conference ("NSC"), which brings sales teams together from across Malaysia for training, experience-sharing and strategy alignment. The NSC serves as an important platform for Management and participants alike to exchange best practices in pursuit of their annual goals.

Our in-house Learning and Organisational Development ("LOD") Manager works closely with division heads to design customised training aligned with business priorities. The Kotra Institute of Talent Excellence, known as KITE, serves as the LOD Department's one-stop resource centre for equipping employees and supporting their performance. All new employees also receive structured induction training from HR, complemented by on-the-job training to build role-specific capabilities.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

EMPLOYEE MANAGEMENT (CONT'D)

Our Approach/Initiatives (Cont'd)

Training and Development (Cont'd)

We encourage our employees to take ownership of their professional growth, making use of available learning resources and pursuing development opportunities aligned with their career aspirations. This culture of continuous learning benefits not just individual employees but also the Group's overall capability and success.







Our Performance

As of 30 June 2026, the Group's workforce comprised 693 employees, compared with 713 employees during previous financial year. Women made up 50.8% (352 employees) and men 49.2% (341 employees) of our total workforce. In line with our commitment to fostering an inclusive workplace, persons with disabilities made up 0.3% of our workforce (2 employees) as of 30 June 2026. During the financial year under review, the Group recruited 108 new employees, equivalent to a new hire rate of 15.6%.

Retaining talent remains a priority for the Group. In FY 2026, 128 employees left the Group, representing a YTD turnover rate of 18.2%, with non-executives accounting for 82 (64.1%) of these departures. To address employee turnover, the Group continues its recruitment efforts, including the use of professional networking platforms to fill vacancies, while strengthening employee engagement initiatives to support workforce stability.

SUSTAINABILITY STATEMENT (CONT'D)

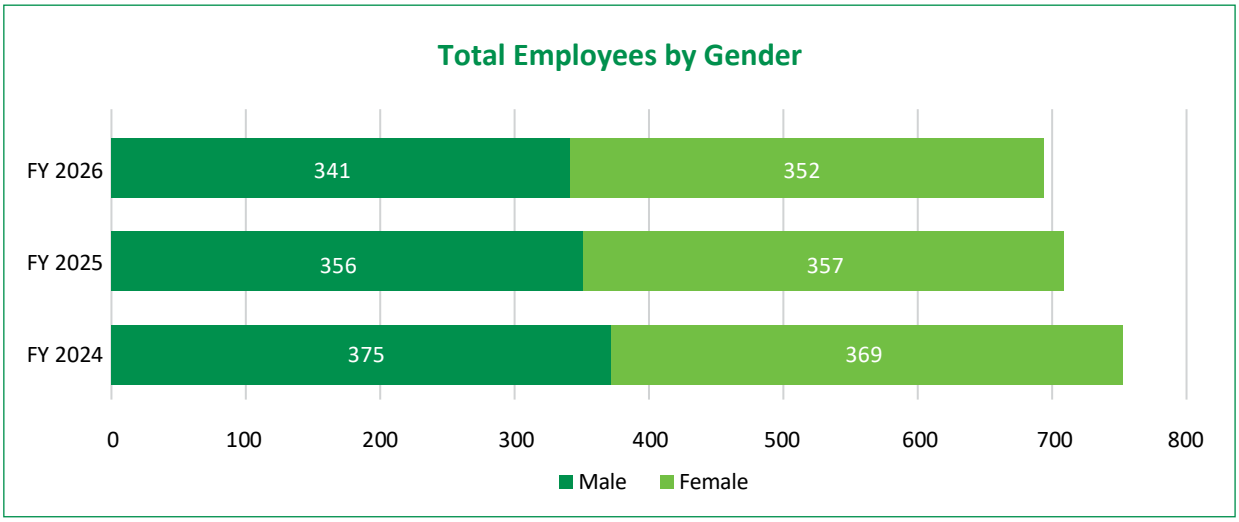
SOCIAL (CONT'D)

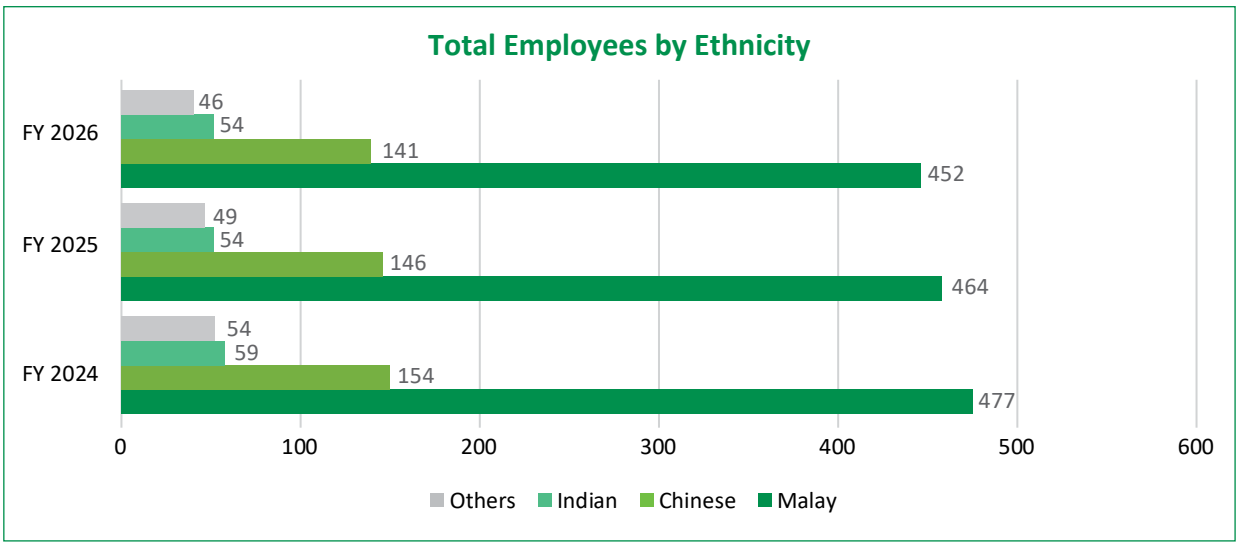
EMPLOYEE MANAGEMENT (CONT'D)

Our Performance (Cont'd)

i) Workforce Profile

Description	Unit	FY 2024	FY 2025	FY 2026
Total Headcount	No.	744	713	693





SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

EMPLOYEE MANAGEMENT (CONT'D)

Our Performance (Cont'd)

ii) Bursa's Indicator C3(a): Percentage of employees by gender and age group, for each employee category

Description	Unit	FY 2024	FY 2025	FY 2026
Gender Group by Employee Category				
Managers and above - Male	%	4.4	4.4	4.6
Managers and above - Female	%	3.0	2.8	3.2
Executive - Male	%	11.2	11.6	11.8
Executive - Female	%	16.8	17.6	18.2
Non-Executive - Male	%	34.8	33.9	32.8
Non-Executive - Female	%	29.8	29.7	29.4
Age Group by Employee Category				
Managers and above - Below 30	%	0.1	0.1	0.1
Managers and above - Between 30-50	%	5.2	4.9	5.3
Managers and above - Above 50	%	2.0	2.2	2.3
Executive - Below 30	%	6.7	7.2	7.1
Executive - Between 30-50	%	19.3	19.8	20.2
Executive - Above 50	%	2.0	2.2	2.7
Non-Executive - Below 30	%	29.7	25.2	22.1
Non-Executive - Between 30-50	%	29.8	32.5	33.5
Non-Executive - Above 50	%	5.2	5.9	6.7

iii) Bursa's Indicator C3(b): Percentage of directors by gender and age group

Description	Unit	FY 2024	FY 2025	FY 2026
Gender Group				
Male	%	83	83	83
Female	%	17	17	17
Age Group				
Under 50	%	17	17	17
Between 50-60	%	17	17	17
Above 60	%	66	66	66

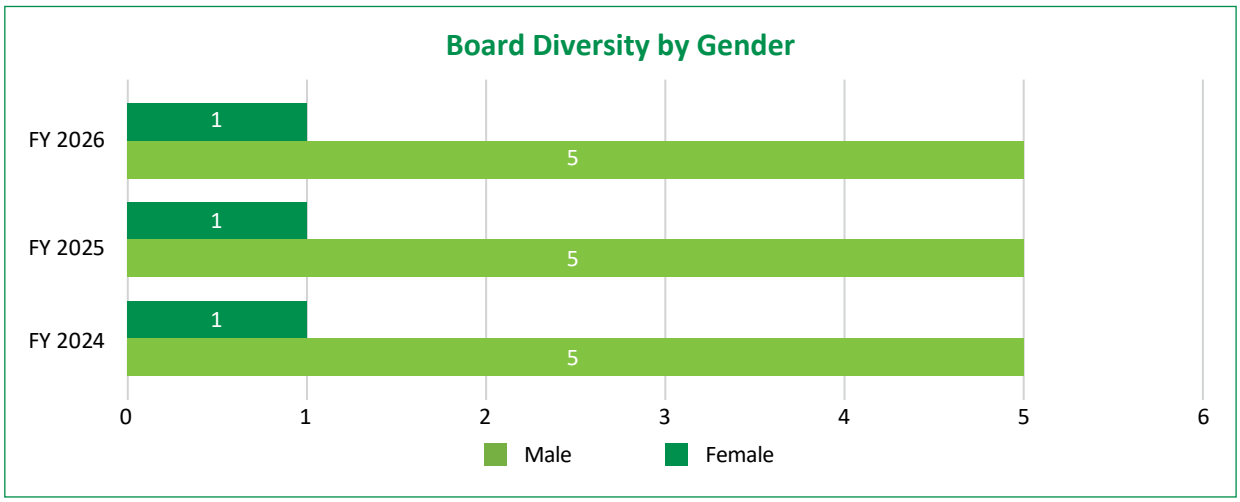
SUSTAINABILITY STATEMENT (CONT'D)

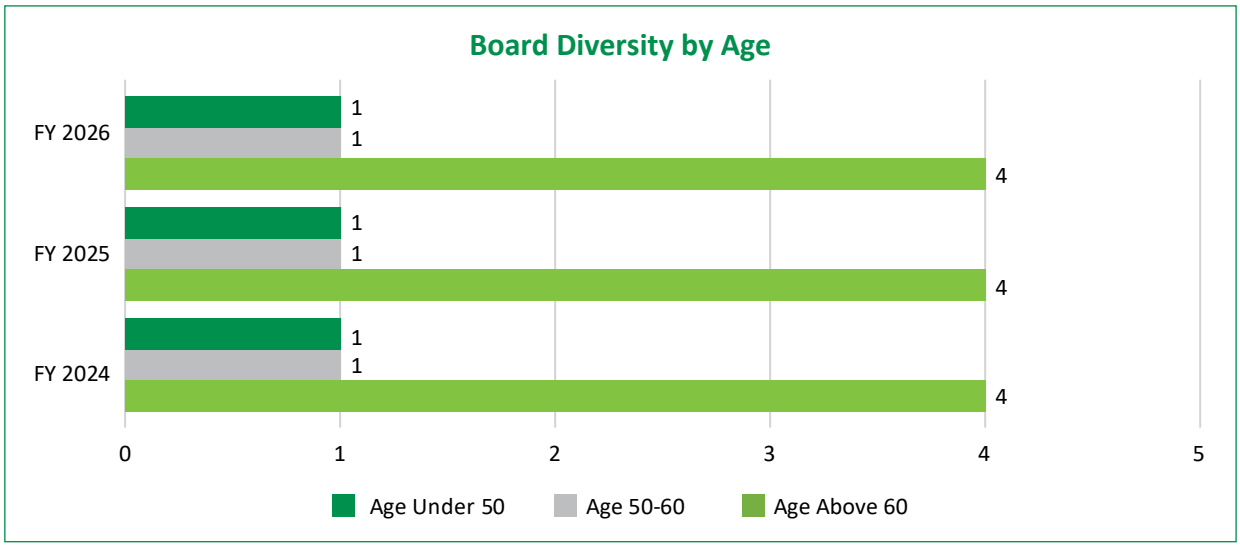
SOCIAL (CONT'D)

EMPLOYEE MANAGEMENT (CONT'D)

Our Performance (Cont'd)

iii) Bursa's Indicator C3(b): Percentage of directors by gender and age group (Cont'd)





iv) Total Training Hours

Employees clocked a total of 16,573 training hours for the financial year ended 30 June 2026, backed by continued investment in both online and in-person training programmes. The Group invested RM324,383 in training programmes in FY 2026, an increase of 23.7% from RM262,159 in FY 2025.

Description	Unit	FY 2024	FY 2025	FY 2026
Bursa's Indicator C6(a): Total hours of training by employee category.				
Managers and above	Hours	1,812	2,474	1,522
Executive	Hours	5,906	8,271	6,660
Non-Executive	Hours	14,408	10,199	8,391
Total	Hours	22,126	20,944	16,573

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

EMPLOYEE MANAGEMENT (CONT'D)

Our Performance (Cont'd)

v) Permanent & Temporary Employees

Description	Unit	FY 2024	FY 2025	FY 2026
Our Indicator: Percentage of employees who are permanent staff.				
Permanent	%	88	89	90.5
Bursa's Indicator C6(b): Percentage of employees that are contractors or temporary staff.				
Temporary	%	12	11	9.5

vi) Total New Hires & Turnover

Description	Unit	FY 2024	FY 2025	FY 2026
Our Indicator: Total number of new hires by employee category.				
Managers and above	No.	1	2	5
Executive	No.	41	35	37
Non-Executive	No.	81	59	66
Total	No.	123	96	108
Bursa's Indicator C6(c): Total number of employee turnover by employee category.				
Managers and above	No.	5	6	4
Executive	No.	38	40	42
Non-Executive	No.	74	81	82
Total	No.	117	127	128

vii) Human Rights Violations

There were no reported incidents of human rights violations during the financial year under review.

Description	Unit	FY 2024	FY 2025	FY 2026
Bursa's Indicator C6(d): Number of substantiated complaints concerning human rights violations.				
Substantiated complaints	No.	0	0	0

Our Target and Progress

Description	Our Target	Our Progress for FY 2026
Bursa's Indicator C3(a): Percentage of employees by gender and age group for each employee category.	Provide equal opportunities and maintain a balanced gender proportion across the workforce during the reporting year, to foster diversity and inclusion.	Status: Target was achieved. Our total workforce comprised 341 (49.2%) male and 352 (50.8%) female employees, reflecting a balanced gender proportion.
Bursa's Indicator C3(b): Percentage of directors by gender and age group.	To appoint Directors based on merit, in the context of skills, competency, time commitment and experience amongst others.	Status: Target was achieved. All Directors continued to be appointed and retained on merit, with regard to skills, competency, time commitment and experience.
Bursa's Indicator C6(a): Total hours of training by employee category.	To achieve an average of 20 training hours per employee.	Status: Target was achieved. Average training hours per employee was 23.9 hours.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

EMPLOYEE MANAGEMENT (CONT'D)

Our Target and Progress (Cont'd)

Description	Our Target	Our Progress for FY 2026
Bursa's Indicator C6(b): Percentage of employees that are contractors or temporary staff.	The Group targets not to utilise more than 20% contractors or temporary staff.	Status: Target was achieved. 9.5% of the total headcount during the reporting year consisted of temporary staff.
Bursa's Indicator C6(c): Total number of employee turnover by employee category.	To achieve an overall YTD turnover rate of not more than 13%.	Status: Target was not met. The YTD turnover rate for the year was 18.2%, exceeding the 13% target, driven mainly by higher attrition among non-executives.
Bursa's Indicator C6(d): Number of substantiated complaints concerning human rights violations.	Zero complaints/cases on human rights violations.	Status: Target was achieved. No complaints/cases on human rights violations.

SAFETY AND HEALTH

Why It Matters?

Employee safety and well-being are a priority for the Group, underpinned by proactive safety measures, ongoing training and strict adherence to legal and regulatory requirements, all aimed at minimising workplace risks and maintaining a secure working environment. This focus on safety and health protects our employees from potential hazards while building a culture of awareness and accountability – reducing accidents and injuries, improving operational efficiency, and lifting employee morale and engagement. We remain committed to regularly reviewing and refining our safety protocols, encouraging open dialogue on safety concerns, and embedding safety considerations across every aspect of our operations.

Our Approach/Initiatives

Compliance with the Occupational Safety and Health Act ("OSHA") 1994

Health and safety initiatives across the Group are coordinated by our Safety and Health Committee ("SHC"), made up of representatives from both Management and employees. The SHC is responsible for ensuring compliance with Department of Occupational Safety and Health ("DOSH") regulations, monitoring safety performance on an ongoing basis, and implementing protective measures for employees. Workplace risk assessments follow guidelines built on the Hazard Identification, Risk Assessment and Risk Control ("HIRARC") framework and the SHC has formed four (4) dedicated teams to strengthen compliance and preparedness:

1. Safety Audit Team;
2. Chemical Hazard and Risk Assessment Team;
3. Inspection, Awareness and Communication Team; and
4. Emergency Response Team.

Implementing Safety and Health Elements

The Group prioritises health and safety by minimising hazards at all premises via key measures that include:

- Hazard Signage - Clear visual warnings for risks;
- Safety and health best practices and standard operating procedures;
- Bomba-Certified Premises - Compliance with official fire safety standards;
- Mandatory personal protective equipment - Requirement for safety shoes, helmets, gloves, gowns and masks;
- Regular Health and Safety Training - Ongoing education for employees on hazard recognition and prevention; and
- Safety and Health Manual - Formal document that outlines policies and procedures related to safety and health.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

SAFETY AND HEALTH (CONT'D)

Our Approach/Initiatives (Cont'd)

Safety and Health Protection Measures

We are committed to safeguarding the health and well-being of our employees, whether permanent or temporary. They have access to comprehensive medical and healthcare benefits, including health insurance coverage, treatment at our panel clinics, annual medical examinations and health screening packages. These benefits support early detection of health issues, encourage preventive care and help ensure our employees can access timely medical attention when they need it.

Safety and Health Training

Providing a safe working environment remains a priority for us. As a pharmaceutical company, our operations span laboratories, warehouses and on-the-road activities, each with its own safety risks. We believe that well-trained employees are the foundation of a strong safety culture, and we continue to invest in health and safety training to ensure our employees have the knowledge and skills to carry out their work safely. Our training programmes are designed to raise awareness of workplace hazards, promote safe work practices, and prepare employees to respond effectively in an emergency. Through these efforts, we aim to prevent workplace injuries and incidents, protect the well-being of our employees and meet applicable occupational safety and health requirements.

The following are among the safety and health programmes that were conducted throughout the financial year under review:

Category	Training Programme
Emergency & Fire Safety	Emergency Response Team (ERT) Training: Fire Hydrant and Hose
	Fire Prevention Awareness Training
Laboratory & Chemical Safety	Safe Chemical Handling and General Laboratory Safety
	Briefing on Chemical and Microbiology Laboratory Safety Manual
	Laboratory Safety Briefing
	Safety and Health Practice in Quality Control
Warehouse & Equipment Safety	Forklift Safety and Competency Training Programme
	Safety Practices for Warehouse
Road Safety	Motorcycle Defensive Riding Training









SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

SAFETY AND HEALTH (CONT'D)

Our Performance

The Group kept its focus firmly on occupational health and safety in the financial year ended 30 June 2026. In FY 2026, the number of workplace accidents decreased to 3 cases, from 4 cases in FY 2025, and our lost time incident rate ("LTIR") improved from 0.48 to 0.36. While we are encouraged by this progress, we treat every accident seriously. We recognise that even one accident is one too many and we remain committed to our goal of zero harm. Every incident is investigated to identify its root cause, and the findings are used to strengthen our safety practices through revised standard operating procedures, employee briefings, additional training and closer supervision where needed. All accidents were reported to DOSH in accordance with regulatory requirements.

Description	Unit	FY 2024	FY 2025	FY 2026
Our Indicator: Number of Accidents Reported.	No.	7	4	3
Bursa's Indicator C5(a): Number of work-related fatalities.	No.	0	0	0
Bursa's Indicator C5(b): Lost time incident rate ("LTIR").	Rate	0.88	0.48	0.36
Bursa's Indicator C5(c): Number of employees trained on health and safety standards.	No.	539	360	275

Note: LTIR is based on (Number of lost time injuries x 200,000)/total number of hours worked by employees.

Description	Our Target	Our Progress for FY 2026
Bursa's Indicator C5(a): Number of work-related fatalities.	To achieve zero work-related fatalities.	Status: Target was achieved. No fatalities reported.
Bursa's Indicator C5(b): Lost time incident rate ("LTIR").	To maintain the LTIR below 0.9 during the reporting period.	Status: Target was achieved. Three (3) work-related injuries reported whereby the LTIR was 0.36.
Bursa's Indicator C5(c): Number of employees trained on health and safety standards.	At least 50% of our employees to be trained on health and safety standards at least once every two (2) years.	Status: Target was achieved. The target is assessed over a two-year cycle. In FY 2025, 360 employees, including 96 new joiners attended health and safety training as disclosed in Annual Report 2025. In FY 2026, 275 employees (40% of total employees) were trained. Although the FY 2026 figure alone is below 50%, the total number of employees trained across the two-year period exceeds the 50% target.

LOCAL COMMUNITY

Why It Matters?

The Group is guided by a core belief in creating positive value for society and is committed to making a meaningful impact on the local community. We put this ethos into practice through charitable engagement that supports the well-being of the communities around us, standing firm in our role as a socially conscious business that sees active community involvement as integral to long-term sustainability.

Our Approach/Initiatives

We are committed to driving positive change in the communities we serve, extending our support to a wide range of charitable organisations such as non-profit organisations, old folks' homes, orphanages and educational institutions. Our targeted social responsibility initiatives provide vital support to underserved communities, with particular emphasis on improving access to essential healthcare products.

SUSTAINABILITY STATEMENT (CONT'D)

SOCIAL (CONT'D)

LOCAL COMMUNITY (CONT'D)

Our Approach/Initiatives (Cont'd)

Contributing to local economic development continues to be an important focus for the Group. We do this by creating meaningful jobs with fair and competitive terms of employment. We also invest in developing future talent through our internship programme and our Provisionally Registered Pharmacists ("PRP") programme, which provide participants with practical experience and professional growth in the pharmaceutical industry. During the financial year ended 30 June 2026, we continued these programmes, taking in 36 interns and 4 PRPs.

In support of these commitments, the Group contributed a total of RM206,256 in monetary and non-monetary sponsorships to various social responsibility activities and events during the financial year ended 30 June 2026, benefiting 127 recipients. Some of these contributions are listed below:

1) School Events

- Annual in-kind sponsorship for Children's Day for 38 schools in Melaka.
- Sponsorship for the Mandarin Public Speaking Competition – Persatuan Kwang Tung Melaka.
- Sponsorship for the Graduation Day of Tadika JAIM Pengkalan Jajar, Tadika JAIM Taman Tanjung Minyak and Tadika JAIM Al-Ikhwan Cheng Jaya.
- Sponsorship for the Charity Sale – SJKC Pay Fong.
- Sponsorship for the Anak Malaysia Cultural Night – Q-Dees Krubong Jaya.
- Sponsorship for Melaka aquatic athletes at the MSSM Aquatic Championship 2026.

2) Blood Donation Drive

- Bachang Melaka Blood Donation Campaign.
- Hayan Print's Blood Donation Campaign.
- Seck Kia Eenh Blood Donation Campaign.
- Manipal University College Malaysia's "Flow for Hope" Blood Donation Drive 2026.

3) Education

- Annual sponsorship of two book prizes to International Medical University and one book prize to Universiti Malaya for pharmacy students of the graduating class.

4) Others

- Ongoing sponsorship of nutritional products for the underprivileged community in Melaka through Pusat Kebajikan Villa Harapan.
- Sponsorship for Prematurity Awareness Day 2025 – Hospital Ampang.
- Sponsorship for the Mental Fitness Sports Conference.
- Sponsorship for Hari Farmasi Sedunia – Hospital Raja Permaisuri Bainun.
- Sponsorship for Ceria Orphanage.
- Sponsorship for Run for Peace 2025.
- Sponsorship for Pharmsport 2025 – Malaysian Pharmacists Society Melaka.
- Sponsorship for the Open House Charity Carnival 2025 – Montfort Youth Centre.
- Sponsorship for the Kejohanan Golf Amal Jabatan Bomba dan Penyelamat 2026.
- Sponsorship for Program Sambutan Hari Autism Sedunia.
- Sponsorship for the Toastmasters Annual Conference 2026.

Our Performance

Description	Unit	FY 2024	FY 2025	FY 2026	Our Target
Bursa's Indicator C2(a): Total amount invested in the community where the target beneficiaries are external to the listed issuer.	RM	139,181	167,647	206,256	No target was set.
Bursa's Indicator C2(b): Total number of beneficiaries of the investment in communities.	No.	66	111	127	No target was set.

Note: The Group is of the view that setting a target for sustainability matters relating to donations or charitable activities would not be practicable.

SUSTAINABILITY STATEMENT (CONT'D)

GOVERNANCE

ETHICAL CONDUCT

Why It Matters?

The Group's commitment to the highest ethical standards and a culture of integrity rests on four core principles: integrity in every decision, accountability for our actions, transparency in our operations and strict adherence to all applicable laws and regulations. Every employee, at every level of the organisation, is responsible for upholding these standards of business ethics and professionalism, as our everyday choices collectively define our commitment to integrity. By empowering our employees to do the right thing, we proactively protect the Group from the legal risks, financial penalties and reputational damage that ethical failures can bring.

Our Approach/Initiatives

Anti-Bribery and Corruption

The Group takes a zero-tolerance approach to bribery and corruption in all forms, formalised in our Anti-Bribery and Corruption ("ABC") Policy, which applies to all employees and to third parties acting on our behalf.

To embed this commitment, we have implemented several initiatives related to anti-bribery and corruption as follows:

- Mandatory Training: New employees complete a comprehensive induction programme covering our ABC Policy, reinforced by annual refresher e-training to keep awareness and understanding current across the workforce;
- Third-Party Declaration Form: Our ethical standards extend across our value chain. All new suppliers, vendors and partners must acknowledge and sign a Third-Party Declaration Form affirming their compliance with our ABC Policy and relevant laws and regulations;
- Transparent External Communication: Every invoice the Group issues carries a footnote affirming our adherence to the ABC Policy and applicable anti-corruption laws, publicly reinforcing this commitment; and
- Corruption Risk Assessment: We carry out Corruption Risk Assessments to identify, evaluate and mitigate potential threats to the business, fully integrated within our ERM framework.

Whistleblowing Policy

The Group's Whistleblowing Policy promotes a culture of openness and accountability by providing employees and external parties with a secure and confidential channel to report genuine concerns about unethical, illegal or unsafe conduct. Whistleblowers acting in good faith are protected from retaliation. Reports may be submitted in person or by mail to the Chairman of the Company and/or the Chairman of the Audit Committee, or by email to whistleblowing@kotrapharma.com. All legitimate reports are investigated thoroughly, impartially and in strict confidence.

Code of Conduct and Ethics

Our Code of Conduct & Ethics ("Code") sets the standard of behaviour expected of every Director and employee across the Group. Shared via our intranet portal alongside related policies, it guides our actions and decisions to maintain high standards of integrity, accountability and responsibility. Breaches of the Code are subject to disciplinary action, which may include termination of employment.

The ABC Policy, Whistleblowing Policy and the Code are accessible on the Group's website at www.kotrapharma.com.

Our Performance

During the year under review, there were no confirmed incidents of bribery or corruption within the Group, and no whistleblowing reports were received. We continued to strengthen awareness of our ABC Policy through e-training, achieving completion rates of 100% for Executives, 99.8% for Non-Executives and 93% for Managers and above. The Non-Executive shortfall was due to an employee who was on prolonged medical leave during the training period. As for the Managers and above category, the majority completed the training. For the purpose of this disclosure, our Non-Executive Directors have been included under this category and are scheduled to complete the e-training during the financial year ending 30 June 2027. These efforts support compliance with our ABC Policy and reinforce our commitment to high ethical standards.

SUSTAINABILITY STATEMENT (CONT'D)

GOVERNANCE (CONT'D)

ETHICAL CONDUCT (CONT'D)

Our Performance (Cont'd)

Description	Unit	FY 2024	FY 2025	FY 2026
1. Bursa's Indicator C1(a): Percentage of employees who have received training on anti-corruption by employee category.				
Managers and above	%	2.4	94.5	93
Executive	%	15.7	100	100
Non-Executive	%	19.4	100	99.8
2. Bursa's Indicator C1(b): Percentage of operations assessed for corruption-related risks.	%	100	100	100
3. Bursa's Indicator C1(c): Number of confirmed incidents of corruption and action taken (substantiated and investigated).	No.	0	0	0

Description	Our Target	Our Progress for FY 2026
Bursa's Indicator C1(a): Percentage of employees who have received training on anti-corruption by employee category.	100% of employees to be trained on anti-corruption.	Status: Target was achieved for the Executive category (100%) and nearly achieved for Non-Executive (99.8%); not fully met for Managers and above (93%) in the ABC Policy e-training.
Bursa's Indicator C1(b): Percentage of operations assessed for corruption-related risks.	100% of operations assessed for corruption-related risks.	Status: Target was achieved. 100% of operations assessed for corruption-related risks during the financial year under review.
Bursa's Indicator C1(c): Number of confirmed incidents of corruption and action taken (substantiated and investigated).	To achieve zero cases involving bribery/corruption.	Status: Target was achieved. No cases related to bribery/corruption were reported.

DATA PROTECTION AND SECURITY

Why It Matters?

In today's digital landscape, protecting sensitive data is critical to the Group's integrity and risk management. This includes our proprietary business information and intellectual property, as well as the personal data of our employees, customers and business partners. A data breach could result in serious consequences such as operational disruption, financial loss, reputational damage, erosion of market confidence and legal penalties. As such, data security remains a top priority for the Group, as it is essential to maintaining stakeholder trust and ensuring business continuity.

Our Approach/Initiatives

All new employees read and sign a staff confidentiality declaration as part of induction, confirming their understanding of and commitment to our strict confidentiality standards, instilling a strong culture of data protection from day one.

This commitment to data security extends to our third-party business partners, who are expected to handle information on our behalf with the same level of care. We formalise this through a Non-Disclosure Agreement ("NDA") with every business partner, legally underscoring our mutual obligations to protect sensitive and proprietary data and ensuring our collaborations remain secure and trustworthy.

Our cybersecurity approach combines continuous employee education with robust technical controls to create a defence-in-depth approach. Our IT team conducts regular knowledge-sharing sessions to strengthen employee awareness of key cybersecurity risks, including phishing, scams and password security.

SUSTAINABILITY STATEMENT (CONT'D)

GOVERNANCE (CONT'D)

DATA PROTECTION AND SECURITY (CONT'D)

Our Approach/Initiatives (Cont'd)

This is supported by the following measures across the Group:

- Network Protection: Next-generation firewalls safeguard our internal network, automatically updated with the latest threat intelligence to counter emerging cyber threats;
- Endpoint Security: We utilise a leading antivirus and endpoint protection platform to secure all devices, including laptops, desktops and servers;
- Data Resilience: Personal data is stored securely on our servers, protected by password controls and antivirus software, and backed up daily, with critical system backups also held securely offsite for business continuity;
- Authentication Controls: Authentication controls are in place across all major IT services, securing access from individual endpoints through to web applications; and
- Strict Application Control: Software installation privileges on all endpoints are restricted to system administrators, preventing unauthorised or malicious applications from running.

Our Performance

The Group experienced no cybersecurity breaches throughout the financial year ended 30 June 2026 and received no substantiated complaints regarding customer data breaches. We remain committed to continuous vigilance and to strengthening our protective measures further, safeguarding sensitive information and preserving stakeholder trust.

Description	Unit	FY 2024	FY 2025	FY 2026
Bursa's Indicator C8(a): Number of substantiated complaints concerning breaches of customer privacy and losses of customer data.	No.	0	0	0

Our Target	Our Progress for FY 2026
Zero substantiated complaints concerning breaches of customer privacy and losses of customer data.	Status: Target was achieved.

MOVING FORWARD

The Board recognises the mandatory disclosure requirements under the NSRF which incorporates IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures issued by the International Sustainability Standards Board ("ISSB"). As a Main Market listed issuer (with a market capitalisation below RM2 billion), the Group will be required to report in accordance with these standards from the financial year ending 30 June 2027. The Group intends to apply the transition reliefs available under the MMLR, including a climate-first approach and the deferral of Scope 3 emissions disclosure. We will progressively integrate these disclosures into our annual reporting cycle and work towards independent assurance.

KOTRA INDUSTRIES BERHAD

BMLR Transition Period

Date & Time: 2026-10-26 15:02:41

Main Market | Group 2 | FYE 30/06/2026

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance
Anti-Corruption	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category	Percentage	Managers and above: 94.5, Executive: 100, Non-Executive: 100	Managers and above: 93, Executive: 100, Non-Executive: 99.8	100% of employees to be trained on anti-corruption.	No assurance
Anti-Corruption	Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100	100	100% of operations assessed.	No assurance
Anti-Corruption	Bursa C1(c) Number of confirmed incidents of corruption and action taken (substantiated and investigated)	Number	0	0	Zero cases on bribery / corruption.	No assurance
Community/Society	Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	167,647	206,256	-	No assurance
Community/Society	Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	111	127	-	No assurance
Diversity	Bursa C3(a) Percentage of employees by gender for each employee category	Percentage	Managers and above – Male: 4.4, Managers and above – Female: 2.8, Executive – Male: 11.6, Executive – Female: 17.6, Non-Executive – Male: 33.9, Non-Executive – Female: 29.7	Managers and above – Male: 4.6, Managers and above – Female: 3.2, Executive – Male: 11.8, Executive – Female: 18.2, Non-Executive – Male: 32.8, Non-Executive – Female: 29.4	Provide equal opportunities and maintain a balanced gender proportion.	No assurance

KOTRA INDUSTRIES BERHAD
BMLR Transition Period

Date & Time: 2026-10-26 15:02:41
Main Market | Group 2 | FYE 30/06/2026

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance
Diversity	Bursa C3(a) Percentage of employees by age group for each employee category	Percentage	Managers and above - Below 30: 0.1, Managers and above - Between 30-50: 4.9, Managers and above - Above 50: 2.2, Executive - Below 30: 7.2, Executive - Between 30-50: 19.8, Executive - Above 50: 2.2, Non-Executive - Below 30: 25.2, Non-Executive - Between 30-50: 32.5, Non-Executive - Above 50: 5.9	Managers and above - Below 30: 0.1, Managers and above - Between 30-50: 5.3, Managers and above - Above 50: 2.3, Executive - Below 30: 7.1, Executive - Between 30-50: 20.2, Executive - Above 50: 2.7, Non-Executive - Below 30: 22.1, Non-Executive - Between 30-50: 33.5, Non-Executive - Above 50: 6.7	Provide equal opportunities and maintain a balanced gender proportion across the workforce to foster diversity and inclusion.	No assurance
Diversity	Bursa C3(b) Percentage of directors by gender	Percentage	Male: 83, Female: 17	Male: 83, Female: 17	To appoint Directors based on merit, in the context of skills, competency and experience amongst others.	No assurance
Diversity	Bursa C3(b) Percentage of directors by age group	Percentage	Under 50: 17, Between 50-60: 17, Above 60: 66	Under 50: 17, Between 50-60: 17, Above 60: 66	To appoint Directors based on merit, in the context of skills, competency and experience amongst others.	No assurance
Energy Management	Bursa C4(a) Total energy consumption	Megawatt hours	10,936.93	11,799.46	Setting a cap on total energy intensity at 55 MWh per RM million revenue during the reporting period.	No assurance
Health and Safety	Bursa C5(a) Number of work-related fatalities	Number	0	0	Zero work related fatalities.	No assurance
Health and Safety	Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.48	0.36	To maintain the LTIR below 0.9.	No assurance
Health and Safety	Bursa C5(c) Number of employees trained on health and safety standards	Number	360	275	At least 50% of our employees to be trained on health and safety standards at least once every 2 years.	No assurance

KOTRA INDUSTRIES BERHAD

BMLR Transition Period

Date & Time: 2026-10-26 15:02:41

Main Market | Group 2 | FYE 30/06/2026

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance
Labour Practices and Standards	Bursa C6(a) Total hours of training by employee category	Hours	Managers and above: 2,474, Executive: 8,271, Non-Executive: 10,199 Total: 20,944	Managers and above: 1,522, Executive: 6,660, Non-Executive: 8,391 Total: 16,573	An average of 20 training hours per employee.	No assurance
Labour Practices and Standards	Bursa C6(b) Percentage of employees that are contractors and temporary staff	Percentage	11	9.5	Not to utilise more than 20% contractors or temporary staff.	No assurance
Labour Practices and Standards	Bursa C6(c) Total number of employee turnover by employee category	Number	Managers and Above: 6, Executive: 40, Non-Executive: 81	Managers and Above: 4, Executive: 42, Non-Executive: 82	To achieve an overall YTD turnover rate of not more than 13%.	No assurance
Labour Practices and Standards	Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	Zero complaints/cases on human rights violations.	No assurance
Supply Chain Management	Bursa C7(a) Proportion of spending on local suppliers	Percentage	46	42	To source 50% of our purchases from local suppliers.	No assurance
Data Privacy and Security	Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	Zero substantiated complaints concerning breaches of customer privacy and losses of customer data.	No assurance
Water	Bursa C9(a) Total volume of water used	Megalitres	74.3	75.2	Setting a cap on water intensity of 0.40 ML per RM million revenue.	No assurance
Waste Management	Bursa C10(a) Total waste generated	Metric Tonnes	92.4	120.8	-	No assurance
Waste Management	Bursa C10(a)(i) Total waste diverted from disposal	Metric Tonnes	41.2	49.3	To achieve a waste diversion intensity of ≥ 0.20 MT per RM million revenue by the end of the financial year.	No assurance

KOTRA INDUSTRIES BERHAD
BMLR Transition Period

Date & Time: 2026-10-26 15:02:41
Main Market | Group 2 | FYE 30/06/2026

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance
Waste Management	Bursa C10(a)(ii) Total waste directed to disposal	Metric Tonnes	51.2	71.5	Limiting waste disposal intensity to ≤ 0.40 MT per RM million revenue, with zero non-compliance incidents.	No assurance

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds from Corporate Proposal

The Company did not raise any funds through any corporate proposal during the financial year ended 30 June 2026. Accordingly, there was no utilisation of proceeds for the financial year under review.

Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature

Pursuant to the shareholders' mandate obtained at the Company's Twenty-Sixth Annual General Meeting ("26th AGM") held on 27 November 2025, details of RRPT of a revenue or trading nature conducted during the financial year under review are as follows:

The Mandated Related Parties	Nature of Transactions	Nature of Relationship	Aggregate Value of transactions from 1 July 2025 till 30 June 2026 (RM)
Kwong Onn Tong Sdn. Bhd. ("KOT")	• Sales of goods by KPM to KOT	A Related Party by virtue of Piong Teck They, who is a brother to Piong Teck Onn and Datuk Piong Teck Yen and uncle to Piong Chee Kuan, all of whom are Directors of the Company. Piong Teck They is a major shareholder of KOT.	249,282
Lonnix (M) Sdn. Bhd. ("Lonnix")	• Charges by Lonnix to KPM for contract manufacturing and repackaging of goods	A company in which Piong Chee Kuan, who is a Director of the Company, is a major shareholder.	NIL
Appeton Laboratory Sdn. Bhd. ("Appeton Laboratory")	• Rental charged by Appeton Laboratory to KPM for use of premises as hostel for KPM's staff	A company in which Datuk Piong Teck Yen and Piong Teck Onn, who are Directors of the Company, are Directors and Piong Teck Onn is a major shareholder.	7,800
Kebaya Hotel Sdn. Bhd. ("Kebaya Hotel") *(Formerly known as Thames Bioscience Sdn. Bhd.)*	• Payment of royalty by KPM to Kebaya Hotel	A company in which Piong Teck Onn and Datuk Piong Teck Yen, who are Directors of the Company, are Directors and Piong Teck Onn is a major shareholder.	NIL
Datuk Piong Teck Yen	• Rental of premises paid/ payable	Director of the Company.	NIL
Piong Teck Onn	• Rental of premises paid/ payable	Director of the Company.	NIL
Quanweili Sdn. Bhd. ("Quanweili")	• Sales of goods by KPM to Quanweili	A company by virtue of Piong Teck They, who is a brother to Piong Teck Onn and Datuk Piong Teck Yen and uncle to Piong Chee Kuan, all of whom are Directors of the Company. Piong Teck They is a major shareholder of Quanweili.	NIL
Coxinet Asset Sdn. Bhd. ("Coxinet")	• Rental charged by Coxinet for use of office premises by KPM	A company in which Piong Teck Onn, a Director of the Company, is a Director and major shareholder.	984,000

Note: *Details of related party transactions are disclosed in Note 31 to the Audited Financial Statements, of which none of the actual value of transactions conducted pursuant to the shareholders' mandate during the financial year exceeded the applicable prescribed threshold under Paragraph 10.09(2)(e) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").*

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

Audit and Non-audit Fees Paid to External Auditors

The audit and non-audit fees payable to Crowe Malaysia PLT and/or its affiliates, for services rendered to the Company and the Group for the financial year ended 30 June 2026, were as follows:

Type of Fees	Group (RM)	Company (RM)
Audit	176,000	35,000
Non-audit		
Tax Filing	54,000	8,000
Review of the Statement on Risk Management and Internal Control	4,000	4,000
Total Non-audit fees	58,000	12,000

Material Contracts Involving Directors' and Major Shareholders' Interests

Save for the RRPT of a revenue nature as disclosed, there were no material contracts entered into by the Group involving the interests of the Directors, Senior Management who is not a director, major shareholder or connected persons, which were still subsisting as at 30 June 2026 or which had been entered into since the end of the previous financial year, except as disclosed in the financial statements.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act 2016 ("Act") to prepare financial statements for each financial year in accordance with the requirements of the Act, Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

In preparing the financial statements, the Directors have:

i. adopted the appropriate accounting policies and applied them consistently;
ii. consistently applied and supported by reasonable and prudent judgement and estimates;
iii. ensured that all applicable approved accounting standards have been complied with; and
iv. prepared the financial statements on a going concern basis.

The Directors are satisfied that the information contained in the financial statements gives a true and fair view of the financial position of the Company and the Group, and of their financial performance and cash flows for the financial year ended 30 June 2026.

The Directors are responsible for ensuring that proper accounting records are kept which disclose the financial position of the Company and the Group with reasonable accuracy, thereby enabling them to ensure that the financial statements comply with the provisions of the Act and applicable approved accounting standards in Malaysia.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group, and to detect and prevent fraud as well as other irregularities.



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DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2026.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services.

The information on the name, place of incorporation, principal activities, and percentage of issued share capital held by the Company in each subsidiary company are set out in the "Subsidiaries" section of this report.

There have been no significant changes in the nature of these principal activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit after taxation for the financial year	40,594	32,486

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

DIVIDENDS

Dividends paid by the Company since 30 June 2025 are as follows:-

- A second interim single tier dividend of 13 sen per ordinary share amounting to RM19,280,831 for the financial year ended 30 June 2025 on 24 October 2025; and
- A first interim single tier dividend of 9 sen per ordinary share amounting to RM13,348,267 for the financial year ended 30 June 2026 on 23 April 2026.

The directors do not recommend the payment of any further dividends for the financial year.

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Chin Swee Chang
Piong Teck Onn
Datuk Jamaludin Bin Nasir
Datuk Piong Teck Yen
Lee Min On
Piong Chee Kuan

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Datuk Seri Piong Teck Min
Piong Chee Wei

DIRECTORS' REPORT (CONT'D)

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares of the Company and its related corporations during the financial year are as follows:-

	Number of ordinary shares			
	At 1.7.2025	Acquired	Sold	At 30.6.2026
Holding Company				
Direct interest				
Piong Teck Onn	61,529	-	-	61,529
Datuk Piong Teck Yen	8,737	-	-	8,737
The Company				
Direct interest				
Chin Swee Chang	2,314,800	-	-	2,314,800
Piong Teck Onn	16,286,626	-	-	16,286,626
Datuk Piong Teck Yen	8,296,564	-	-	8,296,564
Indirect interest				
Chin Swee Chang [1]	3,904,000	-	-	3,904,000
Piong Teck Onn [2]	72,991,562	-	-	72,991,562

[1] Deemed interested by virtue of her sons' shareholdings pursuant to Section 59(11)(c) of the Companies Act 2016.

[2] Deemed interested by virtue of his direct substantial shareholdings in Piong Nam Kim Holdings Sdn. Bhd., Medisch Specialist Centre Sdn. Bhd., and Platinum Essence Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016 and his sons' shareholdings pursuant to Section 59(11)(c) of the Companies Act 2016.

By virtue of his shareholding in the holding company, namely Piong Nam Kim Holdings Sdn. Bhd., Piong Teck Onn is deemed to have interests in shares of the Company and its related corporations during the financial year to the extent of the holding company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" section of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from the following transactions:-

	Group RM'000
Companies in which certain directors have significant financial interests	
Lease payments on short-term leases	8
Lease payments for right-of-use asset	984
A company in which a close family member of certain directors has significant financial interests	
Sales of goods	(249)

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REPORT (CONT'D)

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

	From the Company RM'000	From the Subsidiary RM'000	Total RM'000
Fees	431	-	431
Salaries, bonuses and other benefits	25	3,080	3,105
Contributions to defined contribution benefits	-	370	370
Estimated monetary value of benefits-in-kind	-	10	10
	456	3,460	3,916

INDEMNITY AND INSURANCE COSTS

During the financial year, the amount of insurance effected for the directors and officers of the Company and its subsidiaries was RM12,000,000. No indemnity was given to or insurance effected for the auditors of the Company.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 25 September 2026, the Company incorporated a wholly-owned subsidiary, KP Healthcare Sdn. Bhd., in Malaysia, with an issued share capital of 1,000 ordinary shares for a total cash consideration of RM1,000.

DIRECTORS' REPORT (CONT'D)

SUBSIDIARIES

(a) The details of the Company's subsidiaries are as follows:-

Name of Subsidiaries	Country of Incorporation	Percentage of Issued Share Capital Held by Parent	Principal Activities
Subsidiaries of the Company			
Kotra Pharma (M) Sdn. Bhd.	Malaysia	100%	Developing, manufacturing and trading of pharmaceutical and healthcare products
Appeton Healthcare Sdn. Bhd.	Malaysia	100%	Dormant
Biglink Rewards Sdn. Bhd.	Malaysia	100%	Dormant
Kite Training And Consultancy Sdn. Bhd.	Malaysia	100%	Dormant

(b) The available auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

HOLDING COMPANY

The holding company is Piong Nam Kim Holdings Sdn. Bhd., a company incorporated in Malaysia which the directors also regard as the ultimate holding company.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:-

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables; and

(ii) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:-

(i) the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company; and

(ii) the values attributed to the current assets in the financial statements misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT (CONT'D)

OTHER STATUTORY INFORMATION (CONT'D)

(e) At the date of this report, there does not exist:-

(i) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:-

(i) no contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:-

	Group RM'000	Company RM'000
Audit fees	176	35
Non-audit fees	4	4
	180	39

Signed in accordance with a resolution of the directors dated 12 October 2026.

Piong Teck Onn
Managing Director

Chin Swee Chang
Executive Director

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Piong Teck Onn and Chin Swee Chang, being two of the directors of Kotra Industries Berhad, state that, in the opinion of the directors, the financial statements set out on pages 84 to 121 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2026 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 12 October 2026.

Piong Teck Onn
Managing Director

Chin Swee Chang
Executive Director

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Daniel Chua Chong Liang, MIA membership number: CA18092, being the officer primarily responsible for the financial management of Kotra Industries Berhad, do solemnly and sincerely declare that the financial statements set out on pages 84 to 121 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Daniel Chua Chong Liang
at Melaka
in the State of Melaka
on this 12 October 2026

Daniel Chua Chong Liang

Before me,

Shahrizah Binti Yahya
M084
Pesuruhjaya Sumpah
Commissioner for Oaths
No. 4 Jalan TMR 32,
Taman Melaka Raya,
75000 Melaka.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF KOTRA INDUSTRIES BERHAD
(INCORPORATED IN MALAYSIA) REGISTRATION NO: 199901022732 (497632-P)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Kotra Industries Berhad, which comprise the statements of financial position of the Group and of the Company as at 30 June 2026, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 84 to 121.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2026, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matter described below to be the key audit matter to be communicated in our report.

Key audit matter Revenue Recognition (Refer to Note 4 to the financial statements)	**How our audit addressed the key audit matter**
Consolidated revenue recorded by the Group during the financial year amounted to approximately RM233.02 million. We consider revenue recognition for sale of goods to be a potential cause for higher risk of material misstatement from the perspective of timing of recognition and the amount of revenue recognised. Accordingly, we regard revenue recognition to be a Key Audit Matter.	Our procedures included, amongst others: • tested the operating effectiveness of internal control over the completeness, accuracy, and timing of revenue recognised in the financial statements; • reviewed the terms of customer agreements to determine the point of control transfer to the customers on sampling basis; • tested the recording of sales transactions, revenue cut-off and review of credit notes after year end; and • obtained confirmations from trade receivables as at the financial year end on sampling basis and reviewed collections relating to material trade receivables during and after the financial year end.

INDEPENDENT AUDITORS' REPORT (CONT'D)
TO THE MEMBERS OF KOTRA INDUSTRIES BERHAD
(INCORPORATED IN MALAYSIA) REGISTRATION NO: 199901022732 (497632-P)

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

INDEPENDENT AUDITORS' REPORT (CONT'D)
TO THE MEMBERS OF KOTRA INDUSTRIES BERHAD
(INCORPORATED IN MALAYSIA) REGISTRATION NO: 199901022732 (497632-P)

Auditors' responsibilities for the audit of the financial statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (Cont'd):-

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Tan Guan Seng
03387/08/2028 J
Chartered Accountant

Melaka

12 October 2026

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

		Group		Company	
	Note	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Revenue	4	233,022	230,784	33,276	38,771
Other operating income	5	4,712	3,295	29	32
Raw materials and consumables used		(60,378)	(58,345)	-	-
Changes in inventories of finished goods and work-in-progress		(472)	(2,276)	-	-
Employee benefits expenses	6	(59,142)	(56,652)	(568)	(526)
Selling and distribution expenses		(26,895)	(27,466)	-	-
Depreciation and amortisation		(14,626)	(13,605)	-	-
Other operating expenses		(22,618)	(24,697)	(251)	(247)
Finance costs	7	(252)	(27)	-	-
Net (impairment losses)/reversal of impairment losses on financial assets	8	(1,706)	345	-	-
Profit before taxation	9	51,645	51,356	32,486	38,030
Income tax expense	10	(11,051)	(8,881)	-	(7)
Profit after taxation		40,594	42,475	32,486	38,023
Other comprehensive income		-	-	-	-
Total comprehensive income for the financial year		40,594	42,475	32,486	38,023
Earnings per share (sen)					
Basic/Diluted	11	27.37	28.64		

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2026

	Note	Group 2026 RM'000	Group 2025 RM'000	Company 2026 RM'000	Company 2025 RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	231,545	199,101	-	-
Investment properties	13	1,235	1,261	-	-
Investments in subsidiaries	14	-	-	121,668	121,668
Right-of-use assets	15	10,237	10,367	-	-
		243,017	210,729	121,668	121,668
Current assets					
Inventories	16	52,176	51,764	-	-
Trade receivables	17	38,888	32,651	-	-
Other receivables, deposits and prepayments	18	4,261	2,580	1	6
Current tax assets		19	10	19	10
Derivative assets	19	-	32	-	-
Fixed deposits with licensed banks	20	19,407	18,511	600	700
Cash and bank balances		16,023	32,176	147	194
		130,774	137,724	767	910
Total assets		373,791	348,453	122,435	122,578
Equity and liabilities					
Equity					
Share capital	21	86,276	86,276	86,276	86,276
Retained earnings	22	201,783	193,818	36,079	36,222
Total equity		288,059	280,094	122,355	122,498
Non-current liabilities					
Lease liabilities	23	82	82	-	-
Term loans	24	22,990	1,531	-	-
Deferred tax liabilities	25	6,952	6,179	-	-
Deferred income	26	68	294	-	-
		30,092	8,086	-	-
Current liabilities					
Lease liabilities	23	962	960	-	-
Term loans	24	776	-	-	-
Trade payables	27	11,852	13,277	-	-
Other payables and accruals	28	37,110	44,125	80	80
Current tax liabilities		4,881	1,911	-	-
Derivative liabilities	19	59	-	-	-
		55,640	60,273	80	80
Total liabilities		85,732	68,359	80	80
Total equity and liabilities		373,791	348,453	122,435	122,578

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

Group	Note	Share capital RM'000	Distributable Retained earnings RM'000	Total equity RM'000
At 1 July 2024		86,276	189,163	275,439
Profit after taxation, representing total comprehensive income for the financial year		-	42,475	42,475
Dividends	29	-	(37,820)	(37,820)
At 30 June 2025/1 July 2025		86,276	193,818	280,094
Profit after taxation, representing total comprehensive income for the financial year		-	40,594	40,594
Dividends	29	-	(32,629)	(32,629)
At 30 June 2026		86,276	201,783	288,059
Company				
At 1 July 2024		86,276	36,019	122,295
Profit after taxation, representing total comprehensive income for the financial year		-	38,023	38,023
Dividends	29	-	(37,820)	(37,820)
At 30 June 2025/1 July 2025		86,276	36,222	122,498
Profit after taxation, representing total comprehensive income for the financial year		-	32,486	32,486
Dividends	29	-	(32,629)	(32,629)
At 30 June 2026		86,276	36,079	122,355

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

	Note	Group 2026 RM'000	Group 2025 RM'000	Company 2026 RM'000	Company 2025 RM'000
Cash flows from operating activities					
Profit before taxation		51,645	51,356	32,486	38,030
Adjustments for:-					
Amortisation of deferred income	26	(226)	(254)	-	-
Depreciation of investment properties	13	26	25	-	-
Depreciation of property, plant and equipment	12	13,508	12,488	-	-
Depreciation of right-of-use assets	15	1,092	1,092	-	-
Fair value loss/(gain) on derivatives	5,9	91	(32)	-	-
Loss/(Gain) on disposal of property, plant and equipment	5,9	18	(2)	-	-
Interest expense on lease liabilities	7	24	24	-	-
Interest income	5	(1,557)	(2,285)	(29)	(32)
Inventories written down	16	1,697	972	-	-
Net impairment losses/(reversal of impairment losses) on trade receivables	8	1,706	(345)	-	-
Other interest expenses	7	228	3	-	-
Reversal of property, plant and equipment written off	12	-	(1)	-	-
Rental income	5	(19)	(9)	-	-
Unrealised (gain)/loss on foreign exchange	5,9	(2,328)	211	-	-
Operating profit before working capital changes		65,905	63,243	32,457	37,998
(Increase)/Decrease in inventories		(2,109)	1,900	-	-
(Increase)/Decrease in receivables		(8,705)	2,635	5	169
(Decrease)/Increase in payables		(3,447)	(3,781)	-	22
Cash from operations		51,644	63,997	32,462	38,189
Income tax paid		(7,375)	(4,367)	(9)	(17)
Income tax refunded		58	70	-	14
Net cash from operating activities		44,327	59,700	32,453	38,186

The accompanying notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS (CONT'D)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

	Note	Group 2026 RM'000	Group 2025 RM'000	Company 2026 RM'000	Company 2025 RM'000
Cash flows (for)/from investing activities					
Additional investments in existing subsidiaries		-	-	-	(260)
Interest received		1,557	2,285	29	32
Proceeds from disposal of property, plant and equipment		26	20	-	-
Purchase of property, plant and equipment	30(a)	(50,269)	(38,655)	-	-
Rental received		19	9	-	-
Net cash (for)/from investing activities		(48,667)	(36,341)	29	(228)
Cash flows for financing activities					
Dividends paid	29	(32,629)	(37,820)	(32,629)	(37,820)
Interest paid	30(b)	(705)	(37)	-	-
Proceeds from term loans	30(b)	22,235	1,531	-	-
Repayment of lease liabilities	30(b)	(960)	(960)	-	-
Net cash for financing activities		(12,059)	(37,286)	(32,629)	(37,820)
Net (decrease)/increase in cash and cash equivalents		(16,399)	(13,927)	(147)	138
Effects of exchange rate changes on cash and cash equivalents		1,142	(1,399)	-	-
Cash and cash equivalents at beginning of the financial year		50,687	66,013	894	756
Cash and cash equivalents at end of the financial year	30(d)	35,430	50,687	747	894

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2026

1. General information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 60-1, Jalan Lagenda 5, Taman 1 Lagenda, 75400 Melaka. The principal place of business is located at No. 1, 2 & 3, Jalan TTC 12, Cheng Industrial Estate, 75250 Melaka.

These financial statements comprise both separate and consolidated financial statements. The financial statements of the Company are separate financial statements, while the financial statements of the Group are consolidated financial statements that include those of the Company and its subsidiaries as of the end of the reporting period. The Company and its subsidiaries are collectively referred to as "Group".

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 14 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The holding company is Piong Nam Kim Holdings Sdn. Bhd., a company incorporated in Malaysia, which the directors also regard as the ultimate holding company.

The financial statements of the Company and of the Group are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 12 October 2026.

2. Basis of preparation

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.1 During the current financial year, the Group and the Company have adopted the following new accounting standard and/or interpretation (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 121: Lack of Exchangeability

The adoption of the above accounting standard and/or interpretation (including the consequential amendments, if any) did not have any material impact on the financial statements of the Group and of the Company.

2.2 The Group and the Company have not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
MFRS 20 Regulatory Assets and Regulatory Liabilities	1 January 2029
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 121: Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to MFRS 128: Amendments to the Fair Value Option for Investments in Associates and Joint Ventures	1 January 2027
Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

2. Basis of preparation (Cont'd)

2.2 The Group and the Company have not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year (Cont'd):-

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application except as follows:-

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 'Presentation and Disclosure in Financial Statements' will replace MFRS 101 'Presentation of Financial Statements' upon its adoption. This new standard aims to enhance the transparency and comparability of financial information by introducing new disclosure requirements. Specifically, it requires that income and expenses be classified into 3 defined categories: "operating", "investing" and "financing" and introduces 2 new subtotals: "operating profit or loss" and "profit or loss before financing and income tax". In addition, MFRS 18 requires the disclosure of management-defined performance measures and sets out principles for the aggregation and disaggregation of information, which will apply to all primary financial statements and their accompanying notes. The statements of financial position and the statements of cash flows will also be affected. Apart from the reclassification of items and the additional disclosures above, adoption of MFRS 18 is not expected to have any financial impact on the financial statements of the Group and of the Company, as the new standard does not change the recognition and measurement of assets, liabilities, income and expenses.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are disclosed in the following notes:-

- Note 10.1 - Income taxes;
- Note 12.1 - Depreciation of property, plant and equipment;
- Note 16.1 - Write-down of inventories; and
- Note 17.1 - Impairment of trade receivables.

4. Revenue

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Revenue from contracts with customers				
Recognised at a point in time				
Sale of goods	233,022	230,784	-	-
Revenue from other sources				
Dividend income from a subsidiary	-	-	32,726	38,231
Management fees	-	-	550	540
	233,022	230,784	33,276	38,771

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

4. Revenue (Cont'd)

(a) The information on the disaggregation of revenue by geographical market is disclosed in Note 33(b) to the financial statements.

(b) The information on the revenue from other sources is summarised below:-

Dividend income

Dividend income is recognised when the right to receive dividend payment is established.

Management fees

Management fees are recognised in the period in which the services are rendered.

4.1 Material accounting policy information for revenue

Sale of goods

Revenue from sale of goods is recognised when control of the goods has been transferred to the customer. For local sales, this is generally upon delivery and customer acceptance. For export sales, control is transferred in accordance with the contractual shipping terms and conditions, which may occur upon shipment or upon delivery to the customer.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

5. Other operating income

	Group		Company	
	2026	**2025**	**2026**	**2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Amortisation of deferred income				
- government grants	226	254	-	-
Fair value gain on derivatives	-	32	-	-
Freight revenue	149	202	-	-
Gain on disposal of property, plant and equipment	-	2	-	-
Gain on foreign exchange - unrealised	2,328	-	-	-
Interest income on financial assets measured at amortised cost	1,557	2,285	29	32
Rental income	19	9	-	-
Sundry income	433	511	-	-
	4,712	3,295	29	32

The information on the other operating income is summarised below:-

(i) Government grants

The Group presents government grants related to an asset by setting up the grants as deferred income and are amortised to profit or loss on a systematic basis over the expected useful life of the relevant asset.

(ii) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(iii) Rental income

Rental income is recognised on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

6. Employee benefits expenses

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Directors' remuneration (Note 31(d))				
Directors of the Company	3,906	3,817	456	422
Directors of the subsidiaries	711	647	-	-
	4,617	4,464	456	422
Non-directors' remuneration				
Short-term employee benefits	48,393	46,195	97	91
Defined contribution benefits	4,873	4,650	12	11
Other personnel expenses	1,259	1,343	3	2
	59,142	56,652	568	526

Included in employee benefits expenses are key management personnel compensation as disclosed in Note 31(d) to the financial statements.

7. Finance costs

	Group	
	2026 RM'000	2025 RM'000
Interest expense on financial liabilities that are not at fair value through profit or loss:		
- bank overdrafts	3	3
- term loans	225	-
Interest expense on lease liabilities (Note 23)	24	24
	252	27

8. Net impairment losses/(reversal of impairment losses) on financial assets

	Group	
	2026 RM'000	2025 RM'000
Impairment losses on trade receivables (Note 17)	1,706	413
Reversal of impairment losses on trade receivables (Note 17)	-	(758)
	1,706	(345)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

9. Profit before taxation

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Profit before taxation is arrived at after charging/ (crediting):-				
Auditors' remuneration:				
- audit fees	176	148	35	35
- non-audit fees	4	4	4	4
Depreciation:				
- investment properties (Note 13)	26	25	-	-
- property, plant and equipment (Note 12)	13,508	12,488	-	-
- right-of-use assets (Note 15)	1,092	1,092	-	-
Direct operating expenses on investment properties	21	14	-	-
Fair value loss/(gain) on derivatives	91	(32)	-	-
Inventories written down (Note 16)	1,697	972	-	-
Lease expenses:				
- short-term leases	154	144	-	-
- low-value assets	4	2	-	-
Loss/(Gain) on disposal of property, plant and equipment	18	(2)	-	-
Loss/(Gain) on foreign exchange:				
- realised	2,019	4,708	-	-
- unrealised	(2,328)	211	-	-
Research and development expenses	1,324	165	-	-
Reversal of property, plant and equipment written off (Note 12)	-	(1)	-	-

10. Income tax expense

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Current tax expense	9,869	4,986	-	7
Under/(Over)provision in the previous financial year	409	(409)	-	-
	10,278	4,577	-	7
Deferred tax (Note 25):				
- origination and reversal of temporary differences	579	4,946	-	-
- under/(over)provision in the previous financial year	194	(642)	-	-
	773	4,304	-	-
	11,051	8,881	-	7

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

10. Income tax expense (Cont'd)

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Profit before taxation	51,645	51,356	32,486	38,030
Tax at the statutory tax rate of 24% (2025: 24%)	12,395	12,325	7,797	9,127
Tax effects of:-				
Non-taxable income	-	-	(7,854)	(9,175)
Non-deductible expenses	392	384	57	55
Utilisation of tax incentives	(2,339)	(2,701)	-	-
Utilisation of deferred tax assets previously not recognised	-	(76)	-	-
Under/(Over)provision of current tax in the previous financial year	409	(409)	-	-
Under/(Over)provision of deferred taxation in the previous financial year	194	(642)	-	-
	11,051	8,881	-	7

10.1 Critical accounting estimates and judgements for income taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on their understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made.

11. Earnings per share

(a) Basic earnings per share

The basic earnings per share is calculated by dividing the consolidated profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2026	2025
Profit attributable to owners of the Company (RM'000)	40,594	42,475
Weighted average number of ordinary shares in issue ('000)	148,314	148,314
Basic earnings per share (sen)	27.37	28.64

(b) Diluted earnings per share

The diluted earnings per share is equal to the basic earnings per share because there were no potential ordinary shares during the financial year.

12. Property, plant and equipment

Group	At 1.7.2025 RM'000	Additions (Note 30(a)) RM'000	Reclassification RM'000	Disposals RM'000	Depreciation Charges (Note 9) RM'000	At 30.6.2026 RM'000
2026						
Carrying amount						
Industrial buildings and installations	37,507	28	63,413	-	(1,758)	99,190
Machinery and equipment	41,261	483	30,646	-	(10,620)	61,770
Motor vehicles	584	548	-	(44)	(198)	890
Office equipment	27	4	-	-	(10)	21
Computer equipment	1,334	153	373	-	(647)	1,213
Furniture and fittings	774	176	412	-	(162)	1,200
Renovation	264	362	-	-	(113)	513
Capital work-in-progress	117,350	44,242	(94,844)	-	-	66,748
	199,101	45,996	-	(44)	(13,508)	231,545

Group	At 1.7.2024 RM'000	Additions (Note 30(a)) RM'000	Reclassification RM'000	Disposals RM'000	Write Off (Note 9) RM'000	Depreciation Charges (Note 9) RM'000	At 30.6.2025 RM'000
2025							
Carrying amount							
Industrial buildings and installations	38,704	13	18	-	-	(1,228)	37,507
Machinery and equipment	34,139	995	15,915	-	-	(9,788)	41,261
Motor vehicles	759	-	-	(18)	-	(157)	584
Office equipment	31	10	-	-	-	(14)	27
Computer equipment	1,626	520	-	-	1	(813)	1,334
Furniture and fittings	533	224	238	-	-	(221)	774
Renovation	475	17	39	-	-	(267)	264
Capital work-in-progress	91,459	42,101	(16,210)	-	-	-	117,350
	167,726	43,880	-	(18)	1	(12,488)	199,101

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

12. Property, plant and equipment (Cont'd)

Group	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
2026			
Industrial buildings and installations	122,347	(23,157)	99,190
Machinery and equipment	231,124	(169,354)	61,770
Motor vehicles	2,655	(1,765)	890
Office equipment	564	(543)	21
Computer equipment	10,213	(9,000)	1,213
Furniture and fittings	6,089	(4,889)	1,200
Renovation	3,100	(2,587)	513
Capital work-in-progress	66,748	-	66,748
	442,840	(211,295)	231,545
2025			
Industrial buildings and installations	58,906	(21,399)	37,507
Machinery and equipment	200,070	(158,809)	41,261
Motor vehicles	2,197	(1,613)	584
Office equipment	560	(533)	27
Computer equipment	9,687	(8,353)	1,334
Furniture and fittings	5,501	(4,727)	774
Renovation	2,738	(2,474)	264
Capital work-in-progress	117,350	-	117,350
	397,009	(197,908)	199,101

(a) The carrying amount of property, plant and equipment of the Group pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 24 to the financial statements are as follows:-

	Group	
	2026 RM'000	2025 RM'000
Industrial buildings and installations	56,321	-
Capital work-in-progress	15,488	52,150
	71,809	52,150

(b) The Group's capital work-in-progress represents capital expenditures incurred for factory buildings under construction and production machinery under installation. Included in the capital work-in-progress is the interest expense capitalised during the financial year amounting to RM453,451 (2025: RM10,107).

12.1 Critical accounting estimates and judgements for depreciation of property, plant and equipment

The estimates for the residual values, useful lives and related depreciation charges for property, plant and equipment are based on commercial factors which could change significantly due to technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected usage levels and technological development could affect the economic useful lives and residual values of these assets; therefore, future depreciation charges may be revised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

12. Property, plant and equipment (Cont'd)

12.2 Material accounting policy information for property, plant and equipment

All items of property, plant and equipment are initially measured at cost.

Subsequent to the initial recognition, all property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Industrial buildings and installations	2% - 10%
Machinery and equipment	5% - 20%
Motor vehicles	10%
Office equipment	10%
Computer equipment	20%
Furniture and fittings	10%
Renovation	10%

Capital work-in-progress represents factory buildings under construction and production machinery under installation. They are not depreciated until such time when the asset is available for use.

13. Investment properties

	Group	
	2026	**2025**
	RM'000	**RM'000**
Cost:-		
At 1 July/30 June	2,105	2,105
Accumulated depreciation:-		
At 1 July	844	819
Depreciation during the financial year (Note 9)	26	25
At 30 June	870	844
	1,235	1,261
Represented by:-		
Freehold land	810	810
Freehold buildings	425	451
	1,235	1,261
Fair value	3,400	3,400

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

13. Investment properties (Cont'd)

(a) An investment property of the Group is leased to a customer under operating lease with rentals payable monthly. The lease contains initial non-cancellable period of 2 (2025: 2) years and an option that is exercisable by the customer to extend its lease for 2 (2025: 2) years.

The Group requires 2 (2025: 2) months of advanced rental payments from the customer. The lease does not include residual value guarantees and variable lease payments that depend on an index or rate.

As at the reporting date, the future minimum rentals receivable under the non-cancellable operating lease are as follows:-

	Group	
	2026	**2025**
	RM'000	**RM'000**
Within 1 year	9	18
Between 1 and 2 years	-	9
	9	27

(b) The fair values of the investment properties are within level 2 of the fair value hierarchy. They are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers who have appropriate recognised professional qualifications and recent experience in the locations and categories of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties. Adjustments are then made for differences in location, size, available facilities, market conditions and other factors to arrive at the fair value.

13.1 Material accounting policy information for investment properties

Investment properties are initially measured at cost. Subsequent to the initial recognition, the investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land is not depreciated. Depreciation on other investment properties is calculated using the straight-line method to allocate the depreciable amounts over the estimated useful lives. The principal annual depreciation period for buildings is 50 years.

14. Investments in subsidiaries

	Company	
	2026	**2025**
	RM'000	**RM'000**
Unquoted shares, at cost	115,016	115,016
Share options granted to employees of a subsidiary	6,652	6,652
	121,668	121,668

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

14. Investments in subsidiaries (Cont'd)

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business and Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2026	2025	Principal Activities
Subsidiaries of the Company				
Kotra Pharma (M) Sdn. Bhd.	Malaysia	100%	100%	Developing, manufacturing and trading of pharmaceutical and healthcare products
Appeton Healthcare Sdn. Bhd.	Malaysia	100%	100%	Dormant
Biglink Rewards Sdn. Bhd.	Malaysia	100%	100%	Dormant
Kite Training And Consultancy Sdn. Bhd.	Malaysia	100%	100%	Dormant

14.1 Material accounting policy information for investments in subsidiaries

Investments in subsidiaries including the share options granted to employees of a subsidiary, which are eliminated on consolidation, are stated in the financial statements of the Company at cost less impairment losses, if any.

15. Right-of-use assets

Group	At 1.7.2025 RM'000	Modification of Lease Liabilities (Note 23) RM'000	Depreciation Charges (Note 9) RM'000	At 30.6.2026 RM'000
2026				
Carrying amount				
Leasehold land	9,327	-	(132)	9,195
Office premise	1,040	962	(960)	1,042
	10,367	962	(1,092)	10,237

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

15. Right-of-use assets (Cont'd)

Group	At 1.7.2024 RM'000	Modification of Lease Liabilities (Note 23) RM'000	Depreciation Charges (Note 9) RM'000	At 30.6.2025 RM'000
2025				
Carrying amount				
Leasehold land	9,458	-	(131)	9,327
Office premise	1,041	960	(961)	1,040
	10,499	960	(1,092)	10,367

(a) The Group has lease contracts for leasehold land and office premise used in its operations. Their lease terms are as below:-

	2026	2025
Leasehold land	76 to 77 years	76 to 77 years
Office premise	2 years	2 years

(b) The Group also has leases with terms of 12 months or less and leases for equipment of low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(c) The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the portfolio of leased assets and aligning them with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

(d) The leasehold land of the Group with carrying amount of RM5,628,588 (2025: RM5,708,160) has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 24 to the financial statements.

15.1 Material accounting policy information for right-of-use assets

Short-term leases and leases of low-value assets

The Group applies the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

Right-of-use assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

16. Inventories

	Group	
	2026	**2025**
	RM'000	**RM'000**
Raw materials	21,402	21,607
Work-in-progress	2,408	1,843
Finished goods	26,081	27,118
Goods in transit	2,285	1,196
	52,176	51,764
Recognised in profit or loss:-		
Inventories recognised as cost of sales	59,153	59,649
Amount written down (Note 9)	1,697	972
Movement for inventories written down:-		
At 1 July	4,213	5,136
Addition during the financial year (Note 9)	1,697	972
Written off during the financial year	(730)	(1,895)
At 30 June	5,180	4,213

16.1 Critical accounting estimates and judgements for write-down of inventories

Management periodically reviews damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

16.2 Material accounting policy information for inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method and comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

17. Trade receivables

	Group	
	2026 RM'000	2025 RM'000
Trade receivables	42,005	34,062
Less: Allowance for impairment losses	(3,117)	(1,411)
	38,888	32,651
Allowance for impairment losses:-		
At 1 July	1,411	1,756
Addition during the financial year (Note 8)	1,706	413
Reversal during the financial year (Note 8)	-	(758)
At 30 June	3,117	1,411

The Group's normal trade credit terms range from 30 to 120 (2025: 30 to 120) days.

Included in trade receivables is an amount due from a related party as disclosed in Note 31(c) to the financial statements.

17.1 Critical accounting estimates and judgements for impairment of trade receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts them for qualitative and quantitative, reasonable and supportable, forward-looking information, where applicable. If the expectation is different from the estimation, such a difference will impact the carrying value of trade receivables.

18. Other receivables, deposits and prepayments

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Other receivables:-				
Third parties	113	43	-	-
Interest receivables	117	129	-	5
Advance payments to suppliers	3,118	1,773	-	-
	3,348	1,945	-	5
Deposits	385	363	1	1
Prepayments	528	272	-	-
	4,261	2,580	1	6

The advance payments to suppliers are unsecured and interest-free. The amount owing will be offset against future billings from the suppliers.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

19. Derivative assets/(liabilities)

	Contract/Notional Amount		Group	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Derivative assets				
Forward currency contracts	-	7,596	-	32
Derivative liabilities				
Forward currency contracts	2,196	-	(59)	-

The Group does not apply hedge accounting.

Forward currency contracts are used to hedge the Group's sales denominated in United States Dollar (USD) for which firm commitments existed at the end of the reporting period. The settlement dates of the forward currency contracts are within 1 month (2025: 1 to 4 months) after the end of the reporting period.

20. Fixed deposits with licensed banks

The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 2.65% to 3.83% (2025: 3.75% to 4.45%) per annum and 2.65% (2025: 3.75%) per annum respectively. The fixed deposits have maturity periods ranging from 14 to 92 (2025: 63 to 91) days and 92 (2025: 91) days for the Group and the Company respectively.

21. Share capital

	Group/Company			
	2026	2025	2026	2025
	Number of shares		Amount	
	'000	'000	RM'000	RM'000
Issued and fully paid-up				
Ordinary shares				
At 1 July/30 June	148,314	148,314	86,276	86,276

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

22. Retained earnings

Under Malaysia's single-tier tax system, tax on the Company's profits is the final tax and accordingly, any dividends declared from these profits are generally tax-exempt for shareholders. However, effective from Year of Assessment 2025, individual shareholders receiving more than RM100,000 in Malaysian dividend income annually will be subject to a 2% tax on the excess amount. This tax is not subject to withholding by the Company and must be declared and paid by the individual shareholders through their personal income tax return. Any dividends paid to corporate shareholders remain tax-exempt.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

23. Lease liabilities

	Group	
	2026 RM'000	2025 RM'000
At 1 July	1,042	1,042
Changes due to lease modification (Notes 15 and 30(b))	962	960
Interest expense recognised in profit or loss (Note 7)	24	24
Repayment of principal	(960)	(960)
Repayment of interest expense	(24)	(24)
At 30 June	1,044	1,042
Analysed by:-		
Current liabilities	962	960
Non-current liabilities	82	82
	1,044	1,042

23.1 Material accounting policy information for lease liabilities

Lease liabilities are initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the entity's incremental borrowing rate. Subsequent to the initial recognition, lease liabilities are measured at amortised cost and are adjusted for any lease reassessments or modifications.

24. Term loans (secured)

	Group	
	2026 RM'000	2025 RM'000
Current liabilities	776	-
Non-current liabilities	22,990	1,531
	23,766	1,531

(a) The term loans of the Group are secured by the following:-

(i) legal charge over the Group's property, plant and equipment and right-of-use assets as disclosed in Notes 12(a) and 15(d) to the financial statements;

(ii) specific debentures over certain assets of the Group;

(iii) assignment of insurance policy for the charged property;

(iv) negative pledge on all other property, plant and equipment as disclosed in Note 12 to the financial statements; and

(v) corporate guarantee by the Company.

(b) The major covenant of the term loans is a subsidiary's gearing ratio shall not exceed 2.0 times.

The covenant is tested annually, at 30 June. The Group has complied with the covenant throughout the reporting period.

There are no indicators that the Group would have difficulties complying with the upcoming covenant assessments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

24. Term loans (secured) (Cont'd)

(c) The interest rate profile of the term loans is summarised below:-

	Effective Interest Rate		Group	
	2026 %	2025 %	2026 RM'000	2025 RM'000
Floating rate term loans	3.66	3.92	23,766	1,531

25. Deferred tax liabilities

Group	At 1.7.2025 RM'000	Recognised in Profit or Loss (Note 10) RM'000	At 30.6.2026 RM'000
2026			
Deferred tax liabilities			
Property, plant and equipment	(10,278)	(978)	(11,256)
Right-of-use assets	(249)	-	(249)
	(10,527)	(978)	(11,505)
Deferred tax assets			
Lease liabilities	250	-	250
Other temporary differences	4,098	205	4,303
	4,348	205	4,553
	(6,179)	(773)	(6,952)

Group	At 1.7.2024 RM'000	Recognised in Profit or Loss (Note 10) RM'000	At 30.6.2025 RM'000
2025			
Deferred tax liabilities			
Property, plant and equipment	(10,900)	622	(10,278)
Right-of-use assets	(249)	-	(249)
	(11,149)	622	(10,527)
Deferred tax assets			
Lease liabilities	250	-	250
Unutilised tax incentives	3,908	(3,908)	-
Other temporary differences	5,116	(1,018)	4,098
	9,274	(4,926)	4,348
	(1,875)	(4,304)	(6,179)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

26. Deferred income

	Group	
	2026 RM'000	2025 RM'000
Non-current		
Government grants	68	294

RM225,979 (2025: RM254,234) has been amortised and recognised as other income in the statement of profit or loss.

27. Trade payables

The normal trade credit terms granted to the Group range from 30 to 90 (2025: 30 to 90) days.

28. Other payables and accruals

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Accruals	1,376	1,365	80	80
Deposits received from customers	13,216	17,811	-	-
Due to suppliers of property, plant and equipment	6,846	11,572	-	-
Other payables	5,672	5,106	-	-
Payroll liabilities	10,000	8,271	-	-
	37,110	44,125	80	80

29. Dividends

	Group/Company	
	2026 RM'000	2025 RM'000
Second interim single tier dividend of 13 (2025: 13) sen per ordinary share in respect of the previous financial year	19,281	19,281
First interim single tier dividend of 9 (2025: 12.5) sen per ordinary share in respect of the current financial year	13,348	18,539
	32,629	37,820

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

30. Cash flow information

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	Group	
	2026	**2025**
	RM'000	**RM'000**
Property, plant and equipment		
Cost of property, plant and equipment purchased (Note 12)	45,996	43,880
Under payables for purchase of property, plant and equipment	4,726	(5,215)
Interest expense capitalised (Note 30(b))	(453)	(10)
	50,269	38,655

(b) The reconciliations of liabilities arising from financing activities are as follows:-

Group	**Bank Overdrafts RM'000**	**Term Loans RM'000**	**Lease Liabilities RM'000**	**Total RM'000**
2026				
At 1 July	*	1,531	1,042	2,573
Changes in financing cash flows				
Proceeds from drawdown	-	22,235	-	22,235
Repayment of principal	-	-	(960)	(960)
Repayment of interests	(3)	(678)	(24)	(705)
	(3)	21,557	(984)	20,570
Other changes				
Modification of lease (Notes 15 and 23)	-	-	962	962
Interest expense recognised in profit or loss	3	225	24	252
Interest expense capitalised under capital work-in-progress (Note 30(a))	-	453	-	453
	3	678	986	1,667
At 30 June	*	23,766	1,044	24,810

* Bank overdrafts have formed part of the cash and cash equivalents, therefore, no movement is presented.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

30. Cash flow information (Cont'd)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

Group	Bank Overdrafts RM'000	Term Loans RM'000	Lease Liabilities RM'000	Total RM'000
2025				
At 1 July	*	-	1,042	1,042
Changes in financing cash flows				
Proceeds from drawdown	-	1,531	-	1,531
Repayment of principal	-	-	(960)	(960)
Repayment of interests	(3)	(10)	(24)	(37)
	(3)	1,521	(984)	534
Other changes				
Modification of lease (Notes 15 and 23)	-	-	960	960
Interest expense recognised in profit or loss	3	-	24	27
Interest expense capitalised under capital work-in-progress (Note 30(a))	-	10	-	10
	3	10	984	997
At 30 June	*	1,531	1,042	2,573

* Bank overdrafts have formed part of the cash and cash equivalents, therefore, no movement is presented.

(c) The total cash outflows for leases as a lessee are as follows:-

	Group	
	2026 RM'000	2025 RM'000
Payment of short-term leases	154	144
Payment of low-value assets	4	2
Interest paid on lease liabilities	24	24
Payment of lease liabilities	960	960
	1,142	1,130

(d) The cash and cash equivalents comprise the following:-

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Fixed deposits with licensed banks	19,407	18,511	600	700
Cash and bank balances	16,023	32,176	147	194
	35,430	50,687	747	894

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

31. Related party disclosures

(a) Holding company and subsidiaries

The holding company is disclosed in Note 1 to the financial statements.

The subsidiaries are disclosed in Note 14 to the financial statements.

(b) Significant related party transactions

The Group and the Company carried out the following significant transactions with the related parties during the financial year:-

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
A subsidiary				
Management fee received/receivable	-	-	(550)	(540)
Companies in which certain directors have significant financial interests				
Lease payments on short-term leases	8	8	-	-
Lease payments for right-of-use asset	984	984	-	-
A company in which a close family member of certain directors has significant financial interests				
Sales of goods	(249)	(295)	-	-

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

(c) The outstanding balance of the related party at the end of the reporting period is as follows:-

	Group	
	2026 RM'000	2025 RM'000
A company in which a close family member of certain directors has significant financial interests		
Trade receivables	46	86

There is no amount due and owing to the Group by the related party that has exceeded the credit term.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

31. Related party disclosures (Cont'd)

(d) Key management personnel compensation

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	Group		Company	
	2026	**2025**	**2026**	**2025**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Directors of the Company				
Short-term employee benefits:				
- fees	431	399	431	399
- salaries, bonuses and other benefits	3,105	3,054	25	23
Defined contribution benefits	370	364	-	-
	3,906	3,817	456	422
Directors of the Subsidiaries				
Short-term employee benefits:				
- salaries, bonuses and other benefits	635	578	-	-
Defined contribution benefits	76	69	-	-
	711	647	-	-
Total directors' remuneration (Note 6)	4,617	4,464	456	422

The estimated monetary value of benefits-in-kind provided by the Group to a director of the Company was RM10,417 (2025: RM12,500).

32. Capital commitments

	Group	
	2026	**2025**
	RM'000	**RM'000**
Purchase of plant and equipment	24,180	21,856
Construction of factory building	4,639	25,144
	28,819	47,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

33. Operating segments

(a) Business segment

The Group operates predominantly in one business segment, namely developing, manufacturing and trading of pharmaceutical and healthcare products. Accordingly, the information by business segment is not presented.

(b) Geographical segment

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments and deferred tax assets.

	Revenue		Non-current Assets	
	2026	2025	2026	2025
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Malaysia	164,194	155,536	243,017	210,729
Overseas	68,828	75,248	-	-
	233,022	230,784	243,017	210,729

The revenue is recognised at a point in time.

(c) Major customers

There is no single customer that contributed 10% or more to the Group's revenue.

34. Financial instruments

The activities of the Group and of the Company are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group and of the Company.

(a) Financial risk management policies

The policies in respect of the major areas of treasury activity are as follows:-

(i) Foreign currency risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro Dollar ("EUR"), Singapore Dollar ("SGD") and Brunei Dollar ("BND"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

34. Financial instruments (Cont'd)

(a) Financial risk management policies (Cont'd)

(i) Foreign currency risk (Cont'd)

The exposure to foreign currency risk (a currency which is other than Ringgit Malaysia) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign currency exposure

Group	USD RM'000	EUR RM'000	SGD RM'000	BND RM'000	Total RM'000
2026					
Trade receivables	8,205	-	849	457	9,511
Other receivables	2,194	145	71	-	2,410
Cash and bank balances	2,703	30	2,314	-	5,047
Fixed deposits with licensed banks	18,807	-	-	-	18,807
Trade payables	(899)	(12)	-	-	(911)
Other payables	(16,224)	(138)	(2)	-	(16,364)
Net exposure	14,786	25	3,232	457	18,500
2025					
Trade receivables	3,826	-	1,018	329	5,173
Other receivables	785	10	224	-	1,019
Cash and bank balances	22,830	70	2,383	-	25,283
Fixed deposits with licensed banks	17,811	-	-	-	17,811
Trade payables	(527)	(12)	-	-	(539)
Other payables	(20,877)	(966)	-	-	(21,843)
Net exposure	23,848	(898)	3,625	329	26,904

Foreign currency risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

		Group 2026 RM'000	Group 2025 RM'000
Effects on profit after taxation			
USD/RM	- strengthened by 5% (2025: 5%)	562	906
	- weakened by 5% (2025: 5%)	(562)	(906)
EUR/RM	- strengthened by 5% (2025: 5%)	1	(34)
	- weakened by 5% (2025: 5%)	(1)	34
SGD/RM	- strengthened by 5% (2025: 5%)	123	138
	- weakened by 5% (2025: 5%)	(123)	(138)
BND/RM	- strengthened by 5% (2025: 5%)	17	13
	- weakened by 5% (2025: 5%)	(17)	(13)

There is no impact on the Group's equity.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

34. Financial instruments (Cont'd)

(a) Financial risk management policies (Cont'd)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The exposure to interest rate risk arises mainly from long-term borrowings with variable rates.

The exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 24 to the financial statements.

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	Group	
	2026	**2025**
	RM'000	**RM'000**
Effects on profit after taxation		
Increase of 100 (2025: 100) basis points	(141)	(12)
Decrease of 100 (2025: 100) basis points	141	12

There is no impact on the Group's equity.

(iii) Equity price risk

The Group and the Company do not have any quoted investments and hence, are not exposed to equity price risk.

(iv) Credit risk

The exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group and the Company manage their exposures to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Credit risk concentration profile

The Group does not have any significant credit risk related to any individual customer or counterparty.

In addition, the Group also determines the concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including related parties), net of loss allowance, at the end of the reporting period is as follows:-

	Group	
	2026	**2025**
	RM'000	**RM'000**
Local	29,350	27,478
Overseas	9,538	5,173
	38,888	32,651

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

34. Financial instruments (Cont'd)

(a) Financial risk management policies (Cont'd)

(iv) Credit risk (Cont'd)

Maximum exposure to credit risk

At the end of the reporting period, the maximum exposure to credit risk is presented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to a subsidiary of RM23,766,339 (2025: RM1,531,201), representing the outstanding banking facilities of the subsidiary as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair values on initial recognition were not material.

Assessment of impairment losses

The Group has a formal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the receivables. The Group closely monitors the receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group evaluates whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

A financial asset is credit impaired when any of the following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:
- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; or
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debts to the Group in full or is more than 90 days past due. However, the Group uses a more lagging past due criterion for certain trade receivables when it is more appropriate to reflect their loss patterns.

Trade receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

Inputs, assumptions and techniques used for estimating impairment losses

To measure the expected credit losses, trade receivables (including related parties) have been grouped based on shared credit risk characteristics and the days past due.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on an individual basis.

The expected loss rates are based on the payment profiles of sales over 24 months (2025: 24 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates were not adjusted to reflect forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts as the Group has not identified any forward-looking assumptions that correlate to the historical loss rates.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

34. Financial instruments (Cont'd)

(a) Financial risk management policies (Cont'd)

(iv) Credit risk (Cont'd)

Assessment of impairment losses (Cont'd)

Trade receivables (Cont'd)

Allowance for impairment losses

The reconciliations of allowance for impairment losses are as follows:-

Group	Non-credit Impaired RM'000	Credit Impaired RM'000	Total RM'000
Trade receivables			
Balance at 1.7.2024	1,643	113	1,756
Addition	-	413	413
Reversal	(758)	-	(758)
Balance at 30.6.2025/1.7.2025	885	526	1,411
Addition	716	990	1,706
Balance at 30.6.2026	1,601	1,516	3,117

The information about the credit exposure and loss allowances recognised for trade receivables are as follows:-

Group	Gross Amount RM'000	Lifetime Collective Allowance RM'000	Carrying Amount RM'000
2026			
Current (not past due)	30,570	(488)	30,082
1 to 30 days past due	7,879	(87)	7,792
31 to 60 days past due	887	(39)	848
61 to 90 days past due	1,153	(987)	166
Credit impaired	1,516	(1,516)	-
	42,005	(3,117)	38,888
2025			
Current (not past due)	25,359	(424)	24,935
1 to 30 days past due	6,304	(193)	6,111
31 to 60 days past due	1,761	(239)	1,522
61 to 90 days past due	112	(29)	83
Credit impaired	526	(526)	-
	34,062	(1,411)	32,651

Trade receivables that are collectively determined to be impaired relate to expected credit losses measured based on the Group's observed default rates.

There has not been any significant change in the gross amounts of trade receivables that has impacted the allowance for impairment losses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

34. Financial instruments (Cont'd)

(a) Financial risk management policies (Cont'd)

(iv) Credit risk (Cont'd)

Assessment of impairment losses (Cont'd)

Other receivables

The Group and the Company apply the 3-stage general approach to measure expected credit losses for its other receivables.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group and the Company consider the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for impairment losses

No expected credit losses are recognised on other receivables as they are negligible.

Fixed deposits with licensed banks, cash and bank balances

The Group and the Company consider the licensed banks to be of low credit risk. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group and the Company are of the view that the loss allowance is immaterial and is therefore not provided for.

Financial guarantee contracts

Corporate guarantees for borrowing facilities granted to a subsidiary are a financial guarantee contract.

Inputs, assumptions and techniques used for estimating impairment losses

The Company closely monitors the subsidiary's financial strength to reduce the risk of loss.

The Company considers there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. A financial guarantee contract is credit impaired when:
- The subsidiary is unlikely to repay its obligation to the bank in full; or
- The subsidiary is having a deficit in equity and is continuously loss making.

The Company determines the probability of default of the guaranteed amounts individually using internal information available.

Allowance for impairment losses

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(v) Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Group and the Company practise prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

34. Financial instruments (Cont'd)

(a) Financial risk management policies (Cont'd)

(v) Liquidity risk (Cont'd)

Maturity analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

Group	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
2026						
Non-derivative financial liabilities						
Lease liabilities	3.66	1,044	1,066	984	82	-
Term loans	3.66	23,766	28,154	1,691	25,557	906
Trade payables	-	11,852	11,852	11,852	-	-
Other payables and accruals	-	23,894	23,894	23,894	-	-
Derivative financial liabilities						
Forward currency contracts (gross settled):	-	59				
- gross payments	-		2,255	2,255	-	-
- gross receipts	-		(2,196)	(2,196)	-	-
		60,615	65,025	38,480	25,639	906

Group	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000
2025					
Non-derivative financial liabilities					
Lease liabilities	3.92	1,042	1,066	984	82
Term loans	3.92	1,531	1,663	61	1,602
Trade payables	-	13,277	13,277	13,277	-
Other payables and accruals	-	26,314	26,314	26,314	-
		42,164	42,320	40,636	1,684

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

34. Financial instruments (Cont'd)

(a) Financial risk management policies (Cont'd)

(v) Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

Company	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000
2026				
Non-derivative financial liabilities				
Other payables and accruals	-	80	80	80
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary	-	-	23,766*	23,766
		80	23,846	23,846
2025				
Non-derivative financial liabilities				
Other payables and accruals	-	80	80	80
Financial guarantee contract in relation to corporate guarantee given to a subsidiary	-	-	1,531*	1,531
		80	1,611	1,611

* The potential exposure of the financial guarantee contracts is equivalent to the outstanding amount of the credit facilities of the said subsidiary at the end of the reporting period. The financial guarantees have not been recognised in the financial statements because their fair values on initial recognition were not material.

(b) Capital risk management

The Group and the Company manage their capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group and the Company include within net debt, interest bearing loans and borrowings, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent.

The debt-to-equity ratio of the Group at the end of the reporting period is not presented as its cash and cash equivalents exceeded the total external borrowings.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

34. Financial instruments (Cont'd)

(c) Classification of financial instruments

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Financial assets				
Fair value through profit or loss				
Derivative assets (Note 19)	-	32	-	-
Amortised cost				
Trade receivables (Note 17)	38,888	32,651	-	-
Other receivables (Note 18)	230	172	-	5
Fixed deposits with licensed banks (Note 20)	19,407	18,511	600	700
Cash and bank balances	16,023	32,176	147	194
	74,548	83,510	747	899
Financial liabilities				
Fair value through profit or loss				
Derivative liabilities (Note 19)	59	-	-	-
Amortised cost				
Lease liabilities (Note 23)	1,044	1,042	-	-
Term loans (Note 24)	23,766	1,531	-	-
Trade payables (Note 27)	11,852	13,277	-	-
Other payables and accruals (Note 28)	23,894	26,314	80	80
	60,556	42,164	80	80

(d) Gains or losses arising from financial instruments

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Financial assets				
Fair value through profit or loss				
Net gains recognised in profit or loss	-	32	-	-
Amortised cost				
Net (losses)/gains recognised in profit or loss	(797)	(1,489)	29	32
Financial liabilities				
Fair value through profit or loss				
Net losses recognised in profit or loss	(91)	-	-	-
Amortised cost				
Net gains/(losses) recognised in profit or loss	705	(827)	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

34. Financial instruments (Cont'd)

(e) Fair value information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

Group	Fair Value of Financial Instruments Carried at Fair Value Level 2 RM'000	Fair Value of Financial Instruments not Carried at Fair Value Level 2 RM'000	Total Fair Value RM'000	Total Carrying Amount RM'000
2026				
Financial liabilities				
Term loans:				
- floating rate	-	23,766	23,766	23,766
Derivative liabilities:				
- forward currency contracts	59	-	59	59
2025				
Financial asset				
Derivative assets:				
- forward currency contracts	32	-	32	32
Financial liability				
Term loans:				
- floating rate	-	1,531	1,531	1,531

Fair value of financial instruments carried at fair value

(i) The fair values above have been determined using the following basis:-

The fair values of forward currency contracts are determined by discounting the difference between the contractual forward prices and the current forward prices for the residual maturity of the contracts.

(ii) There were no transfers between level 1 and level 2 during the financial year.

Fair value of financial instruments not carried at fair value

(i) The fair values, which are for disclosure purposes, have been determined using the following basis:-

The fair value of the term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
30 JUNE 2026

34. Financial instruments (Cont'd)

34.1 Material accounting policy information for financial instruments

(i) Financial assets

Financial assets through profit or loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with any fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

Financial assets at amortised cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without a significant financing component which are measured at the transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

(ii) Financial liabilities

Financial liabilities through profit or loss

The financial liabilities are initially measured at fair value. Subsequent to the initial recognition, the financial liabilities are remeasured to their fair values at the reporting date with any fair value changes recognised in profit or loss. The fair value changes do not include interest expense.

Financial liabilities at amortised cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

(iii) Equity

Ordinary shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

(iv) Derivatives

Derivatives are initially measured at fair value. Subsequent to the initial recognition, the derivatives are remeasured to their fair values at the reporting date with any fair value changes recognised in profit or loss.

(v) Financial guarantee contracts

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to the initial recognition, the financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the reimbursement is recognised as a liability and measured at the higher of the amount of loss allowance determined using the expected credit loss model and the amount of financial guarantee initially recognised less cumulative amortisation.

35. Significant event occurring after the reporting period

On 25 September 2026, the Company incorporated a wholly-owned subsidiary, KP Healthcare Sdn. Bhd., in Malaysia, with an issued share capital of 1,000 ordinary shares for a total cash consideration of RM1,000.

DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

Pursuant to Paragraph 9.25A of the Main Market Listing Requirements, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

(A) Group Total Income and Total Assets

		Group	
Total Income	**Remarks**	**2026 (RM'000)**	**2025 (RM'000)**
Revenue		233,022	230,784
Other income		4,712	3,295
Total		**237,734**	**234,079**
Total Assets		**373,791**	**348,453**

(B) Business Activities

		Group	
Shariah Non-Compliant Activities	**Remarks**	**2026 (RM'000)**	**2025 (RM'000)**
Cosmetics/healthcare/beauty care/personal care and related products		283	143
Interest income		1,557	2,285
Gain from investment in conventional instruments	Fair value gain on derivatives	-	32
Rental income received from tenant involved in Shariah non-compliant activities		18	9
Total		**1,858**	**2,469**

(C) Component of Financial Position

(i) Cash Component

		Group	
Islamic Account/Instruments	**Remarks**	**2026 (RM'000)**	**2025 (RM'000)**
Cash in hand		40	137
Cash at bank (exclude cash in hand)		110	127
Total		**150**	**264**
Conventional Account/Instruments			
Cash at bank (exclude cash in hand)		15,873	31,912
Deposits with licensed bank		19,407	18,511
Total		**35,280**	**50,423**

DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING (CONT'D)

(C) Component of Financial Position (Cont'd)

(ii) Debt Component

		Group	
Islamic Financing	**Remarks**	**2026 (RM'000)**	**2025 (RM'000)**
Current		N/A	N/A
Non-Current		N/A	N/A
Total		N/A	N/A
Conventional Borrowing			
Current			
Term loans		776	-
Non-Current			
Term loans		22,990	1,531
Total		**23,766**	**1,531**

LIST OF PROPERTIES

Title/Location	Description & Usage	Land Area/ Existing Use	Tenure	Built-Up Area (sq.m.)	Approximate Age of Building	Net Book Value as at 30 June 2026 (RM)
PN 24784 & PN 20043, Lot 4835 & Lot 4836, Mukim of Cheng, District of Melaka Tengah, Melaka.	Two joined plots of land with a single storey factory and two storey office block.	17,611 sq.m./ Pharmaceutical manufacturing plant.	Leasehold expiring on 14.8.2096	5,120.04	29 years	7,920,313
	Warehouse and production area.	Warehouse and production area.		6,613.00	26 years	
GRN 7972 & GRN 5156, Lot Nos. 43 & 45, Town Area III (3), District of Melaka Tengah, Melaka.	Two plots of land with a 2 ½ storey office building, a store and a warehouse. Idle.	2,252.10 sq.m./ Idle.	Freehold	1,539.31	Office & Store - 34 years Warehouse - 30 years	941,666
GRN 4612, Lot No. 42, Town Area III (3), District of Melaka Tengah, Melaka.	Commercial site erected with a double storey shophouse cum storehouse. Let out.	636.2 sq.m./ Double storey shophouse. Let out.	Freehold	488.90	51 to 55 years	293,000
PN 46842, Lot 9262, Mukim of Cheng, District of Melaka Tengah, Melaka.	Two plots of land amalgamated into one plot with a three storey pharmaceutical factory.	23,614 sq.m./ Pharmaceutical manufacturing plant.	Leasehold expiring on 15.8.2096	28,378.00	16 years	38,807,785
PN 20025, Lot 4833, Mukim of Cheng, District of Melaka Tengah, Melaka.	Manufacturing, warehouse and logistics building.	10,717 sq.m./ Warehouse and logistics building.	Leasehold expiring on 14.8.2096	18,813.00	1 year	62,058,569
						110,021,333

ANALYSIS OF SHAREHOLDINGS
AS AT 30 SEPTEMBER 2026

DISTRIBUTION OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2026

Category	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Share Capital
Less than 100 shares	132	8.27	2,756	0.00
100 to 1,000 shares	467	29.24	255,423	0.17
1,001 to 10,000 shares	684	42.83	2,814,360	1.90
10,001 to 100,000 shares	228	14.28	6,879,578	4.64
100,001 to less than 5% of issued shares	85	5.32	73,737,604	49.72
5% and above of issued shares	1	0.06	64,624,362	43.57
Total	**1,597**	**100.00**	**148,314,083**	**100.00**

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 30 SEPTEMBER 2026

Name of Substantial Shareholders	Direct	% of Shareholding	Indirect	% of Shareholding
1. Piong Nam Kim Holdings Sdn. Bhd.	64,624,362	43.57	-	-
2. Piong Teck Onn	16,286,626	10.98	73,087,562*	49.28
3. Datuk Piong Teck Yen	8,296,564	5.59	-	-

Note:

* Deemed interested by virtue of his interests in Piong Nam Kim Holdings Sdn. Bhd., Medisch Specialist Centre Sdn. Bhd. and Platinum Essence Sdn. Bhd. and his son, Piong Chee Wei's interest pursuant to Section 8(4) of the Act.

DIRECTORS' SHAREHOLDINGS AS AT 30 SEPTEMBER 2026

Name of Directors	Direct	% of Shareholding	Indirect	% of Shareholding
1. Piong Teck Onn	16,286,626	10.98	73,141,562#	49.32
2. Datuk Piong Teck Yen	8,296,564	5.59	-	-
3. Chin Swee Chang	2,314,800	1.56	4,054,000^	2.73

Notes:

\# Deemed interested by virtue of his interests in Piong Nam Kim Holdings Sdn. Bhd., Medisch Specialist Centre Sdn. Bhd. and Platinum Essence Sdn. Bhd. pursuant to Section 8(4) of the Act and his sons, Piong Chee Wei's, Piong Chee Lin's and Piong Chee Hoong's interests pursuant to Section 59(11) of the Act.

^ Deemed interested by virtue of her sons, Piong Chee Wei's, Piong Chee Lin's and Piong Chee Hoong's interests pursuant to Section 59(11) of the Act.

ANALYSIS OF SHAREHOLDINGS (CONT'D)
AS AT 30 SEPTEMBER 2026

TOP 30 DEPOSITORS AS AT 30 SEPTEMBER 2026

NO.	NAME OF SHAREHOLDER	SHARES	%
1	PIONG NAM KIM HOLDINGS SDN BHD	64,624,362	43.57
2	PIONG TECK ONN	6,125,402	4.13
3	PIONG TECK MIN	5,006,220	3.38
4	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR PIONG TECK YEN*	4,500,000	3.03
5	KENANGA NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR PIONG TECK ONN*	4,401,224	2.97
6	KOK HON SENG	3,022,036	2.04
7	PLATINUM ESSENCE SDN. BHD.	2,799,140	1.89
8	CHEAH CHANG HAN	2,489,900	1.68
9	CHIN SWEE CHANG	2,314,800	1.56
10	JI YEH MING	2,150,000	1.45
11	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR PIONG CHEE WEI*	2,080,000	1.40
12	PIONG TECK ONN	1,980,000	1.34
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR PIONG TECK ONN*	1,980,000	1.34
14	RHB NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR PIONG TECK YEN*	1,980,000	1.34
15	SEAH TIN KIM	1,844,440	1.24
16	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR PIONG TECK ONN (7002831)*	1,800,000	1.21
17	MEDISCH SPECIALIST CENTRE SDN BHD	1,664,060	1.12
18	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM KIAN TIAK (8039574)*	1,510,000	1.02
19	PIONG TECK YEN	1,316,564	0.89
20	HO JONATHAN LEP KEE	1,210,000	0.82
21	FONG SILING	1,200,000	0.81
22	CHEAH MING LOONG	1,102,400	0.74
23	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR PIONG CHEE WEI (7002905)*	1,000,000	0.67
24	TRIPLE BOUTIQUE SDN BHD	850,000	0.57
25	PIONG CHEE WEI	800,000	0.54
26	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR LIM KIAN TIAK (7000491)*	749,300	0.51
27	OOI LEE PENG	718,300	0.48
28	NAH BEE CHYI	693,548	0.47
29	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD *PLEDGED SECURITIES ACCOUNT FOR OOI LEE PENG (MLK/SS)*	625,600	0.42
30	PIONG TECK WAH	565,220	0.38
		123,102,516	83.00

NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twenty-Seventh Annual General Meeting ("**27th AGM**") of **KOTRA INDUSTRIES BERHAD** ("**Company**") will be held at the Auditorium Hall, Kotra Pharma Technology Centre, No. 2, Jalan TTC 12, Cheng Industrial Estate, 75250 Melaka on Wednesday, 25 November 2026 at 9.30 a.m. for the following purposes:-

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2026 together with the Reports of the Directors and the Auditors thereon. **(Please refer to Note 7)**

2. To approve the payment of Directors' fees amounting to RM524,000 from 26 November 2026 until the next AGM of the Company in year 2027. **(Ordinary Resolution 1)**

3. To approve the payment of Directors' benefits payable up to an amount of RM78,000 from 26 November 2026 until the next AGM of the Company in year 2027. **(Ordinary Resolution 2)**

4. To re-elect the following Directors, who are retiring pursuant to Clause 118 of the Company's Constitution, being eligible, have offered themselves for re-election: -

   (a) Madam Chin Swee Chang **(Ordinary Resolution 3)**
   (b) Mr. Lee Min On **(Ordinary Resolution 4)**

5. To re-appoint Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 5)**

AS SPECIAL BUSINESS

To consider and if thought fit, with or without any modification, to pass the following Ordinary Resolutions: -

6. **Ordinary Resolution** **(Ordinary Resolution 6)**
   Retention of Datuk Jamaludin bin Nasir as an Independent Non-Executive Director

   "**THAT**, Datuk Jamaludin bin Nasir, who has served as an Independent Non-Executive Director for a cumulative term exceeding nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company."

7. **Ordinary Resolution** **(Ordinary Resolution 7)**
   Retention of Mr. Lee Min On as an Independent Non-Executive Director

   "**THAT**, subject to the passing of Ordinary Resolution 4, Mr. Lee Min On, who has served as an Independent Non-Executive Director for a cumulative term exceeding nine (9) years, be and is hereby retained as an Independent Non-Executive Director of the Company."

8. **Ordinary Resolution** **(Ordinary Resolution 8)**
   Authority to Issue Shares pursuant to the Companies Act 2016

   "**THAT**, subject always to the Companies Act 2016, the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad and any other relevant governmental and/or regulatory authorities, the Directors be and are hereby empowered pursuant to the Companies Act 2016, to issue and allot shares in the capital of the Company from time to time at such price and to such persons, upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided always that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company ("**New Shares**") for the time being without first offering the New Shares to the existing shareholders of the Company;

   AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad;

   AND FURTHER THAT such authority shall commence immediately upon passing of this resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING (CONT'D)

9. **Ordinary Resolution** **(Ordinary Resolution 9)**
Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

"**THAT** subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions of a revenue and trading nature with the Related Parties as specified in Section 2.3.2(a) of the Circular to Shareholders dated 27 October 2026, which are necessary for the day-to-day operations of the Company and/or its subsidiaries ("**Group**"), to be entered by the Group in the ordinary course of business and are on terms which are not more favourable to the Related Parties with which such recurrent transactions to be entered into than those generally available to the public and are not detrimental to the minority shareholders.

THAT the authority for the Proposed Shareholders' Mandate shall continue to be in force until: -

(i) the conclusion of the next AGM of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the next AGM;

(ii) the expiration of the period within which the next AGM is to be held pursuant to Section 340(2) of the Companies Act 2016 but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016; or

(iii) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is earlier.

AND THAT the Directors of the Company be authorised to complete and do such acts and things (including executing all such documents as may be required), as they may consider expedient or necessary to give full effect to the Proposed Shareholders' Mandate."

10. To transact any other business of which due notice shall have been given.

By Order of the Board
CHUA SIEW CHUAN (SSM PC NO. 201908002648) (MAICSA 0777689)
TAN LEY THENG (SSM PC NO. 201908001685) (MAICSA 7030358)
Company Secretaries

Kuala Lumpur
27 October 2026

Notes:

Proxy

1. *In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 November 2026 ("**General Meeting Record of Depositors**") shall be eligible to attend, participate, speak and vote at the Meeting.*

2. *A member entitled to attend and vote at the Meeting may appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints more than one (1) proxy to attend, participate, speak and vote at the same meeting, the appointments shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the member to attend, participate, speak and vote at the Meeting.*

3. *Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING (CONT'D)

4. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

5. *The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under the Corporation's common seal or under the hand of an officer or attorney duly authorised.*

6. *The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Registered Office of the Company at No. 60-1, Jalan Lagenda 5, Taman 1 Lagenda, 75400 Melaka or by email to ir_kib@kotrapharma.com, not less than forty-eight (48) hours before the time for holding the Meeting or at any adjournment thereof. All resolutions set out in the Notice of the Meeting are to be voted by poll.*

Note:

7. ***Audited Financial Statements for the financial year ended 30 June 2026***

   Item 1 of the Agenda is meant for discussion only, as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

Explanatory Notes to Ordinary and Special Business:

8. ***Payment of Directors' fees and benefits***

   The Board wishes to seek shareholders' approval for the following payments to Directors at the 27th AGM in two (2) separate resolutions as below: -

   - *Ordinary Resolution 1 on payment of Directors' fees to the Directors of the Company amounting to RM524,000 for the period from 26 November 2026 until the next AGM of the Company in year 2027.*

   - *Ordinary Resolution 2 on payment of Directors' benefits up to an amount of RM78,000 for the period from 26 November 2026 until the next AGM of the Company in year 2027. The proposed Directors' benefits payable comprises the meeting allowance. The estimated amount of Directors' benefits payable is based on the size of the Board and Board Committees and the number of scheduled Board and Board Committee meetings for the period commencing from 26 November 2026 until the next AGM of the Company in year 2027.*

9. ***Re-election of Directors***

   *In determining the eligibility of the Directors to stand for re-election at the forthcoming 27th AGM, the Nomination Committee ("**NC**"), guided by the requirements of Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, recommended the following Directors, for re-election as Directors pursuant to Clause 118 of the Constitution of the Company ("**Retiring Directors**"):-*

   (i) Madam Chin Swee Chang (Clause 118); and
   (ii) Mr. Lee Min On (Clause 118).

   *The Board of Directors ("**Board**") has conducted a separate assessment and being satisfied with the performance/contribution of the Retiring Directors.*

   Each of the Directors who is standing for re-election has provided their declaration on their fitness and propriety to continue acting as Directors of the Company pursuant to the Directors' Fit and Proper Policy of the Company.

   Therefore, the Board recommended the same be tabled to the shareholders for approval at the forthcoming 27th AGM of the Company under Ordinary Resolutions 3 and 4 respectively. The evaluation criteria adopted as well as the process of assessment by the Board have been duly elaborated in the Corporate Governance Overview Statement of the Annual Report 2026 of the Company. All the Retiring Directors have consented to their re-election, and abstained from deliberations and voting in relation to their individual re-election at the NC and Board Meetings, respectively.

NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING (CONT'D)

10. ***Retention as Independent Non-Executive Directors***

*Datuk Jamaludin bin Nasir and Mr. Lee Min On ("**Retaining Directors**") were appointed as the Independent Non-Executive Directors of the Company on 2 January 2017 and have served on the Board for a cumulative term of more than nine (9) years. In line with the Malaysian Code on Corporate Governance, the Board of Directors has undertaken an assessment of the independence of the Retaining Directors and, based on the following justifications, recommends that they be retained as Independent Non-Executive Directors of the Company:*

(a) They continue to fulfil the independence criteria as set out in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad;
(b) They have no conflict of interest with the Company and have not entered into, nor are they anticipated to enter into, any contract(s), particularly material ones, with the Company and/or its subsidiaries; and
(c) The Board recognises the value of the Retaining Directors' extensive experiences, institutional knowledge, and deep understanding of the Company's and Group's operations. Their long tenure and insights have proven to be instrumental and constructive in Board deliberations and decision-making process.

11. ***Authority to Issue Shares pursuant to the Companies Act 2016***

*The Company had been granted a general mandate by its shareholders at the Twenty-Sixth AGM of the Company held on 27 November 2025 ("**Previous Mandate**").*

As at the date of this Notice, the Company has not issued any new ordinary shares pursuant to the Previous Mandate granted by the shareholders and hence no proceeds were raised therefrom.

The proposed Ordinary Resolution 8, if passed, will provide flexibility to the Directors of the Company to undertake any possible fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or such other purposes as the Directors may deem fit, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting will expire at the conclusion of the next AGM of the Company.

12. ***Proposed Shareholders' Mandate***

The proposed Ordinary Resolution 9 is intended to enable the Company and its affiliated companies to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Company's day-to-day operations to facilitate transactions in the normal course of business of the Company with the specified classes of related parties, provided that they are carried out on arm's length basis and on normal commercial terms and are not prejudicial to the shareholders on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

Please refer to the Circular to Shareholders dated 27 October 2026 for further information.

Statement Accompanying Notice of Annual General Meeting
(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of individuals who are standing for election as Directors
There is no individual standing for election as a Director at the 27th AGM of the Company.

2. Statement relating to General Mandate for Issue of Securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad
Details on the authority to issue and allot shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Note (11) of the Notice of the 27th AGM.

NOTICE OF TWENTY-SEVENTH ANNUAL GENERAL MEETING (CONT'D)

Personal Data Privacy

By submitting form(s) of proxy appointing proxy(ies) or corporate representative(s) or attorney(s) to attend, participate (including to pose questions to the Board of the Company) and vote at the 27th AGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies or representatives appointed for the 27th AGM and the preparation and compilation of the attendance lists, minutes and other documents relating to the 27th AGM, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) or corporate representative(s) or attorney(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) or corporate representative(s) or attorney(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) or corporate representative(s) or attorney(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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FORM OF PROXY

KOTRA INDUSTRIES BERHAD
[Registration No. 199901022732 (497632-P)]
(Incorporated in Malaysia)

CDS ACCOUNT NO.	
NUMBER OF SHARES HELD	

*I/We _____ NRIC No./Company No. _____ of (full address)

_____

being a Member/Members of **KOTRA INDUSTRIES BERHAD** ("**Company**"), hereby appoint: -

PROXY "A"

FULL NAME (IN BLOCK)	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS (%)
RESIDENTIAL ADDRESS		
E-MAIL ADDRESS	MOBILE NO.	

And/or failing *him/her,

PROXY "B"

FULL NAME (IN BLOCK)	NRIC/PASSPORT NO.	PROPORTION OF SHAREHOLDINGS (%)
RESIDENTIAL ADDRESS		
E-MAIL ADDRESS	MOBILE NO.	

 # to attach a separate sheet if there are more than two (2) proxies.

or failing him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us and on *my/our behalf at the Twenty-Seventh Annual General Meeting ("**27th AGM**") of the Company to be held at the **Auditorium Hall, Kotra Pharma Technology Centre, No. 2, Jalan TTC 12, Cheng Industrial Estate, 75250 Melaka** on **Wednesday, 25 November 2026** at **9.30 a.m.** or at any adjournment thereof.

	ORDINARY RESOLUTIONS	**FOR**	**AGAINST**
1.	To approve the payment of Directors' fees amounting to RM524,000 from 26 November 2026 until the next AGM of the Company in year 2027.		
2.	To approve the payment of Directors' benefits up to an amount of RM78,000 from 26 November 2026 until the next AGM of the Company in year 2027.		
3.	To re-elect Madam Chin Swee Chang, who is retiring pursuant to Clause 118 of the Company's Constitution, has offered herself for re-election.		
4.	To re-elect Mr. Lee Min On, who is retiring pursuant to Clause 118 of the Company's Constitution, has offered himself for re-election.		
5.	To re-appoint Crowe Malaysia PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.		
6.	Retention of Datuk Jamaludin bin Nasir as an Independent Non-Executive Director of the Company.		
7.	Retention of Mr. Lee Min On as an Independent Non-Executive Director of the Company.		
8.	Authority to Issue Shares pursuant to the Companies Act 2016.		
9.	Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions of a Revenue or Trading Nature.		

** Strike out whichever is not applicable*

Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.

As witness my/our hand(s) this _____ day of _____ 2026.

_____
Signature of Member/Common Seal

Notes:

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on 18 November 2026 ("**General Meeting Record of Depositors**") shall be eligible to attend, participate, speak and vote at the Meeting.
2. A member entitled to attend and vote at the Meeting, may appoint more than one (1) proxy to attend and vote in his stead. Where a member appoints more than one (1) proxy to attend, participate, speak and vote at the same meeting, the appointments shall be invalid unless the proportion of the shareholdings to be represented by each proxy is specified. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the member to attend, participate, speak and vote at the Meeting.
3. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be in writing under the hand of the member or of his attorney duly authorised in writing or, if the member is a corporation, shall either be executed under the Corporation's common seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy and the power of attorney or other authority (if any), under which it is signed or a duly notarised certified copy of that power or authority, shall be deposited at the Registered Office of the Company at No. 60-1, Jalan Lagenda 5, Taman 1 Lagenda, 75400 Melaka or by email to ir_kib@kotrapharma.com, not less than forty-eight (48) hours before the time for holding the Meeting or at any adjournment thereof. All resolutions set out in the Notice of the Meeting are to be voted by poll.

Personal Data Privacy

By submitting form(s) of proxy appointing proxy(ies) or corporate representative(s) or attorney(s) to attend, participate (including to pose questions to the Board of the Company) and vote at the 27th AGM, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies or representatives appointed for the 27th AGM and the preparation and compilation of the attendance lists, minutes and other documents relating to the 27th AGM, and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) or corporate representative(s) or attorney(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) or corporate representative(s) or attorney(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) or corporate representative(s) or attorney(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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AFFIX
STAMP

The Company Secretary
KOTRA INDUSTRIES BERHAD
[Registration No. 199901022732 (497632-P)]

No. 60-1, Jalan Lagenda 5,
Taman 1 Lagenda,
75400 Melaka,
Malaysia.

2nd Fold Here

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www.kotrapharma.com www.appeton.com

KOTRA INDUSTRIES BERHAD
[Registration No. 199901022732 (497632-P)]

No. 1, 2 & 3, Jalan TTC 12, Cheng Industrial Estate, 75250 Melaka.

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