K-One®
innovate

CLOUD

EMS

HEALTHCARE

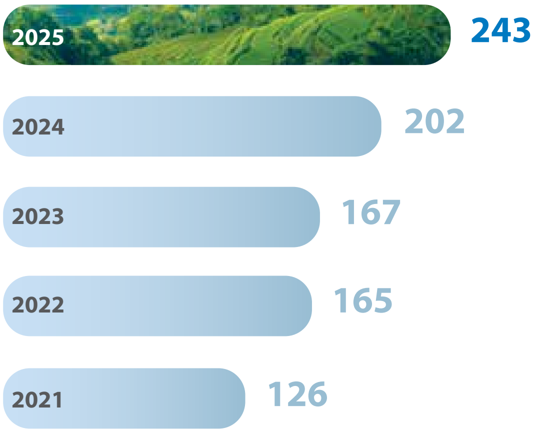
2025
ANNUAL REPORT

TABLE OF

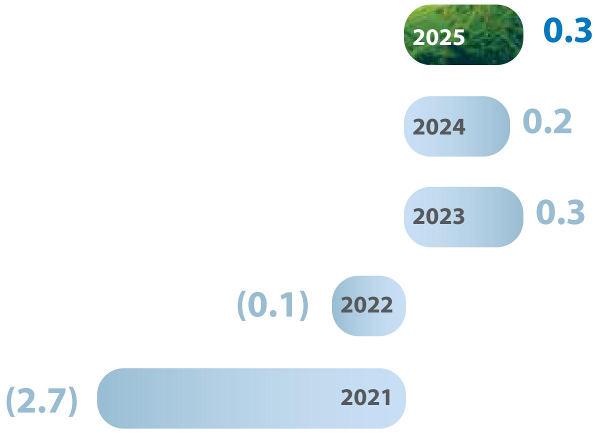
CONTENTS

PAST FINANCIAL INFORMATION SUMMARY

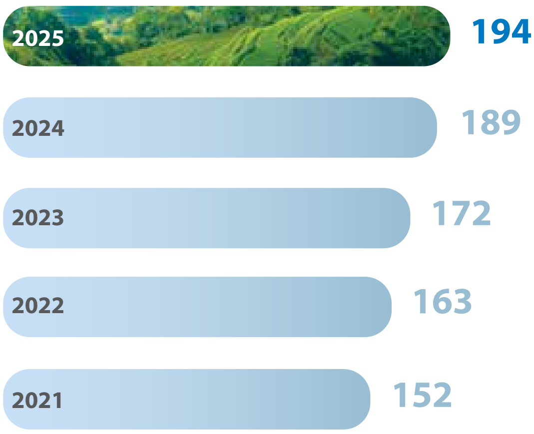
SALES
(RM MILLION)



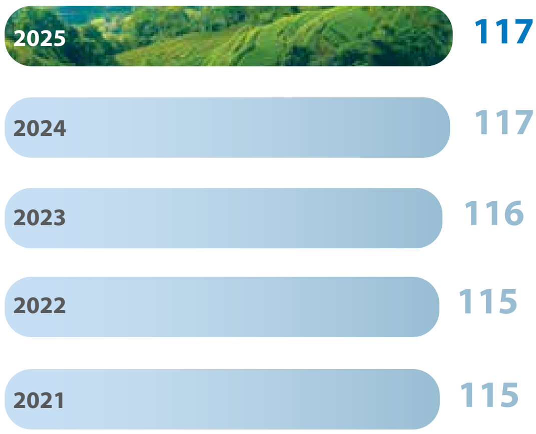
PROFIT
(RM MILLION)



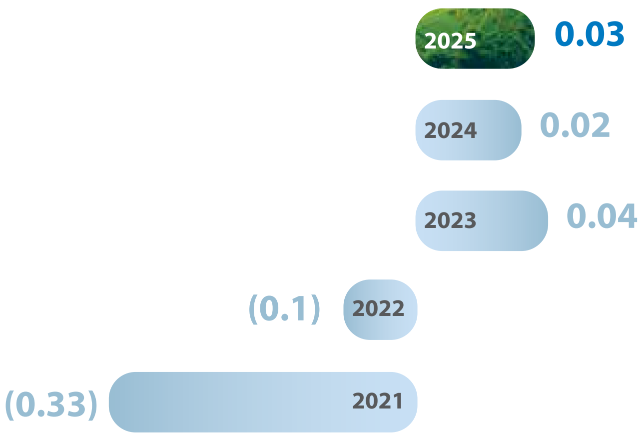
TOTAL ASSETS
(RM MILLION)



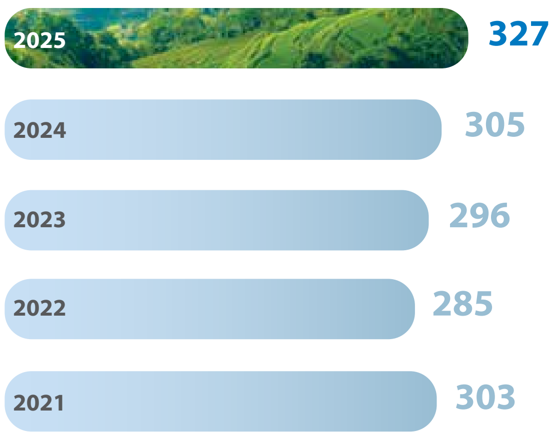
SHAREHOLDER EQUITY
(RM MILLION)



EARNINGS PER SHARE
(SEN)



HUMAN RESOURCES
(NO. OF EMPLOYEES)



CORPORATE INFORMATION

BOARD OF DIRECTORS

Ir. Edwin Lim Beng Fook
(Executive Chairman)

Dato' Martin Lim Soon Seng
(Chief Executive Officer)

Bjørn Bråten
(Non-Independent Non-Executive Director)

Dato' Azlam Shah bin Alias
(Independent Non-Executive Director)

Edward Ka Yen Chee
(Independent Non-Executive Director)

Peggy Liew Li Choo
(Independent Non-Executive Director)

COMPANY SECRETARY

Lim Li Heong (MAICSA 7054716)
Wong Mee Kiat (MAICSA 7058813)

AUDITORS

Messrs Baker Tilly Monteiro Heng PLT
Chartered Accountants

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No.5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor
Tel : +603 7890 4700
Fax : +603 7890 4670
Email : bsr.helpdesk@boardroomlimited.com

STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad
(Listed since 5 January 2006)

STOCK SHORT NAME & CODE

K1 (0111)

REGISTERED OFFICE

Acclime Corporate Services Sdn Bhd
Level 7, Mercu 3, No. 3, Jalan Bangsar
KL Eco City
59200 Kuala Lumpur
Tel : +603 2280 6388
Fax : +603 2280 6399
Email : listcomalaysia@acclime.com

HEAD OFFICE

66 & 68, Jalan SS 22/21
Damansara Jaya
47400 Petaling Jaya
Selangor
Tel : +603 7728 1111
Email : investor@k-one.com

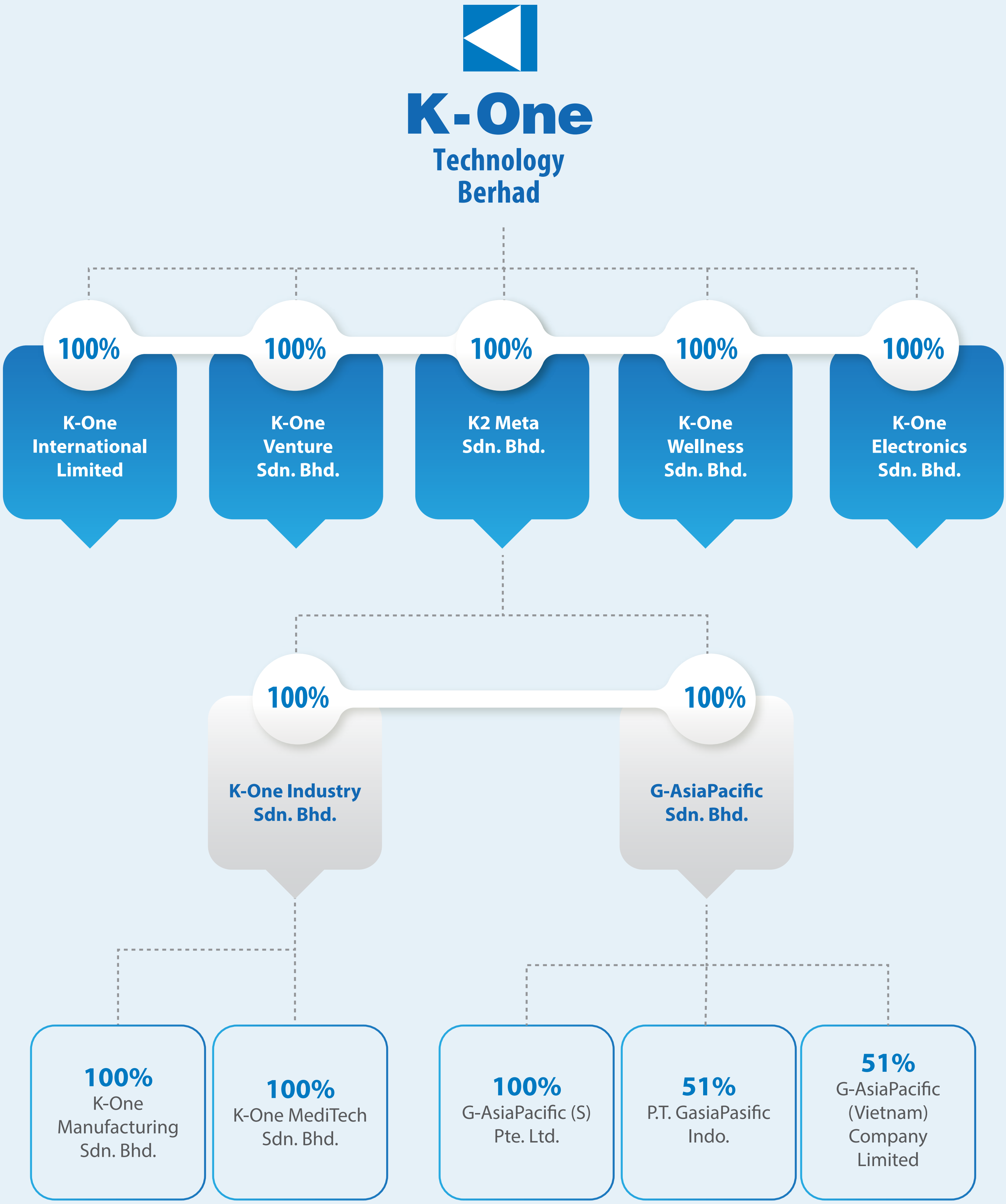
GROUP PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
CIMB Bank Berhad

WEBSITE

www.k-one.com

CORPORATE STRUCTURE



DIRECTORS' PROFILE

IR. EDWIN LIM BENG FOOK

Executive Chairman | Malaysian | Age 68

Ir. Edwin Lim Beng Fook co-founded K-One Technology Berhad. He was appointed as an Executive Director in early 2001 and has been its Executive Chairman since then.

He holds a Bachelor of Science (Hons) in Engineering with Business Studies from Sheffield Hallam University, United Kingdom and a Master of Science in Mechanical Engineering from the University of Alberta, Canada. He is a professional engineer registered with the Board of Engineers, Malaysia and a corporate member of the Institution of Engineers, Malaysia. He is also a Chartered Engineer registered with the Institution of Engineering & Technology, United Kingdom.

Ir. Edwin Lim Beng Fook was awarded the Entrepreneur of the Year Award by the Malaysia-Canada Business Council in 2004 and the Alumni Award of Excellence by the University of Alberta in 2005. He was also the winner of the EY Entrepreneur of the Year Malaysia 2016 (Technology Category) organised by Ernst & Young.

His career spanned almost 20 years with three multinationals, namely; Mobil Oil (Malaysia) Sdn Bhd, Renold (Malaysia) Sdn Bhd and AMP Products (Malaysia) Sdn Bhd (now known as TE Connectivity).

His global experience in the electronics industry stems from him leading AMP as its Country General Manager in 1992, building up the Malaysian operation from a sales outfit to establishing from greenfield AMP's manufacturing facility and Research & Development Centre. In addition to his Country General Manager's role, he also held the dual role of being the Director, Automotive Industry responsible for the ASEAN region for a period of time.

His directorships in other companies in the K-One Group are K2 Meta Sdn Bhd, K-One Industry Sdn Bhd, K-One Wellness Sdn Bhd, K-One MediTech Sdn Bhd, K-One Manufacturing Sdn Bhd, K-One Electronics Sdn Bhd, K-One Venture Sdn Bhd, G-AsiaPacific Sdn Bhd, G-AsiaPacific (Vietnam) Company Limited and AI Robomac Sdn Bhd.

DATO' MARTIN LIM SOON SENG

Chief Executive Officer | Malaysian | Age 63

Dato' Martin Lim Soon Seng, a co-founder of K-One Technology Berhad was appointed as the Chief Executive Officer in 2001 and Executive Director in 2002.

He holds the Bachelor of Engineering (Hons) in Electronics Engineering and Master of Engineering in Electronics Engineering both from the University of Hull, United Kingdom. He also holds a Master of Business Administration from the University of Coventry, United Kingdom. He is a registered Chartered Engineer of the Institution of Engineering & Technology, United Kingdom.

He worked in the UK as an engineer in a precision plastic moulding company after graduation, followed by career progressions as an engineer, manager and finally Chief Executive Officer of TFP Precision Industries Sdn Bhd (a local/European joint venture) spanning a period of about 14 years.

He is a member of the Remuneration Committee of K-One Technology Berhad.

His directorships in other companies in the K-One Group are K2 Meta Sdn Bhd, K-One Industry Sdn Bhd, K-One Wellness Sdn Bhd, K-One MediTech Sdn Bhd, K-One Manufacturing Sdn Bhd, K-One Venture Sdn Bhd, K-One Electronics Sdn Bhd, K-One International Ltd, G-AsiaPacific Sdn Bhd, P.T. GasiaPasific Indo and G-AsiaPacific (Vietnam) Company Limited.

DIRECTORS' PROFILE
Cont'd

BJØRN BRÅTEN

Non-Independent Non-Executive Director | Norwegian | Age 68

Bjørn Bråten co-founded K-One Technology Berhad and was appointed as an Executive Director in early 2001. He became a Non-Independent Non-Executive Director in 2008.

He has a Diploma in Engineering from the Telecom College, Norway and Bachelor of Economics and Master in Management from the Norwegian School of Management, Norway.

He has been involved in the global communications business for more than 20 years and has served in a variety of leadership roles including Director of Marketing, Vice President and President/CEO for various international companies. He has worked closely with senior executives on projects worldwide including establishing greenfield and joint venture operations globally.

He is a member of the Audit & Risk Management Committee and Nomination Committee of K-One Technology Berhad.

DATO' AZLAM SHAH BIN ALIAS

Independent Non-Executive Director | Malaysian | Age 65

Dato' Azlam Shah bin Alias was appointed as an Independent Non-Executive Director of K-One Technology Berhad on 2 February 2017.

He holds a Bachelor of Business Administration, majoring in Finance from the Eastern Michigan University, United States of America.

He first joined Mobil Oil Malaysia Sdn. Bhd. as a Retail Development Officer in 1987 and moved on to assume the position of Real Estate Outsourcing Manager for ExxonMobil Asia Pacific PLC based in Singapore.

In 2001, he joined Tesco Malaysia as its Regional Property Director and was concurrently an Alternate Director of Tesco Malaysia's Board and a key member of the Senior Leadership Board. He was previously the Senior Advisor reporting to the President of Lotus Stores Malaysia.

He is the Chairman of the Nomination Committee and a member of the Audit & Risk Management Committee of K-One Technology Berhad.

He is currently the Chairman of MR DIY Berhad.

Besides work matters, he is a member of the Board of Trustee of PPUMCare Fund of University Malaya Medical Center and advisor for UMCares, a Community and Sustainability Center of University Malaya.

He was previously actively involved in industry advocacy work representing the Malaysian International Chambers of Commerce and Industry (MICCI), British-Malaysia Chambers of Commerce and Malaysian Retailers Association (MRA) in various dialogues with the authorities. He was on the Boards of the European Union-Malaysia Chambers of Commerce and Industry (EU-MCCI) and MRA.

DIRECTORS' PROFILE
Cont'd

EDWARD KA YEN CHEE

Independent Non-Executive Director | Malaysian | Age 38

Edward Ka Yen Chee was appointed as an Independent Non-Executive Director of K-One Technology Berhad on 1 August 2022.

He holds a Bachelor of Commerce (Hons), majoring in Accounting from University Tunku Abdul Rahman. He is a member of the Malaysian Institute of Accountants and Association of Chartered Certified Accountants. He is also registered with the Malaysian Financial Planning Council as a Financial Planner.

He is a partner and co-founder of Messrs Chia, Ka & Partners PLT and co-founder of Numetric Cloud Sdn Bhd. Prior to co-founding the preceding companies, he was the Senior Managing Partner of ACMF Corporate Services Sdn Bhd (2019 to 2021) and the Chief Executive Officer of Projalma Sdn Bhd (2016 to 2018). In his earlier career, he was an Accountant in conjunction with related functions in various companies, including SG Global Support Services Sdn Bhd, Amcorp Properties Bhd and IOI Corporation Bhd.

In his current practice, he plays a key role in pioneering and developing the cloud accounting and business process outsourcing service in Malaysia. Additionally, he specializes in indirect tax advisory, business process outsourcing and corporate finance wherein he manages a portfolio of corporate clients in a broad range of industries which encompass manufacturing, electrical and electronics, healthcare, construction and property development, plantations, amongst others.

He is the Chairman of the Audit & Risk Management Committee and a member of the Remuneration Committee of K-One Technology Berhad.

PEGGY LIEW LI CHOO

Independent Non-Executive Director | Malaysian | Age 56

Peggy Liew Li Choo was appointed as an Independent Non-Executive Director of K-One Technology Berhad on 6 June 2025.

She holds a professional qualification in marketing from the Chartered Institute of Marketing.

She is the Chairwoman of the Remuneration Committee and a member of the Audit & Risk Management Committee and the Nomination Committee respectively.

She has more than 35 years of experience, mainly in the fund management and financial services industry. She previously served as the Chief Operating Officer (COO) of AHAM Asset Management (AHAM) where she represented management on the Board, Audit Committee, Nomination Committee and Remuneration Committee. She was also a core member of various key committees, including the Management Committee, C-level Strategy Committee, Compliance & Risk Oversight Committee, Group Sustainability Management Committee, Business Continuity Committee and Integration Management Committee of AHAM.

Prior to joining AHAM, she spent 7 years in a multinational fund management house, 6 years in a local bank-banked unit trust management company, 2 years in the commercial field and 2 years in the banking industry.

None of the Directors, except Ir. Edwin Lim Beng Fook and Dato' Martin Lim Soon Seng who are brothers, has any family relationship with any Director and/or major shareholder of the Company. None of the Directors had any convictions for offences within the past 10 years, except for traffic offences nor do they have any conflict of interest or potential conflict of interest, including any interest in any competing business or in any business arrangement involving the Company and its subsidiaries. The attendance of Directors at Board meetings held in 2025 is as disclosed in page 48; Corporate Governance Overview Statement. The Directors' interest in the securities of the Company is as disclosed in page 121; Analysis of Shareholdings.

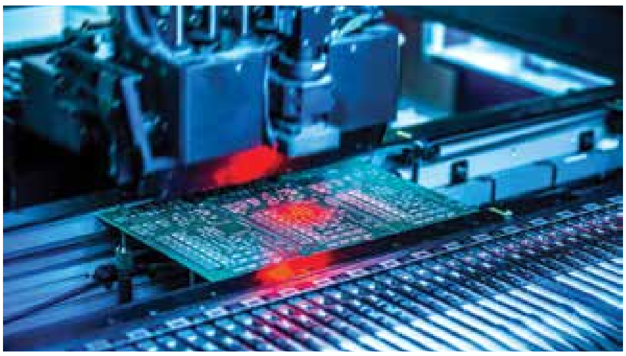
EXECUTIVE CHAIRMAN'S STATEMENT

BUSINESS PERFORMANCE FOR 2025

Group Business

The Group's sales revenue surged to a new peak and fresh historical high of RM243.2 million in 2025 from RM201.7 million in 2024, denoting an increase of 21%.

EMS Business



The EMS business registered sales of RM101.5 million in 2025 versus RM86.1 million in 2024, representing growth of 18%. The sales increase was attributed to demand uptick from existing customers and especially streaming of new customers in the manufacturing of medical/healthcare devices and industrial equipment. On the overall, almost all business segments, including electronic headlamps, medical/healthcare devices, IoT gadgets, floorcare products, spare parts/sub-assemblies for maintenance, industrial equipment and data centre controller sub-sytems contributed to the sales rise.

Cloud Business

The Cloud business generated sales of RM141.7 million in 2025 versus RM115.6 million in 2024, marking an increase of 23%. The Cloud business maintained its robust growth driven by sturdy recurring revenue, streaming of new customers from the enterprise (ie large customer) space, notably a 5G telecommunication customer and growing sales contributions from overseas subsidiaries. The Group's wholly-owned Cloud subsidiary, G-AsiaPacific Sdn Bhd earned the Premier Tier Partner status with Managed Service Provider (MSP) badge from Amazon Web Services (AWS) in October 2025 as a key milestone.

It is the first homegrown (Malaysia) Premier Tier Partner with MSP badge which certainly provides it the edge to unlock large opportunities in the enterprise sector. With AWS and Google having launched their local data centres in Malaysia in late 2024, its Cloud business has strategically positioned itself to capitalize on new opportunities in the financial and public sectors that require local data centre residency.

Furthermore, it has broadened its service offerings to include Gen AI applications and cybersecurity solutions to cater to expanding customer demands while adding on new partnerships with Lark and Snowflake to meet specific customer needs.

Group Earnings

The Group recorded profit attributable to equity holders of the parent company of RM0.3 million in 2025, notching up a marginal increase from a profit of RM0.2 million in 2024.

EMS Earnings

The EMS business's loss widened to RM3.7 million in 2025 from a loss of RM2.4 million in 2024 mainly due to the recognition of RM1.2 million impairment on ventilator development costs capitalised in prior years and foreign exchange loss of RM1.1 million.

Cloud Earnings

The Cloud business made a profit of RM4.0 million in 2025 as compared to RM2.6 million in 2024, representing an increase of 54% due mainly to increased sales, incentives from a principal for targets achievement and improved operational efficiency.

PROSPECTIVE BUSINESS OUTLOOK

Although the Israel-Palestine conflict had subsided, the world is still haunted by the Russia-Ukraine war, a volatile USD foreign exchange market, and the recent eruption of the US/Israel-Iran war. President Trump continued to fuel his global tariff war which engulfed many nations in the world with hardly any country being spared. It is envisaged that the world will continue to be in a volatile state in 2026. Nevertheless, the K-One Group anticipates brighter prospects in 2026 as it will use its experience, wisdom and resources to navigate through the volatile and uncertain global economy.

For the EMS business, the Group will continue to focus in the medical/healthcare devices market while in the meantime nurture the consumer electronics, industrial, floorcare, data centre and IoT segments. It will reach out equally to key geographical areas such as Europe, North Asia, Australia and Canada, besides US for business expansion to mitigate the unpredictable US tariff headwinds. As for US, it will favour customers which are less sensitive to tariff but with the objective to have multi-sites in different geographical locations to mitigate their supply risks.

It is timely to streamline the EMS business development and project management activities to enhance its approach and improve its productivity in capturing new customers.

EXECUTIVE CHAIRMAN'S STATEMENT
Cont'd

On the same EMS front, it may consider competing for the manufacturing outsourcing business presented by multinationals based in Malaysia which it had hardly touched in the past. This could be a new revenue stream with much manufacturing business opportunities.

For the Cloud business, it is expected to follow through with sturdy business upswing in 2026, attributed to the carry forward opportunities from the 5G telecommunication customer and its associated Mobile Virtual Network Operators (MVNO), AWS and Google data centres launched in Malaysia opening the gates in the financial and public sectors requiring local data centre residency and the insatiable appetite of the markets in ASEAN in embracing Cloud to stay technologically competitive and relevant. Cloud in conjunction with AI is the new oil for digital transformation. The Group's Premier Tier Partner status in both AWS and Google together with its numerous accolades such as Managed Service Provider badge, Migration Competency Partner badge and Public Sector Partner badge and one of three finalists in the Global MSP Partner of the Year (2025) affirmed by AWS and All-Star (Sales) Award bestowed by Google puts it in good stead to expeditiously penetrate the fast-expanding ASEAN market.

On the emerging Healthcare business, which includes hygiene-care products distribution, it has made inroads in marketing Diversey wipes, sanitizers, detergents to the hospitals and hospitality fraternities as its exclusive distributor in Malaysia. It is also strengthening its marketing reach to include institutional channels and digital platforms such as Shopee to provide access to small businesses and individual customers.

It managed to secure the distribution rights to market Mindray's Automated External Defibrillators (AEDs) across manufacturing, public amenities and the retail sectors. With anticipated regulatory requirements for AED installations in public places expected in 2026, the Group is well-positioned to respond to emerging opportunities.

DESIGN AND DEVELOPMENT

The Group's R&D engineers were kept busy on the final stages of upgrading and industrializing the NASA-JPL designed ventilator licensed to the Group for manufacturing to make it more user friendly and also to suit the Asian market. Additionally, it was involved in the development of various other medical devices brought forward from last year, one of which involved an AI-powered medical device which can be used as a simulator to test the efficacy and side effects of drugs. There were also numerous other consumer electronic innovation projects such as the development of an electronic dart board and various new versions of LED headlamps to replace the older models.

EXECUTIVE CHAIRMAN'S STATEMENT
Cont'd

MANUFACTURING

There was steady progress in advancing Industry 4.0 on the shopfloors. The implementation of automation and Industry 4.0 were undertaken in stages on specific production processes to reduce manual labour and improve quality. Automation is crucial to counter the progressive increase in production wages with the minimum wage raised to RM1,700 on 1 February 2025.

The Group is proud to have a 100% local labour force as it believes in helping the neighbouring communities where it operates.

The production workforce is well trained and producing good quality products to meet customers' requirements with no rejects or rework in 2025. Most importantly, it has not violated any human rights issue thus far.

HUMAN RESOURCE

The headcount on the production floors stood more or less status quo although sales increased in the EMS business in 2025. This was achieved through improved productivity by continuous training and automation implementation in certain processes.

The Cloud business faced staff attrition challenges as international competitors entering the lucrative Malaysian market started to pinch for talents. Despite temporary setbacks, it managed to replenish its headcount to cope with its accelerated sales growth and geographical expansion to Indonesia and Vietnam.

It was a challenge to hire suitable staff to fill some of the specialized roles in the Cloud industry where demand outstrips supply. Fortunately, it was selected to join AWS's special HR program (APN Hiring Side of Innovation Program) which provided training for the Group's Cloud business to adopt AWS's methodology on hiring best practice, interview standard, performance evaluation, job grading and employer branding.

CORPORATE

The Group will not pay any dividend for 2025 as it prefers to conserve its cash to grow its business. Further, the surplus cash would come in handy to acquire synergistic business when the opportunity is presented.

On 1 January 2025, the Group successfully implemented LHDN's e-invoice system in all its business units.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to express my deepest appreciation to all our customers, business associates, financiers and shareholders for their continued support, understanding and confidence in the Group. I also wish to express my sincere appreciation to the Management and staff for their perseverance, dedication and contribution in 2025.

Ir. Edwin Lim Beng Fook
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

1. OVERVIEW

The Group's sales revenue for the financial year ended 31 December 2025 increased to RM243.2 million from RM201.7 million in 2024, representing growth of 21%, contributed mainly by sales increases from both the Electronics Manufacturing Services (EMS) and Cloud Computing (Cloud) businesses.

The EMS business delivered sales revenue of RM101.5 million in 2025, up 18% from RM86.1 million in the preceding year. The sales growth was primarily driven by higher production volumes from existing customers, complemented by the successful launch and ramp-up of new projects from new customers, notably in the medical and healthcare devices and industrial equipment segments.

The Cloud business continued its strong growth trajectory, delivering revenue of RM141.7 million in 2025, up from RM115.6 million in 2024, marking an increase of 23% on robust recurring revenue and onboarding of new customers in the local Malaysia front, and growing sales contributions from overseas subsidiaries.

The Group recorded a net profit of RM0.3 million in 2025, a gradual improvement in overall performance from RM0.2 million in 2024. The EMS business widened its loss to RM3.7 million from RM2.4 million in the preceding year due to recognition of impairment on ventilator development costs capitalised in prior years and foreign exchange losses. The Cloud business delivered stronger contributions, with profit rising to RM4.0 million from RM2.6 million in the preceding year, supported by more projects executed, increased sales and sustained recurring revenue.

The Group continued to be debt free and with a cash surplus of RM51.1 million as at end 2025.

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

Cont'd

2. BUSINESS OBJECTIVES

Since inception in 2001, the K-One Group has traditionally focused on being an OEM/ODM to multinationals and technology conglomerates worldwide. It specializes in providing both design/development services and EMS to the medical/healthcare, IoT, industrial and consumer electronics industries. Although its forte lies in design/development, its sales revenue is largely generated from its EMS activities.

The onslaught of the COVID-19 pandemic in early 2020 accelerated the Group's diversification into the medical/healthcare industry which it had been pursuing since 2016 to fill the void created following its exit from the mobile phone accessories' market in its EMS business. Spurred by the COVID-19 pandemic, it took the opportunity to invest into developing and manufacturing its own brand medical device(s) or as authorized representative, which encompassed ventilators, Diversey brand hygiene-care products and automated external defibrillators (AEDs), to fulfil the pent-up demand fuelled by a rising health-conscious consumer base which was a positive outcome of the COVID-19 pandemic although it caused more harm than good in other aspects. At this point in time, the OEM/ODM sales derived from both the medical/healthcare devices and non-medical/healthcare products (consumer electronics/IoT/industrial) remains the bedrock of the EMS business while its own brand medical device(s) gradually take traction. In the long term, the medical/healthcare devices are expected to anchor the EMS business in light of higher barrier of entry, business stability and better margins.

Since March 2019, the K-One Group has diversified into the Cloud business via the acquisition of G-AsiaPacific Sdn Bhd (GAP) which has been a wholly-owned subsidiary since 2020. The Cloud business is principally involved in the specialities of advanced Cloud technology which encompasses infrastructure as a service (IaaS), platform as a service (PaaS), software development, IT consultancy and other professional services such as cybersecurity and Artificial Intelligence (AI) related to Cloud solutions. The business serves customers across both public and private sectors in Malaysia and selected ASEAN markets. The Group continues to periodically review the scale, performance and strategic fit of this segment as part of its overall business objectives.

In addition, the Group has established a Healthcare business focused on the distribution and supply of healthcare and medical devices as well as hygiene-care products. This includes the exclusive distributorship of Diversey hygiene-care products, a non-exclusive distributorship of Mindray AEDs for the public (commercial) sector (excluding hospitals), and various agency arrangements for healthcare and medical consumables. This segment complements the Group's EMS activities and supports its broader participation in the healthcare value chain.

3. BUSINESS AND FINANCIAL REVIEW

Business Performance

Group Business

The Group's sales in 2025 soared to a new peak of RM243.2 million from RM201.7 million in 2024, recording a strong double-digit growth of 21% with equally sturdy contributions from both the EMS and Cloud businesses.

EMS Business

EMS sales logged in at RM101.5 million in 2025 as compared with RM86.1 million in the preceding year, representing an increase of 18%. The strong performance was underpinned by higher production for existing customers and the successful execution of new projects for new customers, particularly in the medical/healthcare devices and industrial equipment segments.

While continuing to capture opportunities with new customers in the medical and healthcare devices segment, the Group strategically re-focussed its EMS business towards the "tariff trouble-free" markets in Europe, Japan, Australia and Canada. For US, the Group prioritises on potential customers seeking multi-manufacturing site requirements (China + 1) to ensure operational resilience and risk mitigation, irrespective of tariff rates. With this sales strategy, the Group aims to mitigate its geographical business risks, hence enhancing revenue quality and ensuring sales growth.

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE
Cont'd

Cloud Business

The Cloud business generated sales revenue of RM141.7 million in 2025 as compared with RM115.6 million in the previous year, inking a stellar growth rate of 23%, supported by sturdy performance in recurring sales from existing customers and onboarding of new customers in the Malaysian market and rising sales from its subsidiaries in Indonesia and Vietnam.

To capitalize on the vibrant Cloud market, the Group actively pursued large scale projects with both private enterprises and government entities, achieving substantial revenue growth and garnering industry recognition. Notably, GAP Malaysia earned the AWS Premier Tier Partner status in October 2025 under the Managed Services Provider (MSP) competency, further strengthening its strategic alignment with Amazon Web Services (AWS). In addition, the Group's wholly-owned Cloud subsidiary is working towards securing the relevant approvals to provide Cloud services to the public sector. The consistent recognitions underscore GAP's commitment to Cloud excellence and its strong market position.

However, the increasing number of new entrants, both domestic and international, has intensified competition within the Cloud market. To maintain its competitive edge and market leadership, the Group is adopting a more aggressive strategy. This includes enhancing its service offerings, such as advanced Cloud solutions, cybersecurity services, data analytics and AI solutions. By providing superior customer support and proactive monitoring, the Group aims to build strong customer relationships and loyalty. The Group's goal is to out-manoeuvre both local and global competitors to uphold its position as a leading Cloud service provider in Malaysia and across ASEAN.

Healthcare Business

As for the Healthcare business, it is emerging with uneven sales but the foundations have been laid for future growth. Its distribution of the Diversey brand of hygiene-care products has garnered positive reception from hospitals and the hospitality sector. To speed up growth, the Group is actively pursuing initiatives such as recruiting qualified agents and expanding its market reach to encompass a wider spectrum of sectors, including the food and beverage (F&B) industry.

On the medical device front, the Group has been appointed by MR Global (HK) Limited (Mindray) as the non-exclusive distributor of automated external defibrillators (AEDs) for the public sector (non-hospital) in Malaysia. In addition, the Group is collaborating with MyResQ to provide CPR and First Aid training, both as an additional revenue stream and as a strategic sales window for AEDs.

Financial Performance

Group Earnings

The Group recorded a net profit of RM0.3 million in 2025, representing an uptick from RM0.2 million in 2024. The improved performance was driven by higher overall revenue, particularly from the Cloud business.

EMS Earnings

The EMS business reported a loss of RM3.7 million for 2025 as compared with a loss of RM2.4 million in the preceding year. Although the EMS business remained loss-making, performance improved in the latter part of the year, supported by margin enhancement initiatives and a more favourable product mix, including contributions from newly commenced projects from new customers, particularly from the medical/healthcare segment. These improvements position the EMS business for further earnings recovery as volumes scale.

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

Cont'd

Cloud Earnings

The Cloud segment delivered a net profit of RM4.0 million in 2025, a significant increase from RM2.6 million in 2024. The rise was driven by higher revenue, stronger project contributions and effective operational management. The Cloud business continues to strengthen the Group's overall competitive positioning and is expected to generate increasing strategic and financial advantages over time.

Corporate Development

As part of its ongoing corporate and strategic review during the financial year, the Group evaluated the performance, capital requirements and long-term strategic fit of its various business segments with the objective of enhancing focus and optimising shareholder value.

On 16 March 2026, K-One Venture Sdn Bhd (K-One Venture), a subsidiary of the Group, entered into a Shareholders' Agreement with Mr. Chong Chin Kan and Mr. Koh Kean Mum to participate in a joint venture by establishing AI Robomac Sdn Bhd (AI Robomac). The joint venture was established to develop and commercialise AI-powered robotic solutions for application in the agriculture, plantation and industrial sectors. K-One Venture holds a 45% equity interest in AI Robomac, with 10% reserved as trust shares for future strategic stakeholders. This initiative reflects the Group's ongoing efforts to explore advance technological applications with new high growth opportunities.

Capital Resources and Liquidity

The Group's robust and resilient financial position has been instrumental in navigating through challenging market conditions and a demanding business landscape. This strong financial foundation provides the Group with the necessary flexibility and resources to scale its operations and capitalize on emerging opportunities.

The Group's total assets increased by 3% to RM194.1 million in 2025 from RM189.0 million in the previous year.

Inventories at the end of 2025 increased to RM27.0 million from RM24.0 million in the preceding year, primarily attributed to higher production volumes and inventory build-up to support order fulfilment requirements from increased sales. Inventory levels remained well-managed and aligned with the Group's operational needs.

The Group continued to maintain a strong cash position, with cash and cash equivalents comprising time deposits and short-term cash funds of RM51.1 million as at year end, broadly stable as compared to RM53.7 million in the prior year. This healthy cash balance provides sufficient liquidity to fund day-to-day operations, meet working capital requirements, support future growth initiatives and pursue potential merger and acquisition opportunities (M&A).

In 2025, the Group undertook a reassessment of the ventilator branded Medkaire in relation to the development costs upon commencement of commercialisation. In this regard, an impairment was recognised during the financial year and represents a prudent alignment of historical development costs with current commercial assumptions. To recap, the Group secured a non-exclusive worldwide licence from NASA's Jet Propulsion Laboratory (NASA/JPL) in 2020 to manufacture and distribute the said ventilator with enhancements from the Group's R&D.

Gearing

The Group does not have any borrowings as at end 2025.

Dividend

No dividend would be paid or declared for the year (2025) as the Group needed to preserve cash to fuel expected impending organic growth, pursue strategic M&A opportunities and diversify into synergistic business.

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

Cont'd

4. BUSINESS STRATEGY

The Group's strategic focus in building resilience with strong growth drivers and durable competitive advantage serve as the compass in guiding the Group in going through various calamities and geopolitical challenges. The key strategic business drivers of the Group are illustrated as below:

BUILD RESILIENCE	DRIVE GROWTH	NURTURE CAPABILITIES
■ Maintain zero gearing and ample liquidity across all business units. ■ Enhance balance sheet strength with careful capital expenditure planning and working capital management. ■ Practise cost optimization. ■ Monitise low-yielding assets.	■ Product diversification into "sunrise" markets. ■ Focus on key growth areas. ■ Develop new ventures complementary to the Group's core businesses. ■ Enhance growth through strategic M&A.	■ Speed up digital transformation by embracing innovation, AI and Industry 4.0. ■ Implement sustainability best practices across the Group. ■ Foster workforce agility and build future-ready competencies that are responsive to market changes. ■ Adhere to high standards of risk management. ■ Enhance accountability and performance-based reward system.

Build Resilience

The global economy remained beset by a series of persistent challenges, in particular the US tariff war when Trump took office as the 47th US President in January 2025. The threat of an economic downturn on lingering inflation and debt concern, compounded by trade tensions further heightened uncertainty in an already demanding business landscape. Despite these adversities, the Group successfully strengthened its balance sheet to support its business goals and optimise financial performance.

In 2025, it generated a net cash inflow of RM3.0 million from operating activities. By prioritizing prudent capital expenditure management and optimizing working capital efficiency, the Group managed to uphold its healthy balance sheet. At the end of 2025, cash and cash equivalents stood at RM51.1 million, compared to RM53.7 million in the preceding year, while preserving a zero-debt position.

EMS supply chains are becoming increasingly complex as suppliers are dispersed worldwide. Evolving manufacturing processes, shifting consumer preferences and disruptive innovations are reshaping these established supply chains. The said supply chains are fragile and susceptible to disruption due to geopolitical tensions between major economies, which can result in trade restrictions, tariffs, and export controls. Furthermore, climate-related disruptions, such as extreme weather events can exacerbate supply chain vulnerabilities. To mitigate these risks, the Group may reluctantly resort to maintain higher inventory levels, potentially leading to excess stock, operational inefficiencies and reduced profit.

Nonetheless, the Group is not resting on its laurels but continuously reshaping its supply chain to enhance resilience in face of future disruptions. The improvement includes right-sizing inventory of critical components/materials, diversifying its supply bases by leveraging on digital capabilities of its cutting-edge back-office system with inbuilt real-time order monitoring, end-to-end inventory visibility and advanced analytical capabilities. Although the Group's inventory increased to RM27.0 million as at end 2025 as compared to RM24.0 million a year earlier, the inventory turnover was maintained at about the same level in view of the sales increase in 2025.

Drive Growth

The present global business landscape is characterized by rapid change and volatility. Persistent inflationary pressures and geopolitical tensions such as the unabated Russia-Ukraine war and the US-China rivalry continue to simmer, potentially impacting the Group's business operations depending on the outcome of geopolitical negotiations. Given the inherent nature of these macroeconomic risks, complete mitigation is virtually impossible and beyond the Group's control.

In response to the challenging global economic conditions, the EMS business strategically intensified its diversification into the development and manufacturing of medical/healthcare devices and industrial equipment which are more resilient in the face of a global economic downturn.

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE

Cont'd

On the Healthcare business front, the Group's expansion into the development, manufacturing, and distribution of medical devices and consumables, both under its own brand (OBM) and as an authorized representative is making promising headways. The Group is experiencing growth in the distribution of Diversey brand hygiene-care products, particularly in hospitals, nursing homes and the F&B industry. Concurrently, the distribution of Mindray's AEDs to commercial/public enterprises (non-hospital sector) which is experiencing escalating demand is expanding the Group's healthcare product offerings.

With US President Trump embarking on his second term, intensified trade competition is imminent. By regularly promoting its capabilities and competencies through targeted marketing campaigns and exhibitions, the Group is able to consistently promote its Malaysian manufacturing facilities as the preferred alternative second manufacturing source for customers seeking supply chain diversification and risk mitigation. Building on its ongoing recalibration of the EMS business, besides targeting on US customers, the Group is also focussing towards high-potential markets in Europe, Japan, Australia and Canada.

Furthermore, the Group's diversification into the Cloud business, facilitated by the acquisition of GAP, has created a new revenue stream that complements its core operations. The expansion and consolidation of the Group's presence in Singapore, Vietnam and Indonesia respectively are strategic initiatives designed to bolster its Cloud business. The Cloud market in ASEAN remains relatively nascent, offering significant growth potential.

Nurture Capabilities

The Group is focused on its pursuit of cultivating core competencies to maintain a competitive edge within the market. Its digital transformation initiative encompasses a continuous enhancement of its Group-wide Oracle and Autocount systems respectively and adapting them to integrate with the mandatory e-invoice system launched by LHDN in phases commencing 1 August 2024. Furthermore, significant strides are being made in the implementation of automation within its manufacturing processes in alignment with Industry 4.0 objectives. This gradual transition towards smart manufacturing is to boost production efficiency.

The Group is cognizant that its future success depends to a large extent on the talent, hard work and value created by its directors, key management, technical personnel, supporting staff and production employees. The Group's efforts in building the capabilities of its people involve driving a performance-based culture via the Group's performance management system and business strategic focus that align rewards with performance.

Concurrently, constant assessments are undertaken to ensure that its leadership pipelines, including senior management and strategic staff are identified and talents groomed or prepared accordingly as part of its succession planning program.

5. BUSINESS & MARKET OUTLOOK

The K-One Group anticipates 2026 to be characterized by persistent geopolitical tensions, heightened volatility in foreign exchange markets, escalating costs, evolving customer preferences and the potential for increased tariffs between the United States and other nations, particularly China. These factors contribute to a dynamic and unpredictable operating environment, necessitating the Group's ability to navigate uncertainty and adapt to rapidly evolving conditions.

The Group is nevertheless cautiously optimistic on its prospects in 2026 as illustrated in the ensuing core business outlook sections.

EMS Business

Growth is projected across several key product segments, including consumer electronics, industrial equipment, floorcare products, spare parts/sub-assemblies for maintenance, data centre controller sub-systems, IoT gadgets and last but not least, especially medical/healthcare devices.

The Group has signed up numerous reputable medical/healthcare customers from US and Europe towards the end of 2025 which are expected to generate significant business potential in the coming year. The Group's EMS business has always been export-oriented since its inception about 25 years ago with more than 95% on average of its EMS business derived from overseas. For 2026, it is likely to adopt a 2-pronged approach with a revised sales strategy targeting both international and domestic EMS business. The Group believes the multinationals based in Malaysia may present significant EMS business potential, although competition may be stiff.

Looking ahead to financial year 2026, the Group will intensify its efforts to revise selling prices to existing customers to make up for the strong RM vs USD as its payments by customers are substantially denominated in USD. Transformation initiatives relating to people, processes and execution discipline are expected to continue, with the objective of enhancing operational resilience and competitiveness.

MANAGEMENT DISCUSSION AND ANALYSIS OF BUSINESS OPERATIONS AND FINANCIAL PERFORMANCE
Cont'd

Cloud Business

As one of the pioneers in the Cloud space in Malaysia, the Group will leverage on its credentials, staff strength and expertise to continue growing the recurring revenue from the significant pool of its existing Cloud customers in Malaysia, Singapore, Indonesia and Vietnam. Armed with the AWS Premier Tier Partner status under the Managed Service Provider (MSP) competency which was earned in end 2025, the Group's wholly-owned Cloud subsidiary will refine its strategic plan by augmenting its resource allocation and intensifying its focus on acquiring prominent and high-potential enterprise clientele both domestically and internationally. This strategic endeavour aims to foster exponential business growth.

With AWS and Google having set up their data centres in Malaysia towards the end of 2024, it has opened doors to Cloud business opportunities in the public and financial sectors in the local front. The Group is working hand-in glove with its Cloud principals to get its fair share of lucrative Cloud business in these sectors.

It is the Group's strategy to deliver new collaborative Cloud offerings. As such, it has extended out to tap into other specialized Cloud services such as cybersecurity, AI and machine learning which are witnessing significant business potential. Additionally, it has also reached out to partner Lark and Snowflake to cater to specific customer needs. The Group places great emphasis on workforce management to ensure that it increases headcount with the right skill to drive the next stage of business expansion.

Healthcare Business

The Healthcare business is poised to emerge as a key growth driver for the Group. It holds the exclusive distributorship rights for Diversey brand hygiene-care products within the Malaysian market. The Group is actively expanding its market presence in key sectors such as hospitals, nursing homes and the F&B industry by leveraging the superior quality and environmentally friendly attributes of Diversey brand hygiene-care products. On the medical device front, it is distributing Mindray's AEDs to the Malaysian commercial/public enterprises (non-hospital sector), enabling the Group to expand its healthcare and medical products portfolio while capitalizing on the significant growth potential within the AED market.

With anticipated business growth, it expects its earnings to improve in tandem for the year ahead. The Group remains actively engaged in exploring potential M&A opportunities with a focus on acquiring synergistic businesses. The Group recognizes M&A as a crucial avenue for growth and intends to leverage its strong financial position. As of the end of 2025, the Group maintained a debt-free balance sheet and a substantial cash surplus of RM51.1 million, providing ample financial flexibility to pursue strategic acquisition targets.

The Group has achieved numerous significant milestones since its humble beginnings as an OEM/ODM in 2001. Nevertheless, it has a vision to accomplish much more via the building up of the medical/healthcare segment in the EMS business, the emerging OBM/AR healthcare products portfolio and catching of the abundant opportunities in the Cloud business. With the unwavering support of every internal and external stakeholders, the Group looks forward to reaching far greater heights as it moves forward together as one.