



FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)
(Incorporated in Malaysia)

**UNAUDITED INTERIM FINANCIAL REPORT
FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2025**

FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984-V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2025⁽¹⁾

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	Unaudited 30/06/2025 RM'000	Unaudited 30/06/2024 RM'000	Unaudited 30/06/2025 RM'000	Unaudited 30/06/2024 RM'000
Revenue	14,367	7,757	31,835	12,502
Cost of sales	(14,001)	(5,074)	(28,928)	(8,256)
Gross profit	366	2,683	2,097	4,246
Other income	204	334	388	784
Allowance of expected credit losses on trade receivables	(105)	-	(210)	-
Selling and distribution expenses	(146)	(127)	(339)	(238)
Administrative expenses	(1,812)	(1,577)	(3,380)	(2,975)
Other expenses	(629)	(314)	(1,047)	(592)
(Loss)/Profit from operations	(2,122)	999	(1,681)	1,225
Finance costs	(173)	(93)	(317)	(177)
Finance income	6	10	14	19
(Loss)/Profit before tax	(2,289)	916	(1,984)	1,067
Tax income/(expense)	114	76	37	(8)
(Loss)/Profit after tax	(2,175)	992	(1,947)	1,059
Other comprehensive (loss)/income: -				
<i>Item that will be reclassified subsequently to profit or loss</i>				
Foreign currency translations differences	5	19	6	19
Total comprehensive (loss)/income for the financial period	(2,170)	1,011	(1,941)	1,078
(Loss)/Profit attributable to: -				
Owners of the Company	(1,997)	1,142	(1,788)	1,199
Non-controlling interest	(178)	(150)	(159)	(140)
	(2,175)	992	(1,947)	1,059
Total comprehensive (loss)/income attributable to: -				
Owners of the Company	(1,994)	1,151	(1,785)	1,208
Non-controlling interest	(176)	(140)	(156)	(130)
Total comprehensive (loss)/income for the financial period	(2,170)	1,011	(1,941)	1,078
(Loss)/Earnings per share attributable to owners of the Company (sen): -				
Basic	(0.61)	0.38	(0.60)	0.41
Diluted	(0.61)	0.38	(0.60)	0.41

NOTE:

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the audited financial statements of Flexidynamic Holdings Berhad (“Flexidynamic” or “the Company”) and its subsidiaries (“the Group”) for the financial year ended 31 December 2024 and the accompanying explanatory notes attached to this interim financial report.

*Negligible

FLEXIDYNAMIC HOLDINGS BERHAD

Registration No: 201901010656 (1319984–V)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2025⁽¹⁾

	Unaudited As At 30/06/2025 RM'000	Audited As At 31/12/2024 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	8,646	8,633
Investment properties	12,841	12,915
Deferred tax assets	3,739	3,671
Other receivables	-	2
Total non-current assets	25,226	25,221
Current assets		
Inventories	7,747	7,733
Trade receivables	26,253	27,250
Other receivables	14,829	12,336
Contract assets	6,397	5,737
Contract costs	-	337
Tax recoverable	3,024	3,012
Fixed deposits with a licensed financial institution	456	451
Cash and bank balances and short-term investments	7,285	9,778
Total current assets	65,991	66,634
TOTAL ASSETS	91,217	91,855
EQUITY AND LIABILITIES		
EQUITY		
Share capital	37,739	37,739
Merger deficit	(20,431)	(20,431)
Capital reserve	631	631
Share based payment reserve	1,554	1,525
Foreign exchange reserve	9	6
Retained earnings	20,554	22,342
Equity attributable to owners of the Company	40,056	41,812
Non-controlling interest	57	213
TOTAL EQUITY	40,113	42,025
LIABILITIES		
Non-current liabilities		
Bank borrowings	11,723	12,372
Lease liabilities	614	415
Employees' benefits	78	79
Total non-current liabilities	12,415	12,866
Current Liabilities		
Trade payables	17,085	16,151
Other payables and accruals	930	1,698
Contract liabilities	15,876	16,164
Bank borrowings	4,441	2,663
Lease liabilities	357	275
Tax payable	-	13
Total current liabilities	38,689	36,964
TOTAL LIABILITIES	51,104	49,830
TOTAL EQUITY AND LIABILITIES	91,217	91,855
Net assets per ordinary share (RM) ⁽²⁾	0.13	0.14

NOTES:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2024 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per ordinary share is calculated based on the number of ordinary shares in issue of 299,679,925 shares. (2024: 299,679,925).

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2025⁽¹⁾

	← Non-Distributable				→ Distributable				
	Share Capital RM'000	Merger Deficit RM'000	Capital Reserve RM'000	Share Based Payment Reserve RM'000	Foreign Exchange Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interest RM'000	Total Equity RM'000
6 Months Ended 30 June 2025									
Balance at 1 January 2025	37,739	(20,431)	631	1,525	6	22,342	41,812	213	42,025
Transactions with owners:									
Share based payment relating to ESOS	-	-	-	29	-	-	29	-	29
Total transactions with owners	-	-	-	29	-	-	29	-	29
Loss after tax	-	-	-	-	-	(1,788)	(1,788)	(159)	(1,947)
Foreign currency translations differences	-	-	-	-	3	-	3	3	6
Total comprehensive income/(loss) for the financial period	-	-	-	-	3	(1,788)	(1,785)	(156)	(1,941)
Balance at 30 June 2025 (Unaudited)	37,739	(20,431)	631	1,554	9	20,554	40,056	57	40,113
6 Months Ended 30 June 2024									
Balance at 1 January 2024	35,623	(20,431)	631	1,398	2	20,814	38,037	(175)	37,862
Transaction with owners:									
Issue of ordinary shares	2,175	-	-	-	-	-	2,175	-	2,175
Share issuance expenses	(59)	-	-	-	-	-	(59)	-	(59)
Share based payment relating to ESOS	-	-	-	72	-	-	72	-	72
Total transaction with owners	2,116	-	-	72	-	-	2,188	-	2,188
Profit/(loss) after tax	-	-	-	-	-	1,199	1,199	(140)	1,059
Foreign currency translations differences	-	-	-	-	9	-	9	10	19
Total comprehensive income/(loss) for the financial period	-	-	-	-	9	1,199	1,208	(130)	1,078
Balance at 30 June 2024 (Unaudited)	37,739	(20,431)	631	1,470	11	22,013	41,433	(305)	41,128

NOTE:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2024 and the accompanying explanatory notes attached to this interim financial report.

*Negligible

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2025⁽¹⁾

	6 months ended Unaudited 30/06/2025 RM'000	6 months ended Unaudited 30/06/2024 RM'000
CASH FLOWS USED IN OPERATING ACTIVITIES		
(Loss)/Profit before tax	(1,984)	1,067
Adjustments for: -		
Allowance for expected credit losses on trade receivables	210	-
Depreciation of property, plant and equipment	503	548
Depreciation of investment properties	74	74
Gain on disposal of property, plant and equipment	-	(138)
Interest expenses	317	177
Interest income	(14)	(19)
Share based payment expenses	29	72
Dividend income	(50)	(62)
Employees' benefits	(1)	-
Unrealised loss/(gain) on foreign exchange	443	(200)
Operating (loss)/profit before working capital changes	(473)	1,519
(Increase)/Decrease in inventories	(14)	273
Increase in receivables	(1,705)	(10,833)
Increase in payables	380	954
(Decrease)/Increase in contract assets/liabilities	(610)	5,606
Cash used in operations	(2,422)	(2,481)
Tax paid	(153)	(289)
Tax refunded	99	13
Net cash used in operating activities	(2,476)	(2,757)
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(261)	(31)
Interests received	14	19
Dividend received	50	62
Proceed from disposal of property, plant and equipment	-	214
Net cash (used in)/from investing activities	(197)	264

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UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2025⁽¹⁾ (Cont'd)

	6 months ended Unaudited 30/06/2025 RM'000	6 months ended Unaudited 30/06/2024 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interests paid	(317)	(173)
Proceeds from issuance of ordinary shares	-	2,175
Share issuance expenses	-	(59)
Net drawdown of short-term borrowings	1,651	536
Drawdown of bank borrowings	200	450
Repayments of bank borrowings	(722)	(516)
Repayments of lease liabilities	(191)	(275)
Net cash from financing activities	<u>621</u>	<u>2,138</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,052)	(355)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD	10,229	8,148
EFFECT OF EXCHANGE RATES CHANGES	(436)	211
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD	<u>7,741</u>	<u>8,004</u>
Represented by: -		
CASH AND CASH EQUIVALENTS		
Cash and bank balances	7,285	7,559
Fixed deposits with a licensed financial institution	456	445
	<u>7,741</u>	<u>8,004</u>

NOTE:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2024 and the accompanying explanatory notes attached to this interim financial report.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2025**PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING****A1. BASIS OF PREPARATION**

The interim financial report of the Group is unaudited and have been prepared in accordance with MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board, Paragraph 9.22 and Appendix 9B of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2024. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2024.

A2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information and presentation adopted for the interim financial statements are consistent with those adopted as disclosed in the Group’s audited financial statements for the financial year ended 31 December 2024.

On 1 January 2025, the Group adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2025.

- Amendments to MFRS 121: The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

The adoption of the above standards did not have any material impact on the Group’s financial statements.

The new and amended standards and interpretations that are issued, but not yet effective for 31 December 2025 reporting period are as below and have not been early adopted by the Group.

Standards	Effective for financial period beginning on or after
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards – Annual Improvements – Volume 11	1 January 2026
Amendments to MFRS 7: Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 7: Financial Instruments: Disclosures – Annual Improvements – Volume 11	1 January 2026
Amendments to MFRS 7: Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to MFRS 9: Financial Instruments – Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9: Financial Instruments – Contracts Referencing Nature-dependent Electricity	1 January 2026

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2025**A2. MATERIAL ACCOUNTING POLICY INFORMATION (Cont'd)**

The new and amended standards and interpretations that are issued, but not yet effective for 31 December 2025 reporting period are as below and have not been early adopted by the Group.

Standards	Effective for financial period beginning on or after
Amendments to MFRS 9: Financial Instruments – Annual Improvements – Volume 11	1 January 2026
Amendments to MFRS 10: Consolidated Financial Statements – Annual Improvements – Volume 11	1 January 2026
Amendments to MFRS 107: Statement of Cash Flows – Annual Improvements – Volume 11	1 January 2026
MFRS 18: Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19: Subsidiaries without Public Accountability - Disclosures	1 January 2027
Amendment to MFRS 10 and MFRS 128: Consolidated Financial Statements & Investments In Associates and Joint Ventures – Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred to a date to be determined and announced

* Not applicable to the Group's operation

The Directors do not expect that the adoption of the standards and amendment listed above will have a material impact on the financial statements of the Group in the future periods.

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report for the preceding financial year ended 31 December 2024 was issued without any qualification.

A4. SEASONAL OR CYCLICAL FACTORS

The nature of the Group's business was not subject to any significant seasonal and cyclical factors during the current financial quarter and period-to-date under review.

A5. MATERIAL AND UNSUAL ITEMS AFFECTING ASSETS, LIABILITIES, EQUITY, NET INCOME OR CASH FLOWS

There were no material and unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial quarter under review.

A6. MATERIAL SUBSEQUENT EVENT

No material subsequent event to the end of the current financial quarter under review.

A7. DEBT AND EQUITY SECURITIES

There was no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter under review.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2025**A8. DIVIDEND PAID**

No dividends were paid during the current financial quarter under review.

A9. SEGMENTAL INFORMATION

The Group is principally engaged in the business of design, engineering, installation and commissioning of glove chlorination systems, design and installation of storage tanks, process tanks for glove manufacturing industry and supply and installation of mechanical and electrical (“M&E”) engineering works.

The Group is currently involved in two operating segments, namely the glove manufacturing industry and M&E engineering industry. The glove manufacturing industry and M&E engineering industry contributed 73% and 27% respectively, to the Group’s revenue in the current financial period.

The following table provides an analysis of the Group’s revenue by geographical segment: -

	Individual Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	Unaudited	Unaudited	Unaudited	Unaudited
	30/06/2025	30/06/2024	30/06/2025	30/06/2024
	RM'000	RM'000	RM'000	RM'000
Local	13,559	5,902	30,008	10,338
Overseas ⁽¹⁾	808	1,855	1,827	2,164
	<u>14,367</u>	<u>7,757</u>	<u>31,835</u>	<u>12,502</u>

Note:

(1) Includes Vietnam, Thailand, Indonesia and Sri Lanka.

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There has been no valuation made on any property, plant and equipment during the current financial quarter under review.

A11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no other changes in the composition of the Group for the current financial quarter under review.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2025**A12. CAPITAL COMMITMENTS**

The capital commitments of the Group as at 30 June 2025 is as follow: -

	Unaudited As At 30/06/2025 RM'000
Authorised and contracted for: -	
Property, plant and equipment	<u>34,050</u>

A13. SIGNIFICANT RELATED PARTY TRANSACTIONS

The significant related party transactions which were entered into on agreed terms and conditions are summarised as follow: -

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	Unaudited 30/06/2025 RM'000	Unaudited 30/06/2024 RM'000	Unaudited 30/06/2025 RM'000	Unaudited 30/06/2024 RM'000
Rental expenses	17	16	34	33
Lease payment	6	6	12	12
Finance charged	-	4	1	4
Purchase of timber	<u>31</u>	<u>-</u>	<u>142</u>	<u>-</u>

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2025**PART B – EXPLANATORY NOTES PURSUANT TO CHARTER 9, APPENDIX 9B OF THE ACE MARKET LISTING REQUIREMENTS OF BURSA SECURITIES****B1. PERFORMANCE REVIEW**

	Individual Quarter 3 months ended			Cumulative Quarter 6 months ended		
	Unaudited	Unaudited	Changes	Unaudited	Unaudited	Changes
	30/06/2025 RM'000	30/06/2024 RM'000	%	30/06/2025 RM'000	30/06/2024 RM'000	%
Revenue	14,367	7,757	85.21	31,835	12,502	154.64
Operating (Loss)/Profit	(1,388)	1,313	(205.71)	(424)	1,817	(123.34)
(Loss)/Profit before interest and tax	(2,122)	999	(312.41)	(1,681)	1,225	(237.22)
(Loss)/Profit before tax	(2,289)	916	(349.89)	(1,984)	1,067	(285.94)
(Loss)/Profit after tax	(2,175)	992	(319.25)	(1,947)	1,059	(283.85)
(Loss)/Profit attributable to: - Owners of the Company	(1,997)	1,142	(274.87)	(1,788)	1,199	(249.12)

(a) Results for current financial quarter

The Group recorded revenue of RM14.37 million for the current financial quarter ended 30 June 2025, representing an increase of RM6.61 million or 85.21% as compared to RM7.76 million in the previous year's corresponding financial quarter. Existing customers upgrades their current production system and revenue from the sub-contract for supply and installation of M&E engineering works leading revenue increased in the current financial quarter.

The Group's revenue was mainly derived from the design, engineering, installation and commissioning of glove chlorination system and supply and installation of M&E engineering works. The local and overseas markets contributed 94.26% and 5.74%, respectively, to the Group's revenue in the current financial quarter.

Despite the revenue growth, the Group recorded a loss before tax of RM2.29 million for the current financial quarter ended 30 June 2025, representing a decrease of approximately RM3.21 million or 349.89% as compared to a profit before tax of RM0.92 million in the corresponding quarter of the previous financial year. The loss was mainly attributable to margin compression arising from the sub-contracting of M&E engineering works and the existing production system, coupled with higher operating and project costs, particularly subcontractor expenses, increased administrative and finance costs, as well as the impact of foreign exchange volatility.

(b) Results for financial period-to date

The Group recorded revenue of RM31.84 million for the current financial period ended 30 June 2025, representing an increase of RM19.34 million or 154.64% as compared to RM12.50 million recorded in the previous year's corresponding period. The increase in revenue was primarily attributed from M&E engineering's work and sub-contracting of the existing production system recorded in the current financial period.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2025**B1. PERFORMANCE REVIEW (Cont'd)****(b) Results for financial period-to date (Cont'd)**

Despite the strong revenue growth, the Group reported a loss before tax of RM1.98 million for the current financial period ended 30 June 2025, representing a decrease of approximately RM3.05 million or 285.94% as compared to profit before tax of RM1.07 million in the previous year's corresponding period. The loss incurred during the current financial period was due to margin compression arising from the sub-contracting projects, higher operating, material and subcontractor costs, increased administrative expenses as well as the impact of foreign exchange volatility.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER RESULTS

	Individual Quarter		Change	
	3 months ended			
	Unaudited	Unaudited	RM'000	%
	30/06/2025	31/03/2025		
	RM'000	RM'000		
Revenue	14,367	17,468	(3,101)	(17.75)
(Loss)/Profit before tax	(2,289)	305	(2,594)	(850.49)
(Loss)/Profit after tax	(2,175)	228	(2,403)	(1,053.95)
(Loss)/Profit attributable to: -				
Owners of the Company	(1,997)	209	(2,206)	(1,055.50)

The Group's revenue for the current financial quarter ended 30 June 2025 decrease by approximately RM3.10 million or 17.75% to RM14.37 million as compared to RM17.47 million in the preceding financial quarter ended 31 March 2025. The decrease in revenue was mainly due to completion of the upgrading of existing production system in the current financial quarter.

The Group recorded a loss before tax of RM2.29 million for the current financial quarter ended 30 June 2025, representing a decline of approximately RM2.59 million or 850.49% as compared to profit before tax of RM0.31 million in the preceding financial quarter ended 31 March 2025. The decline was attributable to margin compression arising from the sub-contracting of M&E engineering works and the existing production system, coupled with higher administrative expenses and foreign exchange losses incurred in the current financial quarter.

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2025

B3. PROSPECT AND OUTLOOK

The current glove market oversupply shows signs of moderation and is projected to improve gradually. Industry players are undertaking capacity rationalisation, including selective plant decommissioning and exits by newer entrants. This trend is expected to help the demand-supply dynamics move towards equilibrium sooner than anticipated.

On 2 April 2025, the new US administration announced ‘reciprocal’ tariffs on many trade partners, including Malaysia, which will face a 24% levy. A week later, a 90-day reprieve on these tariff increases was announced to allow negotiation between the US and its trade partners, with a blanket 10% tariff during this period. As a safeguard measure to prevent trading diversion from other countries, the Ministry of Plantation and Commodities banned the export of non-locally made rubber gloves from 25 April 2025. On 7 July 2025, the US announced that the 90-day pause on reciprocal tariffs which were initially set to expire on 9 July 2025 will be extended until 1 August 2025. In early August 2025, the US government announced a reduction in the reciprocal tariff on Malaysian products from 24% to 19%.

The present development is expected to benefit the Group with the increase in the demand for glove production capacity enhancements in Malaysia and other overseas locations that the Group serve.

On 19 June 2025, the Group had entered into 2 share sale agreements for the proposed acquisition of 100% equity interest in Formtech Engineering (M) Sdn Bhd (“Formtech”). Given Formtech’s specialisation in the manufacturing of glove formers, this acquisition is expected to expand the Group’s business portfolio and diversify into recurring income streams.

The Group remains steadfast in executing its growth strategy, with a clear focus on diversification into infrastructure projects, the manufacturing of glove formers, and the upcoming launch of gamma radiation sterilisation services. These initiatives are strategically aligned with commitment to building a more resilient and future-ready business.

The Group remains focused on improving operational efficiency, enhancing cost control measures, and is pursuing strategic initiatives to diversify revenue streams and strengthen the Group’s financial position moving forward. Despite the challenging period, the Group is taking necessary steps to navigate current headwinds while positioning itself for recovery in the coming periods and to deliver long-term value to our shareholders and stakeholders.

B4. VARIANCE FROM PROFIT FORECAST

The Group did not publish any profit forecast for the current financial quarter under review in any public documents.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2025**B5. TAX EXPENSE**

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	Unaudited 30/06/2025 RM'000	Unaudited 30/06/2024 RM'000	Unaudited 30/06/2025 RM'000	Unaudited 30/06/2024 RM'000
Income tax	14	100	31	117
Deferred tax	(128)	(176)	(68)	(109)
	<u>(114)</u>	<u>(76)</u>	<u>(37)</u>	<u>8</u>
Effective tax rate	4.98% ⁽¹⁾	(8.30%)	1.86% ⁽¹⁾	0.75%

Notes:

(1) The Group's effective tax rate is lower than statutory tax rate i.e. 24% for the current financial quarter and current financial period ended 30 June 2025, mainly due to loss making during the current financial quarter and current financial period.

(2) Tax expense is recognised based on management's best estimate.

B6. STATUS OF CORPORATE PROPOSAL

Save as disclosed below, there were no corporate proposals announced but not completed as at the date of this report.

Acquisition of a subsidiary

On 27 March 2025, the Company had entered into a Memorandum of Understanding ("MOU") with HARPS Investment Asia Pte. Ltd. ("HIA") in relation to the proposed acquisition of up to 8,300,000 ordinary shares, or the entirety of equity shares interest in Formtech Engineering (M) Sdn. Bhd. ("Formtech") ("Proposed Acquisition").

The Company has on 19 June 2025, entered into two (2) Share Sale Agreements ("SSAs") for the proposed acquisition of 100% equity interest in Formtech with HIA for the acquisition of 5,800,000 ordinary shares in Formtech, representing 69.88% of its issued share capital, for a total purchase consideration of RM8,388,000.00 ("SSA 1") and with Dietmar Trumm ("DT") and Valluvan A/L A. Peramuthu ("Paul") for the acquisition of 2,100,000 ordinary shares and 400,000 ordinary shares in Formtech, representing 25.30% and 4.82% of its issued share capital, respectively. The total purchase consideration for the acquisition of 2,500,000 ordinary shares is RM2,000,000.00 ("SSA 2")

Under the SSAs, the Company will acquire a total of 8,300,000 ordinary shares, representing 100% of the issued share capital of Formtech, for a total aggregate purchase consideration of RM10,388,000.00. Upon completion of the Proposed Acquisitions, Formtech shall become the wholly-owned subsidiary of Flexidynamic.

On 1 August 2025, the Company announced that the SSAs have become unconditional following the fulfilment of the condition's precedents stipulated in the SSAs. On even date, the Proposed Acquisitions have also been completed in accordance to the terms and conditions of the SSAs.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2025**B6. STATUS OF CORPORATE PROPOSAL (Cont'd)**

Save as disclosed below, there were no corporate proposals announced but not completed as at the date of this report (cont'd).

Multiple Proposals

On 14 July 2025, Malacca Securities Sdn Bhd ("Malacca Securities") had on behalf of the Company announced that the Company proposed to undertake the following:

- (i) proposed diversification of the existing principal activities of the Company and its subsidiaries ("Group") to include provision of sterilisation services using gamma radiation ("Proposed Diversification");
- (ii) proposed subscription of 16,080,184 new ordinary shares in Gammatech Sdn Bhd, a 51%-owned subsidiary of the Company ("Gammatech") ("Subscription Shares") for a total cash consideration of RM16,080,184 ("Subscription Price") ("Proposed Subscription");
- (iii) proposed acquisition of a parcel of industrial freehold land held under GM 2418, Lot 2202, Teluk Panglima Garang, Kuala Langat, Selangor measuring approximately 1.6314 hectares ("Land") by Gammatech, a 51%-owned subsidiary of the Company from H&A Ventures Sdn Bhd ("H&A") ("Vendor") for a total consideration of RM15,450,000 ("Purchase Consideration"), to be satisfied via issuance of 15,450,000 new ordinary shares in Gammatech ("Consideration Shares") ("Proposed Acquisition");
- (iv) proposed private placement of up to 89,903,000 new ordinary shares in the Company ("Shares" or "Flexidynamic Shares"), representing up to 30% of the existing number of issued Shares in Flexidynamic ("Proposed Private Placement"); and
- (v) proposed bonus issue of warrants on the basis of 1 warrant for every 4 Flexidynamic Shares held by the entitled shareholder on an entitlement date to be determined and announced later ("Entitled Shareholders") ("Entitlement Date") ("Proposed Bonus Issue of Warrants").

B7. BORROWINGS

	Unaudited As At 30/06/2025		Unaudited As At 30/06/2024	
	Foreign denomination '000	RM '000	Foreign denomination '000	RM '000
Current:				
Secured				
Bank borrowings		4,441		1,470
Lease liabilities		357		311
Lease liabilities	THB -	-	THB 123	16
		<u>4,798</u>		<u>1,797</u>

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2025**B7. BORROWINGS (Cont'd)**

	Unaudited As At 30/06/2025		Unaudited As At 30/06/2024	
	Foreign denomination '000	RM '000	Foreign denomination '000	RM '000
Non-current:				
Secured				
Bank borrowings		11,723		6,197
Lease liabilities		614		449
Lease liabilities	THB -	-	THB 9	1
		<u>12,337</u>		<u>6,647</u>
Total borrowings		<u>17,135</u>		<u>8,444</u>
Exchange Rate RM to THB100		12.9655		12.8308

B8. MATERIAL LITIGATION

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

B9. PROPOSED DIVIDEND

No dividend has been declared and proposed during the current financial quarter under review and for the financial period-to-date.

B10. (LOSS)/EARNINGS PER SHARE**(a) Basic (loss)/earnings per share**

The basic (loss)/earnings per share for the current financial quarter and financial period to-date are as follows: -

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	Unaudited 30/06/2025	Unaudited 30/06/2024	Unaudited 30/06/2025	Unaudited 30/06/2024
(Loss)/Profit after tax attributable to owners of the Company (RM'000)	(1,997)	1,142	(1,788)	1,199
Weighted average number of ordinary shares in issue ('000)	299,680	299,680	299,680	294,293
Basic (loss)/earnings per share (sen)	<u>(0.67)</u>	<u>0.38</u>	<u>(0.60)</u>	<u>0.41</u>

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2025**B10. (LOSS)/EARNINGS PER SHARE (Cont'd)****(b) Diluted (loss)/earnings per share**

The diluted (loss)/earnings per share for the current financial quarter and financial period to-date are as follows: -

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	Unaudited 30/06/2025	Unaudited 30/06/2024	Unaudited 30/06/2025	Unaudited 30/06/2024
(Loss)/Profit after tax attributable to owners of the Company (RM'000)	(1,997)	1,142	(1,788)	1,199
Weighted average number of ordinary shares in issue ('000)	299,680	299,680	299,680	294,293
Effect of dilutive potential ordinary share - ESOS ('000)	_(2)	_(2)	_(2)	_(2)
Weighted average number of ordinary shares for diluted earnings per share ('000)	299,680	299,680	299,680	294,293
Diluted (loss)/earnings per share (sen) ⁽¹⁾	(0.67)	0.38	(0.60)	0.41

Notes:

- (1) The diluted (loss)/earnings per share of the Company has been adjusted for the dilutive effects of the potential ordinary shares, i.e., share options granted to the eligible Directors and employees on the assumption that the full exercise of the share options on the share options grant date.
- (2) Diluted (loss)/earnings per share of the Company for the individual and cumulative quarter 30 June 2025 was equivalent to the basic (loss)/earnings per share as the share option had an anti-dilutive effect of the basic (loss)/earnings per share and the Company has no other dilutive potential ordinary shares in issue at the end of the reporting period.

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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2025**B11. (LOSS)/PROFIT BEFORE TAX**

	Individual Quarter 3 months ended		Cumulative Quarter 6 months ended	
	Unaudited 30/06/2025 RM'000	Unaudited 30/06/2024 RM'000	Unaudited 30/06/2025 RM'000	Unaudited 30/06/2024 RM'000
(Loss)/Profit before tax is arrived at after charging/(crediting): -				
Allowance for expected credit losses on trade receivables	105	-	210	-
Depreciation of property, plant and equipment	248	266	503	548
Depreciation of investment properties	37	37	74	74
Interest expenses	173	93	317	177
Realised loss/(gain) on foreign exchange	3	-	2	(33)
Gain on disposal of property, plant and equipment	-	(62)	-	(138)
Unrealised loss/(gain) on foreign exchange	351	(3)	443	(200)
Interest income	(6)	(10)	(14)	(19)
Share based payment expenses	14	32	29	72