annual report 2025

Grand winner of our art against AIDS 2024 - MUHAMMAD SYAZWAN BIN ABD RAHIM

karex

OUR MISSION

We continuously aim to build an organisation that responds to the changing views and needs of sexual health and to develop products that inspire better, healthier choices.

We champion social responsibility, not just as moral imperatives but to build better, stronger relationships with stakeholders within our communities.

We cultivate entrepreneurship, diversity and the desire to excel in the things we do.

OUR VISION

To be the world's leading provider in sexual wellness by developing the most creative, inspiring and unique experiences for the global community.

TABLE OF CONTENTS

01 ABOUT US

Corporate Information 02
Corporate Structure 04

02 STRATEGY & PERFORMANCE

Key Strategies 05
Financial Highlights 06
Chairwoman's Statement 08
CEO's Management Discussion & Analysis 10
Sustainability Statement 18
Performance Data Table from Bursa Malaysia's ESG Reporting Platform 49

03 GOVERNANCE

Profile of Board of Directors 51
Profile of Key Senior Management 60
Corporate Governance Overview Statement 62
Additional Compliance Information 76
Audit Committee Report 77
Directors' Responsibility Statement 80
Statement on Risk Management and Internal Control 81

04 FINANCIAL STATEMENTS 86

05 SHAREHOLDER'S INFORMATION

List of Properties 149
Analysis of Shareholdings 152
Thirty Largest Shareholders 154
Notice of 13th Annual General Meeting 156
Statement Accompanying Notice of 13th AGM 161
Form of Proxy •

Corporate Information

BOARD OF DIRECTORS

Professor Dato' Dr. Adeeba binti Kamarulzaman
Chairwoman
Independent
Non-Executive Director

Dato' Edward Siew Mun Wai
Independent
Non-Executive Director

Chew Fook Aun
Independent
Non-Executive Director

Kung Chin Woon
Independent
Non-Executive Director

Jaimie Sia Zui Keng
Independent
Non-Executive Director

Lam Jiuan Jiuan
Non-Independent
Non-Executive Director

Goh Yen Yen
Non-Independent
Non-Executive Director

Goh Leng Kian
Non-Independent
Non-Executive Director

Goh Miah Kiat
Executive Director
Chief Executive Officer

AUDIT COMMITTEE

Chew Fook Aun
Chairman
Independent
Non-Executive Director

Dato' Edward Siew Mun Wai
Member
Independent
Non-Executive Director

Kung Chin Woon
Member
Independent
Non-Executive Director

Jaimie Sia Zui Keng
Member
Independent
Non-Executive Director

Lam Jiuan Jiuan
Member
Non-Independent
Non-Executive Director

RISK MANAGEMENT COMMITTEE

Lam Jiuan Jiuan
Chairwoman
Non-Independent
Non-Executive Director

Dato' Edward Siew Mun Wai
Member
Independent
Non-Executive Director

Chew Fook Aun
Member
Independent
Non-Executive Director

Kung Chin Woon
Member
Independent
Non-Executive Director

Jaimie Sia Zui Keng
Member
Independent
Non-Executive Director

Corporate Information

NOMINATION COMMITTEE

Kung Chin Woon
Chairwoman
Independent
Non-Executive Director

Chew Fook Aun
Member
Independent
Non-Executive Director

Lam Jiuan Jiuan
Member
Non-Independent
Non-Executive Director

REMUNERATION COMMITTEE ("RC")

Dato' Edward Siew Mun Wai
Chairman
Independent
Non-Executive Director

Chew Fook Aun
Member
Independent
Non-Executive Director

Kung Chin Woon
Member
Independent
Non-Executive Director

Jaimie Sia Zui Keng
Member
Independent
Non-Executive Director

Goh Yen Yen
Member
Non-Independent
Non-Executive Director

ESOS COMMITTEE (Sub-Committee of RC)

Chew Fook Aun
Chairman
Independent
Non-Executive Director

Dato' Edward Siew Mun Wai
Member
Independent
Non-Executive Director

Kung Chin Woon
Member
Independent
Non-Executive Director

Lam Jiuan Jiuan
Member
Non-Independent
Non-Executive Director

COMPANY SECRETARIES

Tai Yit Chan
(SSM PC No. 202008001023)
(MAICSA 7009143)

Tan Ai Ning
(SSM PC No. 202008000067)
(MAICSA 7015852)

Tan Siew Hong
(SSM PC No. 201908001915)
(MAICSA 7066226)

REGISTERED OFFICE

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : +603-7890 4800
Fax : +603-7890 4650
Email : info.my@boardroomlimited.com

CORPORATE OFFICE

Lot 594, Persiaran Raja Lumu
Pandamaran Industrial Estate
42000 Port Klang
Selangor Darul Ehsan, Malaysia
Tel : +603-3165 6688
Email : enquiry@karex.com.my
Website : www.karex.com.my

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd (199601006647 (378993-D))
11th Floor, Menara Symphony
No. 5 Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : +603-7890 4700
Fax : +603-7890 4670
Email : BSR.Helpdesk@boardroomlimited.com

AUDITORS

KPMG PLT (LLP0010081-LCA & AF 0758)
Chartered Accountants
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : +603-7721 3388
Fax : +603-7721 3399
Website : www.kpmg.com.my

BANKERS

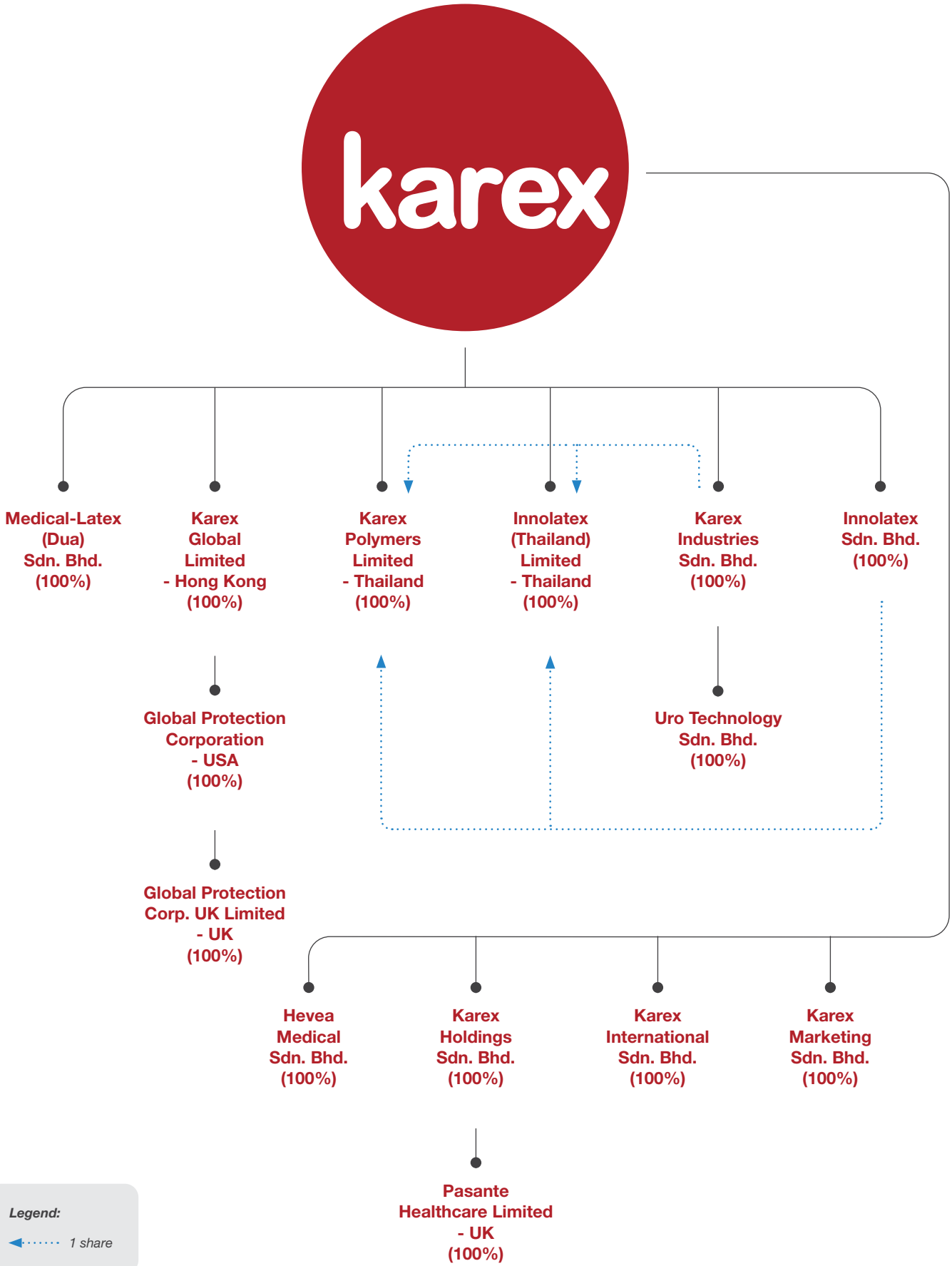
Alliance Bank Malaysia Berhad
Bangkok Bank Public Company Limited
CIMB Bank Berhad
Hong Leong Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
RHB Bank Berhad
United Overseas Bank (Malaysia) Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : KAREX
Stock Code : 5247

Corporate Structure

AS AT 30 SEPTEMBER 2025



Key Strategies

CORE COMPETENCIES

As a full-service medical device manufacturer, we continue to invest in our foundry systems ranging from research and development to robotics integration and machine fabrication. We ensure that our manufacturing processes are appropriately supported and protected by the relevant clinical trial data, intellectual property and product certifications. These are further supported by investments in our operations where we continuously refine processes to ensure that we stay ahead of developments in industry standards and regulations as well remain agile amidst global economic volatility. This is what enables us to continue to deliver our customers the cost efficiencies and quality consistency that we have become known for.

INNOVATION

With proven in-house research and development capabilities, we continuously adapt our product portfolio to meet evolving consumer preferences and introduce new value propositions. We have also prioritised the adoption of automation and data-driven decision-making processes to enhance operational efficiencies and workforce productivity. This has also extended to our sustainability efforts in the way that we implement energy conservation initiatives across our production facilities, driving efficiencies whilst simultaneously reducing our environmental footprint.

BRANDING

Our role as both a brand owner and manufacturer has given us a unique dual perspective to exchange feedback and insight with our customers that has allowed us to finetune our products to what end users actually want. This synergy ultimately enables us to be more responsive to consumer sentiment, broadens our market presence and strengthens our brand relevance across different geographical locations.

HUMAN CAPITAL

Our people represent the amalgamation of our expertise, ambition and values that make our culture unique. We are committed to empowering talent through professional opportunities, personal growth and fostering an inclusive culture. In our manufacturing operations, we have paid great attention to emphasise strict safety standards, continuous training and proactive risk management controls to ensure that the comfort of our people is never in doubt.

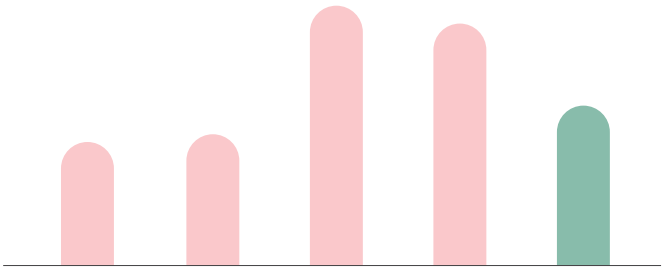
Financial Highlights

		FINANCIAL YEAR ENDED 30 JUNE				
		2021	2022	2023	2024	2025
	Financial Performance (RM'000)					
(i)	Revenue	419,816	421,642	532,066	507,847	**498,407**
(ii)	(Loss)/Profit before tax	(534)	(6,488)	15,131	30,996	**301**
(iii)	(Loss)/Profit attributable to owners of the Company	(1,020)	(6,191)	10,478	23,441	**208**
	Financial Position (RM'000)					
	Assets					
(i)	Total tangible assets	579,262	593,447	622,934	608,654	**656,660**
(ii)	Net assets	465,756	457,782	476,567	482,915	**465,600**
(iii)	Current assets	292,469	296,255	320,327	320,823	**317,377**
	Liabilities and Shareholders' Funds					
(iv)	Current liabilities	157,744	160,968	171,810	161,524	**209,033**
(v)	Paid-up share capital	324,244	324,244	324,244	324,244	**324,244**
(vi)	Shareholders' funds	465,756	457,782	476,567	482,915	**465,600**
	Per Share					
(i)	Basic (loss)/earning (sen) *	(0.10)	(0.59)	0.99	2.23	**0.02**
(ii)	Net assets (RM) **	0.44	0.43	0.45	0.46	**0.44**
	* Based on weighted average number of shares issued ('000)	1,028,828	1,053,461	1,053,461	1,053,461	**1,053,461**
	** Based on number of shares issued ('000)	1,053,461	1,053,461	1,053,461	1,053,461	**1,053,461**
	Financial Ratios					
(i)	Return on total tangible assets (%)	(0.18)	(1.04)	1.68	3.85	**0.03**
(ii)	Return on shareholders' funds (%)	(0.22)	(1.35)	2.20	4.85	**0.04**
(iii)	Current ratio (times)	1.85	1.84	1.86	1.99	**1.52**
(iv)	Gearing ratio (times)	0.25	0.27	0.33	0.29	**0.45**
(v)	Gearing ratio net of cash (times)	0.13	0.22	0.26	0.21	**0.38**

Financial Highlights

REVENUE (RM'000)

2021	2022	2023	2024	**2025**
419,816	421,642	532,066	507,847	**498,407**



(LOSS)/PROFIT BEFORE TAX (RM'000)

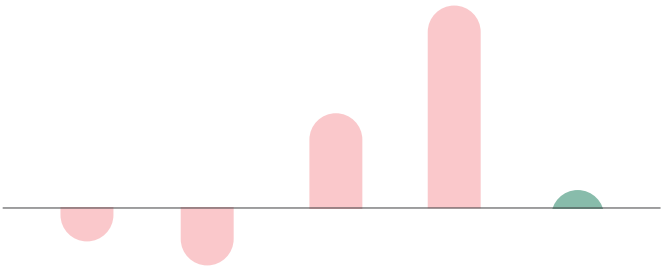
2021	2022	2023	2024	**2025**
(534)	(6,488)	15,131	30,996	**301**

(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM'000)

2021	2022	2023	2024	**2025**
(1,020)	(6,191)	10,478	23,441	**208**

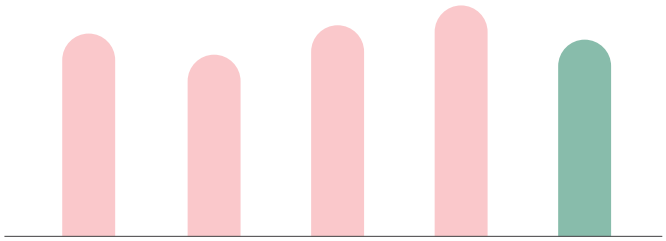
BASIC (LOSS)/EARNING PER SHARE (Sen)

2021	2022	2023	2024	**2025**
(0.10)	(0.59)	0.99	2.23	**0.02**



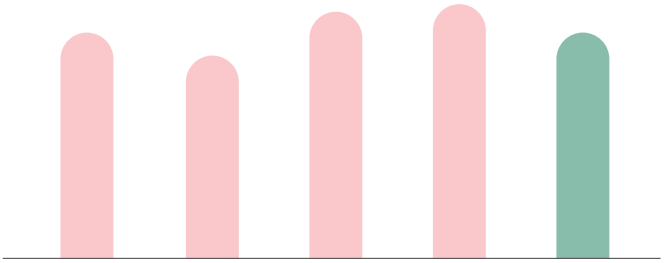
NET ASSETS (RM'000)

2021	2022	2023	2024	**2025**
465,756	457,782	476,567	482,915	**465,600**



NET ASSETS PER SHARE (RM)

2021	2022	2023	2024	**2025**
0.44	0.43	0.45	0.46	**0.44**



Chairwoman's Statement

PROFESSOR DATO' DR. ADEEBA BINTI KAMARULZAMAN

Chairwoman
Independent
Non-Executive Director

Chairwoman's Statement

Dear Shareholders,

It has been an eventful year amidst a volatile global economic backdrop, marked by tariff uncertainties, evolving regulatory requirements, rising costs and rapidly changing customer preferences. Yet, our resolve remains unwavering: to deliver results with a steadfast focus on advancing public health.

This year marked a transformative milestone for Karex, with the initial deliveries of our proprietary synthetic condoms, marking a step forward beyond our comfort zone of working with natural rubber latex. This was of course a culmination of years of research and development, clinical trials and working alongside medical product regulators. This would not be possible without our established culture of entrepreneurship that has always prioritised innovation. We believe this is the beginning of a series of advancements that have the potential to reshape the sexual wellness industry.

Early this year, the administration in the United States of America halted disbursement of funds for international aid, including for the global HIV response, delivering a devastating blow to decades of progress in the fight against HIV/AIDS. This shift weakened demand and intensified price competition from institutional buyers and the tender market. Although our strategic pivot towards the commercial market and our own-brand manufacturing helped to offset the impact, this had a negative impact on our financial results. Moreover, the glove business also remained subdued due to a global oversupply situation, leading to further impairment provisions. The steep depreciation of the US Dollar against both the Malaysian Ringgit and Thai Baht further pressured our profitability during the year. Consequently, the aggregation of these unforeseen negative impacts resulted in a profit after tax of RM0.2 million for the financial year.

Condoms remain the only contraceptive method that provide dual protection against both sexually transmitted infections and unintended pregnancies, making them a critical tool in the global HIV response. Yet, despite their proven effectiveness, the burden of new infections remains alarmingly high. Globally, 45% of all new HIV infections occur among women, with an estimated 210,000 new cases among adolescent and young women in 2024 alone — equivalent to 570 new infections around the world every day. In 2024, approximately 75,000 children died from AIDS-related causes, accounting for 12% of all AIDS-related deaths. These harrowing statistics underscore the importance of not abandoning our efforts and continuing our decades-long fight against HIV/AIDS.

On a more positive note, lubricant sales continued to retain momentum, keeping up with the previous year's record sales total. This growth reflects the improving adoption of this product segment amongst both private label owners and commercial brands around the world. We have also continued to uphold our stellar sustainability credentials, having been honoured with the Gold Award at The Edge Malaysia ESG Awards 2024 and successfully maintaining our status as a FTSE4Good Bursa Malaysia Index constituent.

Despite the clear headwinds posed by the global economy looking ahead, the Board remains optimistic about the opportunities presented. It is with this optimism and our intention to acknowledge our appreciation of our shareholders' continued support, the Board declared total dividends of 1.0 sen per share during the financial year, comprising two interim dividends of 0.5 sen per share each.

I would like to thank all our employees, our capable management team, as well as our shareholders, for their trust and continued support. Your perseverance over the years has enabled us not only to achieve meaningful progress, but to move towards a future where HIV/AIDS transmission is minimised and access to prevention is universal. Finally, I would also like to express my sincere appreciation to Dato' Dr. Ong Eng Long @ Ong Siew Chuan for his invaluable guidance and leadership since joining the Board in 2013. His contributions have been instrumental in shaping our journey and advancing our mission.

PROFESSOR DATO' DR. ADEEBA BINTI KAMARULZAMAN
Chairwoman

CEO's Management Discussion & Analysis

MK GOH

Chief Executive Officer

CEO's Management Discussion & Analysis

INDUSTRY OVERVIEW

Over the past year, the global fight against HIV/AIDS faced an unprecedented funding shift that threatens to unravel decades of hard-won gains. The abrupt withdrawal of PEPFAR (the U.S. President's Emergency Plan for AIDS Relief), previously the largest single donor contributing nearly two-thirds of international HIV prevention funding in low- and middle-income countries has triggered a systemic shock to the global HIV financing architecture.

It has been over 40 years since governments and non-profit organisations began mobilizing significant funds to mount a response to the HIV pandemic. Recent events have catalysed the shift towards more sustainable, locally driven financing models. This has been reflected in the Joint United Nations Programme on HIV/AIDS ("UNAIDS") yearly global update, which reports that across a group of countries tracked by UNAIDS, domestic HIV funding saw the first increases since the onset of the COVID-19 pandemic. Additionally, 25 out of 60 low- and middle-income countries have reported plans to increase their domestic HIV budgets by 2026, signalling the beginning of a growing commitment to self-reliance and regional capacity building.

Despite these positive developments, there will be inevitable repercussions from the short-term shortfall of funding for HIV prevention programs. By the end of 2024, only USD 18.7 billion was available for the AIDS response in low- and middle-income countries, a shortfall of 17% from the USD 21.9 billion needed annually by 2030 to stay on track to end AIDS as a public health threat. UNAIDS warns that without a return to previous PEPFAR funding levels, the current funding gap could widen significantly, further jeopardizing progress toward the 2030 global target.

In 2024, 1.3 million people became newly infected with HIV, a figure that remains almost unchanged from the year before. This is far from the target of reducing new infections to below 370,000 by 2025. To put things into perspective, for every minute in 2024, more than one person lost their life to an AIDS-related cause. This is a stark reminder of the urgent need to close the funding gap and accelerate action.

Looking ahead, it is imperative that countries plan for sustainable transitions towards self-financing, to withstand political policy changes and engage their communities. Nine in ten people living with HIV are adults in their most economically active years; governments and private sectors must recognise the value of a collective response. Strengthening HIV prevention and treatment not only saves lives but also protects education systems, public services, labour markets and national development.

OPERATIONAL HIGHLIGHTS

With global consumer behaviour shifting toward self-funded purchasing, demand is evolving towards thinner, more advanced condoms and lubricants that offer enhanced comfort and sensation. In this increasingly informed and discerning market, we have continued to evolve beyond a volume and low-cost manufacturer, leveraging our strengths to consistently deliver innovative products that meet the most stringent international standards and regulations.

One of the key lessons learnt from the COVID-19 pandemic was the importance of a reliable supply chain in ensuring business continuity. We have progressively taken steps to become more self-reliant by internalising critical processes that were previously outsourced. On the condom side, we have continued to improve our self-compounding latex facilities, allowing us to fine-tune material properties that have resulted in thinner, more sophisticated condoms in line with shifting market preferences. For lubricants, we installed an in-house mixing facility for silicone oil, a raw material input which was previously sourced externally. These initiatives have resulted in cost savings, improved operational flexibility and enhanced supply chain resilience, ensuring we remain agile and more adaptable to future developments.

During the year, we continued to observe rising labour costs in the form of minimum wage increases in both Thailand and Malaysia. This has not only validated our investments in automation over the last few years but also reemphasised the need to continue to do so to maintain competitiveness in the global market. These improvements have also allowed us to maintain our long-standing freeze on migrant worker hirings, which has been in place since 2019. An example of automation initiatives deployed at our facilities during the year includes the installation of delta robots for lubricant sachet packing, which reduced manual labour requirements by over 90% for repeat orders, significantly boosting operational efficiency and enabling us to manage large-volume tender contracts with greater speed and consistency.

We also converted the testing process for probe covers to automated systems, significantly increasing output while reducing processing time and manpower requirements. Although packing remains a challenging process to automate as we service a large suite of brand owners around the world, we also implemented several automation solutions in packing and foiling that reduced our reliance on manual labour and helped to enhance finished product quality, consistency and delivery times.

CEO's Management Discussion & Analysis

This year also marked a pivotal shift beyond latex condoms with the successful commercialisation of our synthetic condom manufacturing. Following years of research, development and clinical trials, our synthetic condoms, known for improved heat transmission and ultra-thin properties, received regulatory approvals and were delivered to several markets in North America and Europe. Although the initial stages of this venture involves a launch in collaboration with our commercial partners, we continue to maintain the patent for the manufacturing of this product, enabling us to launch these synthetic condoms under our own brands in the future.

As of the end of the financial year ended 30 June 2025 ("FY2025"), six dedicated synthetic condom production lines have been fully installed, with plans already underway to add more during the upcoming year. The manufacturing process for synthetic condoms is significantly more complex than that of latex, with higher entry barriers due to the need for specialised equipment, advanced formulation control and limited industry standards — reflecting the new and evolving nature of this technology. With glowing reviews being received from the initial launch of this product, we anticipate that synthetic condoms will continue to become increasingly significant within our portfolio of products and as a contributor to our overall financial performance in the years to come.

Global Protection Corp, based out of the United States of America ("USA") recorded a stellar performance in FY2025, driven by strong sales across private labels, international and direct-to-consumer channels. International operations continued to expand, led by the growing presence of the ONE® Condoms brand in new markets. During the year, Global Protection Corp. completed the relocation of its operations to a larger facility north of our legacy location in the centre of Boston, USA. Whilst this transition temporarily disrupted order fulfilment, it has resulted in a threefold expansion in warehousing and distribution capacity, equipping our business for future scalability and the ability to cater for more commercial and private label orders moving forward. Although uncertainties persist regarding the USA's imposed tariffs, we believe that our manufacturing facilities in Thailand and Malaysia will remain competitive in comparison to other locations moving forward.

Our subsidiary in the United Kingdom, Pasante Healthcare Limited has also registered above industry median growth amidst a challenging market environment. This has been in large part due to its established international presence, wider customer base and diversification of products, which include premium skincare and diagnostic kits. Improvements incorporated into our United Kingdom operations during the year included investing in digital systems, improving inventory management which contributed to long-term stability with NHS. Pasante also achieved an exceptional 18.8% carbon emission reduction since 2022, significantly outperforming the industry average of 10-15%.

We remain deeply committed to empowering local communities by prioritising local recruitment. With the hiring of new migrant workers frozen since 2019, we remain on track to achieve a fully local workforce in the next few years. This commitment to responsible employment practices contributed to our recognition as the Gold Award recipient at The Edge Malaysia ESG Awards 2024 for the Consumer Products and Services sector. Furthering our sustainability agenda, we have also signed a rooftop solar photovoltaic power purchase agreement for our largest manufacturing plant in Hat Yai, Thailand. This agreement will supply a portion of our operations with green electricity, further progressing our long-term energy sustainability goals. More details on our sustainability initiatives can be found in the Sustainability Statement on pages 18 to 48 of this Report.

CEO's Management Discussion & Analysis

FINANCIAL REVIEW

The group achieved a total revenue of RM498.4 million during FY2025, representing a marginal 2% decline compared to the previous year. Sales totals were impacted by a decline in funding for condom programs in the tender market as well as unfavourable foreign exchange rate movements during the year. Notwithstanding this, we continued to launch new products and capture new customers, leading to an increase in commercial market sales that helped offset these headwinds.

Although the US Dollar experienced a steep and sustained weakening against the Malaysian Ringgit and Thai Baht during the year, gross profit margins remained above 30% for the second successive financial year, supported by a favourable sales mix comprising of a greater proportion of personal lubricants and higher-value condoms such as ultrathin and synthetic variants. Minimum wage increases in excess of 12% were implemented in both Malaysia and Thailand during the year, that also contributed to elevated staff expenses and compressed profitability margins during the year.

Additional costs in the form of heightened distribution expenses were also incurred due to changes in the USA tariff policy during the year. These uncertainties also exacerbated an already oversupplied global glove market which led to another year of underutilisation of our glove facilities. A prudent decision was ultimately made to make a further impairment provision to our glove business, totalling RM9.7 million in profit before tax impact, which fully provides for the remaining glove machinery and equipment. As a result, we recorded a total profit before tax of RM0.3 million and a profit after tax of RM0.2 million for the year.

In line with the first successful deliveries and the overwheling market response to our synthetic condoms, we continued to invest in expanding manufacturing capacity for this segment. Unlike traditional natural rubber latex condoms, synthetic variants utilise a dedicated manufacturing process, necessitating the construction of entirely new production lines. As a result, a total of six new lines were installed during FY2025, and together with the facility relocation of our US subsidiary, these initiatives formed a substantial portion of our RM43.7 million capital expenditure. This is more than double the previous year's total, reflecting our commitment to innovation and operational growth. Prudent management of our cash flows amidst the market uncertainties and these necessary investments resulted in a cash balance of RM26.5 million at the end of FY2025.

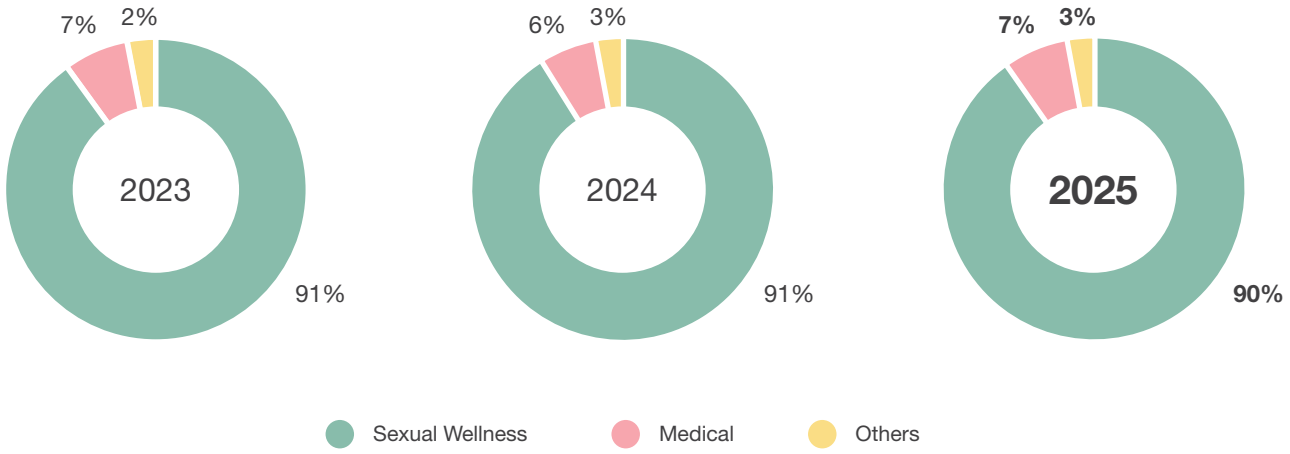
Whilst we continued to repay long-term borrowings as scheduled, the launch of the new synthetic condom venture and compressed profitability necessitated the utilisation of additional short-term borrowings during the year. This led to a minor increase in gearing ratio to 0.45x at the end of FY2025. Our continued capacity expansion and investments into supporting warehousing facilities resulted in an increase in non-current assets to RM446.4 million, bringing the total asset base to RM763.8 million. Overall, this brings our net asset base to RM465.6 million, translating to net assets per share of RM0.44 as at the conclusion of FY2025.

CEO's Management Discussion & Analysis

PRODUCT DIVISIONS

The sexual wellness division, which comprises the sale of condoms and personal lubricants, remained our core product division during the year. Building on the record high sales total achieved during the previous financial year, personal lubricant sales continued to remain near peak levels, underscoring their role as a tool to improve sexual health outcomes. Our lubricants have experienced rising demand from private label clients as well as tender and non-profit agencies over the last few years. Meanwhile, whilst sales of generic condom variants were impacted by a reduction of tender market purchases during the year, we continue to accelerate deliveries of higher-end products such as synthetic condoms, supported by the addition of new production lines during the year.

Medical division sales improved marginally in comparison to the previous financial year. This was largely due to stronger probe cover sales, driven by tightening regulations and more widespread adoption of point-of-care diagnostic tools. However, catheter sales continued to struggle, with continued price competition from lower-cost regions affecting sales as well as the profitability of the product category. Other division sales continued to expand, driven by sales of the Sebamed suite of products in the UK, reflecting the resilience of the brand and its market positioning.



CEO's Management Discussion & Analysis

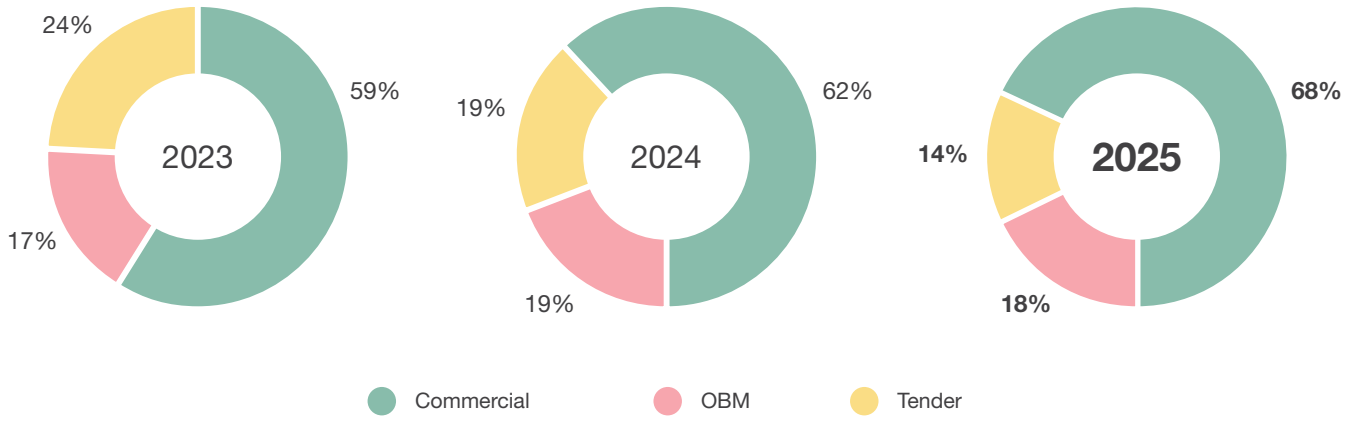
MARKET SEGMENTS

Commercial market sales, in which we operate as an original design/equipment manufacturer for brands and private labels around the world, remain our largest revenue contributor. This year marks the highest contribution to overall revenue in our history and this milestone was achieved through leveraging our core strengths in meeting stringent international medical standards, maintaining globally recognised certifications and fabricating proprietary production lines. These capabilities position us as a trusted manufacturing partner for several leading global brands that are seeking tailored manufacturing solutions and scale in their supply chain. With the introduction of our maiden synthetic condom offerings, this segment is poised for continued expansion as customers increasingly seek to differentiate their product offerings from the competition.

Our own branded manufacturing ("OBM") market segment is an avenue of sales whereby we maintain full autonomy of a diversified portfolio of brands. We have continued to build on the success of the previous year, during which OBM sales surpassed tender market sales for the first time in Karex's history. These achievements reflect years of strategic effort in brand-building and market development, now bearing fruit as the tender market remains impacted by shifts in donor funding and consumer preferences continue to evolve.

We manage a portfolio of proprietary brands such as ONE® Condoms, Carex® and Pasante®, where we are able to engage directly with consumers, allowing us to respond swiftly to changing customer preferences and demand patterns in international markets. OBM sales are typically characterised by stronger gross profitability margins and remain a key platform in allowing us to accurately develop product offerings that customers will appreciate.

Tender market sales have continued to gradually decline over the past few years, reflecting broader shifts in global humanitarian aid funding and priorities. This year, the industry was impacted by the USA administration's sudden reduction of funding for several sexual health relief programs, including the complete closure of the US Agency for International Development (USAID), which has historically supported large-scale condom distribution initiatives. Whilst the impact on Karex has been less severe compared to other industry players, these significant changes reflect the uncertainty and volatility faced by the global sexual health industry in the near term.



CEO's Management Discussion & Analysis

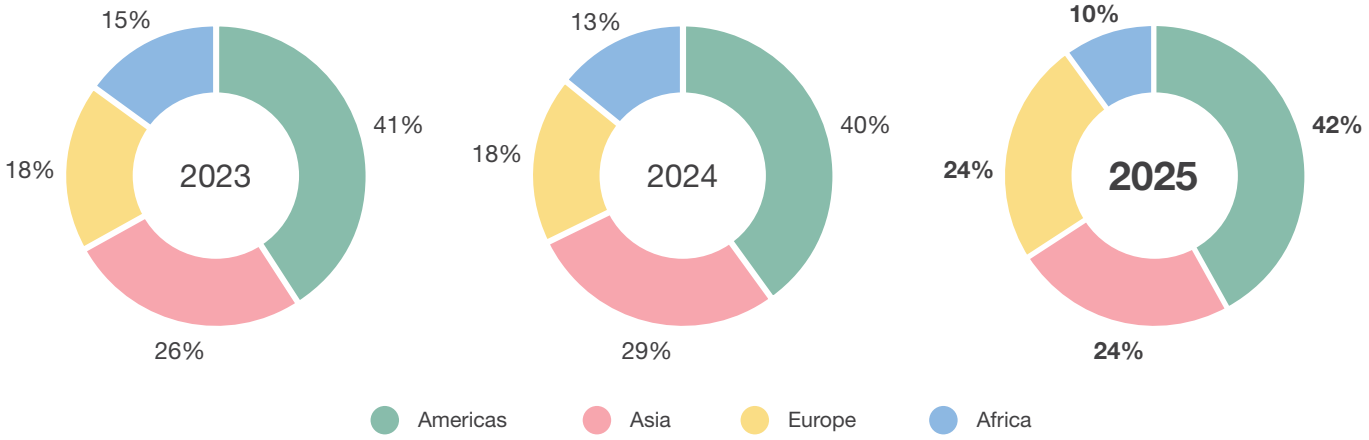
GEOGRAPHICAL REGIONS

Whilst commercial sales to brands and private labels in the North America region continued to improve, much of the impact was offset by the USA administration's decision to reduce federal public health budgets and foreign aid policies. This shift is expected to have widespread impacts on condom purchasing programs in the greater Americas region. As this market takes its time to recalibrate financing, it is expected that sales to Americas region will hinge on maintaining retailer partnerships and synthetic condom launches in the near future.

Sales to the Europe region demonstrated a strong growth trajectory, improving by over 34% year-on-year, boosted by the initial deliveries of our synthetic condoms during the year. We successfully delivered synthetic condoms to 15 launch countries in the Europe region during FY2025 with additional markets expected to come on board as additional capacity is installed.

Sales to the Asia and Africa regions were most significantly impacted by the slowdown in government and tender market purchasing patterns.

Sales to Asia are expected to continue to trend towards higher value products as commercial brands replace government distribution, leveraging on e-commerce channels and an expanding younger population. In contrast, recovery of sales to the Africa region will likely depend on the procurement of alternative donor or government funding to resume vital condom distribution programs in the region.



CEO's Management Discussion & Analysis

LOOKING AHEAD

As sexual health awareness continues to improve globally and the onus of procurement shifts from the public to private sector, the global condom market is projected to outpace global economic growth. In the near term, we will inevitably be affected by the evolving tender market dynamics. However, with signs of private procurement already gaining momentum, I believe that we are well positioned to capture a greater share of the value in the sexual wellness industry through our dual role as both an own-brand manufacturer and a trusted partner to leading commercial brands.

Operating in a highly regulated medical device industry provides us with a unique platform to utilise our regulatory expertise, machine fabrication capabilities and export prowess to establish a competitive edge across diverse international markets. Manufacturing of condoms and personal lubricants is a complex process, requiring rigorous quality testing and regulatory approvals for even minor adjustments. Given the technical challenges of switching suppliers and launching new technologies, we remain confident in our ability to retain and grow our global customer base.

Whilst condom technology presents one half of the challenge, evolving consumer preferences and awareness are driving demand for better latex-free alternatives. Through our years of effort in designing and working with regulators, I am confident that our synthetic condom offerings represent an inflection point in our industry that will allow us to move up the value chain. We remain more driven than ever to take advantage of our innovation advantages and years of proven manufacturing expertise, to achieve our goal of establishing our reputation as the premier provider of latex-free solutions for the global market.

ACKNOWLEDGEMENTS

It goes without saying that Karex's continued growth is built on the dedication and passion of our people. I would like to take this opportunity to extend my heartfelt thanks to each and every one of my colleagues at Karex for your unwavering commitment.

On behalf of the management team, I would also like to express our sincere appreciation to Dato' Dr. Ong Eng Long @ Ong Siew Chuan, who stepped down as Chairman in January 2025. His guidance, particularly during the formative years since our listing and his contributions since joining the Board in 2013, have been invaluable to Karex's development.

Lastly, thank you to our shareholders and customers for the continued support and loyalty. We look forward to the years ahead with confidence and clarity of purpose.

MK GOH
Chief Executive Officer

Sustainability Statement

SCOPE AND BOUNDARIES

This Statement summarises our sustainability efforts for our stakeholders and other interested parties. We aim to provide a clear, comprehensive and transparent representation of our performance in managing the Economic, Environmental, Social and Governance ("EESG") aspects of our operations.

This statement covers our EESG performance across all our entities and operations in Malaysia, Thailand, the United States of America ("USA") and United Kingdom ("UK") (collectively referred to as "Group"). It includes discussions on the material topics identified through our materiality assessment to provide an accurate representation of our overall sustainability impact and performance. The report covers the period from 1 July 2024 to 30 June 2025 ("FY2025") and has not been externally assured.

OUR APPROACH TO SUSTAINABILITY

Our approach to sustainability forms part of our commitment to be a responsible corporation for the customers and communities we serve. We have attempted to embed sustainability in our policies and in our four key strategies detailed on page 5 of this Report, encouraging it to influence our investments, operations, stakeholder engagement and risk mitigation efforts, amongst others.

In an effort to ensure that the standard of our sustainability reporting is sufficiently comprehensive and aligned with international best practices, we have referenced different reporting guidelines and frameworks. We have also, where possible, utilised quantitative data and set measurable targets to provide readers with comparative statistics as we progress towards our sustainability goals.

The Global Reporting Initiative ("GRI") is an international independent organisation that provides the world's most widely used standards on sustainability reporting. This statement has been prepared with guidance from the GRI Universal Standards 2021 as well as Bursa Malaysia's Sustainability Reporting Guide (3rd Edition). We have also referenced the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") and Malaysia's National Sustainability Reporting Framework ("NSRF") to further improve our sustainability reporting in anticipation of the global standards issued by the International Sustainability Standards Board.

All our condom manufacturing facilities continue to be evaluated under the comprehensive four-pillar Sedex Members Ethical Trade Audit ("SMETA") audit framework. Sedex is an internationally recognised, independent, not-for-profit organisation that aims to improve ethical and responsible business practices in global supply chains. The four-pillar audit covers labour standards, health and safety, business ethics and environmental performance.

As a testament to our continued efforts to improve our sustainability initiatives, Karex Berhad was accredited as having met globally recognised standards and admitted as a constituent of the FTSE4Good Bursa Malaysia Index in June 2020. Since then, our FTSE4Good score has continued to improve and currently places us in the 97th percentile of our industry, rating Karex as one of the top performers in the global Consumer Goods industry. Our continued efforts and notable improvements were further recognised at The Edge ESG Awards 2024, where we received the Gold Award in the Consumer Products and Services category. Our continued inclusion and the achievements to date are encouraging, however, stakeholders are always welcome to share their comments and suggestions about how we may further improve by sending an email to ir@karex.com.my.

Sustainability Statement

SUSTAINABILITY GOVERNANCE

Our strategic governance framework ensures that we make responsible decisions that consider the EESG landscape to achieve long-term growth that is inclusive for all the stakeholders in our value chain.

Sustainability matters, amongst others, come under the purview of our Sustainability Working Committee that includes members and representatives from a variety of business units so that we may continue to consider sustainability as holistically as possible across the organisation. The key matters and initiatives are then presented to the Risk Management Committee and ultimately our Board of Directors ("Board"). Decisions are collectively reviewed and evaluated based on the respective longstanding merits and how they fit into our Group's vision towards cultivating a sustainable business model.

Sustainability Working Committee

- Responsible for identifying, monitoring and reviewing material sustainability matters under their purview
- Respective representatives take action and continue to review effects of efforts on a periodic basis
- Reports to Risk Management Committee on material matters identified and how they have been addressed

Risk Management Committee

- Reviews material sustainability matters and efforts with respective members from the Sustainability Working Committee
- Sets in place the EESG framework of our Group including targets and the approach towards achieving them
- Reports to our Board of Directors based on outcome of discussions

Board of Directors

- Holistically reviews Group's sustainability efforts and approves of Sustainability Statement for inclusion in Annual Report
- Continuously considers macroeconomic factors against our EESG and risk framework to ensure risks are appropriately mitigated

Sustainability Statement

STAKEHOLDER ENGAGEMENT/PRIORITISATION

We recognise that the success of our business relies on developing strong and meaningful relationships with our stakeholders. We continue to utilise various channels to foster conversations with our stakeholders in order to obtain feedback, develop ideas and deliver solutions that ultimately provide more satisfaction for our customers. We have, in doing so, utilised an array of platforms and different media in order to effectively align our business strategies with our sustainability goals.

OUR STAKEHOLDERS	METHODS OF ENGAGEMENT	
CUSTOMERS Brand owners, governments, non-governmental organisations and retail purchasers around the world	• Campaigns • Customer services • Emails and video conferences	• Customer surveys • Social networking • Online forums
INVESTORS AND MEDIA Institutional and retail investors, analysts, fund managers and potential investors	• Annual general meetings • Quarterly results briefings • Conferences and roadshows • Site visits	• Interviews • One-to-one meetings and conference calls • Corporate website • Press releases
EMPLOYEES Our employees based in Malaysia, Thailand, USA and UK	• Online newsletters and emails • Employee surveys • Virtual meetings and conference calls • Team building	• Annual performance appraisals • Townhalls • Emails
GOVERNMENT AGENCIES Regulators, health authorities and international medical device standard agencies	• Social and compliance audits • Industry and regulatory conferences • Meetings and briefings	• Trade conventions • Charity events • Local council meetings
VENDORS AND SUPPLIERS Contractors that provide services and products pertaining to the entire manufacturing process chain	• Commercial dealings • Training conferences and workshops • Outreach programmes • Video conferences	• Company sponsored events • Supplier surveys • Vendor audits • Emails
COMMUNITY Local communities where we operate and conduct our businesses	• Charity functions • Sporting events	• Dialogue and knowledge exchange events • Corporate social responsibility programmes

Sustainability Statement

IDENTIFICATION OF MATERIAL MATTERS

To identify and periodically update sustainability matters that are most significant to our stakeholders and business, we conduct comprehensive materiality assessments, with the most recent having been completed in June 2022. These assessments employ a step-by-step approach to identify a list of matters and surveyed a range of stakeholders about which material matters they prioritised in terms of importance for the year in consideration. These stakeholders included employees, suppliers, customers, government agencies and investors. We began conducting these assessments several years ago, beginning in June 2018.

The data collected was then considered against previous results and suggestions received from other stakeholders including regulators. We then worked with our operations teams to devise targets and gather data so that we were able to present stakeholders with updates on developments and issues that they considered material.

METHODOLOGY

Step 1
Identification

Before engaging with stakeholders to conduct an assessment, a list of material factors relating to economic, environmental and social factors relevant to our business was identified. In an effort to focus on the most material matters, the following factors were taken into consideration:

- Changing global and regional macroeconomic trends
- The expected developments of the sexual wellness, medical and rubber products industries
- International standards and regulatory changes
- Stakeholder expectations and requirements
- Our strategies and internal policies

Step 2
Prioritisation and Engagement

A customised online survey was conducted to engage stakeholders and determine the material sustainability issues that most concerned each stakeholder. Issues identified were then narrowed down into key broad categories and ranked in terms of how critical each stakeholder considered each of them.

Step 3
Review and Refine

The list of prioritised material matters was then verified through interviews and discussions with operations leaders in each respective field as well as members of the Management Team and the Sustainability Working Committee.

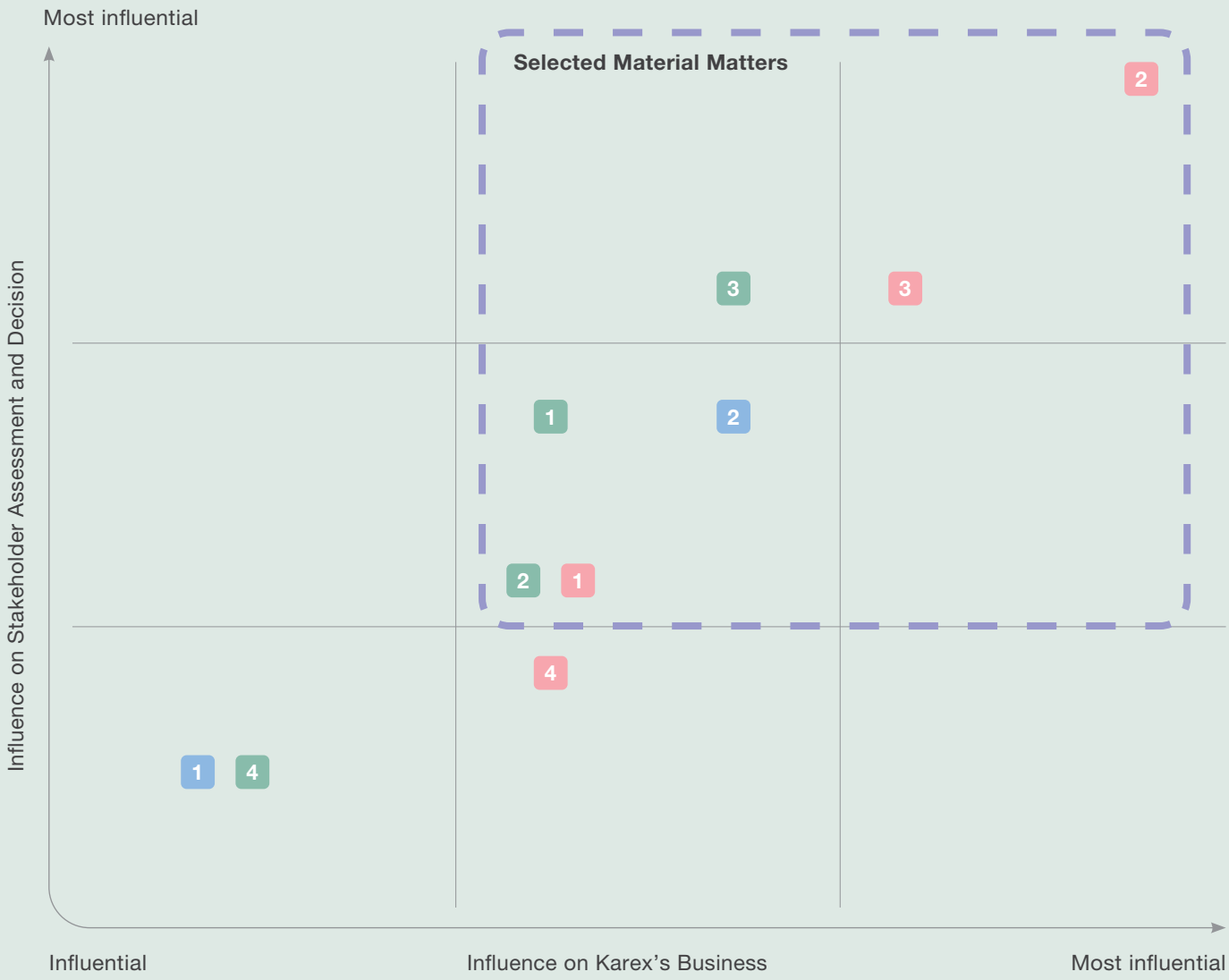
Furthermore, we have subsequently assessed our business strategies to ensure they have taken proper consideration of the material matters identified.

The final materiality matrix was presented and endorsed by our Sustainability Working Committee.

Sustainability Statement

ASSESSMENT OF MATERIAL MATTERS

In line with Bursa Malaysia's Sustainability Reporting Guide, these materiality assessments form the basis of our framework for assessing material matters and incorporates data analysis as well as stakeholder engagement. Of the 10 material matters that concern our economic, environmental and social impacts, we prioritised 7 of them based on the matrix below. The details of these 7 material matters are then disclosed alongside our continuing governance impact improvements during the year.



ECONOMIC

1. Procurement Practices
2. Community

ENVIRONMENTAL

1. Waste Management
2. Climate Change
3. Supply Chain
4. Materials

SOCIAL

1. Diversity
2. Health and Safety
3. Labour Practices
4. Product and Services Responsibility

Sustainability Statement

We remain committed to supporting the United Nations 2030 Agenda for Sustainable Development and have mapped the material matters identified in our materiality matrix against the key United Nations Sustainable Development Goals ("UN SDGs"). The key contributions and milestones pertaining to the UN SDGs, together with the corresponding GRI Standards referenced, are summarised below:

MATERIAL MATTERS	KEY ACHIEVEMENTS	RELATED UN SDGS	GRI STANDARDS	GRI DISCLOSURES
ECONOMIC				
Community	• We donated a total of approximately RM606,000 in cash and over 100,000 condoms to charitable causes including local communities, education programmes and other causes • Over 5,000 individuals directly benefitted from these donations and our corporate social responsibility programmes	8 DECENT WORK AND ECONOMIC GROWTH 3 GOOD HEALTH AND WELL-BEING 17 PARTNERSHIPS FOR THE GOALS	• GRI 413: Local Communities	• 413-1: Operations with local community engagement, impact assessments and development programs
ENVIRONMENTAL				
Waste Management	• We converted a total of 999 metric tonnes of dry rubber waste into high-quality crepe and non-crepe rubber products which could then be recycled • Our total water usage across all manufacturing plants reduced by 70,803 m^3, representing a decrease of 16% compared to the previous year due to the lower production volumes of condoms and catheters during the year and ongoing water conservation efforts	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 6 CLEAN WATER AND SANITATION	• GRI 306: Waste • GRI 303: Water and Effluents	• 306-1: Waste generation and significant waste-related impacts • 306-2: Management of significant waste-related impacts • 306-4: Waste diverted from disposal • 303-2: Management of water discharge-related impacts • 303-5: Water consumption
Climate Change	• Climate Change has been identified as a crucial risk with potential widespread ramifications on our business during our Risk Management Committee and Board meetings • Our Scope 1 and Scope 2 emissions reduced by 3,748 tCO_2e (14%) in comparison to the 2021 baseline primarily due to energy efficiency improvements across manufacturing processes, optimised production operations and updated emission factors	13 CLIMATE ACTION	• GRI 305: Emissions	• 305-1: Direct (Scope 1) GHG emissions • 305-2: Energy indirect (Scope 2) GHG emissions • 305-4: GHG emissions intensity • 305-5: Reduction of GHG emissions
Supply Chain	• We selected "GHG Emissions and Reporting" as our Supplier Development Programme theme in FY2025 in conjunction with the extension of GHG emission data to include Scope 3 emissions	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 11 SUSTAINABLE CITIES AND COMMUNITIES	• GRI 305: Emissions • GRI 308: Supplier Environmental Assessment • GRI 414: Supplier Social Assessment	• 305-3: Other indirect (Scope 3) GHG emissions • 308-1: New suppliers that were screened using environmental criteria • 414-1: New suppliers that were screened using social criteria
SOCIAL				
Diversity	• Over the past three financial years, we received zero incidences of complaints, reports and whistleblowing for workplace discrimination across all our facilities	5 GENDER EQUALITY	• 405: Diversity and Equal Opportunity	• 405-1: Diversity of governance bodies and employees
Health and Safety	• Our facilities continue to maintain ISO 45001 (Occupational Health & Safety Management System) certifications with each site undergoing independent third-party audits and inspections	3 GOOD HEALTH AND WELL-BEING	• GRI 403: Occupational Health & Safety	• 403-1: Occupational health and safety management system • 403-2: Hazard identification, risk assessment, incident investigation • 403-9: Work-related injuries
Labour Practices	• We continue to uphold our suspension on the hiring of migrant labour until we are certain that procurement practices can be conducted in an equitable manner at all levels	10 REDUCED INEQUALITIES	• GRI 205: Anti-corruption	• 205-2: Communication and training about anti-corruption policies and procedures
GOVERNANCE				
Governance Practices	• We have an established system of corporate governance to regulate the way in which our business is operated and to ensure that decisions are made consistently and carefully consider the interests of all stakeholders	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	• GRI 2: General Disclosures	• 2-9: Governance structure and composition • 2-12: Role of highest governance body in overseeing the management of impacts • 2-13: Delegation of responsibility for managing impacts • 2-14: Role of the highest governance body in sustainability reporting
Risk Management Practices	• Our risk management framework is integral in allowing our organisation to clearly define our objectives for the future and is frequently updated to ensure that it accurately reflects all of the relevant external and internal risks that may hinder accomplishment of our objectives	8 DECENT WORK AND ECONOMIC GROWTH		

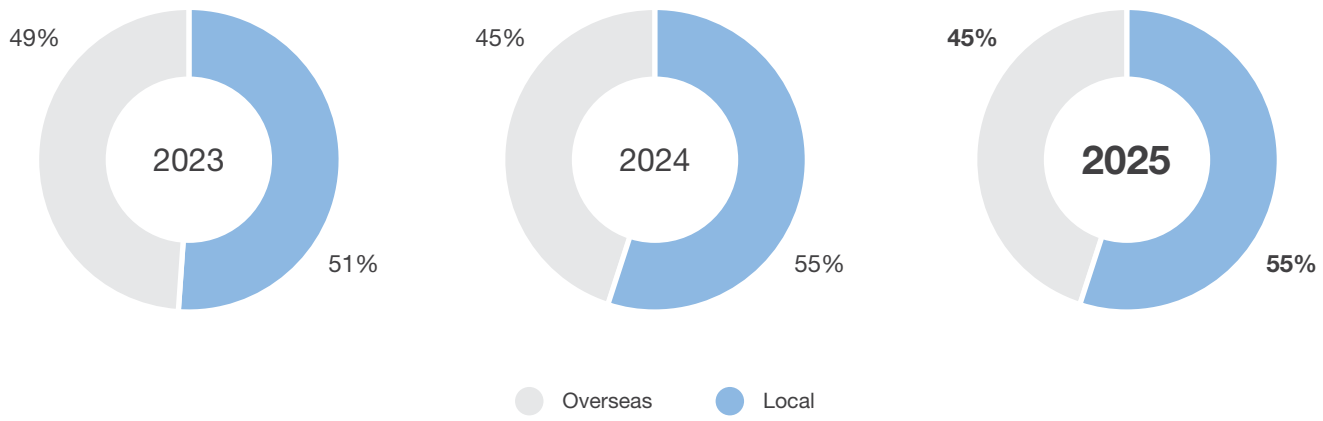
Sustainability Statement

1 COMMUNITY

ECONOMIC

We have continued to make a concerted effort to work with suppliers and vendors from our local communities. We believe that in addition to procuring the best quality materials in the most cost-efficient manner, we must also continue to empower local businesses. This not only ensures that communities around us are given the opportunity to grow and benefit along with our business, but also allows us to develop new partners that are able to offer us contingency or diversification benefits. Working with partners from our local communities also entails developing accountability for topics such as human rights, labour standards and climate change awareness in order to improve on the implementation of certain risk mitigation measures. The data regarding the proportion of our suppliers comprising of local and foreign businesses for the last three financial years is presented below.

SUPPLIERS BY ORIGIN
(percentage of spending on all suppliers)



Sustainability Statement

Apart from working with our local communities on commercial engagements, we have also consistently supported causes within the proximity of our facilities, with many of these relationships beginning well before we obtained listing status. In Klang, Malaysia, we have continued our support of a school for disabled children by providing funding for repair works as well as their utility bills. In Hat Yai, Thailand, we have provided scholarships and other sponsorships for events such as children's sporting events held around the industrial estate where our Thailand facility is situated. More recently, we contributed towards the construction of a new hospital near our Thailand facility in collaboration with the Industrial Estate Authority of Thailand ("IEAT") and the Ministry of Public Health ("MOPH") via Hatyai Hospital. As we grow into a larger organisation, it is our ambition that our corporate social responsibility work within these communities will not only continue but also develop into more meaningful methods of contribution.

Improving the quality of corporate social responsibility engagements also requires support and commitment from our employees. To date, we have provided employees with replacement overtime compensation, transportation services, as well as meals in order to encourage employee involvement with our community partners. We have also during the year considered internal feedback and explored proposals from various external parties to develop more innovative structures with which we can foster higher-quality employee events and engagements. These have yielded new initiatives during the year that facilitated our teams working with local community leaders to raise awareness for climate change and the negative effects that are posed by it.

We are also mindful to continue engaging with the youth in our communities through various involvements. This includes our longstanding collaboration with the Malaysian Rubber Council ("MRC") to offer scholarships for promising undergraduates in a range of related fields including but not limited to Engineering, Environmental Science, Polymer Science and Logistics subjects. We have also worked with the MRC and local universities to host over 166 students as interns at our facilities from 2018 to 2025. These programmes have been designed to provide students with real-world working experiences and an insight into the sexual health and rubber industries in Malaysia and Thailand. Many of these graduates have provided us with positive feedback and gone on to join as full-time employees following the completion of their respective scholarships and internships.

In our efforts to improve sexual health awareness and dissipate stigma surrounding condom usage, we have made it a point to engage and collaborate with education providers in our local communities. We contributed to events hosted by higher education providers such as Prince of Songkla University and Thaksin University where we were able to distribute condom samples as well as provide seminars on raising awareness for sexual health, improving condom usage as well as building awareness for HIV. In Malaysia, we further strengthened this outreach by supporting HIV/STI awareness programmes at Universiti Malaya and contributing to maternal health initiatives at Universiti Putra Malaysia, reflecting our ongoing commitment to sexual and reproductive health education.

Other causes that we continue to support include non-governmental organisations ("NGOs") that continue to provide non-discriminatory support for marginalised communities. This includes the facilities operated by the Teratak Kasih Tok Nan who provide shelter for low-income HIV patients in rural Sarawak, the Community Health Care Clinic operated by the PT foundation who offers affordable and anonymous testing and treatment for anyone with sexual health concerns and the Pertubuhan Kesihatan Dan Kebajikan Umum Malaysia who provide support systems for sex workers and marginalised communities living with HIV.

Sustainability Statement

ECONOMIC

1 COMMUNITY

We are a registered member of the Malaysian Business Consortium on HIV/AIDS ("MBCH") and continue to run programmes in partnership with the Malaysian AIDS Foundation including product donation drives, operating shelter programmes, fundraising dinners as well as the hosting of awareness events to improve sexual health awareness amongst the youth. One of the programmes that we have created in conjunction with the Malaysian AIDS Foundation includes an animated campaign titled "Kakak Kondom" that was utilised as a means of delivering relatable content over social media during the COVID-19 pandemic when in-person student events were not feasible.

The lifting of movement restrictions also allowed us to resume the in-person hosting of our annual charity event called "Art Against AIDS (AAA)". This year marked our tenth successive year inviting students and artists from around Malaysia to submit entries for an art competition centred around themes aimed at destigmatising HIV/AIDS. The charity auction format not only gives us a chance to showcase the artwork of entrants to collectors and enthusiasts from the creative community but also raises money for causes dear to our hearts. To date, AAA has raised over RM1.5 million in funds for various NGOs working towards fostering conversations on safer sex and ending discrimination towards people living with HIV.

In the USA, ONE® Condoms also developed two innovative programmes to champion inclusivity and foster healthier sexual health discussions within our local communities. Through the ONE® on Stage programme, local and up-and-coming bands receive free customised ONE® Condoms products to be distributed at their shows and a profile page on our site where fans can learn about upcoming shows and events. The ONE® College Ambassador programme was another initiative that inspired college students to become safer sex champions on their respective campuses. These programmes have helped us reach a younger, less accessible audience in an effort to constantly progress destigmatisation movements.

For the FY2025, we donated a total of approximately RM606,000 in cash and over 100,000 condoms to charitable causes including the communities, education programmes and the causes detailed above. Over 5,000 individuals directly benefitted from these donations and our corporate social responsibility programmes.

	2023	2024	2025
Donations in Cash *(RM)*	300,000	456,000	**606,000**

Sustainability Statement

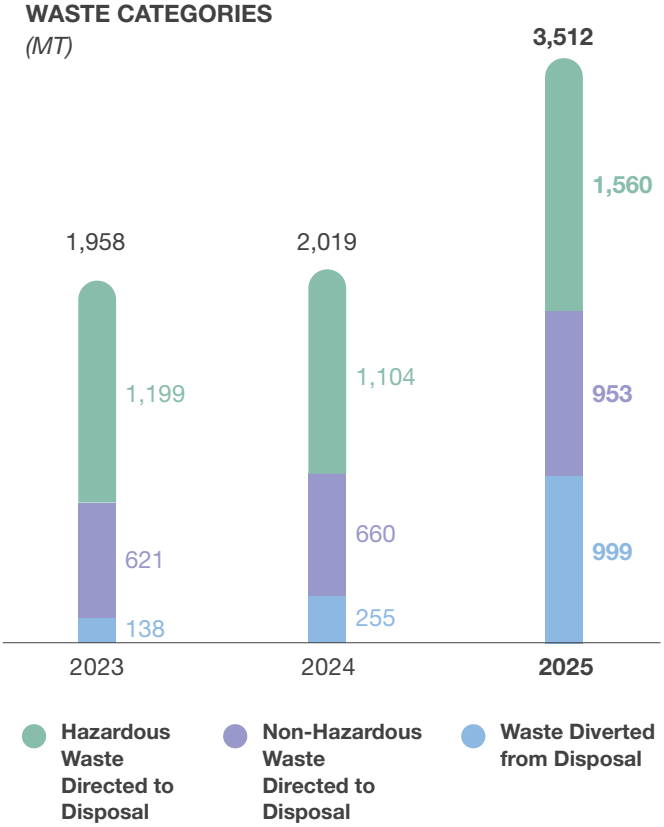
ENVIRONMENTAL

1 WASTE MANAGEMENT

Ensuring that waste from our production processes is handled and disposed of responsibly is a key focus of our environmental sustainability efforts. If left unchecked, hazardous waste produced from our facilities has the potential to cause harm to our natural ecosystems and threaten public health. As such, we ensure that all our facilities remain compliant with the applicable regulations pertaining to waste management practices.

For the FY2025, our condom and medical devices facilities generated a total of 3,512 metric tonnes ("MT") of waste. Waste produced is inspected at regular fixed intervals so that it can be clearly identified, designated, inventoried and then stored in the appropriate manner as per the scheduled waste regulations. Hazardous waste is handled by a certified professional within each facility who ensures that the waste is stored in the appropriate containers, inventoried and eventually collected by licensed contractors for treatment and disposal. As these types of waste are often inevitable, it is imperative that proper procedures remain in place to ensure that this waste is handled appropriately. The date and method of disposal are noted as per the respective scheduled waste regulations in Thailand and Malaysia.

WASTE CATEGORIES
(MT)



Sustainability Statement

ENVIRONMENTAL 1 WASTE MANAGEMENT

Non-hazardous waste generated from our facilities comprises of plastics, metals and paper and is either recycled or disposed of accordingly. Though by-products from our production processes are inevitable, we have gradually implemented recycling efforts including the installation of sedimentation tanks to recover slurry powder from the process of powdering of condoms. The powder recovered can be processed and reused, reducing our overall consumption of this raw material in the condom manufacturing process. In addition to recycling efforts, we have also implemented various initiatives to reduce waste such as working with suppliers to reuse containers and pallets that can be refilled or reused in future deliveries as well as the increased digitisation of several processes to reduce paper consumption. Efforts in the office environment include promoting the use of paperless documentation, providing guests and visitors with beverages in non-disposable containers and installing oil traps in sinks to reduce the amount of waste that has to be processed from normal business activities.

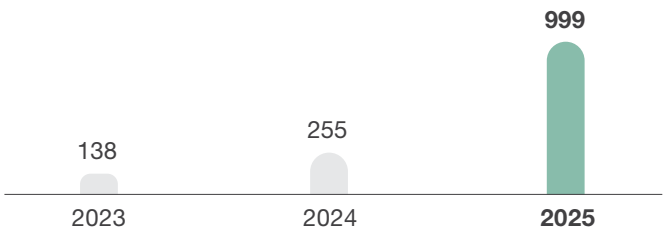
Sustainability Statement

Beyond these measures, we have introduced additional waste-to-value initiatives during the year. Licensed collectors are engaged to convert foil waste into fuel, while smaller-scale community programmes repurpose wooden pallets into beehives and process slurry powder into fertiliser. These initiatives not only reduce waste but also generate value for local communities.

Another significant output from our manufacturing processes includes scrap rubber that is produced during production overruns, product defects and destructive batch testing. The scrap rubber produced is typically of high quality and as part of our efforts to adopt the principles of the circular economy, we have been working with notable research institutions such as the University of Nottingham and Heriot-Watt University Malaysia to explore improved ways in which these scraps can be reused. One method that successfully preserves the qualities of the excess rubber from our manufacturing processes involves processing dry rubber scraps into high-quality rubber crepe sheets. These rubber crepe sheets are then able to be resold to other manufacturers who were then able to utilise them in their own processes.

During the year, we expanded our recycling initiative by supplying rubber waste in a directly processed, non-crepe form, significantly increasing the total amount of rubber diverted from waste to 999 MT across the Group, which includes contributions from our Thailand facility. The amount of processed rubber waste that is sold to customers is a function of the underlying price of rubber in the market as well as the amount of scrap rubber produced and recycled by our facilities over the year. We have also recycled glass scraps from broken glass formers to produce glass wool that has useful industrial applications in the form of insulation. These ongoing initiatives reflect our commitment to embedding circular economy principles into our operations and advancing resource efficiency across the Group.

AMOUNT OF PROCESSED RUBBER WASTE SOLD TO CUSTOMERS (CREPE AND NON-CREPE FORM)
(MT)



Water is another key component used during our manufacturing processes that will result in a discharge requiring treatment before it can be released back into the environment or in certain cases recycled and reused. We are committed to complying with the applicable water regulations including the Environmental Quality Industrial Effluent Regulation 2009 in Malaysia. This involves ensuring that all the effluent that is produced is properly collected, treated and tested to confirm compliance with regulatory limits before it is discharged. In order to achieve this, all of our manufacturing facilities are equipped with the requisite equipment to measure and record parameters of treated wastewater including pH, suspended solids and dissolved minerals.

Effluent samples are also collected and sent to external laboratories at defined intervals to ensure that treated wastewater is safe to be released back into the natural environment. Our manufacturing facilities in Port Klang, Selangor and Pontian, Johor have met the requirements to comply with Industrial Effluent Standard B while our facility in Senai, Johor has been able to comply with the more stringent specifications of Standard A. For the FY2025, government officials from the Department of Environment made nine visits in total to our facilities in Thailand and Malaysia, reflecting the stringent standards that medical device manufacturers are subjected to at all times.

We recognise that in addition to ensuring that water waste is properly treated before discharged, an effective method of improving our environmental sustainability impact is to practice more responsible water consumption habits. We have improved the monitoring of our water consumption across all our manufacturing facilities to not only promote efforts to conserve a precious natural resource but to also identify potential cost saving opportunities. Our Group's water usage is compiled based on data from our water withdrawal sources as well as data regarding our water output based on effluent discharge.

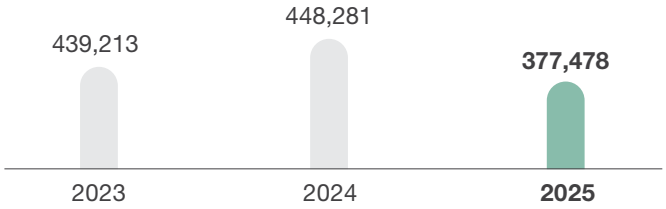
During the year, our total water usage across all manufacturing plants reduced by 70,803 m^3, representing a decrease of 16% compared to the previous year. This was mainly due to lower production volumes of condoms and catheters as water is primarily consumed during former rinsing in the dipping process.

Sustainability Statement

ENVIRONMENTAL 1 WASTE MANAGEMENT

TOTAL WATER WITHDRAWAL ACROSS ALL PRODUCTION FACILITIES*

(m^3)

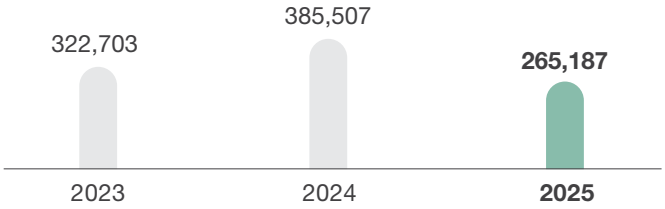


Source of Water Withdrawal (m^3)	2023	2024	2025
Surface water	-	-	**-**
Ground water	-	-	**-**
Sea water	-	-	**-**
Third-party water			
• Freshwater (≤1,000 mg/l Total Dissolved Solids)	439,213	448,281	**377,478**
• Freshwater (>1,000 mg/l Total Dissolved Solids)	-	-	**-**

* *Water withdrawal data is extracted from water service provider statements and meter readings*

TOTAL WATER DISCHARGE ACROSS ALL PRODUCTION FACILITIES^

(m^3)



^ *All treated wastewater was discharged following strict treatment protocols into surface water reservoirs*

Destination of Water Discharge (m^3)	2023	2024	2025
Surface water	190,918	205,709	**156,532**
Ground water	-	-	**-**
Sea water	-	-	**-**
Third-party water+	131,785	179,798	**108,655**
Total	322,703	385,507	**265,187**

\+ *Discharged water in our Hat Yai, Thailand facility is discharged to facilities operated by the Industrial Estate Authority of Thailand in conjunction with local regulations*

Sustainability Statement

Complementing this, ongoing conservation initiatives such as rainwater harvesting at our Hat Yai, Thailand facility and the use of flow meters and control valves to optimise former rinsing and leaching processes, have also proven instrumental in lowering water consumption. Despite these achievements, our water intensity per production hour has remained unchanged, underscoring the need for continued water efficiency improvements. We are actively assessing new technologies and systems to progressively move towards our short-term target of reducing the amount of water consumed as set out below. We will endeavour to keep stakeholders up to date on the progress of reaching this target as new initiatives are implemented.

Water Intensity (m^3 per production hour)	2023	2024	2025
Condoms and probe covers	1.04	1.35	**1.35**

WATER CONSERVATION TARGETS

Description

Reducing the amount of water consumed per production hour for condoms and probe covers (products that employ a continuous dip process) by 2.5% within 5 years

Baseline

Level of water intensity recorded in 2021 which was 1.06 m^3 of water per production hour

Progress in FY2025

During FY2025, we consumed 1.35 m^3 of water per production hour, which is an increase of 0.29 m^3 per production hour in comparison to the baseline metric

Looking Ahead

For the upcoming year, we intend to reduce water consumption by reusing more water from condom dipping processes, such as glass former rinsing and by extending rainwater harvesting initiatives to cover more facilities

Sustainability Statement

ENVIRONMENTAL 2 CLIMATE CHANGE

We recognise that climate change is a global issue that will have irreversible repercussions and affect future generations if left unchecked. We support the Climate Change Mitigation Objectives of the Malaysian Government that targets to reduce carbon intensity against gross domestic product by 45% from 2005 levels by 2030. We have taken steps to move towards more responsible energy consumption by managing our energy usage more efficiently, moving towards renewable energy sources and implementing systems that allow us to track our efficiencies. Climate Change has been identified as a crucial risk with potential widespread ramifications on our business during our Risk Management Committee and Board meetings during the year. This has prompted us to dissect its effects on each business unit in order to systematically develop mitigation measures to safeguard our long-term business objectives.

Some of the immediate physical risks presented by climate change specific to our business include increased risk of flooding that affected our manufacturing facilities during the year, as well as rising temperatures and irregular precipitation patterns that have impacted latex quality during recent heatwaves. In addition to these risks, our business also faces transitional risks such as the global move towards low carbon energies as well as evolving manufacturing regulations in many of the regions that we export to. These risks present very immediate and severe consequences and as such, we have taken steps towards ensuring that our business is always evaluating and improving mitigation measures moving forward.

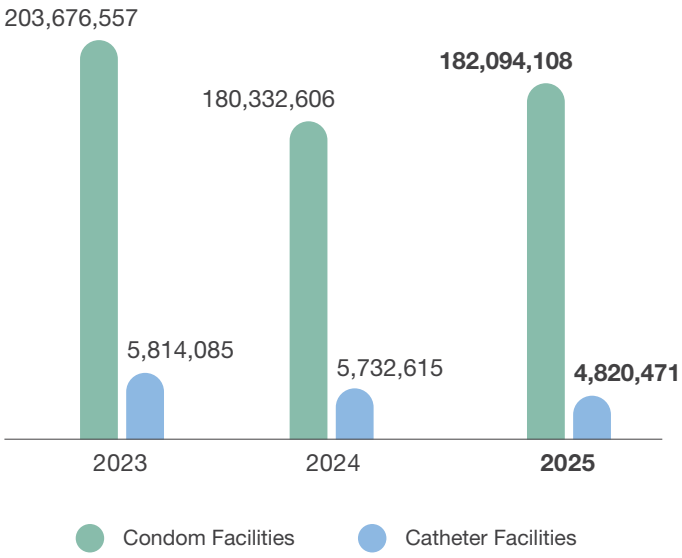
Whilst we have installed better drainage and irrigation systems to improve our immediate flood prevention measures, we also recognise that cultivating a culture of responsible energy use is essential to addressing the long-term risks presented by climate change. These initiatives aimed at mitigating the physical risks of climate change range from everyday efforts such as ensuring staff switch off lights and equipment outside of office hours, switching bulbs to energy-efficient LEDs, installing motion sensors and solar panels progressively and switching our air conditioning to centrally controlled systems. Other more long-term measures include the installation of contingency generators to ensure power supply remains uninterrupted, diversifying our offerings to include synthetic materials and establishing a more diversified supplier base. Mitigation centred to offset transition and liability risks are mainly centred around our continued investments in research and development as well as expanding our regulatory and compliance teams to ensure that we remain at the forefront of changes in regulations.

Sustainability Statement

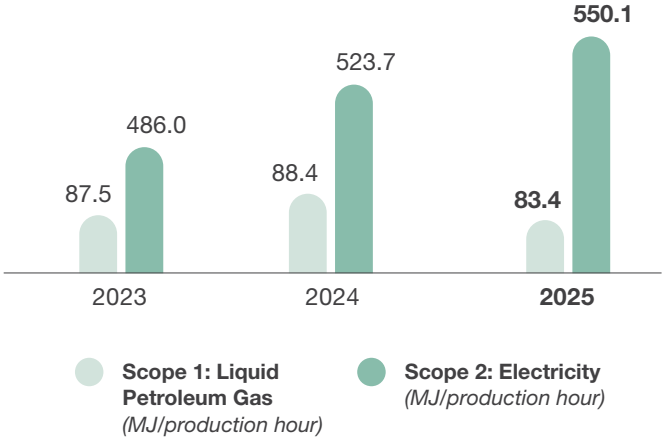
As we progressively incorporate greater degrees of automation to reduce our dependency on labour, we have also received more commercial orders with fully packaged product specifications. In line with our automation efforts, our first robotic arm that will be deployed for lubricant packing is scheduled for commission in 2026, with further automation projects also underway. This shift away from relying on physical labour has improved our production efficiencies and contributed to improved financial performance, but it has also unavoidably caused an increase in overall energy consumption in recent years. To address the associated energy demands, our Sustainability Working Committee has been working closely with our operations teams to analyse our electricity consumption data in order to search for points within the manufacturing processes that can be further optimised to derive energy savings in the future.

We have successfully maintained the ISO 14001:2015 (Environmental Management System) certification across all our condom manufacturing facilities, ensuring that each facility has in place an effective environmental management system. Our Thailand facility has also been accredited the ISO 50001 (Energy Management System) certification, ensuring that energy management is integrated into efforts to improve quality and environmental sustainability. In addition to these certifications, we continue to perform routine internal audits to assess our environmental management systems for potential avenues of improvement as well as ensure that we remain compliant to the changes in regulations around the world.

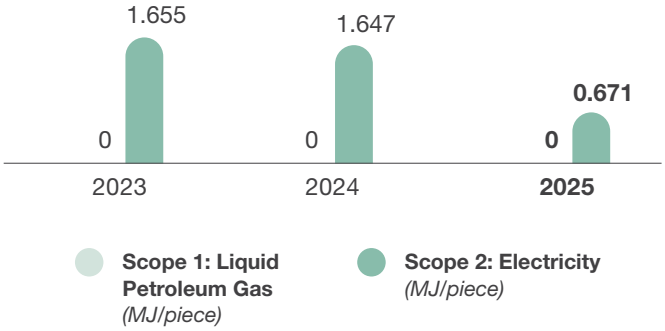
TOTAL ENERGY CONSUMPTION
(Megajoules "MJ")



CONDOM MANUFACTURING ENERGY INTENSITY
(per production hour)



CATHETER MANUFACTURING ENERGY INTENSITY
(per piece)



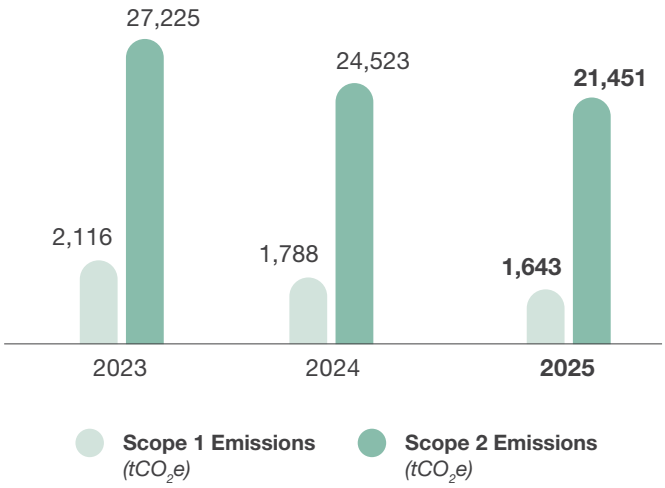
In our continued efforts to reduce our carbon footprint, we continue to install measuring equipment to track our energy consumption that contributes to carbon emissions. We have tabulated data regarding our Scope 1 and Scope 2 greenhouse gas ("GHG") emissions in accordance with the GHG Protocol Reporting Standards. Scope 1 emissions relate to LPG combustion at our manufacturing facilities. We broadened this to retrospectively capture diesel and gasoline consumption for vehicles such as forklifts and company cars. These emissions are calculated using globally recognised tools. In previous financial years, emission calculations were based on "Intergovernmental Panel on Climate Change ("IPCC") 2006 Guidelines for National Greenhouse Gas Inventories" and local emission factors (where applicable). For the FY2025, we have adopted the UK's Department of Environment, Farming and Rural Affairs ("DEFRA") emission factors, consistent with the methodology applied in Bursa Malaysia's Centralised Sustainability Intelligence Platform ("CSIP") calculator.

Sustainability Statement

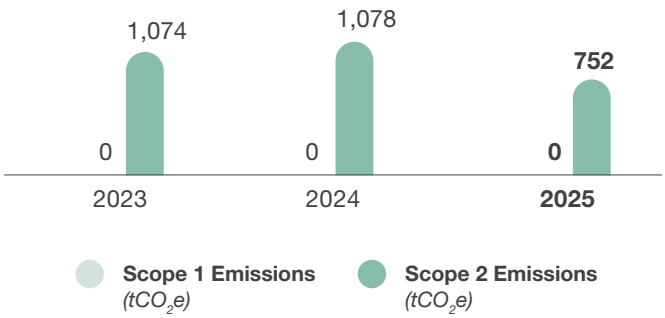
ENVIRONMENTAL 2 CLIMATE CHANGE

Scope 2 emissions relate to electricity purchased and used across our Group and were previously based on local emission factors namely, the Malaysia grid emission factors for our Malaysia facilities and Thailand grid emission factors for our Thailand facilities respectively. For the FY2025, we calculate our Scope 2 emissions using the Enerdata 2023 emission factors, as provided by Bursa Malaysia's CSIP. Reference for Scope 2 emissions has also been made to the "Carbon Dioxide Emission Factors for Fuels – Methodology and Values for 2013 and 2016". These emissions are expressed as metric tonnes of carbon dioxide ("tCO_2e") in order to provide a standardised Global Warming Potential of the different GHGs in conjunction with the recommendations of the IPCC AR5 (Fifth Assessment Report).

CONDOM MANUFACTURING FACILITIES



CATHETER MANUFACTURING FACILITIES



Notwithstanding our prior efforts, we also recognise that the majority of GHG emissions originated from sources outside of our own operations but are a result of our business activities. As a progressive effort to estimate our Scope 3 GHG emissions, we have begun tabulating the impact of business travel and employee commuting during the year. These calculations were previously based on US EPA emission factors, but for the FY2025, we have adopted DEFRA emission factors, in line with Bursa Malaysia's CSIP calculator and consistent with our Scope 1 GHG emissions methodology. It is our intention to continue to develop methodologies to capture the carbon impact of our complex supply chains and customer usage patterns in order to identify areas that we may target in order to continue to achieve our sustainability and carbon reduction ambitions.

SCOPE 3 – BUSINESS TRAVEL & EMPLOYEE COMMUTING

	2023	2024	2025
Condom Manufacturing Facilities			
Business Travel	125	145	**92**
Employees Commuting	3,570	3,064	**2,197**
Total tCO_2e	3,695	3,208	**2,289**
Catheter Manufacturing Facilities			
Business Travel	3	2	**4**
Employees Commuting	118	129	**135**
Total tCO_2e	121	131	**139**
Overall Scope 3 GHG Emissions *(tCO_2e)*	3,816	3,339	**2,427**

The stages of condom production that remain the most energy-intensive include the drying oven of the dipping process which requires constant and stable temperatures to be applied, as well as the electronic testing process of condom production during which each condom is tested before it can be deemed fit for use. We are actively searching for methods to reduce the energy intensity of these processes. However, small format orders, additional features, research and development or niche orders will typically contribute to higher energy consumption, as was the case during the year, despite the lower condom production volume.

Sustainability Statement

In addition, increased production of synthetic condoms, which requires elevated oven temperatures, in comparison to their natural rubber counterparts has led to higher Scope 2 energy intensity. In contrast, Scope 1 energy intensity decreased due to improvements in dryer efficiency and optimised drying processes. At our catheter facilities, lower production output has resulted in decreased total energy use and associated GHG emissions. Scope 3 emissions also declined from the previous year mainly due to a reduction in overall staff headcount that reduces the amount of commuting required across our facilities.

We have also during the year entered into a partnership with a reputable clean energy solutions provider to commence installation of a 2.2 MWp solar photovoltaic system at our Hat Yai, Thailand facility. This endeavour marks the beginning of our journey into employing greater degrees of clean energy at our manufacturing facilities in Malaysia and Thailand. Our maiden system is expected to generate approximately 44 GWh of clean electricity over the next 15 years, which has the potential to offset an estimated 26,000 tonnes of carbon emissions annually.

In an effort to continue to evolve and progress our commitment towards mitigating our impact on climate change, we consider and reference the recommendations proposed by the TCFD. We have adopted the framework below in order to facilitate more effective climate-related disclosures with the intention that this will lead to more informed decision making in addressing the climate change risks and opportunities unique to our business and stakeholders.

TCFD PILLARS	OUR INITIATIVES
Governance Governance specific to climate-related risks and opportunities	We have in place an established system of governance specific to our sustainability efforts that encompasses involvement from representatives of each business unit as well as our leadership team and our Board. Details of this structure can be found on page 19 of this Report.
Strategy The actual and potential impacts of climate-related risks and opportunities on our decision making	The main potential climate-related risks faced by our Group can be broken down into the main categories of Waste Management and Climate Change. We have intensified our data collection efforts to identify and quantify our climate-related risks. We intend to utilise this information to develop specific targets that can be linked to key performance indicators and remuneration of our management team in order to facilitate an alignment of interests. We have also established a Sustainability Working Committee made up of representatives from each business unit, in order to drive sustainability initiatives and ensure that efforts consider the synergistic benefits between different departments. These initiatives are expected to allow us to make better decisions at each level of our business and also provide stakeholders with better transparency regarding our decision making.
Risk Management The processes used to identify, assess and manage climate-related risks and opportunities	As we improve our EESG efforts, we have also included Climate Change as a key risk facing our business during our Risk Management Committee and Board meetings during the year. These discussions have facilitated a more cohesive understanding of how climate change affects our different business units and which mitigation measures we are able to deploy to address them. Our teams have also been moving towards incorporating transition and physical risk assessments in alignment with IFRS S2 requirements in the near future. More details of our risk management and internal control protocols are contained on page 81 to page 85 of this Report.
Metrics and Targets The data and targets used to assess and manage climate-related risks and opportunities	We have continued to improve our data collection and disclosure regarding energy consumption. Since last year, we have extended our GHG emission data collection and reporting to include Scope 3 emissions. This data has allowed us to set targets regarding water conservation as well as carbon impact. The progress of working towards achieving these targets will be shared with all stakeholders.

Having considered the data collected, we set out a specific target for our various operations teams to improve energy efficiencies as set out below. Achieving these targets will not only require a holistic effort encompassing modern technologies and innovations but also a consistent effort to improve awareness within the organisation. We aim to combine this progress tracking with improvements in our data collection and reporting to provide our stakeholders with more transparency to enhance our climate change disclosures moving forward.

Sustainability Statement

ENVIRONMENTAL 2 CLIMATE CHANGE

CARBON IMPACT TARGETS

Description

Drive a reduction in our absolute Scope 1 and Scope 2 GHG emissions at our Malaysia and Thailand manufacturing facilities by 5% by 2026 and 10% by 2035

Baseline

Combined Scope 1 and Scope 2 GHG emissions in 2021, recorded at 27,595 tCO_2e

Progress in FY2025

Our Scope 1 and Scope 2 emissions reduced by 3,748 tCO_2e (14%) in comparison to the 2021 baseline primarily due to energy efficiency improvements across manufacturing processes, optimised production operations and updated emission factors

Looking Ahead

We expect that the effects of investments in renewable energy, including the planned expansion of solar panel installations across more facilities, along with process and equipment optimisation and energy conservation initiatives will result in improvements to our carbon impact in the upcoming year

Sustainability Statement

3 SUPPLY CHAIN

Our commitment to sustainability extends to ensuring that our procurement practices are ethical and considerate of their impact on climate change. The turbulence in global supply chains encountered over the COVID-19 pandemic highlighted the importance of conducting proper due diligence and selecting vendors who are also committed to creating value and enhancing efficiencies by employing sustainable business practices.

In order to ensure that our vendors, contractors and service providers are made aware of our ethical and environmental policies as they evolve, we have established a Supplier Code of Conduct. This document covers our expectations with regards to energy utilisation, climate change, water consumption, biodiversity, sourcing of materials, labour practices and safety protocols amongst others and is intended to be mutually beneficial in helping all parties to ensure that risks are properly identified and mitigated. In FY2025, all new suppliers received and acknowledged our Supplier Code of Conduct, confirming their commitment towards upholding our ethical and environmental standards.

The Supplier Code of Conduct is updated when necessary and sent via email to all vendors upon each business engagement as well as frequently referenced during key milestones such as the issuance of purchase orders. Vendors are also able to access the latest copy of our Supplier Code of Conduct at all times in a variety of languages from our website. We also expect suppliers to extend these principles throughout their own supply chains whenever possible. Our suppliers are also encouraged to refer to our various policies and procedures including our Purchasing Policy and Anti Bribery and Corruption Policy in order to ensure that we are fully transparent about our expectations as a customer. The details of the policies are elaborated on and reinforced via frequent training and engagement during the year under our Supplier Development Programme and extend not just to environmental policies but also towards developing an ethical supply chain.

Sustainability Statement

ENVIRONMENTAL 3 SUPPLY CHAIN

As part of our Supplier Development Programme in FY2025, we conducted due diligence on 18 new suppliers, as well as a total of 33 audits on existing suppliers, evaluating processes and quality controls as well as adherence to the environmental, social and governance policies contained in our Supplier Code of Conduct. These comprehensive audits involve site inspections as well as interviews with their employees, implementing the knowledge that we have gained through the four-pillar SMETA audits conducted by externally accredited audit firms. In addition to these audits, we also conducted surveys on our suppliers requesting that they perform a self-assessment on their respective social compliance and environmental sustainability standards. For the FY2025, over 100 unique feedback results were received through these efforts, allowing us to more accurately classify our risk exposure to our individual suppliers and develop more effective corrective action plans.

Our efforts in our Supplier Development Programme are also supplemented by risk assessments that are conducted during the due diligence process when evaluating potential new suppliers, as well as continuously via questionnaires for our existing suppliers. In addition to the potential new suppliers that we considered, a total of 79 of our existing suppliers were evaluated during the year to determine our risk exposure and to develop contingency plans to mitigate supply chain risks classified as high risk. We selected "GHG Emissions and Reporting" as our programme theme in FY2025 in conjunction with our intention to extend our GHG emission data to include Scope 3 emissions and metrics from our upstream supply chain in the near future.

Our environmental supply chain efforts also extend downstream to working with our customers on developing packaging designs that utilise less single-use plastics and non-recyclable materials. Some of the efforts include promoting the use of paper foils for condoms, utilising recycled paper for cartons and outer boxes as well as printing instruction for use information on product packaging as opposed to including a separate leaflet as has traditionally been the case. For the FY2025, our paper packaging consumption amounted to a total of 3,761 tonnes of recycled paper, primarily used in the production of outer and inner boxes for our products. In this context, recycled paper is comprised of a minimum of 70% non-virgin materials. Furthermore, seven of our packaging suppliers are certified under the Forest Stewardship Council ("FSC"), and we are continuously working towards increasing the number of FSC-certified suppliers to ensure responsible sourcing of packaging materials.

We also frequently work with international organisations including the International Organisation for Standardisation ("ISO") to develop better industry-wide practices even amongst suppliers that we have yet to encounter firsthand. Our continued participation on the ISO Technical Committee 157 – Non-systemic Contraceptives and STI Barrier Prophylactics has enabled us to contribute to the development of quality standards as well as business processes throughout the condom industry supply chain. Similar work with organisations such as the Malaysia Rubber Council and the Fair Rubber Association have enabled us to provide reassurance to our customers regarding the quality and sustainability of the latex used by our Group.

Sustainability Statement

SOCIAL

1 DIVERSITY

Discrimination in its many forms remains a key deterrent to progress in the war against HIV. Not only does discrimination discourage open sexual health conversations, but data has also shown that it hinders access to services such as HIV testing. Recent Joint United Nations Programme on HIV/AIDS ("UNAIDS") survey data shows that more than 10% of people living with HIV experienced stigma and discrimination in health-care settings in 10 of 12 countries surveyed. Hard-earned progress in the lesbian, gay, bisexual, transgender, queer, intersex and asexual ("LGBTQIA") community has also come under threat with continuing reports of prejudicial violence and the introduction of legislation restricting the rights of LGBTQIA persons.

Serving these communities as a leader within the sexual health industry, we recognise that in order to make a meaningful impact against HIV and deliver effective solutions to those in need, we must lead by example. We take great care to emphasise the importance of embracing different perspectives and demonstrating mutual respect so that we are able to ensure that employees across our global organisation continue to feel accepted for their own unique personalities and in doing so, are provided a platform to fully realise their potential.

Our stance is formally disclosed within our Diversity and Inclusion Policy which is regularly communicated to our staff and extends to our director nominations via our Board Diversity Policy, both of which can be accessed at any time on our website. We have encouraged a community approach towards combatting discrimination whereby employees are able to report instances of discrimination either to human resources personnel or our anonymous whistleblowing channel. Over the past three financial years, we received zero incidences of complaints, reports and whistleblowing for workplace discrimination across all our facilities.

Sustainability Statement

SOCIAL

1 DIVERSITY

We are committed to providing equal opportunities for our employees and employing a zero-tolerance stance against discrimination or harassment based on race, religion, gender expression, age, disability status or sexual orientation. We continued to expand and implement initiatives aimed at dissipating stereotypes across all of our facilities. These include the provision of disabled and gender-neutral toilets, removal of gender, religious and sexual preference data from recruitment criteria as well as providing free transportation and accommodation for those employees living far away from our facilities that do not have access to public transport. As a testament to the uniformity in which we have applied these efforts across our entire Group, our subsidiary in the UK, Pasante Healthcare Limited was recognised as a "Finalist in Diversity and Inclusion" by the Sussex Chamber of Business Awards.

This culture has also allowed us to continue to create a dynamic environment as demonstrated by the diversity statistics below encompassing employees from a range of ethnicities and age groups. The IEAT recognised the efforts of our Thailand facilities and awarded us the prestigious Good Labour Practice award for our efforts in ensuring that our workplaces were free from gender discrimination, forced labour, child labour and opportunities for bribery. This particular independent assessment also evaluated the benefit system, worker welfare and operational health and safety at our facility.

TOTAL GROUP EMPLOYEES

	2023	2024	2025
Total Employees	3,494	3,200	**3,135**
Total Number of Contract/Temporary Staff	195 (5.6%)	103 (3.2%)	**148 (4.7%)**

GENDER DIVERSITY

Board of Directors

	Female		Male	
	Number	%	Number	%
2023	3	37.5	5	62.5
2024	3	37.5	5	62.5
2025	**4**	**44.4**	**5**	**55.6**

By Employee Category

	2023				2024				2025			
	Female		Male		Female		Male		Female		Male	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Senior Management	6	29	15	71	9	38	15	63	**8**	**32**	**17**	**68**
Middle Management	49	49	50	51	65	50	64	50	**61**	**53**	**54**	**47**
Production	1,623	60	1,097	40	1,476	61	946	39	**1,519**	**65**	**828**	**35**
Administrative	400	82	89	18	282	61	182	39	**371**	**78**	**105**	**22**
Technical	21	13	144	87	53	33	108	67	**23**	**13**	**149**	**87**
Total	2,099	60	1,395	40	1,885	59	1,315	41	**1,982**	**63**	**1,153**	**37**

Sustainability Statement

AGE DIVERSITY

Board of Directors

	2023						2024						2025					
	<30		30-50		>50		<30		30-50		>50		<30		30-50		>50	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Board of Directors	-	-	1	12.5	7	87.5	-	-	1	12.5	7	87.5	**-**	**-**	**1**	**11.1**	**8**	**88.9**

By Employee Category

	2023						2024						2025					
	<30		30-50		>50		<30		30-50		>50		<30		30-50		>50	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Senior Management	-	-	10	48	11	52	-	-	11	46	13	54	**-**	**-**	**13**	**54**	**11**	**46**
Middle Management	6	7	54	64	25	29	26	20	77	60	26	20	**11**	**10**	**72**	**63**	**31**	**27**
Production	1,231	45	1,292	47	210	8	982	41	1,198	49	242	10	**960**	**41**	**1,148**	**49**	**239**	**10**
Administrative	246	50	205	42	39	8	219	47	206	44	39	9	**201**	**42**	**227**	**48**	**46**	**10**
Technical	81	49	76	46	8	5	109	68	47	29	5	3	**75**	**43**	**88**	**50**	**13**	**7**
Total	1,564	45	1,637	47	293	8	1,336	42	1,539	48	325	10	**1,247**	**40**	**1,548**	**49**	**340**	**11**

NATIONAL DIVERSITY

	2023	2024	2025
Malaysian	1,470	1,460	**1,467**
Bangladeshi	227	186	**151**
Burmese	104	82	**58**
Nepalese	256	220	**150**
Indonesian	14	10	**6**
Thai	1,322	1,131	**1,193**
Vietnamese	9	5	**-**
American	45	55	**64**
British	40	45	**42**
Indian	7	6	**4**

Our efforts to break down social stigma regarding the LGBTQIA community include encouraging our staff to display email signatures with Pride logos during the relevant month. Through our subsidiary, Global Protection Corp., we continued our partnerships with various NGOs and sexual health advocates such as Boston Pride of the People and Planned Parenthood to donate over 100,000 condoms for a variety of nonprofits, student groups and Pride festivals. We continued our longstanding programmes including partnering with organisations for five different Project Condom fashion shows during the year, with many more lined up for the upcoming year. The programme was launched by ONE® Condoms in 2008 and uses fashion as a form of art to spark conversations about sexual health.

ONE® Condoms participated in the annual Foreskin Day by sharing resources and condom advice inspired by our customers. Through our surveys, we found that 33% of people have been treated differently by a sexual partner as a result of their personal features. In addition, 79% of respondents reported difficulty using condoms because of their foreskin. With the Foreskin Day campaign, our goal was to help close the “Foreskin Gap” by debunking common misconceptions, solving condom fit challenges and sharing advice through a Foreskin Pleasure Enhancement Guide. Our customers shared lots of advice about how to choose and use condoms when you have a foreskin. These customer stories and the overall campaign helped us spark discussions and destigmatise a conversation that is often not discussed, leading to undue prejudice.

Sustainability Statement

SOCIAL

2 HEALTH AND SAFETY

We continue to implement best practices developed during the COVID-19 pandemic and take great care to ensure that our facilities are properly equipped and sanitised regularly in order to provide our employees with a working environment that they feel safe in. This includes observing the relevant health and safety protocols such as the provision of sanitisation equipment and test kits, where necessary.

Our facilities continue to maintain ISO 45001 (Occupational Health & Safety Management System) certifications with each site undergoing independent third-party audits and inspections. Our physical health and safety measures are supplemented by our Occupational Safety and Health Policy which covers a range of procedures including emergency response, first-aid, evacuation and firefighting.

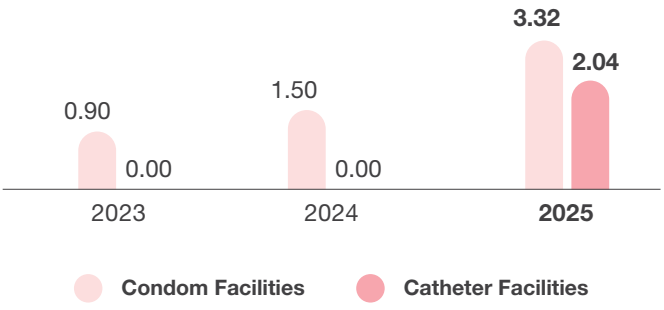
Further measures to prioritise employee health and safety include maintaining a Health, Safety, Environmental and Ethical ("HSEE") Committee consisting of employee representatives as well as senior management representatives. The committee members receive training and conduct monthly inspections to ensure factory activities are carried out in a manner that complies with safety regulations. We have taken care to ensure that a representative from each nationality and gender is included as a nominated representative on the HSEE Committee at all times. Regular HSEE meetings have been conducted to facilitate better communication regarding the health and safety issues facing staff from time to time as well as keeping abreast as to the updates and action that has been taken to address issues that our staff have raised.

In addition to addressing issues that have been brought up, we also ensure that our facilities comply with the Occupational Safety and Health Act in Malaysia and Thailand, while adhering to the Industry Code of Practices. Besides upholding the relevant procedures and safe work practices, we also work with various third parties to conduct health and safety assessments. This includes the Chemical Health Risk Assessment ("CHRA"), Noise Risk Assessment ("NRA") and Chemical Exposure Monitoring ("CEM") to pre-emptively identify and manage potential hazards in our workplace. We also conducted a Hazard Identification Risk Assessment and Risk Control ("HIRARC") to identify potential hazards around our work areas.

	2023	2024	2025
Total health and safety awareness training hours conducted (hours)	495	511	**1,468**

As a result of these measures, our staff are constantly being briefed and updated about the latest measures that we have taken to safeguard their well-being. A total of 3,056 employees attended our mandatory Health and Safety Awareness training sessions during the year. In order to measure the efficacy of our efforts, we continue to track the Lost Time Incident Frequency Rate ("LTIFR") at our facilities over the last three years. LTIFR refers to the amount of time lost due to injuries occurring in the workplace per one million man-hours worked. For the FY2025, government officials from the Department of Occupational Health and Safety made two visits in total to our facilities in Thailand and Malaysia and found no instances of violations or breaches that resulted in fines of any sort. Thanks in large part to these collective efforts, we have continued to record zero work-related fatalities at our facilities for the past three years.

LOST TIME INCIDENT FREQUENCY RATE
(per one million work-hours)



In spite of our best efforts, we understand that accidents and emergencies are inevitable. We have also established emergency response protocols to ensure that our staff are afforded immediate access to medical attention should an accident occur and that they are adequately covered by health insurance. Our facilities operate sickbays around the clock so that medical attention and first aid can be administered whilst waiting for medical services to arrive. Health and safety notices and updates are also disseminated on all noticeboards in a number of languages so that employees are always made aware as to changes in operating procedures as well as emergency protocols.

3 LABOUR PRACTICES

We believe that human rights are a fundamental entitlement of every individual and that it is imperative that we champion the fair treatment of our staff so that we can create a conducive culture that will allow them to reach their potential. In addition to ensuring strict compliance with labour laws, we have adopted the base codes set by the Ethical Trading Initiative as a commitment to ensuring that our working conditions are held to the internationally recognised standards of the International Labour Organisation conventions.

We have adopted a strict zero tolerance approach for all forms of modern slavery and forced labour. As such, following a comprehensive assessment performed by Impactt Limited, an independent company specialising in ethical trade, human rights and labour standards in 2019, we decided to suspend the hiring of migrant labour until we could be certain that procurement practices had taken these concerns into account at all levels. We also made the decision to take extensive remediation measures, reimbursing workers who had paid fees to obtain employment at any of our facilities. To date, we have paid over RM3 million in remediation measures to our employees as part of these efforts. We made this decision as we believe that we have the responsibility as a leader in the industry to remain committed to our values regarding human rights.

We have also ensured that our hostels for foreign workers are in compliance with Act 446 (Employees' Minimum Standard of Housing, Accommodation and Amenities Act 1990). As a testament to our prioritisation of staff welfare, we are proud to report that despite the challenges faced by our business and the global economy at large during the COVID-19 pandemic, we did not make a single COVID-19 related salary cut or retrenchment. In addition, we also recently undertook a Living Wage Assessment Exercise to ensure that all our employees receive adequate and equitable pay, going beyond minimum wage compliance.

In order to ensure that our approach towards preserving human rights encounters no lapses and that we are proactively assessing our human rights impacts on an ongoing basis, we work with accredited audit firms to conduct comprehensive four-pillar SMETA audits on all of our condom manufacturing facilities covering labour standards, health and safety, business ethics and environmental performance. The day-to-day responsibilities for each business function are handled by a representative from each business unit who is also tasked with providing updates to our Chief Executive Officer, who remains in charge of overseeing matters regarding human rights. This also serves to provide suppliers and customers with comfort that we are constantly upholding our EESG commitments.

In addition to our efforts to ensure human rights are safeguarded within our internal labour practices, we have also communicated this commitment to our vendors and contractors. We have published our Human Rights Policy on our website so that external stakeholders are able to reference it at all times. Our stance on human rights is in line with the United Nations Guiding Principles on Business and Human Rights and is also communicated to suppliers explicitly in our Supplier's Code of Conduct. Care is also taken to ensure that suppliers uphold this commitment via notices in our external communications as well as during regular interviews as part of our vendor audit process.

	2023	2024	2025
Number of employees who attended training on human rights and ethical labour standards	1,088	437	**1,274**

Beyond the cultivation of a conducive working environment, we also frequently conduct training requirement analysis in order to ensure that our teams are constantly kept up to speed with the latest developments in their respective fields. We utilise a combination of electronic platforms and practical learning sessions to deliver technical training covering topics that included medical device regulations, quality assurance, health and safety, risk assessment, supply chain management and waste management.

Sustainability Statement

SOCIAL 3 LABOUR PRACTICES

In FY2025, we spent over RM782,000 on training and development for our employees. This investment reflects our continued commitment to developing a skilled and knowledgeable workforce at all levels. On average, each employee received 13.0 hours of training ranging from topics of skill enhancement, health and safety, laws and regulations, environmental management, to data privacy and security.

As a supplement to technical training, we also formally design measures to improve employee engagement and wellbeing. Initiatives such as CEO Townhalls and inter-site teambuilding activities were organised to foster stronger communication and collaboration across teams. To support talent attraction and youth employment, we participated in eight career fairs hosted by higher education institutions in Malaysia and Thailand during the year, providing opportunities to connect with future talent and strengthen our employer branding. Further initiatives to improve our employee development include enhancing our human capital systems to track our employee turnover metrics to evaluate areas of potential improvement for our staff retention programmes.

Training Hours

	2023	2024	2025
Total Formal Training Hours (Classroom, Workshops and E-Learnings)	2,812	4,167	**40,587**

Average Training Hours

	2023	2024	2025
By Gender			
Male	1.6	1.9	**10.6**
Female	1.3	1.3	**14.3**
Overall	1.0	2.6	**13.0**
By Employee Category			
Senior Management	12.0	5.2	**8.3**
Middle Management	9.7	8.6	**28.7**
Production	0.6	0.5	**10.5**
Administrative	4.6	4.3	**19.1**
Technical	3.8	3.2	**19.3**

Employees by Employee Contract

	2023		2024		2025	
	Full-time	Part-time	Full-time	Part-time	Full-time	Part-time
Local	2,694	195	2,488	103	**2,617**	**148**
International	604	-	609	-	**370**	**-**
Total	3,298	195	3,097	103	**2,987**	**148**

Sustainability Statement

Employee Turnover

	2023		2024		2025	
	No.	Turnover Rate (%)	No.	Turnover Rate (%)	No.	Turnover Rate (%)
By Gender						
Male	424	37.7	416	46.7	**326**	**48.7**
Female	701	62.3	474	53.3	**344**	**51.3**
By Age Group						
<30	821	73.0	537	60.3	**416**	**62.1**
30-50	269	23.9	323	36.3	**215**	**32.1**
>50	35	3.1	30	3.4	**39**	**5.8**
By Employee Category						
Senior Management	-	-	2	0.2	**2**	**0.3**
Middle Management	14	1.2	7	0.8	**18**	**2.7**
Production Group	1,018	90.6	752	84.5	**534**	**79.7**
Admin Group	77	6.8	91	10.2	**76**	**11.3**
Technical Group	16	1.4	38	4.3	**40**	**6.0**

	2023	2024	2025
Total New Hires	1,344	241	**862**
Turnover Rate (%)	33.6	30.2	**23.2**

Bribery and corruption have been identified as key risks that have the potential to have detrimental impacts on our business. We therefore have a strict stance against bribery and corruption and have taken efforts to formalise our Anti-Bribery and Corruption Policy, which can be accessed at any time on our company website. In order to ensure staff are constantly aware of their responsibilities, we conduct anti-corruption training for new hires and frequent re-training for existing employees at regular intervals at each of our facilities. These courses were designed referencing the Malaysian Anti-Corruption Commission Act (MACC Act) 2009, amongst other regulations by qualified trainers as a means of mitigating corruption related risks. During FY2025, the entirety of our Malaysia and Thailand operations were assessed for corruption-related risks and all our employees attended anti-corruption training.

	2023	2024	2025
Number of employees that received anti-corruption training	1,972	1,029	**3,135**

In order to further enhance the effectiveness of these policies and the training received, employees who suspect instances of corruption and bribery are encouraged to make anonymous reports via our whistleblowing channel. Further details on the administration of our whistleblowing channel are contained in the Governance Practices section to follow. During the past three financial years, we recorded no incidences of confirmed corruption or bribery.

We employ a range of IT systems and regularly conduct cybersecurity training to ensure that we uphold stringent data protection practices. During the year, 453 of our staff attended these trainings which involve scenario simulations and exams requiring employees to repeat a training module if a sufficient grade is not achieved. This ensures that confidentiality of data is treated extremely seriously and that information is not misused in any way. In addition, we are constantly implementing new security protocols, disseminating alerts and notices as well as conducting training in order to ensure our employees are able to effectively identify and handle malware, phishing and other forms of potential cyber-attacks. These trainings have also been constructed to improve awareness on legislation such as the Personal Data Protection Act 2010 as well as our in-house Data Protection Policy that is available on our website. We are proud to report that there have been zero reports or complaints of breaches of employee privacy, customer privacy and data loss during each of the last three financial years.

Sustainability Statement

SOCIAL

3 LABOUR PRACTICES

We have also continued to expand and develop initiatives aimed at recognising the efforts and contributions of staff who have gone beyond their job scope to deliver extraordinary performances. These rewards include periodic spot awards, performance-based incentives and long service awards designed to align the interests of employees to our business goals as well as to cultivate a meritocratic culture within the organisation. In addition to these initiatives, we have also sponsored further education as well as organised leadership development programmes aimed at accelerating the development of the next generation of management from within our Group. We also received shareholders' approval to establish an Employee Share Option Scheme ("ESOS") that will provide us with an additional avenue to incentivise staff and align their interests with the long-term goals of our Group. The ESOS will be implemented and administered by an ESOS Committee comprising of non-executive members of our Board.

As part of our continued efforts to improve our working environment, we conduct an annual employee survey to obtain feedback regarding our workplaces as well as our awareness towards human rights amongst other topics. In addition to the annual survey, staff are always encouraged to provide their feedback and suggestions via suggestion boxes that are located around our facilities so that we are able to continue to consider new methods with which to improve our workplaces.

Feedback from these employee surveys formed an integral part of our decision-making process when deciding what staff benefits to upgrade during the year. In a combined effort to integrate more digitisation and improve communications with our staff, we rolled out an online human resource application across our Malaysia and Thailand facilities during the year that enabled us to facilitate better tracking of leave, appraisal and medical benefits for our staff.

These feedback systems complement our established formal grievance mechanism to empower employees and external stakeholders alike, to confidently disclose misconduct including instances where they feel that there may be a potential violation of human rights. Employees are informed that anonymous reports may be made to department managers, human resources representatives or even directly via a whistleblowing platform. External parties, in the meantime, are able to direct any reports of potential violations through our whistleblowing platform. They are provided assurance that our Group is committed to remedying the effects should a violation of their human rights be identified. Details of the whistleblowing platform are set out in the Governance Practices section to follow and all reports received by employees regardless of reporting channel are held in strict confidence. For the past three years, we have received no substantiated complaints concerning human rights violations.

1 GOVERNANCE PRACTICES

GOVERNANCE

We have an established system of corporate governance to regulate the way in which our business is operated, ensuring that decisions are made consistently and consider the interests of all stakeholders. Our Board is primarily responsible for the corporate governance of our Group. They have been appointed and are aided by independent auditors to ensure that the decisions made by the management team are in line with our Group's long-term goals.

All employees in our Group are guided by the principles in the Code of Conduct. This formal set of policies ensures that the practices concerning ethics and integrity are communicated to all employees during the induction process, frequently reinforced during refresher courses and accessible on our company intranet and website at any point in time. The Code of Conduct also provides guidance and recommendations on handling topics such as violations of anti-bribery, human rights, data protection, procurement and ethical business practices. The Code of Conduct and its associated policies are frequently reviewed and revised in order to ensure that they remain relevant and effective.

We encourage employees as well as external parties such as suppliers, customers and other third parties to report incidences of corruption along with any other breaches of the Code of Conduct. In order to ensure that any concerns raised are handled with discretion, seriousness and care, we have established an anonymous whistleblowing channel that is also available to external parties. Notices about this channel have been made available in a variety of languages and displayed in various areas across our facilities to ensure that our staff are always aware of the avenues to raise their concerns and report wrongdoings.

To ensure that this channel is handled independently and that anonymity is safeguarded, reports via the whistleblowing channel are forwarded directly to the Chairman of our Board or the Audit Committee Chairman via email to whistleblowing@karex.com.my. A copy of our Whistleblowing Policy has also been published on our company website. During the past three financial years, we recorded no incidences of confirmed violations via this channel.

Additional corporate governance policies are detailed in the Corporate Governance Overview Statement located on pages 62 to 75 of this Report as well as more comprehensively in our Corporate Governance Report that can be accessed at https://www.karex.com.my/. These documents provide further details on the responsibilities of our Board, the composition details of our Board, our Whistleblowing Policy and corporate reporting details amongst others.

Sustainability Statement

GOVERNANCE

2 RISK MANAGEMENT PRACTICES

A proper risk management framework is essential to enable our business to pre-emptively identify possible risks as well as their likelihoods and repercussions before they occur. Our business strategies and procedures are then adapted to avoid or minimise the impact of these risks should they occur. These procedures are integral in allowing our organisation to clearly define our objectives for the future and are frequently updated to ensure that they capture all of the relevant external and internal risks that may hinder accomplishment of our objectives.

The primary identification, evaluation, monitoring and management of the risks that are critical to our business at any given point in time is conducted by representatives from each of the major business units within our Group. These representatives collectively make up the Risk Management Working Committee ("RMWC"). Together with members of the Senior Management Team, the RMWC strategises the appropriate risk appetite that matches the structure, risk profile, complexity, activities and size of our Group. These findings are subsequently presented to the Risk Management Committee which is comprised of non-executive members of our Board and periodically audited by an independent internal auditor, Ernst & Young PLT who in turn evaluates the compliance and the effectiveness of our control systems.

This structured approach towards risk management ensures that strategic decisions are able to be made holistically and without bias to ensure that the interests of all stakeholders are always being considered. Further details regarding our risk management practices are contained in the Statement of Risk Management and Internal Control located on pages 81 to 85 of this Report. These documents clearly outline the roles of the Risk Management Committee as well as the key risk focuses and mitigation plans that are in place to develop better risk management practices.

This Sustainability Statement is made in accordance with the resolution of our Board dated 9 October 2025.

Performance Data Table from Bursa Malaysia's ESG Reporting Platform

Indicator	Measurement Unit	2025
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	606,000.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	5,000
Bursa (Waste management)		
Bursa C10(a) Total waste generated	Metric tonnes	3,512.00
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	999.00
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	2,513.00
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	377.500000
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	51,921.00
Bursa (Emissions management)		
Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes	1,643.00
Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes	22,203.00
Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes	2,427.00
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	55.00
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Senior Management Under 30	Percentage	0.00
Senior Management Between 30-50	Percentage	54.00
Senior Management Above 50	Percentage	46.00
Middle Management Under 30	Percentage	10.00
Middle Management Between 30-50	Percentage	63.00
Middle Management Above 50	Percentage	27.00
Production Under 30	Percentage	41.00
Production Between 30-50	Percentage	49.00
Production Above 50	Percentage	10.00
Administrative Under 30	Percentage	42.00
Administrative Between 30-50	Percentage	48.00
Administrative Above 50	Percentage	10.00
Technical Under 30	Percentage	43.00
Technical Between 30-50	Percentage	50.00
Technical Above 50	Percentage	7.00
Gender Group by Employee Category		
Senior Management Male	Percentage	68.00
Senior Management Female	Percentage	32.00
Middle Management Male	Percentage	47.00
Middle Management Female	Percentage	53.00
Production Male	Percentage	35.00
Production Female	Percentage	65.00
Administrative Male	Percentage	22.00
Administrative Female	Percentage	78.00
Technical Male	Percentage	87.00
Technical Female	Percentage	13.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	55.60
Female	Percentage	44.40
Under 30	Percentage	0.00
Between 30-50	Percentage	11.10
Above 50	Percentage	88.90

Internal assurance | External assurance | No assurance | (*)Restated

Performance Data Table from Bursa Malaysia's ESG Reporting Platform

Indicator	Measurement Unit	2025
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	3.23
Bursa C5(c) Number of employees trained on health and safety standards	Number	3,056
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Senior Management	Hours	207
Middle Management	Hours	3,303
Production	Hours	24,659
Administrative	Hours	9,092
Technical	Hours	3,325
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	4.70
Bursa C6(c) Total number of employee turnover by employee category		
Senior Management	Number	2
Middle Management	Number	18
Production	Number	534
Administrative	Number	76
Technical	Number	40
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Senior Management	Percentage	100.00
Middle Management	Percentage	100.00
Production	Percentage	100.00
Administrative	Percentage	100.00
Technical	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0

Internal assurance | External assurance | No assurance | (*)Restated

Profile of Board of Directors

PROFESSOR DATO' DR. ADEEBA BINTI KAMARULZAMAN

Chairwoman
Independent
Non-Executive Director

Age	61
Gender	Female
Nationality	Malaysian

Professor Dato' Dr. Adeeba binti Kamarulzaman was appointed to the Board on 16 January 2019 as our Independent Non-Executive Director. She served as a member of the Audit Committee and Risk Management Committee. On 29 November 2021, she was appointed as a member of the Nomination Committee and on 29 August 2022, she was appointed as a member of the Remuneration Committee and re-designated as Chairwoman of the Nomination Committee.

On 2 January 2025, Professor Dato' Dr. Adeeba was re-designated as the Chairwoman of the Board. On the same date, she ceased to be the Chairwoman of the Nomination Committee, a member of Audit Committee, Risk Management Committee and Remuneration Committee. This is in accordance with the best practice outlined in the Malaysian Code of Corporate Governance which recommend that the Chairperson of the Board should not be a member of the Audit Committee, Nomination Committee and Remuneration Committee.

She graduated from Monash University in 1987 and trained in internal medicine and infectious diseases at the Monash Medical Centre and Fairfield Infectious Diseases Hospital, Melbourne, Australia. She is presently the President and Pro Vice Chancellor of Monash University Malaysia having previously been the Dean of Medicine at Universiti Malaya from 2011 to 2019. She is the Chairperson of the Malaysian AIDS Foundation and a former President of the International AIDS Society.

She holds numerous other positions in international bodies including as member of the WHO Science Council and Advisory Group of UNAIDS and is a Commissioner of the Global Commission on Drug Policy. She has played a critical role in the national response to the COVID-19 pandemic through her involvement as Chair of the UMMC COVID-19 Taskforce and as Advisor to various state governments.

Her achievements have been recognised through several national and international awards including the Merdeka Award and a Doctor of Laws (honoris causa) from her alma mater, Monash University.

She has attended all Board Meetings held during the financial year ended 30 June 2025. She does not have any family relationship with any Director and/or Major Shareholder of the Company and has no conflict of interest with the Company. She has not been convicted of any offences within the past 5 years. There were no sanctions and/or penalties imposed on her by any relevant regulatory bodies, which were material and made public during the financial year ended 30 June 2025.

She does not hold any directorship in other public companies and listed issuers.

The particulars of her shareholdings are set out on page 152 of this Annual Report.

Profile of Board of Directors

DATO' EDWARD SIEW MUN WAI

Independent
Non-Executive Director

Age	68
Gender	Male
Nationality	Malaysian

Dato' Edward Siew Mun Wai was appointed to the Board on 27 November 2020 as our Independent Non-Executive Director and member of the Audit Committee. On 29 November 2021, he was appointed as the Chairman of the Remuneration Committee ("RC") and re-designated as Chairman of the Audit Committee. On 29 August 2022, he was appointed as a member of the Nomination Committee and Risk Management Committee. On 28 August 2023, he was appointed as a member of the ESOS, a sub-committee under the RC. On 2 January 2025, he was re-designated as a member of the Audit Committee and ceased to be a member of Nomination Committee.

He is a Fellow Member of the Institute of Chartered Accountants in England & Wales (ICAEW), Business Finance Professional (ICAEW), a Chartered Accountant of the Malaysian Institute of Accountants and was awarded ICAEW's Certificate in Sustainability.

After completing his ICAEW with over 8 years public practice in London, he returned to Malaysia and worked briefly for a local bank until recruited to join HSBC in its Hong Kong headquarters. This was followed by over 26 years of international expatriation in C-suite roles at the L'Oreal Group and the Ciba-Geigy (now Novartis) Group, managing their subsidiaries in Melbourne, Seoul, Paris, Bangkok, Singapore, Jakarta, Taipei and Hong Kong. He was on the Boards of these subsidiaries representing the public listed parent company's interests.

Following his repatriation to Malaysia on the Talent Corp programme he was the Acting Global CEO/Global CFO of Crabtree & Evelyn London until its divestment. From 2011-2014, he was an Independent Director and Audit Committee Chairman of an ASX-listed junior mining company. He was Vice-Chairman of the Taipei English School and Board member of the Taipei European Schools, Associate Faculty Member of the Othman Yeop Abdullah Graduate School of Business at Universiti Utara Malaysia, current member of the Sunway University Business School Industry Advisory Board and a pro-bono guest speaker at various local Universities and the Malaysian Institute of Corporate Governance.

Presently, he also sits on the board of directors of Malton Berhad and Prestar Resources Berhad as an Independent Non-Executive Director. He is a member of Malton Berhad's Audit Committee and Nomination Committee, Chairman of Prestar Resources Berhad's Audit Committee and a member of its Nomination and Remuneration Committees. In addition, he is an Executive Director of a private company operating a premium grocery brand.

He has attended all the Board Meetings held during the financial year ended 30 June 2025. He does not have any family relationship with any Director and/or Major Shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 30 June 2025.

The particulars of his shareholdings are set out on page 152 of this Annual Report.

Profile of Board of Directors

CHEW FOOK AUN

Independent
Non-Executive Director

Age	63
Gender	Male
Nationality	Malaysian

Chew Fook Aun was appointed to the Board on 17 April 2023 as our Independent Non-Executive Director. On 28 August 2023, he was appointed as a member of the Audit Committee, Risk Management Committee, Remuneration Committee ("RC") and Alternate Chairman of the Nomination Committee and Chairman of the ESOS Committee. On 2 January 2025, he was re-designated as the Chairman of Audit Committee.

Chew Fook Aun has over 30 years of experience in accounting, auditing and finance in the United Kingdom and Hong Kong. He graduated from the London School of Economics and Political Science of the University of London with a Bachelor of Science (Economics) Degree. He is a certified public accountant, a Fellow Member of The Institute of Chartered Accountants in England and Wales (ICAEW), the Hong Kong Institute of Certified Public Accountants (HKICPA) and The Hong Kong Institute of Directors (HKIoD).

He is the Deputy Chairman and Executive Director (until 1 June 2023) of the Lai Sun Group of companies which is listed on the Hong Kong Stock Exchange. With effect from 2 June 2023, he was re-designated as the Deputy Chairman and Non-Executive Director of Lai Sun Garment (International) Ltd, Lai Sun Development Company Ltd and Lai Fung Holdings Ltd as announced to the Hong Kong Stock Exchange.

Prior to joining the Lai Sun Group, he was an executive director and the group chief financial officer of Esprit Holdings Limited, an executive director and the chief financial officer of The Link REIT. He was also the chief financial officer of Kerry Properties Limited, a director of corporate finance for Kerry Holdings Limited and an executive director of Kyard Limited in charge of the property portfolio of a private family office.

He was a council member of the Hong Kong Institute of Certified Public Accountants and its vice president in 2010. He was also a Council member of the Financial Reporting Council ("FRC"), a member of the Independent Audit Oversight Reform Committee and a member of the Investigation and Compliance Committee of the FRC. He was a member of the Advisory Committee of the Securities and Futures Commission, the Citizens Advisory Committee on Community Relations of the Independent Commission Against Corruption ("ICAC"), the Corruption Prevention Advisory Committee of the ICAC and the Operations Review Committee of the ICAC. He was a member of the Standing Committee on Company Law Reform of the Companies Registry. He was also a member of the Hong Kong Judiciary Barristers Disciplinary Tribunal Panel.

He is a member of the Board of Directors of the Hong Kong Sports Institute Limited (HKSI) and its current Vice Chairman. He is also a member of the Board of the Directors of The Asian Youth Orchestra and a Council Member of the Hong Kong Polytechnic University. He was appointed as a board member of the Securities & Futures Commission in Hong Kong on 1 January 2023.

He has attended all the Board Meetings held during the financial year ended 30 June 2025. He does not have any family relationship with any Director and/or Major Shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 30 June 2025.

He does not hold any directorship in other public companies and listed issuers in Malaysia.

The particulars of his shareholdings are set out on page 152 of this Annual Report.

Profile of Board of Directors

KUNG CHIN WOON

Independent
Non-Executive Director

Age	57
Gender	Female
Nationality	Malaysian

Kung Chin Woon was appointed to the Board on 2 January 2025 as our Independent Non-Executive Director, Chairwoman of Nomination Committee and member of the Audit Committee, Risk Management Committee, Remuneration Committee and ESOS Committee.

She is a senior legal practitioner. She has been in legal practice since 1995 and is currently a partner of Messrs. Shearn Delamore & Co. and a member of their management committee. She has also served on the board of World Law Group, a global network of leading independent law firms, as the regional director for the Asia Pacific region from 2020 to 2022. She graduated with a Bachelor of Laws (Honours) degree from the University of Leicester, United Kingdom in 1992 and obtained the Certificate in Legal Practice in 1994. She was admitted as an Advocate and Solicitor of the High Court of Malaya in 1995 and has been a member of the Bar Council Malaysia since then.

Kung Chin Woon's legal practice covers a broad range of banking and debt capital market transactions across a diverse spectrum of loans and financing facilities, including acquisition financing, green and sustainable financing, project financing, structured lending, real estate financing, trade facilities, Islamic financing, issuance of corporate bonds, sustainability-linked notes and Sukuk. She represents lenders, borrowers as well as guarantors and financial advisers in cross-borders and domestic financing facilities and arrangements. She also advises on corporate debt restructuring and provides regulatory advice on exchange control regulations, banking and financial institutions regulations, finance and securities laws. She is involved in private wealth and succession planning and advises on trusts and foundation structures.

Presently, she also sits on the board of directors of Jentayu Sustainables Berhad as an Independent Non-Executive Director. She is the Chairperson of the Risk Committee and a member of the Audit Committee, Investment Committee and Sustainability Committee in Jentayu Sustainables Berhad.

She has attended all the Board Meetings held in 2025 for the financial year ended 30 June 2025. She does not have any family relationship with any Director and/or Major Shareholder of the Company and has no conflict of interest with the Company. She has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on her by any relevant regulatory bodies, which were material and made public during the financial year ended 30 June 2025.

The particulars of her shareholdings are set out on page 152 of this Annual Report.

Profile of Board of Directors

JAIMIE SIA ZUI KENG

Independent
Non-Executive Director

Age	53
Gender	Male
Nationality	Malaysian

Jaimie Sia Zui Keng was appointed to the Board on 28 August 2025 as our Independent Non-Executive Director and as a member of the Audit Committee, Risk Management Committee and Remuneration Committee.

He was formerly Executive Director/ Head of Group Capital Markets at RHB Investment Bank. He brings over 30 years of financial services experience specialising in M&A, capital markets and financial advisory and led the de novo buildout of the equity and debt capital market business across South East Asia.

He was also Head of Private Equity and a prior Board member of RHB Private Equity Holdings Sdn. Bhd. where he oversaw over USD180 million of assets under management primarily focused on global mid-stream infrastructure assets in the energy sector.

At RHB, he played key roles in various committees which oversaw the audit, risk, management and underwriting functions of the investment banking business, contributing to group wide strategic decision making. He also previously served on the Malaysia Investment Banking Association's ("MIBA") Executive Committee and Corporate Finance Committee as well as Securities Industry Development Centre's (SIDC) Continuing Professional Education Framework sub-committee as MIBA's representative.

He earned his Bachelor of Economics degree in accounting & finance from Monash University. He is a CFA Charterholder.

He does not have any family relationship with any Director and/or Major Shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 30 June 2025.

He does not hold any directorship in other public companies and listed issuers.

The particulars of his shareholdings are set out on page 152 of this Annual Report.

Profile of Board of Directors

LAM JIUAN JIUAN

Non-Independent
Non-Executive Director

Age	73
Gender	Female
Nationality	Australian

Lam Jiuan Jiuan was appointed to the Board on 30 November 2012 as our Non-Independent Non-Executive Director. She is the Chairwoman of the Risk Management Committee and a member of the Nomination Committee. On 28 August 2023, she was appointed as a member of the ESOS Committee. On 2 January 2025, she was appointed as a member of Audit Committee. She has a vast 40 years of experience from the financial and corporate management industry.

She started out in 1976, where she joined the Commercial Banking Company of Sydney, as a management trainee, where she gained a wide spectrum of retail banking experience before moving on to join Tricontinental Australia Limited in 1978. In 1979, she moved to Hong Kong and joined Toronto Dominion Bank in its Asia and Australasia Division, responsible for credit approvals of banks/corporate and monitoring country limits. In 1986, she joined the Canadian Imperial Bank of Commerce for three (3) years as the Corporate Marketing Manager in charge of major public listed companies and as well as corporate company accounts. She joined Barclays Bank PLC in 1989 as a private banker and resigned in June 2015 as a Senior Banker in the bank's Wealth Investment Management Division.

Subsequently, she worked in a private family office of one of the leading property developers in Hong Kong and had since retired in 2016. She has since been with the Hong Kong Office of Zedra Group, a major independent trust, corporate and fund services group, as Private Clients Advisor.

She graduated with a Bachelor of Economics majoring in Accounting and Commercial Laws from the University of Sydney, Australia in 1976. She is also a Fellow of Certified Public Accountant, Australia as well as a member of the Hong Kong Registered Financial Planners.

She has attended all Board Meetings held during the financial year ended 30 June 2025. Goh Yen Yen and Goh Leng Kian are her siblings and Goh Miah Kiat is her nephew. She is the spouse of Lam Yiu Pang, Albert, a major shareholder of the Company. She has no conflict of interest with the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on her by any relevant regulatory bodies, which were material and made public during the financial year ended 30 June 2025.

She does not hold any directorship in other public companies and listed issuers.

The particulars of her shareholdings are set out on page 152 of this Annual Report.

Profile of Board of Directors

GOH YEN YEN

Non-Independent
Non-Executive Director

Age	82
Gender	Female
Nationality	Malaysian

Goh Yen Yen was appointed to the Board on 30 November 2012 as our Executive Director in Administration with over 20 years of experience in handling human resource, finance and administration system, internal quality auditing and also hands-on experience in budget, control and overhead cost and capital expenditure.

She is a member of the Remuneration Committee. On 31 August 2018, she was re-designated from Executive Director to Non-Independent Non-Executive Director. She graduated with a Bachelor's Degree of Art in Geography with Honours from the University of Malaya in 1969. Prior to joining Karex in 1996, she was a teacher in various secondary schools in Johor for 26 years.

She has attended all the Board Meetings held during the financial year ended 30 June 2025. Goh Leng Kian and Lam Jiuan Jiuan are her siblings and Goh Miah Kiat is her nephew. She has no conflict of interest with the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on her by any relevant regulatory bodies, which were material and made public during the financial year ended 30 June 2025.

She does not hold any directorship in other public companies and listed issuers.

The particulars of her shareholdings are set out on page 152 of this Annual Report.

Profile of Board of Directors

GOH LENG KIAN

Non-Independent
Non-Executive Director

Age	70
Gender	Male
Nationality	Malaysian

Goh Leng Kian was appointed to the Board on 27 September 2012 as our Executive Director in Technical and Research and Development ("R&D"). He has over 30 years of experience in the rubber and latex industry. On 31 August 2025, he was re-designated as Non-Independent Non-Executive Director.

His experience includes the establishment of the condom and catheter manufacturing plants, exposing him to a wide spectrum of roles including the supervision and management for the detail design, construction, installation, commissioning and testing of all related equipment, systems as well as the facilities of the projects.

His career started in 1980 with Ban Seng Hong Sdn. Bhd. as a Mechanical Engineer, where he was in charge of the engineering unit for the company's rubber processing facilities. He joined our Group in 1988. He is currently responsible for overseeing our Group's manufacturing facilities, including production and technical matters. This includes the construction and development of our condom dipping lines, electronic testing and foiling machines, R&D activities such as improving the dipping process, new automation to improve production efficiency and product quality and overall yield of the factories as well as sourcing of new packaging machinery. He graduated with a Bachelor of Science Degree with Honours in Mechanical Engineering from the Loughborough University of Technology, UK in 1979.

He has attended all the Board Meetings held during the financial year ended 30 June 2025. Goh Yen Yen and Lam Jiuan Jiuan are his siblings and Goh Miah Kiat is his nephew. He has no conflict of interest with the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 30 June 2025.

He does not hold any directorship in other public companies and listed issuers.

The particulars of his shareholdings are set out on page 152 of this Annual Report.

Profile of Board of Directors

GOH MIAH KIAT

Executive Director
Chief Executive Officer

Age	47
Gender	Male
Nationality	Malaysian

Goh Miah Kiat was appointed as our Chief Executive Officer on 29 July 2013. He became an integral part of our Group since 1999 and for over 10 years, he has been overseeing the marketing and logistics, international business dealings, brand development and coordination activities. He was appointed to the Board on 25 February 2020 as our Executive Director.

Goh Miah Kiat has been acting as a representative of Malaysia in TC 157 (the technical committee for the standardisation of non-systemic contraceptives and STI barrier prophylactics) since year 2000.

Throughout his career, Goh Miah Kiat has actively contributed to the development and promotion of condoms in Malaysia. He played a part in the development of the following:

- Global condom standard ISO4074
- MS ISO 16037:2010 in association with SIRIM, Malaysia
- ISCR/TC 8 - Non Systematic Contraceptives and STI Barrier Prophylactics

Goh Miah Kiat graduated with a Bachelor's Degree in Economics and Management from the University of Sydney in 1999. He was named winner of the Master and Overall categories of the Ernst & Young Entrepreneur of the Year 2016 Malaysia award.

He has attended all the Board meetings held during the financial year ended 30 June 2025. He is the nephew of Goh Yen Yen, Goh Leng Kian and Lam Jiuan Jiuan, the Board members of the Company. He has no conflict of interest with the Company and has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 30 June 2025.

He does not hold any directorship in other public companies and listed issuers.

The particulars of his shareholdings are set out on page 152 of this Annual Report.

Profile of Key Senior Management

WONG YOUR CAN

Chief Strategy & Financial Officer

Age	48
Gender	Male
Nationality	Malaysian

Wong Your Can was appointed as our Chief Strategy Officer in October 2016. On 30 June 2025, he was redesignated as Chief Strategy and Financial Officer. He holds a Bachelor of Business in Accountancy from RMIT University, Melbourne, Australia. He obtained his professional qualification from Certified Public Accountant, Australia and is currently a Chartered Accountant with the Malaysian Institute of Accountants.

He began his career in the financial services industry with roles in financial reporting and assurance, gaining exposure across various industries. Following that, he accumulated working experience in the corporate finance space having raised funds in both the equity capital markets as well as debt capital markets. He was also involved in originating and executing several mergers and acquisitions.

He does not have any family relationship with any Director and/or Major Shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on him by any relevant regulatory bodies, which were material and made public during the financial year ended 30 June 2025.

He does not hold any directorship in other public companies and listed issuers.

Profile of Key Senior Management

DR LIM LAI PENG

Chief Innovation Officer

Age	45
Gender	Female
Nationality	Malaysian

Dr Lim Lai Peng was appointed as our Chief Innovation Officer on 30 June 2025. She holds a Doctor of Philosophy (PhD) in Chemistry from Universiti Malaya, Kuala Lumpur, Malaysia and has been a registered Chemist with the Malaysian Institute of Chemistry since 2007.

With six years of experience in the latex compounding industry, she has been responsible for formulating prevulcanised latex and providing technical troubleshooting for various latex applications prior to joining Karex. Since joining Karex in 2011, she has been responsible for quality and regulatory affairs compliance.

She does not have any family relationship with any Director and/or Major Shareholder of the Company and has no conflict of interest with the Company. She has not been convicted of any offences within the past 5 years other than traffic offences, if any. There were no sanctions and/or penalties imposed on her by any relevant regulatory bodies, which were material and made public during the financial year ended 30 June 2025.

She does not hold any directorship in other public companies and listed issuers.

Corporate Governance Overview Statement

The Statement provides an overview of the application of the corporate governance practices of the Group during the financial year ended 30 June 2025 with reference to the three (3) main principles as set out in the Malaysian Code on Corporate Governance 2021 ("MCCG") as follows:

"This Corporate Governance Overview Statement is presented pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

PRINCIPLE A:
Board Leadership and Effectiveness

1. Board Responsibilities
2. Board Composition
3. Remuneration

PRINCIPLE B:
Effective Audit and Risk Management

1. Audit Committee
2. Risk Management and Internal Control Framework

PRINCIPLE C:
Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

1. Engagement with Stakeholders
2. Conduct of General Meetings

The Board has also provided more disclosures on the application of each Practice in its Corporate Governance Report ("CG Report"). The CG Report was announced together with the Annual Report of the Company on 28 October 2025. Shareholders may download the CG Report through the Company's website link at https://www.karex.com.my/ for further details and are advised to read this overview statement together with the CG Report.

At the start of the financial year 2025, Karex was not a "Large Company" as defined in the MCCG. Overall, the Board is of the view that the Company has, in all material aspects, complied with the Practices as set out in the MCCG except for Practice 8.2 on the disclosure of the top five senior management's remuneration on a named basis. The explanation for the departure of the above mentioned practice is reported in the announced CG Report.

Corporate Governance Overview Statement

A Board Leadership and Effectiveness

1. Board Responsibilities

It is the overall governance responsibility of the Board of Directors (the "Board") to lead and control the Group. The Board, while overseeing the strategic direction and conduct of the business, leads the Group within a framework of effective controls and has embraced the responsibilities listed in the MCCG to effectively discharge the Board's stewardship and fiduciary responsibilities.

The Board has defined and formalised its Board Charter and it is published on the Company's website. The Board Charter serves as a reference for the Directors' fiduciary duties and the functions of the Board Committees. The Board reviews the Board Charter periodically to ensure that it remains relevant and consistent with the Board's objective, regulations and best practices. The Board is also guided by key matters reserved for the Board for its deliberation and decision to ensure that the direction and control of the Group's businesses vested in its hands are managed and attended to effectively.

Certain Board authorities and discretion are delegated and conferred on the Chief Executive Officer ("CEO") as well as on properly constituted Committees comprising Non-Executive Directors which operate within clearly defined Terms of Reference ("TOR").

There is a clear division of responsibilities between the Chairperson and CEO to ensure an optimum and effective segregation of duty and authority. These key individuals play a vital role in bringing the Group to greater heights of success whilst ensuring strong foundation blocks of corporate governance, transparency and integrity form part of its fundamentals.

The Board is currently led by Professor Dato' Dr. Adeeba binti Kamarulzaman, an Independent Non-Executive Director who provides strong leadership, instils and monitors good corporate governance practices, leadership and effectiveness of the Board.

Professor Dato' Dr. Adeeba binti Kamarulzaman was appointed as the Chairwoman of the Board on 2 January 2025 following the resignation of Dato' Dr. Ong Eng Long @ Ong Siew Chuan as Chairman of the Board.

In line with the best practices outlined in the MCCG Practice 1.4, which states that the Chairperson of the Board should not be a member of the Audit Committee ("AC"), Nomination Committee ("NC"), or Remuneration Committee ("RC"), Professor Dato' Dr. Adeeba subsequently resigned from all Board Committees, including the AC, NC, RC and Risk Management Committee ("RMC"), effective the same date.

Following her resignation, the Board undertook a reconstitution of the affected Board Committees to ensure continued effectiveness, proper oversight and adherence to corporate governance best practices. The current composition of the various Board Committees as at the date of this Statement is provided in the respective sections of each Committee within this Corporate Governance Overview Statement.

The Board remains committed to maintaining a sound governance structure that promotes accountability, independence and the effective discharge of its duties.

Corporate Governance Overview Statement

A Board Leadership and Effectiveness

1. Board Responsibilities

The CEO, Goh Miah Kiat is responsible for the overall day-to-day running of the Group's operating units and implementation of the Group's policies and strategic plans established by the Board within a set of authorities delegated by the Board. The detailed roles and responsibilities of the Chairwoman and the CEO can be found in the Board Charter on the Company's website at https://www.karex.com.my/.

The CEO is responsible for making and implementing operational and corporate decisions while the Non-Executive Directors balance the Board's accountability by providing their independent views, advice and judgment to safeguard the interests of the shareholders.

The Board has unrestricted and timely access to all information necessary for the discharge of its responsibilities. All Directors also have access to the services and advice of Management and other independent professionals, at the expense of the Group in the discharge of their duties.

The Board has identified Chew Fook Aun, Chairman of the AC and Independent Non-Executive Director, acting as the point of contact for shareholders to approach for concerns and seek clarification from the Board.

Whistleblowing Policy

The Company has established a Whistleblowing Policy to provide clear lines of communication and reporting of concerns for employees at all levels. The channel for communication for whistleblowing can be made to the Board Chairperson or Audit Committee Chairperson via email to whistleblowing@karex.com.my or post to the following mailbox:

Karex Berhad Whistleblowing Channel
594, Persiaran Raja Lumu,
Pandamaran Industrial Estate.
42000 Port Klang, Selangor, Malaysia.

The Whistleblowing Policy is published on the Company's website.

Anti-Bribery Policy

The Company has established Anti-Bribery and Corruption Policy to have a clear and unambiguous policy statement on the Company's position regarding bribery and corruption i.e. a zero-tolerance approach against all forms of bribery and corruption, it sets out the guidelines which ensure business activities are conducted with integrity to avoid bribery and corruption in daily operations. The policy is disseminated to all employees together with an awareness training session and is made available and accessible on the Company's website at https://www.karex.com.my/.

Sustainability Governance

The Board recognises the importance of incorporating sustainability and governance alongside financial goals to achieve its long-term objectives. A Sustainability Working Committee led by CEO was established to focus on developing and implementing sustainability initiatives within the Company.

The Sustainability Working Committee reports to the Risk Management Committee which oversees the formulation, implementation and effective management of the Company's sustainability strategies and targets. These strategies will be reviewed by the Board to ensure that the Company makes responsible decisions to achieve long term growth that is inclusive of all stakeholders. Further sustainability details could be found in the Sustainability Statement on pages 18 to 48 of this Annual Report.

Company Secretary

The Board is assisted by three (3) qualified and competent Company Secretaries. All three Company Secretaries are members of the Malaysian Institute of Chartered Secretaries and Administrators. The Company Secretaries advise the Board, particularly with regards to compliance with regulatory requirements, guidelines, legislations and the principles of best corporate governance practices.

Further information of the roles and responsibilities carried out by the Company Secretaries are set out in Practice 1.5 of the Company's CG Report.

Corporate Governance Overview Statement

Board Commitment

The underlying factors of the Directors' commitment to the Group are devotion of time and continuous improvement of knowledge and skill sets. Board meetings and Board Committee meetings for the ensuing financial year are scheduled in advance in consultation with the Directors to ensure optimum attendance. The Board meets at least once every quarter and on other occasions, as and when necessary, to inter-alia approve quarterly financial results, statutory financial statements, the Annual Report, business plans, acquisition and expansion, as well as to review the performance of the Company and its operating subsidiaries, governance matters and other business development matters. Where appropriate, the Board may resolve and approve various matters by way of written resolutions.

The Board papers are circulated to the Board members prior to the Board meetings to provide the Directors with relevant and timely information to enable them to conduct proper deliberation on board issues and to discharge their responsibilities with reasonable due care, skills and diligence.

The minutes of the Board meetings are circulated to all Directors for their perusal prior to confirmation of the minutes at the commencement of the next Board meeting. The Board also noted the decisions and salient issues deliberated by Board Committees through the minutes of the respective Board Committees.

Corporate Governance Overview Statement

A Board Leadership and Effectiveness

1. Board Responsibilities

During the financial year, five (5) Board meetings were held. The Directors' attendance at Board and Board Committee meetings held during the financial year are provided below:

Director	Meeting Attendance				
	Board of Directors	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee
Professor Dato' Dr. Adeeba binti Kamarulzaman Chairwoman Independent Non-Executive Director • Resigned as NC Chairwoman on 2 January 2025 • Resigned as AC, RC, RMC member on 2 January 2025 • Appointed as Chairwoman on 2 January 2025	5/5	3/3	0/1	0/1	0/1
Dato' Dr. Ong Eng Long @ Ong Siew Chuan Chairman Senior Independent Non-Executive Director • Resigned as Chairman on 2 January 2025	3/3	-	-	-	-
Dato' Edward Siew Mun Wai Independent Non-Executive Director • Resigned as NC member on 2 January 2025 • Re-designated from AC Chairman to AC Member on 2 January 2025	5/5	5/5	1/1	1/1	2/2
Chew Fook Aun Independent Non-Executive Director • Re-designated as AC Chairman on 2 January 2025	5/5	5/5	1/1	1/1	2/2
Kung Chin Woon Independent Non-Executive Director • Appointed as Director on 2 January 2025 • Appointed as NC Chairman on 2 January 2025 • Appointed as AC, RC, RMC member on 2 January 2025	2/2	2/2	-	-	1/1
Jaimie Sia Zui Keng Independent Non-Executive Director • Appointed as Director on 28 August 2025 • Appointed as AC, RC, RMC member on 28 August 2025	-	-	-	-	-
Lam Jiuan Jiuan Non-Independent Non-Executive Director • Appointed as AC member on 2 January 2025	5/5	2/2	1/1	-	2/2
Goh Yen Yen Non-Independent Non-Executive Director	5/5	-	-	1/1	-
Goh Leng Kian Non-Independent Non-Executive Director • Re-designated as Non-Executive Director on 31 August 2025	5/5	-	-	-	-
Goh Miah Kiat Executive Director Chief Executive Officer	5/5			-	

Chairperson Members

Corporate Governance Overview Statement

The Board is satisfied with the time commitment given by the Directors as demonstrated by their full attendance at the meetings of the Board and Board Committees.

The Directors recognise the need to attend trainings to enable them to discharge their duties effectively. The training needs of each Director are identified and proposed by the individual Directors or Nomination Committee.

The following are trainings attended by the Directors during the financial year:

Director	Trainings Attended
Professor Dato' Dr. Adeeba binti Kamarulzaman Chairwoman Independent Non-Executive Director (Appointed as Chairwoman on 2 January 2025)	• Senior Management Strategic Planning Training & Workshop – Monash University • Leading at Monash Program • ASEAN Economic Opinion Leaders Conference: Outlook for 2025
Dato' Edward Siew Mun Wai Independent Non-Executive Director	• Board Ethics: Growing Concerns from New Technology, Stakeholder Interests & Conflict of Interest (Bursa Malaysia) • Audit Oversight Board's Conversation with Audit Committee (Securities Commission) • Understanding the Challenges of an Independent Director (MSWG) • Residential Property Conference 2024 (ICAEW)
Chew Fook Aun Independent Non-Executive Director	• Aligning Risk Management to Strategy and Purpose • Carbon Market: What Directors Need to Know
Kung Chin Woon Independent Non-Executive Director (Appointed on 2 January 2025)	• Mandatory Accreditation Programme Part II: Leading for Impact
Jaimie Sia Zui Keng Independent Non-Executive Director (Appointed on 28 August 2025)	• Not applicable, as he was appointed on 28 August 2025
Lam Jiuan Jiuan Non-Independent Non-Executive Director	• Australian CPA Virtual Congress • 1st day of Deutsche Bank HK Emerging Market Family Office Forum at HK Palace Museum Visit and Talk
Goh Yen Yen Non-Independent Non-Executive Director	• Harmony or Power Play? Decoding Board Management Relationships
Goh Leng Kian Non-Independent Non-Executive Director (Re-designated as Non-Executive Director on 31 August 2025)	• Harmony or Power Play? Decoding Board Management Relationships
Goh Miah Kiat Executive Director Chief Executive Officer	• Mandatory Accreditation Programme Part II – Leading for Impact • The 40th meeting of ISO/TC 157

Corporate Governance Overview Statement

A Board Leadership and Effectiveness

2. Board Composition

The Board has nine (9) members comprising five (5) Independent Non-Executive Directors, three (3) Non-Independent Non-Executive Directors and one (1) Executive Director, constituting more than one-third (1/3) of Independent Directors.

The Board Chairwoman, being independent and non-executive, chairs effective meetings and discussion, promotes active participation and critical discussions among the Board members and senior management.

Pursuant to the Constitution of the Company, an election of Directors shall take place each year at the Annual General Meeting of the Company, where one-third of the Directors for the time being, or nearest to one-third shall retire from office and be eligible for re-election.

The Board values independence greatly as it is important for ensuring objectivity and fairness in the Board's decision making. All Independent Directors of the Board comply with the criteria of 'independent directors' as prescribed in the MMLR.

The Board has adopted the following practices of the MCCG in order to uphold the independence of Independent Directors:

(i) Subject to Board's justification and shareholders' approval, tenure of Independent Directors should not exceed a cumulative term of nine (9) years; and

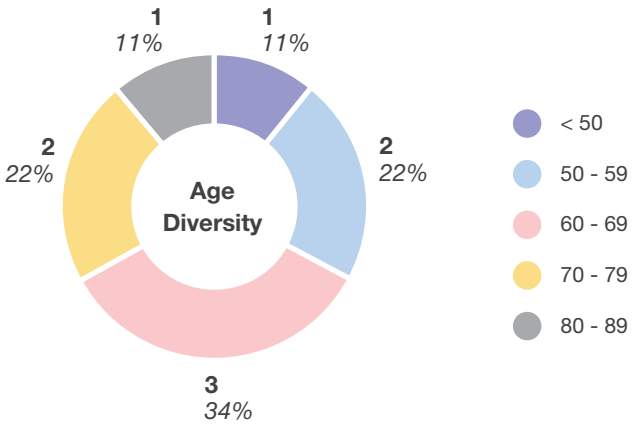
(ii) Assessment of independence of its Independent Directors focusing on events that would affect the ability of Independent Directors to continue bringing independent and objective judgment to board deliberation and the regulatory definition of Independent Directors.

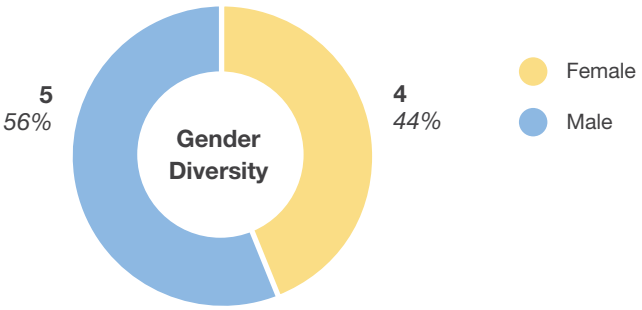
An Independent Director may continue to serve the Board upon completion of the nine (9) years subject to re-designation of the Independent Director as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine (9) years, the Board will provide justification for its decision and seek shareholders' approval through a two-tier voting process. All the independent directors have served the Board for less than nine (9) years as at 30 June 2025.

The Board is satisfied with the level of independence demonstrated by the Independent Directors, their performance and contribution, as well as the ability to act in the best interest of the Company and/or the Group.

The Board members have diverse backgrounds and experiences in various fields. Collectively, they bring a broad range of skills, experience and knowledge to direct and manage the Group's businesses. Championing diversity and equality within the Group, the Board provides fair and equal opportunities to individuals regardless of age, race, or gender. As such, there are four (4) capable female directors sitting on the Board, accounting for 44% of the Board's composition. The Board embraces diversity in the boardroom and views diversity as an imperative and believes that diversity is required to support the execution of its business strategy. Therefore, a range of perspectives coming from different walks of life and various experiences at the Senior Management level of the Group is also highly cultivated. Accordingly, the Board does not discriminate against any board member and board candidate on the grounds of race, gender, nationality, religion, sexual orientation and family status.

The current diversity in age distribution and gender of the existing Board is as follows:





The Diversity Policy can be found on the Company's website at https://www.karex.com.my/.

Corporate Governance Overview Statement

NOMINATION COMMITTEE

The NC is established and maintained to ensure formal and transparent procedures are in place for the evaluation and appointment of new directors to the Board, as well as the performance appraisal of existing directors. The current NC comprising Non-Executive Directors with a majority being Independent Non-Executive Directors are as follows:

CHAIRWOMAN

Professor Dato' Dr. Adeeba binti Kamarulzaman
Independent
Non-Executive Director
(Resigned on 2 January 2025)

Kung Chin Woon
Independent
Non-Executive Director
(Appointed on 2 January 2025)

MEMBERS

Dato' Edward Siew Mun Wai
Independent
Non-Executive Director
(Resigned on 2 January 2025)

Chew Fook Aun
Independent
Non-Executive Director

Lam Jiuan Jiuan
Non-Independent
Non-Executive Director

The TOR sets out the duties and functions of the NC and can be found on the Company's website.

The Company adopted the Directors' Fit and Proper Policy to guide the NC and the Board in reviewing and assessing potential candidates for appointment and re-election as Directors of the Company and its subsidiaries.

The Board recognises the value of appointing individual directors who bring a diversity of opinions, perspectives, skills, experiences, backgrounds and orientations to its discussions and decision-making processes.

In this context, and with the Board's mandate, the NC establishes criteria to appraise its Board members focusing on:

- Constructive interaction during board meetings;
- Quality inputs and sharing of insights on board agenda;
- Board meeting attendance and preparation; and
- Independence for independent directors.

The NC is responsible for reviewing and making recommendations of any appointments to the Board for approval based on the size of the Board, the relevant mix of skills, experiences and other qualities of the candidates. The NC leverages on the Directors' wide network of professional and business contacts as well as various channels to identify suitable qualified candidates. The Board has also utilised independent sources to identify suitably qualified candidates for appointment of new Directors to the Board. For appointment of an Independent Director, the NC would also assess whether the candidate meets the requirements for independence based on the criteria prescribed under the MMLR of Bursa Malaysia.

The NC reviews the tenure and performance of each retiring director, where the re-election of a director would be contingent on satisfactory evaluation of the director's performance and contribution to the Board.

The NC assists the Board in reviewing the composition of the Board members annually and ensures that the current composition of the Board functions competently and effectively.

Corporate Governance Overview Statement

A Board Leadership and Effectiveness

2. Board Composition

The NC has conducted one (1) meeting during the financial year and a summary of key activities undertaken by the NC in discharging its duties are as below:

- Reviewed and assessed the performance and effectiveness of the Board as a whole, the Board Committees and the contribution of each individual director;
- Reviewed and recommended to the Board the composition of the Executive and Non-Executive Directors on the Board and Board Committees;
- Reviewed and recommended to the Board the appointment of a new Director;
- Reviewed and assessed the independence of Independent Directors;
- Reviewed and assessed the terms of office and performance of the AC and each of its members;
- Reviewed and assessed the training needs of the Directors;
- Reviewed and assessed the performance of the Senior Management; and
- Reviewed the re-election of Directors at the 12th Annual General Meeting of the Company.

Based on the NC's assessment, the Board concluded that the current size and composition of the Board is balanced and sufficient for the time being. Utilising diverse skills, experience and knowledge, the Board as a whole and its Board Committees have been effective in discharging their functions. The NC and the Board are generally satisfied with the level of independence demonstrated by all the Independent Directors and their ability to bring independent and objective judgment to the Board deliberations. The NC also opined that the AC and all its members have carried out their duties in accordance with the TOR.

3. Remuneration

REMUNERATION COMMITTEE

The RC is responsible for reviewing and recommending to the Board the remuneration policy and remuneration packages of Directors. They also consider the recommendation of the CEO regarding the remuneration of his Senior Management team. Composition of the RC are as follows:

CHAIRMAN

Dato' Edward Siew Mun Wai
Independent
Non-Executive Director

MEMBERS

Professor Dato' Dr. Adeeba binti Kamarulzaman
Independent
Non-Executive Director
(Resigned on 2 January 2025)

Chew Fook Aun
Independent
Non-Executive Director

Kung Chin Woon
Independent
Non-Executive Director
(Appointed on 2 January 2025)

Jaimie Sia Zui Keng
Independent
Non-Executive Director
(Appointed on 28 August 2025)

Goh Yen Yen
Non-Independent
Non-Executive Director

Corporate Governance Overview Statement

A sub-committee, Employees' Share Option Scheme ("ESOS") committee was established under the purview of the RC comprising Chew Fook Aun as the Chairman and Dato' Edward Siew Mun Wai, Lam Jiuan Jiuan and Kung Chin Woon as its members to assist the Board to implement and administer the ESOS in accordance with the provisions of the By-Laws.

The TOR which set out the duties and functions of both the RC and ESOS Committee can be found on the Company's website.

The RC annually reviews the remuneration packages of the Executive and Non-Executive Directors for recommendation and approval by the Board. The remuneration of Directors is determined at levels which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively. All Directors shall abstain from participating in the decision making of his or her remuneration.

The RC also evaluates the Senior Management's remuneration based on the recommendations of the CEO who has in turn appraised each Senior Management on their Key Performance Indicators and deliverable business results, experience, expertise, skills and industry benchmarks. This remuneration is maintained at a level which enables the Company to attract, develop and retain high performing individual with the relevant experience and expertise.

The remuneration packages for the CEO and Senior Management comprises fixed basic salary, benefits in kind and allowances as well as variable component comprising the annual discretionary performance bonus. The Non-Executive Director's remuneration package comprises Directors' fees and meeting allowances which reflect their roles and responsibilities.

During the financial year, one (1) RC meeting was held to review and recommend the adjustment of Directors' remunerations and fees for the Board's and shareholders' approval respectively.

Corporate Governance Overview Statement

A Board Leadership and Effectiveness

3. Remuneration

DIRECTORS' REMUNERATION

The breakdown of the Directors' remuneration for the year ended 30 June 2025 are as follows:

	Group					Company		
	Fees [1]	Salaries, Bonuses & Allowances [2]	Benefits [3]	EPF	Total	Fees [1]	Allowances [2]	Total
Director	RM	RM	RM	RM	RM	RM	RM	RM
Dato' Dr. Ong Eng Long @ Ong Siew Chua	90,000	2,000	-	-	92,000	90,000	2,000	92,000
Professor Dato' Dr. Adeeba binti Kamarulzaman	97,500	4,500	-	-	102,000	97,500	4,500	102,000
Dato' Edward Siew Mun Wai	97,500	7,500	-	-	105,000	97,500	7,500	105,000
Chew Fook Aun	92,500	7,500	-	-	100,000	92,500	7,500	100,000
Kung Chin Woon	22,500	2,500	-	-	25,000	22,500	2,500	25,000
Lam Jiuan Jiuan	90,000	5,500	-	-	95,500	90,000	5,500	95,500
Goh Yen Yen	80,000	3,500	-	-	83,500	80,000	3,500	83,500
Goh Leng Kian	-	1,233,000	28,000	233,700	1,494,700	-	3,000	3,000
Goh Miah Kiat	-	2,523,038	28,000	465,500	3,016,538	-	3,000	3,000
	570,000	3,789,038	56,000	699,200	5,114,238	570,000	39,000	609,000

[1] *Fees paid to Non-Executive Directors*
[2] *Salaries, bonuses and meeting allowances for Directors' attendance at each Board and Board Committee meeting*
[3] *Benefits in terms of car-related benefits*

SENIOR MANAGEMENT'S REMUNERATION

The Board deliberated and concluded that the disclosure of Senior Managements' remuneration including the key management personnel in the Audited Financial Statements was adequate. This approach was arrived at having taken into consideration the sensitivity of Senior Managements' remuneration packages and the potential privacy, security and staff poaching issues that may arise due to disclosure.

The Board wishes to provide assurance that the remuneration of Senior Management is continuously evaluated based on individual performance and potential to contribute in relation to the Group's overall performance.

Corporate Governance Overview Statement

B Effective Audit and Risk Management

1. Audit Committee ("AC")

The Board has established an effective and independent AC, comprising of highly accredited members who have vast experience in various fields. Presently, the Chairman of the AC is not the Chairman of the Board.

The responsibilities, composition and summary of work for the AC are outlined in the AC Report on pages 77 to 79 of this Annual Report.

The AC consists of majority of independent directors and all members are Non-Executive Directors and at least one member fulfils the qualifications prescribed by the MMLR. Independence is an essential element for the AC members to fulfil their roles objectively and to provide critical and sound views in ensuring the integrity of financial controls and integrated reporting, while identifying and managing key risks. All members of the AC are financially literate.

The AC has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC and the said policy has been incorporated in the TOR of the AC which is available on the Company's website.

The Board has defined its policy on suitability and independence of External Auditors engaged to assess, review and evaluate the Group's financial matters. In accordance with this policy, the AC will review the qualification, audit performance and execution, provision of non-assurance service and tenure of service of the External Auditors. Annually, the AC also reviews the appointment, performance and remuneration of the External Auditors before recommending them to the Board and subsequently to the shareholders for re-appointment during the AGM.

KPMG PLT, the existing External Auditors of the Company, has in place a policy on rotation for partners of an audit engagement to ensure objectivity, independence and integrity of the audit. The External Auditors have declared their independence to the Group and their compliance with By-Laws (on professional ethics, conduct and independence) of the Malaysian Institute of Accountants.

Corporate Governance Overview Statement

B Effective Audit and Risk Management

2. Risk Management and Internal Control Framework

The Board acknowledges its overall responsibilities for establishing and maintaining sound risk management and internal control systems and for reviewing its adequacy and integrity.

The Board has an established on-going process for identifying, evaluating and managing significant risks which may affect the Company's business objectives. The Board through its Risk Management Committee ("RMC") reviews this process to ensure the internal control and risk management framework is adequate and effective. The present composition of the RMC are as follows:

The details of the Group's risk management and internal control framework are disclosed in the Statement on Risk Management and Internal Control on pages 81 to 85 of the Annual Report.

CHAIRWOMAN

Lam Jiuan Jiuan
Non-Independent
Non-Executive Director

MEMBERS

Professor Dato' Dr. Adeeba binti Kamarulzaman
Independent
Non-Executive Director
(Resigned on 2 January 2025)

Dato' Edward Siew Mun Wai
Independent
Non-Executive Director

Chew Fook Aun
Independent
Non-Executive Director

Kung Chin Woon
Independent
Non-Executive Director
(Appointed on 2 January 2025)

Jaimie Sia Zui Keng
Independent
Non-Executive Director
(Appointed on 28 August 2025)

The internal audit function is outsourced to Moore Risk Consulting Sdn. Bhd. ("MOORE") (formerly known as Moore Stephens Associates PLT), a chartered accounting firm. The internal audit function is headed by an Executive Director, with the support of a manager to oversee the audit assignments and an average of two (2) executives to carry out the audit fieldworks. The Executive Director in charge is a certified internal auditor and Chartered Member of Institute of Internal Auditors Malaysia, while the other team members are university graduates with adequate experience.

During the financial year under review, all internal audit activities were performed by MOORE with reference to the principles of the International Professional Practices Framework of the Institute of Internal Auditors. The internal audit function provided independent assessments on the adequacy and effectiveness of the Group's internal control and risk management systems. The AC regularly reviewed the work of the internal auditors and ensured that the internal audit engagement remained independent and objective.

As part of the Group's commitment to continuous improvement and audit quality, the AC appointed Ernst & Young Consulting Sdn. Bhd. ("EY") (formerly known as Ernst & Young Advisory Services Sdn. Bhd.) as the new outsourced internal auditor with effect from 9 October 2025, following the conclusion of MOORE's engagement. As at the date of this report, EY had not commenced any internal audit activities.

The AC will continue to review the engagement between the Group and the internal auditors to ensure that the internal auditors' independence and objectivity are maintained throughout their tenure.

Corporate Governance Overview Statement

C Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

1. Engagement with Stakeholders

Corporate disclosure and information are of the utmost importance for investors and shareholders. The Board is advised by Management, the Company Secretaries and the External and Internal Auditors on the contents and timing of disclosure requirements of the MMLR on the financial results and various announcements. The Board ensures that there is timely release of quarterly financial results, circulars, Annual Reports, corporate announcements and press releases. In addition to the various announcements made, further information regarding the Company is available on the Company's website at https://www.karex.com.my/.

Promoting sustainability is part of the corporate responsibility of the Group. The Board has reported the sustainability initiatives undertaken by the Group on pages 18 to 48 of this Annual Report.

2. Conduct of General Meetings

It has always been the Company's practice to maintain a good relationship with its shareholders. Major corporate developments and activities in the Company have always been duly and promptly announced to all shareholders, in line with Bursa Securities' objectives of ensuring transparency and good corporate governance practices. The CEO also holds regular analyst briefings and investor relations meetings as part of the Company's investor relation initiatives.

The CEO presents the Company's performance and major activities carried out during the financial year under review in each Annual General Meeting ("AGM") to provide meaningful insights and encourage shareholder participation. During the AGM, shareholders have the opportunity to enquire about and comment on the Company's performance, direction, development and operations. Similar information is also shared in the press conferences or press releases, if held during the year.

Given the significance of the AGM, the Notice of AGM is circulated at least twenty eight (28) days before the date of the meeting to provide shareholders sufficient time to go through the Annual Report and papers supporting the proposed resolutions.

All the resolutions set out in the Notice of the 12th AGM were put to vote by poll and duly passed. The outcome of the AGM was announced to Bursa Securities on the same day as the meeting.

The Chairperson plays a vital role in fostering constructive dialogue between the Board and the shareholders. All Directors including the Chair of all the respective Board Committees attended the last AGM, where the CEO provided shareholders with a brief review on the Group's financial performance and operations. The Board and the CEO also responded to questions posed by the shareholders.

The Company is committed to maintaining high standards of corporate governance, including transparent and effective communication with its shareholders. In line with this commitment, the Company has adopted the practice of publishing the minutes of its AGMs on its corporate website within 30 business days from the date of each AGM. This practice enhances transparency and allows shareholders, including those who are unable to attend, to stay informed of the key matters discussed and resolutions passed.

The last AGM on 27 November 2024 was held virtually via an online meeting platform.

Shareholders who are unable to attend are allowed to appoint proxies to attend, participate, interact and vote on their behalf.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board dated 9 October 2025.

Additional Compliance Information

The following information is provided in accordance with Paragraph 9.25 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad as set out in Appendix 9C for the financial year ended 30 June 2025, unless otherwise stated:

1. Utilisation of Proceeds

There were no proceeds raised from any corporate proposals during the financial year.

2. Audit and Non-Audit Fees

For the financial year ended 30 June 2025, the amount of audit and non-audit fees paid by the Company and the Group to KPMG PLT and its affiliates are as follows:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Fees paid to external auditors and its affiliates				
Audit fees	**492**	447	**125**	96
Non-audit fees	**24**	5	**8**	5

3. Material Contracts Involving the Interest of Directors, Chief Executive and Major Shareholders

There was no material contract entered into by the Group involving the interest of Directors, Chief Executive and Major Shareholders, either subsisting as at the end of the current financial year or entered into since the end of the previous financial period.

The Chief Executive Officer is the Chief Executive who oversees and is primarily responsible for the overall group business operations.

4. Recurrent Related Party Transactions

The recurrent related party transaction of revenue nature incurred by the Group for the financial year did not exceed the threshold prescribed under Paragraph 10.09(1) of the MMLR.

5. Employees Share Option Scheme ("ESOS")

At an Extraordinary General Meeting held on 8 June 2023, the Company's shareholders approved the establishment of the ESOS of not more than 10% of the issued and paid-up ordinary share capital of the Company to eligible Directors and employees of the Group. The ESOS shall be in force for a period of five (5) years from the implementation date of 10 October 2023.

No options have been issued since the establishment of the ESOS.

Audit Committee Report

The Board of Directors (the "Board") is pleased to present the Audit Committee Report for the financial year ended 30 June 2025.

COMPOSITION AND MEETINGS

The Audit Committee ("AC") comprises the following members and details of their attendance at the five (5) meetings held during the financial year ended 30 June 2025 are as follows:

CHAIRMAN

Dato' Edward Siew Mun Wai
Independent
Non-Executive Director
(Re-designated from AC Chairman to AC Member on 2 January 2025)

Chew Fook Aun
Independent
Non-Executive Director
(Re-designated as AC Chairman on 2 January 2025)

MEMBERS

Professor Dato' Dr. Adeeba binti Kamarulzaman
Independent
Non-Executive Director
(Resigned on 2 January 2025)

Kung Chin Woon
Independent
Non-Executive Director
(Appointed on 2 January 2025)

Jaimie Sia Zui Keng
Independent
Non-Executive Director
(Appointed on 28 August 2025)

Lam Jiuan Jiuan
Non-Independent
Non-Executive Director
(Appointed on 2 January 2025)

The AC Chairman, Chew Fook Aun, is a Fellow Member of the Institute of Chartered Accountants in England & Wales ("ICAEW"), the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Institute of Directors ("HKIoD"). Accordingly, the Company complies with Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

During the financial year, the Nomination Committee has reviewed the performance and effectiveness of the AC based on the criteria as stated in the Corporate Governance Overview Statement and reported that the AC and its members have discharged their functions, duties and responsibilities in accordance with its Terms of Reference.

Further details of each AC member are listed under the Profile of Directors as set out on pages 51 to 59 of this Annual Report.

TERMS OF REFERENCE ("TOR")

The TOR of AC are published on the corporate website of the Company at https://www.karex.com.my/ for shareholders' reference pursuant to Paragraph 15.11 of MMLR. These TOR have been updated in accordance with the latest practices outlined in the Malaysian Code on Corporate Governance issued by Securities Commission on the provisions of the composition requirements of AC members as well as the roles of the AC Chairman and its members.

Audit Committee Report

SUMMARY OF WORK

The work carried out by the AC during the financial year with respect to their responsibilities are summarised as follows:

Ensuring Financial Statements Comply with Applicable Financial Reporting Standards:

(a) Reviewed the Group's financial positions, unaudited quarterly interim financial reports and announcements for the respective financial quarters prior to submission to the Board for consideration and approval. The review aimed to ensure that the Group's unaudited quarterly financial reporting and disclosures present a true and fair view of its financial position and performance, while complying with the approved Malaysian Financial Reporting Standard as well as the disclosure requirements of the MMLR;

(b) Reviewed the audited financial statements for the financial year ended 30 June 2025 and discussed with the Management and External Auditors on the accounting principles and standards that were applied in the annual audited financial statements. As part of this review, the AC also considered the integrity of information in the financial statements focusing particularly on:
- significant adjustments resulting from the audit, going concern assumption, completeness of disclosures and compliance with accounting standards;
- changes in and implementations of major accounting policies and practices to the Group, if any;
- significant matters and unusual events or transactions highlighted by the External Auditors;
- how these significant matters were addressed including the judgement of those involved and reservations, if any arising from the audit; and

(c) Reviewed and made the recommendation to the Board in respect of the proposed dividends.

Reviewing the Audit Findings of the External Auditors and Assessing their Performance, Suitability and Independence:

(a) Reviewed the audit plan of the External Auditors covering their scope of audit, methodology and timetable, audit materiality and areas of focus prior to the commencement of their annual audit;

(b) Assessed and discussed the External Auditors' audit status report covering the key audit matters, audit findings and recommendations relating to internal control deficiencies;

(c) Met the External Auditors without the presence of executive Board Members and Management to further discuss matters arising from audit and assessed the co-operation and assistance given by Management to the External Auditors; and

(d) Reviewed the fees and expenses paid to the External Auditors, including fees paid for non-assurance services, if any, during the year and assessed the independence of the External Auditors for the re-appointment as External Auditors. The AC is of the opinion that the independence of the External Auditors has not been compromised based on the independent confirmation provided by the External Auditors.

Reviewing the Audit Findings of the Internal Auditors and Assisting the Board in Reviewing the Effectiveness and Adequacy of Systems of Internal Control in the Key Operation Processes:

(a) Discussed with the Internal Auditors on the progress and coverage of the audit plan in its quarterly meetings to ensure that the audit scope remains relevant taking into consideration changes in the Group's operating environment;

(b) Reviewed and discussed with the Internal Auditors, their audit findings, recommendations made, Management's responses to the audit findings and proposed action plans, including those issues arising during the course of audit (in the absence of Management, where necessary);

(c) Reviewed the effectiveness and efficiency of the internal controls system in place and the risk factors affecting the Group as well as the action plans taken by Management to resolve the issues to ensure adequacy of the internal controls system;

(d) Reviewed and established frameworks to address past internal audit findings, whilst further strengthening the Group's internal processes; and

(e) Assessed the adequacy of the scope, independence, competency and cost of the Internal Audit function to ensure efficient and effective functionality of the Internal Auditors.

Audit Committee Report

Overseeing Governance Practices in the Company:

(a) Reviewed the Corporate Governance Report, Corporate Governance Overview Statement, AC Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report;

(b) Monitored the Group's involvement in related party transactions and ensured that these transactions were performed at arm's length basis, on normal commercial terms and were not detrimental to the interests of minority shareholders;

(c) Reviewed any potential Conflict of Interest situations that may arise within the Group and the measures undertaken to mitigate such conflicts, if any;

(d) Report to and update the Board on significant issues and concerns discussed during the AC meetings and where appropriate, made the necessary recommendation to the Board; and

(e) Reviewed the performance of the External and Internal Auditors to evaluate their effectiveness in discharging their duties and responsibilities.

INTERNAL AUDIT FUNCTIONS

The Group's internal audit function is outsourced to Moore Risk Consulting Sdn Bhd ("MOORE") (formerly known as Moore Stephens Associates PLT), a chartered accounting firm. The outsourced Internal Auditors reports directly to AC and assist the Board via the AC in providing independent assessment of the adequacy, efficiency and effectiveness of the Group's risk management and internal control systems.

The Internal Auditors have performed their work in accordance with the principles of the international professional practice framework on internal auditing covering the conduct of audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns. In order to ensure that the audit is focused on relevant and appropriate risk areas, an internal audit plan was developed in consultation with Management, taking into consideration the Group's structure, concerns and the challenges faced. A new internal audit plan will be proposed and presented to the AC when appropriate for deliberation and approval before internal audit reviews are carried out.

The summary of work conducted and reported by the Internal Auditors to the AC during the AC's quarterly meetings in the current financial year are as follows:

(i) Assessed the effectiveness and control procedures of human resources management of the Group and its subsidiaries;

(ii) Assessed the effectiveness and control procedures of production and operations of the Group and its subsidiaries;

(iii) Assessed the effectiveness and control procedures of sales and marketing activities of the Group and its subsidiaries;

(iv) Assessed the effectiveness and control procedures of information technology controls of the Group and its subsidiaries; and

(v) Conducted follow-up reviews quarterly with Management to ensure implementation of the agreed audit recommendations.

As part of the Group's periodic review of service providers to ensure audit independence and continued effectiveness, the AC appointed Ernst & Young Consulting Sdn. Bhd. ("EY") (formerly known as Ernst & Young Advisory Services Sdn. Bhd.) as the new outsourced internal auditor on 9 October 2025, replacing MOORE. As at the date of this Annual Report, EY had not commenced any internal audit activities.

The fee for internal audit function of the Group for the financial year ended 30 June 2025 was RM100,000.

This report is made in accordance with the resolution of the Board dated 9 October 2025.

Directors' Responsibility Statement

The Directors of Karex Berhad ("the Company") are required to prepare financial statements for each financial year which have been made in accordance with the applicable financial reporting standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the state affairs of the Company and of the Group at the end of the financial year and of their results and cash flows for that financial year.

In preparing the financial statements of the Company and of the Group for the financial year ended 30 June 2025, the Directors of the Company have:

- Adopted suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Ensured that applicable financial reporting standards have been followed; and
- Prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, upon making enquiries, that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future.

The Directors are responsible to ensure that the Company and the Group maintain proper accounting records that disclose their financial positions with reasonable accuracy, in compliance with the Companies Act 2016.

The Directors are also responsible for taking such steps which are reasonably open to them to safeguard the assets of the Group.

Statement on Risk Management and Internal Control

The Board of Directors (the "Board") is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 30 June 2025. This Statement is prepared pursuant to paragraph 15.26(b) and Practice Note 9 of the Main Market Listing Requirements ("MMLR") and is guided by the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers" (the "Guidelines") endorsed by Bursa Malaysia Securities Berhad ("Bursa Securities").

BOARD'S RESPONSIBILITY

Committed towards the maintenance of a sound internal control system and effective risk management structure, the Board sets appropriate policies on internal control and constantly seeks assurance of the adequacy and effectiveness of them. These policies and guidelines comply with applicable laws and rules of risk management, including the best practices prescribed by the Malaysian Code of Corporate Governance.

The Board is also responsible for setting the business direction and for overseeing the conduct of the Group's management and operations, including building a stronger foundation of internal controls to effectively manage and mitigate risks faced by the Group. This solid ethical foundation of internal controls has been ingrained into the Group's corporate culture as a mechanism to safeguard shareholders' interests and the Group's assets.

RISK MANAGEMENT AND INTERNAL CONTROLS

As part of the Group's endeavour to continuously uphold high sustainability standards of corporate governance practices, the Board has established a Risk Management Committee ("RMC"), specifically to perform risk assessment, particularly to identifying and analysing risks which could potentially affect the Group. This Committee is further assisted by the Group's Senior Management, who collectively form the Risk Management Working Committee ("RMWC").

COMPOSITION OF THE RMC

Chairwoman

Lam Jiuan Jiuan
Non-Independent
Non-Executive Director

MEMBERS

Professor Dato' Dr. Adeeba binti Kamarulzaman
Independent
Non-Executive Director
(Resigned on 2 January 2025)

Dato' Edward Siew Mun Wai
Independent
Non-Executive Director

Chew Fook Aun
Independent
Non-Executive Director

Kung Chin Woon
Independent
Non-Executive Director
(Appointed on 2 January 2025)

Jaimie Sia Zui Keng
Independent
Non-Executive Director
(Appointed on 28 August 2025)

RISK MANAGEMENT

The RMWC carries the responsibility of identifying, evaluating, monitoring and managing key risk areas which could potentially affect the achievement of the Group's business objectives and strategies. Identification of an appropriate risk appetite that matches the structure, risk profile, complexity, activities and size of the Group is also performed by the RMWC, which is subsequently presented to the RMC for approval.

The RMC then continues to assess the key risks, controls and action plans identified to mitigate and manage the Group's risk exposure as part of its continuous efforts to further strengthen the Group's existing risk management framework. Major risks identified, together with the RMWC's proposed action plans are then presented to the Board.

Statement on Risk Management and Internal Control

Throughout the financial year in review, two (2) meetings were conducted by the RMC, which revolved around the analysis of emerging and existing strategic risks faced by the Group and the establishment of solid mitigation plans in managing the identified risks. Key matters raised during the meeting are as follows:

Key Risk Focus	Key Mitigation Plan
Information Technology ("IT") Risks	• Apart from designated authorised users, staff have limited access to websites and are restricted from installing software onto their workstations without prior approval from the IT Department. • Only authorised personnel are able to access servers and share information whilst conducting virtual meetings. • The latest information regarding IT developments and security is published on the Company's intranet to ensure that employees are kept up to date of emerging threats. • Independent information technology security vendors are engaged from time to time to perform security assessments and provide recommendations for improvement. • Back-up systems, equipment and networks have been established to reduce downtime and minimise data loss during network disruptions. • The Group has established an IT Disaster Recovery Plan that is frequently tested and updated in order to minimise potential data loss. • An email attachment filter is deployed alongside three layers of email security scanning to ensure phishing attacks are detected for both incoming and outgoing emails. • Alerts, simulations and annual training are conducted to ensure employees remain aware of the latest phishing schemes.
Labour Risks & Foreign Workers Risks	• The Group continues to undertake various social compliance audits that are conducted by reputable independent parties in order to ensure that labour standards are continuously upheld to international standards. • The Group maintains a direct whistleblowing channel of communication for employees and other external stakeholders should they feel the need to express concerns regarding their working conditions or human rights violations. • In addition to the essential certifications such as the Occupational Safety and Health Administration certifications, our manufacturing facilities also electively undergo audits from the Sedex Members Ethical Trade Audit ("SMETA") which evaluate a variety of labour protocols including Labour Standards, Health and Safety, Environment and Business Ethics. • Continue to explore efficiency improvements and implement greater degrees of automation to right size our workforce within manufacturing processes. • Progressively improving the working conditions and environment at our facilities in order to attract and develop the best local talent.
Supply Chain Risks	• The Group established a dedicated strategic sourcing department to improve ability to source for competitive rates, consistent and better-quality materials and reduce the occurrence of delivery delays. • Efforts have been made to diversify the supplier base and establish contingency suppliers in order to minimise disruptions to our logistics and supply of raw materials whilst also allowing us to procure competitive rates. • The Group has explored several initiatives to optimise container utilisation with regards to shipments to subsidiaries in the USA and UK to reduce costs. • Efforts have been made to shift the delivery terms to Free on Board (FOB) from traditional terms of Cost, Insurance and Freight (CIF) in order to reduce liabilities and exposure to fluctuations in freight charges. • To secure buffer stocks of raw materials when necessary, in order to prevent delivery delays and reduce price volatility that may disrupt production. • To continue to implement and improve our Supplier Development Program including performing audits on our suppliers in order to ensure processes and quality controls are adhered to in addition to the environmental, social and governance policies within our Supplier Code of Conduct.

Statement on Risk Management and Internal Control

Key Risk Focus	Key Mitigation Plan
Succession Planning Risks	• The Group's succession planning is being monitored, and development evaluation is also conducted annually by management across the various facilities. • Additional training and recruitment programs are being carried out to enhance staff development and retention.
Foreign Exchange Risks	• Foreign currency exposure is mitigated through the utilisation of derivatives such as Forward Exchange Contracts. • Efforts have been made to shift transactional currencies of finished goods from US Dollars to other currencies such as the Euro and Chinese Yuan to diversify foreign exchange risk and minimise the impact of the volatility of the US Dollar. • Where possible, borrowings for certain capital expansion projects have also been denominated in the currency of sale of finished goods in order to add an additional layer of mitigation from foreign currency fluctuations. • The movement of foreign exchange is monitored on a daily basis by finance professionals within the Group.
Product Liability Risks	• Pre-launch work in conjunction with global brand clients includes market research and advice from external consultants in order to minimise risks of inaccurate product specifications. • We have a dedicated and competent team focusing on the registration of new products to ensure the requisite registrations and regulatory approval is secured prior to the launch of new products in each market. • Comprehensive clinical trials need to be conducted in some cases to provide regulators with assurance regarding quality standards before the appropriate certifications are granted. • We have dedicated quality assurance and regulatory assurance teams at each manufacturing facility to ensure we adhere to the evolving medical device regulations in each region. This involves managing the frequent audits conducted by independent regulators and customers. • Our products undergo comprehensive toxicity, biocompatibility and microbiological safety tests to ensure that the no harmful side-effects occur to users or the environment upon disposal. These tests extend to the raw materials, chemicals and biproducts from the manufacturing process. • Documentation and traceability systems have been established to ensure that we remain vigilant of problematic lots that have been delivered to customers. • Insurance policies and contractual indemnification have been incorporated to protect against claims in certain instances. This defense requires that the appropriate documentation is maintained at all times. • We cultivate a culture of accountability and transparency within the organisation that has enabled us to take swift corrective measures should inefficiencies be detected.
Climate Change Risks	• The Group has intensified our shift towards renewable energy sources such as exploring the installation of solar panels to achieve our carbon impact targets. • Continued to conduct audits and assessments of suppliers to ensure they meet environmental standards which can reduce the overall environmental impact of our supply chain. • Ensured that our compliance teams have kept up-to-date with the latest climate-related regulatory developments and requirements to avoid fines and reputational damage. • Continued to improve sustainability reporting standards as well as educate and train employees regarding the latest developments in sustainability initiatives. • Progressively developed waste reduction strategies, such as recycling and treating of waste materials in order to minimise the environmental impact from our production processes.

On the operational level, risk management remains a primary matter discussed in management meetings between the RMWC and Head of Departments ("HODs"). Involved in the daily affairs of the Group, these HODs are then required to monitor and implement action plans, while enforcing appropriate systems and process controls to manage the potential risks.

Statement on Risk Management and Internal Control

INTERNAL CONTROLS

The key manufacturing subsidiaries of the Group continue to be certified under the ISO 13485:2016 Quality Management System and the ISO 14001:2015 Environmental Management System. These management systems form the fundamentals of the operational procedures in ensuring consistency in production processes. Internal quality audits and independent surveillance audits are also conducted by external independent bodies to ensure compliance of the Group with regulatory requirements. In addition, the Group continues to be certified and licensed by regulators from various countries.

Other key elements relating to the internal control system of the Group are as follows:

- The Group's organisation chart outlines the responsibilities, accountability and hierarchical structure of reporting lines;
- The structure establishes a clear reporting line for approval and authority of the Board, Chief Executive Officer ("CEO"), Senior Management and HODs for the transactions undertaken in the Group;
- As a precautionary step, risks faced by the Group have been insured to minimise financial exposure and losses. These include burglary, fire, stocks, money, fidelity guarantee, product liability and staff health and safety;
- Financial performance is reviewed by Senior Management and the CEO;
- The Group has also established a Sustainability Working Committee comprising members and representatives from a range of business units. This committee plays an integral role in actively managing sustainability risks such as climate change which have an overarching impact on a variety of aspects of our business;
- Written policies and procedures on key processes of the Group are annually being reviewed and enhanced to ensure its adequacy;
- Ongoing monthly management reporting procedures are executed to monitor and track the Group's performance; and
- Internal Auditors conduct testing of the effectiveness and adequacy of internal control procedures and processes and the Group's compliance of them.

BOARD REVIEW MECHANISM

The Audit Committee ("AC") is entrusted by the Board with the responsibility of safeguarding the internal control systems within the Group. In order to enhance the effectiveness of risk management and internal control systems, the AC is assisted by the Internal Auditors, a body independent of the Group's activities and operational management, to assess the adequacy and effectiveness of control of the selected key functions on a quarterly basis. The Group's External Auditors have also provided the AC with their audit findings on significant risk identified during the course of their statutory audit.

Areas for improvement identified by both Internal and External Auditors throughout the financial year in review have been deliberated by the Board and AC to maintain the integrity of internal controls. None of the reported control weaknesses have resulted in any material loss, contingencies or uncertainties that would require mention in the Annual Report. While the Group takes pride in its current comprehensive internal control framework, the Management Team continuously strives to further strengthen and enhance internal controls with assistance from both internal and external parties.

In addition, management supplements the AC's review on control and understanding of risk issues when presenting their quarterly financial performance and results. Together with the Group's business development and the performance of its subsidiaries, the financial performance of the Group is then reviewed and thereafter recommended to the Board for approval before subsequently being publicly announced.

The Board has also defined the Code of Ethics for the Group and established a whistleblowing channel for reporting of any potential violations. Under this framework, employees and stakeholders who know of or suspect any forms of violation are encouraged to report the incident to parties that would be able to escalate these concerns to independent parties.

Statement on Risk Management and Internal Control

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Guidelines, Management is responsible to the Board for:

- Identifying risks relating to the Group's objectives and strategies;
- Designing, implementing and monitoring the risk management framework in accordance with the Group's strategic vision and overall risk appetite; and
- Identifying changes to risks or emerging risks, responding appropriately and promptly by bringing these to the attention of the Board.

The Board has received assurance and affirmation from the CEO and Chief Strategy & Financial Officer that to the best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects.

BOARD ASSURANCE AND LIMITATION

The Board confirms that the process for identifying, evaluating and managing significant risks in the Group is on-going. For the financial year under review, there were no material losses resulted from significant control weaknesses. The Board is satisfied that the existing levels of risk management and internal controls are adequate and effective in enabling the Group to achieve its business objectives and operational efficiency and effectiveness.

The Board is of the view that the risk management and internal control systems in place for the year under review are adequate and effective in safeguarding the shareholders' investment, the interest of customers, regulators, suppliers, banks and employees and the Group assets.

While the Board wishes to reiterate that risk management and systems of internal control are being continuously improved in line with evolving business development, it should be noted that the risk management systems and systems of internal control cannot fully eliminate all risks of failure to achieve business objectives. Therefore, these systems of internal control and risk management in the Group are only able to provide reasonable but not absolute assurance against material misstatements, frauds and losses.

REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide ("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 Malaysian Institute of Accountants for inclusion in the Annual Report for the year ended 30 June 2025, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the Annual Report, in all material respects:

a) Has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

b) 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 of Directors and Management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

The Statement of Risk Management and Internal Control is made in accordance with the resolution of our Board dated 9 October 2025.

FINANCIAL STATEMENTS

Directors' Report	87
Statements of Financial Position	93
Statements of Profit or Loss and Other Comprehensive Income	94
Consolidated Statement of Changes in Equity	96
Statement of Changes in Equity	97
Statements of Cash Flows	98
Notes to the Financial Statements	102
Statement by Directors	143
Statutory Declaration	144
Independent Auditors' Report	145

Directors' Report

For the year ended 30 June 2025

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company consists of investment holding. The principal activities of the subsidiaries are disclosed in Note 4 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 4 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	208	17,487

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

i) In respect of the financial year ended 30 June 2024 as reported in the Directors' Report of that year:

- a single tier interim dividend of 0.5 sen per ordinary share totalling RM5,267,000 declared on 23 August 2024 and paid on 23 September 2024.

ii) In respect of the financial year ended 30 June 2025:

- a single tier interim dividend of 0.5 sen per ordinary share totalling RM5,267,000 declared on 26 May 2025 and paid on 24 June 2025; and
- a single tier interim dividend of 0.5 sen per ordinary share totalling RM5,267,000 declared on 28 August 2025 and paid on 3 October 2025.

The Directors do not recommend the payment of any final dividend in respect of the current financial year.

Directors' Report

For the year ended 30 June 2025

DIRECTORS

Directors who served the Company during the financial year until the date of this report are:

Professor Dato' Dr. Adeeba binti Kamarulzaman
Dato' Edward Siew Mun Wai
Chew Fook Aun
Lam Jiuan Jiuan
Goh Yen Yen
Goh Leng Kian**
Goh Miah Kiat**
Kung Chin Woon (appointed on 2 January 2025)
Jaimie Sia Zui Keng (appointed on 28 August 2025)
Dato' Dr. Ong Eng Long @ Ong Siew Chuan (resigned on 2 January 2025)

** These Directors are also Directors of the Company's subsidiaries.

The names of the Directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those Directors listed above) are:

Boong Siew Choon (resigned on 30 June 2025)
Goh Chok Siang (resigned on 30 June 2025)

DIRECTORS' INTERESTS IN SHARES

The direct and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

		Number of ordinary shares			
Name of Directors	**Interest**	**At 1 July 2024**	**Bought**	**Sold**	**At 30 June 2025**
Company					
Directors of the Company					
Dato' Edward Siew Mun Wai	Direct	50,000	-	-	**50,000**
Chew Fook Aun	Deemed (1)	150,000	-	-	**150,000**
Lam Jiuan Jiuan	Direct	19,087,456	-	-	**19,087,456**
	Deemed (2)	49,312,456	-	-	**49,312,456**
	Deemed (3)	213,089,600	-	-	**213,089,600**
Goh Yen Yen	Direct	12,062,456	-	-	**12,062,456**
	Deemed (4)	121,460,400	-	-	**121,460,400**
Goh Leng Kian	Direct	41,468,865	-	-	**41,468,865**
	Deemed (5)	184,250,000	-	-	**184,250,000**
	Deemed (2)	573,750	-	-	**573,750**
Goh Miah Kiat	Direct	49,055,097	-	-	**49,055,097**
	Deemed (5)	184,250,000	-	-	**184,250,000**

Directors' Report
For the year ended 30 June 2025

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

(1) Deemed interested by virtue of his interest in The Orchid Growers Association Ltd pursuant to Section 8 of the Companies Act 2016.
(2) Deemed interested by virtue of her/his equity interest held by her/his spouse pursuant to Section 59 (11)(c) of the Companies Act 2016.
(3) Deemed interested by virtue of her equity interest in AJNA Holdings Limited, Maharani Limited and Karex One Limited pursuant to Section 8 of the Companies Act 2016.
(4) Deemed interested by virtue of her equity interest in Maryen Holdings Limited pursuant to Section 8 of the Companies Act 2016.
(5) Deemed interested by virtue of his equity interest in Karex One Limited pursuant to Section 8 of the Companies Act 2016.

By virtue of their substantial interests in the shares of the Company, Lam Jiuan Jiuan, Goh Yen Yen, Goh Leng Kian and Goh Miah Kiat are also deemed interested in the ordinary shares of the wholly-owned subsidiaries during the financial year to the extent that Karex Berhad has an interest.

The other Directors holding office as at 30 June 2025 did not have any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) 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.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 30 June 2025 are as follows:

	From the Company RM'000	From subsidiary companies RM'000
Directors of the Company:		
Fees	570	-
Remuneration	39	3,750
Contributions to the state plans	-	699
Estimated money value of any other benefits	-	56
Transactions with companies in which certain Directors/Directors' close family members have substantial financial interests and certain companies in the Group in the ordinary course of business:		
- Sales of goods	-	76
	609	4,581

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

Directors' Report
For the year ended 30 June 2025

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Employees' Share Option Scheme ("ESOS").

At an Extraordinary General Meeting held on 8 June 2023, the Company's shareholders approved the establishment of the ESOS of not more than 10% of the issued and paid-up ordinary share capital of the Company to eligible Directors and employees of the Group.

The salient features of the ESOS are as follows:

a) The ESOS is administered by a ESOS Committee consisting of Directors and/or other persons as shall be appointed and duly authorised by the Board, to implement and administer the ESOS in accordance with the provisions of the rules, terms and conditions governing the ESOS.

b) The aggregate number of options to be issued under the ESOS shall not exceed 10% of the issued and paid-up ordinary share capital of the Company at any point in time during the duration of the ESOS.

c) The allocation to any individual eligible person shall be determined at the sole and absolute discretion of the ESOS Committee and shall be subject to the following: the allocation to any individual eligible person, who either individually or collectively, through persons connected with him/her, holds 20% or more of the total number of issued shares, must not exceed 10% of the total number of new shares to be issued under the ESOS; the Directors and senior management of the Company do not participate in the deliberation or discussion of their own allocation of ESOS as well as allocation to persons connected with them, if any; not more than 70% of the total number of new shares to be issued under the ESOS shall be allocated, in aggregate, to the Directors and senior management of the Company.

d) The eligible person must be at least eighteen (18) years of age, is neither an undischarged bankrupt nor subject to any bankruptcy proceedings, must be employed on a full-time basis and is on the payroll of the Group and has been confirmed, and has not served a notice of resignation or received a notice of termination prior to the ESOS offer date, or employed under a contract for a fixed duration of not less than 1 year in the Group.

e) The exercise price of the ESOS which each eligible person is entitled to subscribe for the new shares of the Company ("Karex Shares"), to be determined by the Board upon recommendation of the ESOS Committee, shall be fixed based on the 5-day volume weighted average price of Karex Shares immediately preceding the date of offer, with either a premium or a discount of not more than 10% or such other percentage of discount as may be permitted by Bursa Malaysia Securities Berhad from time to time.

f) An offer to take up the ESOS granted by the ESOS Committee shall be in writing and such offer is personal to the eligible person to whom the offer is made, and is non-assignable, non- transferable, non-chargeable and non-disposable in any manner whatsoever.

g) The ESOS shall be in force for a period of five (5) years commencing from the implementation date. On or before the expiry of the above initial 5-year period, the ESOS may be extended by the Board at its absolute discretion upon recommendation of the ESOS Committee, without having to obtain approval from the Company's shareholders, for an additional period of up to 5 years, but will not in aggregate exceed 10 years from the implementation date.

No options have been issued since the establishment of the ESOS.

Directors' Report
For the year ended 30 June 2025

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of premium paid for insurance effected for Directors and officers of the Group and of the Company was RM39,000 for a total sum insured of RM10 million.

There was no indemnity given to, or insurance effected for auditors of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision has been made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

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

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for the impairment loss on property, plant and equipment as disclosed in Note 2 to the financial statements, the financial performance of the Group and of the Company for the financial year ended 30 June 2025 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Directors' Report
For the year ended 30 June 2025

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The details of remuneration paid by the Group and the Company to auditors of the Group and of the Company during the financial year are as follows:

	Group RM'000	Company RM'000
Auditors' remuneration		
Statutory audit		
KPMG PLT	370	125
Member firms of KPMG International Limited	122	-
Other auditors	468	-
Non-audit fees		
KPMG PLT	5	5
Local affiliates of KPMG PLT	9	3
Member firms of KPMG International Limited	10	-
	984	133

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Goh Leng Kian
Director

Goh Miah Kiat
Director

Date: 9 October 2025

Statements of Financial Position

As at 30 June 2025

	Note	Group 2025 RM'000	Group 2024 RM'000	Company 2025 RM'000	Company 2024 RM'000
Assets					
Property, plant and equipment	2	**269,931**	258,748	**-**	-
Right-of-use assets	3	**62,339**	26,383	**-**	-
Investments in subsidiaries	4	**-**	-	**321,836**	321,836
Intangible assets	5	**107,146**	100,186	**-**	-
Deferred tax assets	6	**7,013**	2,700	**-**	-
Total non-current assets		**446,429**	388,017	**321,836**	321,836
Inventories	7	**158,743**	155,162	**-**	-
Trade and other receivables	8	**121,863**	124,217	**104,585**	103,705
Current tax assets		**3,219**	2,458	**54**	55
Derivative financial assets	9	**351**	-	**-**	-
Cash and cash equivalents	10	**33,201**	38,986	**6,525**	3,671
Total current assets		**317,377**	320,823	**111,164**	107,431
Total assets		**763,806**	708,840	**433,000**	429,267
Equity					
Share capital	11	**324,244**	324,244	**324,244**	324,244
Reserves	11	**141,356**	158,671	**78,859**	71,906
Total equity		**465,600**	482,915	**403,103**	396,150
Liabilities					
Loans and borrowings	12	**31,116**	43,142	**-**	-
Lease liabilities		**53,576**	16,503	**-**	-
Deferred tax liabilities	6	**4,481**	4,756	**-**	-
Total non-current liabilities		**89,173**	64,401	**-**	-
Loans and borrowings	12	**123,168**	77,173	**29,688**	30,661
Lease liabilities		**2,952**	3,029	**-**	-
Trade and other payables	13	**67,305**	62,544	**209**	2,456
Contract liabilities	14	**14,405**	16,948	**-**	-
Derivative financial liabilities	9	**-**	111	**-**	-
Current tax liabilities		**1,203**	1,719	**-**	-
Total current liabilities		**209,033**	161,524	**29,897**	33,117
Total liabilities		**298,206**	225,925	**29,897**	33,117
Total equity and liabilities		**763,806**	708,840	**433,000**	429,267

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

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2025

	Note	Group 2025 RM'000	Group 2024 RM'000	Company 2025 RM'000	Company 2024 RM'000
Revenue	15	**498,407**	507,847	**24,225**	2,700
Cost of sales		**(343,882)**	(336,589)	**-**	-
Gross profit		**154,525**	171,258	**24,225**	2,700
Other income		**2,000**	1,278	**-**	854
Distribution expenses		**(58,738)**	(56,142)	**-**	-
Administrative expenses		**(75,513)**	(70,720)	**(2,202)**	(2,538)
Net loss on impairment of financial instruments		**(1,426)**	(912)	**-**	-
Other expenses		**(12,943)**	(5,274)	**(7,534)**	(361)
Results from operating activities		**7,905**	39,488	**14,489**	655
Finance income		**463**	337	**4,933**	5,014
Finance costs	16	**(8,067)**	(8,829)	**(1,732)**	(1,444)
Net finance (costs)/income		**(7,604)**	(8,492)	**3,201**	3,570
Profit before tax		**301**	30,996	**17,690**	4,225
Tax expense	17	**(93)**	(7,555)	**(203)**	(283)
Profit for the year attributable to owners of the Company	18	**208**	23,441	**17,487**	3,942
Basic and diluted earnings per ordinary share (sen)	19	**0.02**	2.23		

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

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2025

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit for the year	**208**	23,441	**17,487**	3,942
Other comprehensive expense, net of tax				
Items that are or may be reclassified subsequently to profit or loss				
Foreign currency translation differences for foreign operations	**(6,989)**	(1,292)	**-**	-
Total comprehensive (expense)/income for the year attributable to owners of the Company	**(6,781)**	22,149	**17,487**	3,942

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2025

		← Attributable to owners of the Company →					
		← Non-distributable →				Distributable	
	Note	Share capital RM'000	Merger reserve RM'000	Translation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total equity RM'000
Group							
At 1 July 2023		324,244	63,511	16,894	718	71,200	476,567
Foreign currency translation differences for foreign operations/ **Total other comprehensive expense for the year**		-	-	(1,292)	-	-	(1,292)
Profit for the year		-	-	-	-	23,441	23,441
Total comprehensive (expense)/ income for the year		-	-	(1,292)	-	23,441	22,149
Distributions to owners of the Company							
Dividends to owners of the Company/ **Total transactions with owners of the Company**	20	-	-	-	-	(15,801)	(15,801)
At 30 June 2024/1 July 2024		**324,244**	**63,511**	**15,602**	**718**	**78,840**	**482,915**
Foreign currency translation differences for foreign operations/ **Total other comprehensive expense for the year**		**-**	**-**	**(6,989)**	**-**	**-**	**(6,989)**
Profit for the year		**-**	**-**	**-**	**-**	**208**	**208**
Total comprehensive (expense)/ income for the year		**-**	**-**	**(6,989)**	**-**	**208**	**(6,781)**
Distributions to owners of the Company							
Dividends to owners of the Company/ **Total transactions with owners of the Company**	20	**-**	**-**	**-**	**-**	**(10,534)**	**(10,534)**
Transfer of reserve		**-**	**-**	**-**	**494**	**(494)**	
At 30 June 2025		**324,244**	**63,511**	**8,613**	**1,212**	**68,020**	**465,600**

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

Statement of Changes in Equity

For the year ended 30 June 2025

		← Attributable to owners of the Company →			
		← Non-distributable →		Distributable	
	Note	Share capital RM'000	Merger reserve RM'000	Retained earnings RM'000	Total equity RM'000
Company					
At 1 July 2023		324,244	63,511	20,254	408,009
Profit and total comprehensive income for the year		-	-	3,942	3,942
Distributions to owners of the Company					
Dividends to owners of the Company/ **Total transactions with owners of the Company**	20	-	-	(15,801)	(15,801)
At 30 June 2024/1 July 2024		**324,244**	**63,511**	**8,395**	**396,150**
Profit and total comprehensive income for the year		**-**	**-**	**17,487**	**17,487**
Distributions to owners of the Company					
Dividends to owners of the Company/ **Total transactions with owners of the Company**	**20**	**-**	**-**	**(10,534)**	**(10,534)**
At 30 June 2025		**324,244**	**63,511**	**15,348**	**403,103**

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

Statements of Cash Flows

For the year ended 30 June 2025

	Note	Group 2025 RM'000	Group 2024 RM'000	Company 2025 RM'000	Company 2024 RM'000
Cash flows from operating activities		**301**	30,996	**17,690**	4,225
Profit before tax					
Adjustments for:					
Allowance for/(Reversal of) impairment loss on:					
- Property, plant and equipment		**9,709**	5,241	**-**	-
- Intangible assets		**(358)**	-	**-**	-
Net impairment loss on financial assets:					
- Trade receivables		**1,004**	686	**-**	-
- Bad debt written off		**422**	226	**-**	-
Depreciation and amortisation:					-
- Property, plant and equipment		**22,588**	22,064	**-**	-
- Right-of-use assets		**4,811**	3,181	**-**	-
- Intangible assets		**739**	263	**-**	-
Fair value (gain)/loss on derivative instruments		**(351)**	111	**-**	-
Finance costs	16	**8,067**	8,829	**1,732**	1,444
Inventories:					
- Allowance for slow-moving		**963**	1,979	**-**	-
- Write-down to net realisable value		**266**	531	**-**	-
- Written off		**860**	1,261	**-**	-
(Gain)/Loss on derecognition of right-of-use assets		**(493)**	104	**-**	-
Property, plant and equipment written off		**200**	419	**-**	-
Dividend income		**-**	-	**(24,225)**	(2,700)
Finance income		**(463)**	(337)	**(4,933)**	(5,014)
Loss/(Gain) on disposal of property, plant and equipment		**27**	(127)	**-**	-
Operating profit/(loss) before changes in working capital		**48,292**	75,427	**(9,736)**	(2,045)
Change in inventories		**(5,670)**	(1,185)	**-**	-
Change in trade and other receivables		**(8,218)**	509	**32**	334
Change in trade and other payables		**2,674**	(5,184)	**(47)**	131
Change in contract liabilities		**(2,543)**	7,995	**-**	-
Cash generated from/(used in) operations		**34,535**	77,562	**(9,751)**	(1,580)
Tax paid		**(5,958)**	(6,456)	**(202)**	(316)
Net cash from/(used in) operating activities		**28,577**	71,106	**(9,953)**	(1,896)

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

Statements of Cash Flows

For the year ended 30 June 2025

	Note	Group 2025 RM'000	Group 2024 RM'000	Company 2025 RM'000	Company 2024 RM'000
Cash flows from investing activities					
Acquisition of:					
- Property, plant and equipment	21	**(41,762)**	(19,864)	**-**	-
- Intangible assets		**(1,809)**	(840)	**-**	-
Advances to subsidiaries		**-**	-	**-**	(15,167)
Repayment of advances from subsidiaries		**-**	-	**3,978**	-
Proceeds from disposal of property, plant and equipment		**37**	1,064	**-**	-
Dividend received		**-**	-	**24,225**	2,700
Interest received		**463**	337	**43**	86
Net cash (used in)/from Investing activities		**(43,071)**	(19,303)	**28,246**	(12,381)
Cash flows from financing activities					
Interest paid		**(8,067)**	(8,829)	**(1,732)**	(1,444)
Change in pledged deposits		**(1,248)**	65	**-**	-
Dividends paid to owners of the Company	20	**(10,534)**	(15,801)	**(10,534)**	(15,801)
Advances from a subsidiary		**-**	-	**-**	2,200
Repayment of advances to a subsidiary		**-**	-	**(2,200)**	-
Repayments of:					
- bankers' acceptances		**(6,523)**	(17,439)	**-**	-
- export financing		**-**	(8,969)	**-**	-
- hire purchase liabilities		**(448)**	(620)	**-**	-
- lease liabilities		**(3,797)**	(4,295)	**-**	-
- revolving credit		**-**	-	**(973)**	-
- term loans		**(12,804)**	(10,736)	**-**	-
Drawdown of:					
- bankers' acceptances		**15,434**	-	**-**	-
- export financing		**7,585**	-	**-**	-
- revolving credit		**25,297**	24,661	**-**	30,661
Net cash from/(used in) financing activities		**4,895**	(41,963)	**(15,439)**	15,616
Effect of exchange rate fluctuations on cash held		**(2,862)**	1,518	**-**	-
Net (decrease)/increase in cash and cash equivalents		**(12,461)**	11,358	**2,854**	1,339
Cash and cash equivalents at 1 July		**38,986**	27,628	**3,671**	2,332
Cash and cash equivalents at 30 June	10	**26,525**	38,986	**6,525**	3,671

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

Statements of Cash Flows

For the year ended 30 June 2025

CASH OUTFLOWS FOR LEASES AS A LESSEE

	Note	Group 2025 RM'000	Group 2024 RM'000
Included in net cash from operating activities			
Payment relating to short-term leases	18	**3,168**	3,425
Payment relating to leases of low-value assets	18	**41**	39
Included in net cash from financing activities			
Payment of lease liabilities		**3,797**	4,295
Interest paid in relation to lease liabilities	16	**866**	506
Total cash outflows for leases		**7,872**	8,265

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

Statements of Cash Flows

For the year ended 30 June 2025

RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	At 1 July 2023 RM'000	Net changes from financing cash flows RM'000	Derecognition of leases RM'000	Acquisition of new hire purchase/ leases RM'000	Foreign exchange movement RM'000	At 30 June 2024/ 1 July 2024 RM'000	Net changes from financing cash flows RM'000	Derecognition of leases RM'000	Acquisition of new leases RM'000	Foreign exchange movement RM'000	At 30 June 2025 RM'000
Group											
Bankers' acceptances	41,084	(17,439)	-	-	(8)	**23,637**	**8,911**	**-**	**-**	**-**	**32,548**
Export financing	15,923	(8,969)	-	-	-	**6,954**	**7,585**	**-**	**-**	**-**	**14,539**
Hire purchase liabilities	703	(620)	-	1,754	-	**1,837**	**(448)**	**-**	**-**	**-**	**1,389**
Lease liabilities	20,819	(4,295)	(1,641)	4,045	604	**19,532**	**(3,797)**	**(4,272)**	**46,202**	**(1,137)**	**56,528**
Revolving credit	10,000	24,661	-	-	-	**34,661**	**25,297**	**-**	**-**	**-**	**59,958**
Term loans	63,962	(10,736)	-	-	-	**53,226**	**(12,804)**	**-**	**-**	**-**	**40,422**
Total liabilities from financing activities	152,491	(17,398)	(1,641)	5,799	596	**139,847**	**24,744**	**(4,272)**	**46,202**	**(1,137)**	**205,384**

	At 1 July 2023 RM'000	Net changes from financing cash flows RM'000	At 30 June 2024/ 1 July 2024 RM'000	Net changes from financing cash flows RM'000	At 30 June 2025 RM'000
Company					
Amount due to a subsidiary	-	2,200	**2,200**	**(2,200)**	**-**
Revolving credit	-	30,661	**30,661**	**(973)**	**29,688**
Total liabilities from financing activities	-	32,861	**32,861**	**(3,173)**	**29,688**

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

Notes to the Financial Statements

Karex Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
Lot 594, Persiaran Raja Lumu
Pandamaran Industrial Estate
42000 Port Klang
Selangor Darul Ehsan
Malaysia

Registered office
12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2025 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 30 June 2025 do not include other entities.

The principal activity of the Company consists of investment holding. The principal activities of the subsidiaries are disclosed in Note 4.

These financial statements were authorised for issue by the Board of Directors on 9 October 2025.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards and amendments of the MFRS Accounting Standards that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company.

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

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

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026

- Amendments to MFRS 9, *Financial Instruments and MFRS 7, Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*
- Amendments that are part of Annual Improvements – Volume 11:
  - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
  - Amendments to MFRS 7, *Financial Instruments: Disclosures*
  - Amendments to MFRS 9, *Financial Instruments*
  - Amendments to MFRS 10, *Consolidated Financial Statements*
  - Amendments to MFRS 107, *Statement of Cash Flows*

Notes to the Financial Statements

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026 (continued)

- Amendments to MFRS 9, *Financial Instruments and MFRS 7, Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards and amendments:

- from the annual period beginning on 1 July 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

- from the annual period beginning on 1 July 2026 for the amendments that are effective for annual periods beginning on or after 1 January 2026.

- from the annual period beginning on 1 July 2027 for the accounting standards that are effective for annual periods beginning on or after 1 January 2027.

The initial application of the accounting standards and amendments is not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis except for the following items, which are measured based on the measurement bases stated below:

Items	Measurement bases
Derivative financial instruments	Fair value

(c) Functional and presentation currency

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

Notes to the Financial Statements

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than as disclosed in the following notes:

- Notes 2 and 3 - impairment of property, plant and equipment and right-of-use assets

  The Group assesses whether there are any indicators of impairment on its property, plant and equipment ("PPE") and right-of-use assets ("ROU") at each reporting date. These non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

  The Group assessed that certain cash-generating units ("CGUs") shown below are subject to impairment review.

  (i) PPE and ROU in Malaysia CGUs

  The Group has determined the recoverable amount of its Malaysia CGUs based on value in use ("VIU") calculation, using a discounted cash-flow ("DCF") model. The determination of recoverable amount of CGUs by using the DCF model involves estimating the future cash inflows and outflows that is inherently uncertain and it requires the exercise of significant judgement in applying key assumptions particularly discount rates, revenue growth rates and profit margin.

  In the current financial year, there is no impairment required on the PPE and ROU in Malaysia CGUs as the recoverable amount of the CGUs is determined to be higher than the carrying amount of the CGUs as at 30 June 2025.

  (ii) PPE in Thailand glove CGU

  Refer to Note 2.1 to the financial statements

- Note 5 - measurement of the recoverable amount of intangible assets
- Note 7 - valuation of inventories
- Note 23.4 - measurement of expected credit loss ("ECL")

Notes to the Financial Statements

2. PROPERTY, PLANT AND EQUIPMENT

	Note	Land and buildings RM'000	Plant and machinery RM'000	Equipment, furniture and fittings RM'000	Electrical installation and renovation RM'000	Motor vehicles RM'000	Construction -in-progress RM'000	Total RM'000
Group								
At cost								
At 1 July 2023		130,315	237,119	34,135	49,518	5,631	20,343	477,061
Additions	21	211	1,675	1,635	2,700	2,178	8,452	16,851
Disposals		-	(886)	(25)	-	(1,168)	-	(2,079)
Written off		-	(1,947)	(266)	-	-	(108)	(2,321)
Transfers		5,751	7,948	96	2,800	-	(16,595)	-
Reclassification		-	1,588	-	1,590	-	213	3,391
Translation differences		(1,781)	(2,441)	(129)	(610)	(41)	(72)	(5,074)
At 30 June 2024/1 July 2024		**134,496**	**243,056**	**35,446**	**55,998**	**6,600**	**12,233**	**487,829**
Additions	21	**137**	**1,486**	**3,681**	**23,619**	**4**	**14,811**	**43,738**
Disposals		**(1)**	**(47)**	**(165)**	**-**	**-**	**-**	**(213)**
Written off		**-**	**(1,640)**	**(374)**	**-**	**(43)**	**(36)**	**(2,093)**
Transfers		**178**	**9,784**	**195**	**87**	**-**	**(10,244)**	**-**
Translation differences		**777**	**1,229**	**(178)**	**(997)**	**38**	**23**	**892**
At 30 June 2025		**135,587**	**253,868**	**38,605**	**78,707**	**6,599**	**16,787**	**530,153**
Accumulated depreciation								
At 1 July 2023		24,992	129,769	24,455	22,468	4,389	-	206,073
Depreciation charge		3,799	12,478	2,309	2,981	497	-	22,064
Disposals		-	(294)	(17)	-	(831)	-	(1,142)
Written off		-	(1,654)	(248)	-	-	-	(1,902)
Reclassification		-	-	-	936	-	-	936
Translation differences		(363)	(1,437)	(98)	(157)	(25)	-	(2,080)
At 30 June 2024/1 July 2024		**28,428**	**138,862**	**26,401**	**26,228**	**4,030**	**-**	**223,949**
Depreciation charge		**3,829**	**12,359**	**2,399**	**3,402**	**599**	**-**	**22,588**
Disposals		**(1)**	**(3)**	**(145)**	**-**	**-**	**-**	**(149)**
Written off		**-**	**(1,499)**	**(351)**	**-**	**(43)**	**-**	**(1,893)**
Translation differences		**196**	**779**	**(154)**	**(27)**	**31**	**-**	**825**
At 30 June 2025		**32,452**	**150,498**	**28,150**	**29,603**	**4,617**	**-**	**245,320**
Accumulated allowance for impairment loss								
At 1 July 2023		-	-	-	-	-	-	-
Allowance for impairment loss	2.1	-	5,241	-	-	-	-	5,241
Translation differences		-	(109)	-	-	-	-	(109)
At 30 June 2024/1 July 2024		**-**	**5,132**	**-**	**-**	**-**	**-**	**5,132**
Allowance for impairment loss	2.1	**-**	**9,709**	**-**	**-**	**-**	**-**	**9,709**
Translation differences		**-**	**61**	**-**	**-**	**-**	**-**	**61**
At 30 June 2025		**-**	**14,902**	**-**	**-**	**-**	**-**	**14,902**
Carrying amounts								
At 1 July 2023		105,323	107,350	9,680	27,050	1,242	20,343	270,988
At 30 June 2024/1 July 2024		106,068	99,062	9,045	29,770	2,570	12,233	258,748
At 30 June 2025		**103,135**	**88,468**	**10,455**	**49,104**	**1,982**	**16,787**	**269,931**

Notes to the Financial Statements

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and buildings

Included in the carrying amount of land and buildings are:

	Group	
	2025 RM'000	2024 RM'000
Freehold land	**20,568**	20,568
Buildings	**82,567**	85,500
	103,135	106,068

2.1 Allowance for impairment loss

One of the subsidiaries in Thailand has diversified into manufacturing of gloves.

In the previous financial year, the production line for gloves operated below its normal capacity. Accordingly, the management estimated the recoverable amount of the CGU based on value in use method. The carrying amount of the CGU was determined to be higher than its recoverable amount, hence an allowance for impairment loss of RM5,241,000 was recognised and included in other expenses.

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the CGU and was based on the following key assumptions:

i) Cash flows were projected based on an estimated useful life of CGU of 15 years.

ii) Revenue growth, selling price and profit margins were projected based on development in global business environment which was in line with information obtained from external sources.

iii) A pre-tax discount rate of 10.0% was applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the Group's weighted average cost of capital.

The values assigned to the key assumption represent management's assessment of future trends in the gloves manufacturing industry and are based on both external sources and internal sources (historical data).

During the financial year, the glove production line remained underutilised. As the performance of the CGU did not meet the cash flow projections made in the previous financial year, management reassessed the recoverable amount of the CGU using the fair value less costs of disposal method. The reassessment indicated that the recoverable amount was lower than the carrying amount. Consequently, an impairment loss of RM9,709,000 was recognised and recorded under other expenses.

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the impairment assessment.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Scrap value approach, including cost of dismantling.	Estimated scrap value of metal components.	The estimated fair value would increase (decrease) if the estimated scrap value of metal components is higher (lower).
	Estimated cost of dismantling.	The estimated fair value would increase (decrease) if the estimated cost of dismantling is lower (higher).

Notes to the Financial Statements

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2.2 Security

The freehold land and buildings and plant and machinery of the Group with a total carrying amount of RM85,198,000 (2024: RM87,895,000) are charged to licensed banks for banking facilities granted as disclosed in Note 12.

2.3 Leased motor vehicles

The carrying amount of motor vehicles of the Group acquired under hire purchase agreements is RM1,757,000 (2024: RM2,296,000).

2.4 Construction-in-progress

Construction-in-progress consists of assets relating to condom production facilities and other machinery which are in process of being built and assembled and are not ready for intended use.

2.5 Material accounting policy information

(a) Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated allowance for impairment losses.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(b) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	20 - 50 years
Plant and machinery	10 - 20 years
Motor vehicles	5 - 10 years
Electrical installation, renovation, equipment, furniture and fittings	3 - 10 years

3. RIGHT-OF-USE ASSETS

Group	Leasehold land RM'000	Buildings RM'000	Plant and equipment RM'000	Total RM'000
At 1 July 2023	19,571	7,650	190	27,411
Addition	-	4,045	-	4,045
Derecognition	-	(1,745)	-	(1,745)
Depreciation	(608)	(2,498)	(75)	(3,181)
Translation differences	(239)	90	2	(147)
At 30 June 2024/1 July 2024	**18,724**	**7,542**	**117**	**26,383**
Addition	**-**	**43,726**	**2,476**	**46,202**
Derecognition	**(1,774)**	**(2,005)**	**-**	**(3,779)**
Depreciation	**(603)**	**(3,811)**	**(397)**	**(4,811)**
Translation differences	**108**	**(1,676)**	**(88)**	**(1,656)**
At 30 June 2025	**16,455**	**43,776**	**2,108**	**62,339**

The Group leases a number of land, hostels, factory buildings and equipment that run between 1 year to 99 years, with an option to renew the leases after the expiry dates.

Notes to the Financial Statements

3. RIGHT-OF-USE ASSETS (CONTINUED)

3.1 Extension options

Some leases of buildings contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

	Lease liabilities recognised (discounted)		Potential future lease payments not included in lease liabilities (discounted)		Historical rate of exercise of extension options	
Group	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 %	2024 %
Buildings	-	4,078	-	9,566	-	33

3.2 Security

At 30 June 2025, the leasehold land with a carrying amount of RM10,676,000 (2024: RM11,070,000) are charged to banks for banking facilities granted as disclosed in Note 12.

3.3 Material accounting policy information

(a) Recognition and measurement

All right-of-use assets are measured at cost less any accumulated depreciation and any accumulated allowance for impairment losses.

(b) Lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(c) Recognition exemption

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4. INVESTMENTS IN SUBSIDIARIES

	Company	
	2025 RM'000	2024 RM'000
Cost of investment	**321,836**	321,836

Notes to the Financial Statements

4. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of entity	Principal activities	Principal place of business/ Country of incorporation	Effective ownership interest and voting interest	
			2025 %	2024 %
Direct subsidiaries				
Hevea Medical Sdn. Bhd.	Manufacture and sale of condoms, rubber products, personal lubricants and others	Malaysia	**100**	100
Innolatex Sdn. Bhd.	Manufacture and sale of condoms, rubber products, personal lubricants and others	Malaysia	**100**	100
Innolatex (Thailand) Limited*	Manufacture and sale of condoms, rubber products, personal lubricants and others	Thailand	**100**	100
Karex Global Limited#	Investment holding	Hong Kong	**100**	100
Karex Holdings Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Karex Industries Sdn. Bhd.	Manufacture and sale of condoms, rubber products, personal lubricants and others	Malaysia	**100**	100
Karex International Sdn. Bhd.	Investment holding	Malaysia	**100**	100
Karex Marketing Sdn. Bhd.	Distribution of hand sanitizers, trading products and others	Malaysia	**100**	100
Karex Polymers Limited#	Manufacturing of pre-vulcanised latex	Thailand	**100**	100
Medical-Latex (Dua) Sdn. Bhd.	Manufacture and sale of condoms, rubber products, personal lubricants and others	Malaysia	**100**	100
Subsidiary of Karex Global Limited				
Global Protection Corporation#	Distribution, packaging and marketing of condoms and related products	United States of America	**100**	100
Subsidiary of Global Protection Corporation				
Global Protection Corp UK Limited@	Dormant	United Kingdom	**100**	100
Subsidiary of Karex Holdings Sdn. Bhd.				
Pasante Healthcare Limited#	Wholesalers of healthcare products	United Kingdom	**100**	100
Subsidiary of Karex Industries Sdn. Bhd.				
Uro Technology Sdn. Bhd.	Manufacture and sale of urinary urethral products	Malaysia	**100**	100

* Audited by member firms of KPMG International Limited

\# Audited by firm of auditors other than KPMG PLT

@ The subsidiary is exempted from local statutory audit in accordance with its local legislation, accordingly it is not audited by a member firm of KPMG PLT

4.1 MATERIAL ACCOUNTING POLICY INFORMATION

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.

Notes to the Financial Statements

5. INTANGIBLE ASSETS

	Indefinite			Finite		
	Goodwill RM'000	Brands RM'000	Other intangible assets RM'000	Patents and trademarks RM'000	Other intangible assets RM'000	Total RM'000
Group						
At cost						
At 1 July 2023	27,230	64,676	5,947	3,881	-	101,734
Addition	-	-	-	840	-	840
Effect of movements in exchange rates	-	829	-	33	-	862
At 30 June 2024/1 July 2024	**27,230**	**65,505**	**5,947**	**4,754**	**-**	**103,436**
Addition	**-**	**-**	**-**	**663**	**-**	**663**
Internal development	**-**	**-**	**-**	**-**	**10,292**	**10,292**
Effect of movements in exchange rates	**-**	**(3,579)**	**-**	**(209)**	**(5)**	**(3,793)**
At 30 June 2025	**27,230**	**61,926**	**5,947**	**5,208**	**10,287**	**110,598**
Accumulated amortisation						
At 1 July 2023	-	-	-	1,737	-	1,737
Amortisation charge	-	-	-	263	-	263
Effect of movements in exchange rates	-	-	-	44	-	44
At 30 June 2024/1 July 2024	**-**	**-**	**-**	**2,044**	**-**	**2,044**
Amortisation charge	**-**	**-**	**-**	**398**	**341**	**739**
Effect of movements in exchange rates	**-**	**-**	**-**	**(179)**	**-**	**(179)**
At 30 June 2025	**-**	**-**	**-**	**2,263**	**341**	**2,604**
Accumulated allowance for impairment loss						
At 1 July 2023/30 June 2024/ 1 July 2024	-	848	358	-	-	1,206
Reversal of impairment loss	-	-	(358)	-	-	(358)
At 30 June 2025	**-**	**848**	**-**	**-**	**-**	**848**

Notes to the Financial Statements

5. INTANGIBLE ASSETS (CONTINUED)

	Indefinite			Finite		
	Goodwill RM'000	Brands RM'000	Other intangible assets RM'000	Patents and trademarks RM'000	Other intangible assets RM'000	Total RM'000
Group						
Carrying amounts						
At 1 July 2023	27,230	63,828	5,589	2,144	-	98,791
At 30 June 2024/1 July 2024	27,230	64,657	5,589	2,710	-	100,186
At 30 June 2025	**27,230**	**61,078**	**5,947**	**2,945**	**9,946**	**107,146**

Other intangible assets

Other intangible assets comprise patents, distribution rights, websites, quality certifications and others that are related to fitted condom, synthetic condom and glass former.

5.1 Amortisation

The brands and certain other intangible assets with indefinite useful lives are of such nature that they will continue to remain relevant to the Group in terms of access to market, brand loyalty from customers, innovative business platform and restriction of new entrant. The management expects the brands and certain other intangible assets with indefinite useful lives to generate net cash inflows indefinitely into the future. As a result, no amortisation is provided against the carrying value of the brands and certain other intangible assets with indefinite useful lives as the management believes that the lives of such assets are indefinite at this point.

The amortisation of patents and trademarks and certain other intangible assets which have finite useful lives are recognised and charged to the administration expenses.

5.2 Impairment testing for cash-generating units ("CGU") containing intangible assets

For the purpose of impairment testing, goodwill, brands and other intangible assets with indefinite useful lives are allocated to the Group's respective manufacturing and distribution cash-generating units which represent the lowest level within the Group at which the intangible assets are monitored for internal management purpose.

The aggregate carrying amount of the intangible assets allocated to each unit are as follows:

	Goodwill		Brands		Other intangible assets	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Pasante Healthcare Limited ("Pasante")	**27,230**	27,230	**-**	-	**-**	-
"ONE" brand manufacturing and distribution	**-**	-	**26,978**	30,557	**-**	-
"Trustex" brand manufacturing and distribution	**-**	-	**34,100**	34,100	**-**	-
Other intangible assets related to fitted condoms	**-**	-	**-**	-	**5,589**	5,589
Other intangible assets related to glass former	**-**	-	**-**	-	**358**	-
	27,230	27,230	**61,078**	64,657	**5,947**	5,589

Notes to the Financial Statements

5. INTANGIBLE ASSETS (CONTINUED)

5.2 Impairment testing for cash-generating units ("CGU") containing intangible assets (continued)

Goodwill

Goodwill was generated upon acquisition of Pasante. The recoverable amount of the CGU to which goodwill is allocated was based on its value in use, determined by discounting the future cash flows to be generated from the CGU and was based on the following key assumptions:

i) Cash flows were projected based on 10-year plan which management believes that this 10-year forecast period was justified due to the long-term nature of their business. The terminal value was estimated using the perpetuity growth model with NIL growth rate to perpetuity which is consistent with prior year.

ii) Revenue growth was projected to be at 8% (2024: 8% - 15%) per annum based on historical sales performance.

iii) Profit margins were based on the historical performance of the distribution unit and remained constant throughout the projected period.

iv) A pre-tax discount rate of 14.7% (2024: 14.9%) was applied in determining the recoverable amount of the distribution unit. The discount rate was estimated based on the Group's weighted average cost of capital.

Brands

The recoverable amount for Brands was based on their value in use, determined by discounting the future cash flows to be generated from the CGUs to which the Brands belong and was based on the following key assumptions:

i) Cash flows were projected based on 10-year plan which management believes that this 10-year forecast period was justified due to the long-term nature of their business. The terminal value was estimated using the perpetuity growth model with NIL growth rate to perpetuity which is consistent with prior year.

ii) Revenue was projected based on the estimated adult population that uses condom of the target territories over the projected period.

iii) Profit margins were based on the historical performance of the respective manufacturing and distribution units and remained constant throughout the projected period.

iv) A pre-tax discount rates of 15.0% - 15.1% (2024: 15.0% - 15.3%) were applied in determining the recoverable amount of the respective manufacturing and distribution units. The discount rates were estimated based on the Group's weighted average cost of capital.

Other intangible assets related to fitted condoms

The recoverable amount for the other intangible assets was based on its value in use, determined by discounting the future cash flows to be generated from the CGU to which the other intangible assets belong and was based on the following key assumptions:

i) Cash flows were projected based on 10-year plan which management believes that this 10-year forecast period was justified due to the long-term nature of their business. The terminal value was estimated using the perpetuity growth model with NIL growth rate to perpetuity which is consistent with prior year.

ii) Revenue was projected based on the estimated adult population that uses condom of the target territories over the projected period.

iii) Profit margins were based on the historical performance of the manufacturing and distribution unit and remained constant throughout the projected period.

iv) A pre-tax discount rate of 15.1% (2024: 15.0%) was applied in determining the recoverable amount of the manufacturing and distribution unit. The discount rate was estimated based on the Group's weighted average cost of capital.

Notes to the Financial Statements

5. INTANGIBLE ASSETS (CONTINUED)

5.2 Impairment testing for cash-generating units ("CGU") containing intangible assets (continued)

Other intangible assets related to fitted condoms (continued)

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both internal and external sources of information.

Based on the management's assessment, no impairment is required as the recoverable amounts were higher than carrying amounts of the above intangible assets.

The following table shows the reduction of recoverable amounts with the changes in the key assumptions which are particularly sensitive:

	1 percentage point change in revenue growth		1 percentage point change in gross profit margin		1 percentage point change in discount rate	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Pasante	**5,850**	5,496	**5,400**	6,291	**5,537**	7,057
"ONE" brand manufacturing and distribution	**6,449**	7,685	**6,176**	5,567	**6,849**	8,690
"Trustex" brand manufacturing and distribution	**2,974**	3,194	**960**	1,054	**4,112**	3,944
Other intangible assets related to fitted condoms	**732**	716	**550**	503	**373**	457

Other intangible assets related to glass former

During the financial year, the Group has recognised a reversal of impairment loss of RM358,000 on other intangible assets related to glass former in other income. Impairment testing for CGU containing other intangible assets related to glass former is not disclosed since the amount is not significant to the financial statements.

5.3 Material accounting policy information

(a) Recognition and measurement

Goodwill arises on business combinations is measured at cost less any accumulated allowance for impairment losses.

Brands and other intangible assets, that are acquired or internally developed by the Group, which have indefinite useful lives, are measured at cost less any accumulated allowance for impairment losses.

Patents and trademarks and other intangible assets, that are acquired or internally developed by the Group, which have finite useful lives are measured at cost less any accumulated amortisation and any accumulated allowance for impairment losses.

Notes to the Financial Statements

5. INTANGIBLE ASSETS (CONTINUED)

5.3 Material accounting policy information (continued)

(b) Amortisation

Goodwill, brands and other intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Patents and trademarks and other intangible assets with finite useful lives are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

Patents and trademarks	10 - 15 years
Other intangible assets	20 years

6. DEFERRED TAX ASSETS/(LIABILITIES)

6.1 Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Group						
Property, plant and equipment	**2,981**	-	**(17,319)**	(12,553)	**(14,338)**	(12,553)
Right-of-use assets	**-**	-	**(14,629)**	(1,591)	**(14,629)**	(1,591)
Unutilised business losses	**5,772**	2,567	**-**	-	**5,772**	2,567
Unutilised reinvestment allowances	**2,692**	2,808	**-**	-	**2,692**	2,808
Unutilised capital allowances	**4,304**	3,306	**-**	-	**4,304**	3,306
Inventories	**3,527**	2,209	**-**	-	**3,527**	2,209
Trade receivables	**1,615**	1,415	**-**	-	**1,615**	1,415
Lease liabilities	**15,120**	1,818	**-**	-	**15,120**	1,818
Others	**1,540**	593	**(3,071)**	(2,628)	**(1,531)**	(2,035)
Tax assets/(liabilities)	**37,551**	14,716	**(35,019)**	(16,772)	**2,532**	(2,056)
Set off of tax	**(30,538)**	(12,016)	**30,538**	12,016	**-**	-
Net tax assets/(liabilities)	**7,013**	2,700	**(4,481)**	(4,756)	**2,532**	(2,056)

Notes to the Financial Statements

6. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

6.2 Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of unutilised business losses of certain subsidiaries amounting to RM4,173,000 (2024: RM9,881,000) because it is not probable that future taxable profits will be available against which the subsidiaries can utilise the benefits therefrom.

The comparative figures have been restated to reflect the unutilised business losses available to the subsidiaries.

The unutilised business losses will expire in the following years of assessment ("YA") under the respective tax authorities as follows:

	Group	
	2025 RM'000	2024 RM'000
YA 2029	-	5,408
YA 2033	1,038	1,038
YA 2034	3,135	3,435
	4,173	9,881

6.3 Movement in temporary differences during the year

	At 1 July 2024 RM'000	Recognised in profit or loss (Note 17) RM'000	At 30 June 2025 RM'000
Group			
Property, plant and equipment	(12,553)	(1,785)	(14,338)
Right-of-use assets	(1,591)	(13,038)	(14,629)
Unutilised business losses	2,567	3,205	5,772
Unutilised reinvestment allowances	2,808	(116)	2,692
Unutilised capital allowances	3,306	998	4,304
Inventories	2,209	1,318	3,527
Trade receivables	1,415	200	1,615
Lease liabilities	1,818	13,302	15,120
Others	(2,035)	504	(1,531)
	(2,056)	4,588	2,532

Notes to the Financial Statements

6. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

6.3 Movement in temporary differences during the year (continued)

	At 1 July 2023 RM'000	Recognised in profit or loss (Note 17) RM'000	At 30 June 2024 RM'000
Group			
Property, plant and equipment	(13,626)	1,073	(12,553)
Right-of-use assets	(1,711)	120	(1,591)
Unutilised business losses	2,821	(254)	2,567
Unutilised reinvestment allowances	2,232	576	2,808
Unutilised capital allowances	6,093	(2,787)	3,306
Inventories	3,527	(1,318)	2,209
Trade receivables	1,293	122	1,415
Lease liabilities	1,892	(74)	1,818
Others	(1,563)	(472)	(2,035)
	958	(3,014)	(2,056)

The unutilised business losses and unutilised reinvestment allowances are available for offsetting against future taxable profits of the respective entities within the Group, subject to guidelines issued by the respective tax authorities as follows (stated at net):

	Group	
	2025 RM'000	2024 RM'000
Within 5 years of recognition	**5,233**	3,834
Within 10 years of recognition	**3,231**	1,541
	8,464	5,375

Unutilised capital allowances do not expire under the respective tax authorities.

Notes to the Financial Statements

7. INVENTORIES

	Group	
	2025 RM'000	2024 RM'000
Raw materials	**36,560**	35,814
Work-in-progress	**52,770**	42,953
Finished goods	**66,197**	73,665
Consumables	**3,216**	2,730
	158,743	155,162
Carrying amounts:		
- At cost	**149,388**	150,565
- At net realisable value	**9,355**	4,597
	158,743	155,162
Recognised in profit or loss:		
- Inventories recognised as cost of sales	**341,793**	332,818
- Allowance for slow-moving inventories (included in cost of sales)	**963**	1,979
- Write-down to net realisable value (included in cost of sales)	**266**	531
- Written off (included in cost of sales)	**860**	1,261

7.1 Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the first-in first-out method.

8. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Trade				
Trade receivables	**109,742**	102,998	**-**	-
Non-trade				
Other receivables	**4,717**	4,050	**-**	-
Deposits	**3,123**	3,072	**-**	-
Prepayments	**4,281**	14,097	**-**	32
Due from subsidiaries	**-**	-	**104,585**	103,673
	12,121	21,219	**104,585**	103,705
	121,863	124,217	**104,585**	103,705

The non-trade amount due from subsidiaries is unsecured, subject to interest of 5% (2024: 5%) per annum and repayable on demand.

In prior year, included in prepayments of the Group was advance payment made for clinical research amounting to RM8,986,000. During the financial year, the Group completed the research and the prepayments have been transferred to intangible assets as disclosed in Note 5.

Notes to the Financial Statements

9. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	2025		2024	
	Nominal value RM'000	Financial assets RM'000	Nominal value RM'000	Financial liabilities RM'000
Group				
Derivatives at fair value through profit or loss				
- Forward exchange contracts	**30,524**	**351**	72,963	(111)

Forward exchange contracts are used to manage the foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than the functional currency of the Group. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward contracts are rolled over at maturity.

10. CASH AND CASH EQUIVALENTS

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash and bank balances	**31,572**	36,983	**6,525**	1,671
Short-term deposits	**1,629**	2,003	**-**	2,000
Cash and cash equivalents in the statements of financial position	**33,201**	38,986	**6,525**	3,671
Less: Bank overdraft	**(5,428)**	-	**-**	-
Less: Pledged deposits	**(1,248)**	-	**-**	-
Cash and cash equivalents in the statements of cash flows	**26,525**	38,986	**6,525**	3,671

Included in short-term deposits of the Group are RM1,248,000 (2024: NIL) pledged to licensed bank as security for bank guarantee facilities granted to the Group as disclosed in Note 12.

11. CAPITAL AND RESERVES

Share capital

	Group/Company		Group/Company Number of ordinary shares	
	2025 RM'000	2024 RM'000	2025 '000	2024 '000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares	**324,244**	324,244	**1,053,461**	1,053,461

Notes to the Financial Statements

11. CAPITAL AND RESERVES (CONTINUED)

Reserves

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Distributable				
Retained earnings	**68,020**	78,840	**15,348**	8,395
Non-distributable				
Merger reserve	**63,511**	63,511	**63,511**	63,511
Translation reserve	**8,613**	15,602	**-**	-
Other reserve	**1,212**	718	**-**	-
	141,356	158,671	**78,859**	71,906

11.1 Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

11.2 Merger reserve

The merger reserve comprises the differences between the cost of acquisition and the nominal value of shares acquired together with any other reserves of the combining entities during the restructuring among common shareholders.

11.3 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

11.4 Other reserve

Based on Thailand Law, the other reserve comprises the reserve fund allocated at each distribution of dividend, being at least 5% of the profit until it reaches 10% of the registered capital of the Thailand subsidiary, and claimable upon disposal or liquidation of the subsidiary by the Group. This legal reserve is not available for dividend distribution.

Notes to the Financial Statements

12. LOANS AND BORROWINGS

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Non-current				
Secured				
Term loans	**30,144**	41,733	**-**	-
Hire purchase liabilities	**972**	1,409	**-**	-
	31,116	43,142	**-**	-
Current				
Secured				
Term loans	**10,278**	11,493	**-**	-
Bankers' acceptances	**32,548**	23,637	**-**	-
Export financing	**14,539**	6,954	**-**	-
Hire purchase liabilities	**417**	428	**-**	-
Revolving credit	**59,958**	34,661	**29,688**	30,661
Bank overdraft	**5,428**	-	**-**	-
	123,168	77,173	**29,688**	30,661
	154,284	120,315	**29,688**	30,661

The loans and borrowings are secured by fixed and floating charges over the Group's certain assets as disclosed in Notes 2, 3 and 10, and guaranteed by the Company.

Significant covenants

The borrowings of the subsidiaries of the Group are subject to the following covenants:

a. The Group, Karex Industries Sdn. Bhd. ("KISB") and Innolatex (Thailand) Limited ("ITL") shall maintain gearing ratio of not more than 1.25 times, 1.5 times and 1.0 times, respectively as defined by the respective licensed banks.

b. The net tangible assets of the Group shall not be less than RM350,000,000.

c. KISB shall not without the banks' prior written consent, alter the present ownership structure and extend loans and advances to the Directors of KISB and its related companies.

d. The subsidiaries shall not without the banks' prior written consent, declare and pay dividend exceeding 50% of the profit after tax of each financial year.

e. ITL shall maintain leverage ratio of not more than 3.0 times and debt service coverage ratio exceeding 1.2 times as defined by the licensed bank.

The Group has complied with these covenants as at the reporting period and there are no indications that it will face difficulties meeting the covenants when they are next tested as of the 30 June 2026.

Notes to the Financial Statements

13. TRADE AND OTHER PAYABLES

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Trade				
Trade payables	**36,460**	38,307	**-**	-
Non-trade				
Other payables and accrued expenses	**30,845**	24,237	**209**	238
Amount due to a subsidiary	**-**	-	**-**	2,218
	67,305	62,544	**209**	2,456

Included in other payables and accrued expenses of the Group is defined benefit plans operated for employees under the labour laws applicable in Thailand in respect of its subsidiaries incorporated in Thailand amounting to RM3,521,000 (2024: RM2,965,000). No disclosure of other information is made as the amount is not significant to the Group.

In prior year, the non-trade amount due to a subsidiary was unsecured, subjected to interest of 5% per annum. The non-trade amount has been repaid during the financial year.

14. CONTRACT LIABILITIES

The contract liabilities primarily relate to the advance consideration from customers for orders which revenue will be recognised upon orders completion. The contract liabilities are expected to be recognised as revenue within 90 days.

15. REVENUE

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue from contracts with customers	**498,407**	507,847	**-**	-
Other revenue				
- Dividend income	**-**	-	**24,225**	2,700
Total revenue	**498,407**	507,847	**24,225**	2,700

Notes to the Financial Statements

15. REVENUE (CONTINUED)

15.1 Disaggregation of revenue from contracts with customers

	Reportable segments							
	Sexual wellness		Medical		Others		Total	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Group								
Primary geographical markets								
Asia	**103,935**	129,726	**13,094**	15,355	**-**	-	**117,029**	145,081
Africa	**48,903**	68,449	**12**	13	**-**	-	**48,915**	68,462
Americas	**210,325**	201,824	**932**	2,166	**-**	-	**211,257**	203,990
Europe	**87,800**	63,343	**19,470**	13,494	**13,936**	13,477	**121,206**	90,314
	450,963	463,342	**33,508**	31,028	**13,936**	13,477	**498,407**	507,847
Major products and service lines								
Condoms	**372,828**	384,302	**-**	-	**-**	-	**372,828**	384,302
Personal lubricants	**74,549**	76,420	**-**	-	**-**	-	**74,549**	76,420
Probe covers	**-**	-	**14,740**	9,759	**-**	-	**14,740**	9,759
Catheters	**-**	-	**14,188**	17,155	**-**	-	**14,188**	17,155
Others	**3,586**	2,620	**4,580**	4,114	**13,936**	13,477	**22,102**	20,211
	450,963	463,342	**33,508**	31,028	**13,936**	13,477	**498,407**	507,847
Timing of recognition								
At a point in time	**450,386**	462,676	**33,508**	31,028	**13,936**	13,477	**497,830**	507,181
Overtime	**577**	666	**-**	-	**-**	-	**577**	666
	450,963	463,342	**33,508**	31,028	**13,936**	13,477	**498,407**	507,847

15.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms
Condoms, personal lubricants, probe covers, catheters and others	Revenue is recognised at a point in time when the control over the product or service is delivered and accepted by the customer	Credit period of up to 120 days from invoice date
Made-to-order products	Revenue is recognised overtime as costs are incurred. The work performed does not create an alternative use to the Group and the Group has rights to payment for work performed	Upon shipment of goods

The revenue from contracts with customers of the Group are not subject to variable element in the consideration, obligation for returns or refunds and warranty.

The Group applies the practical expedient for exemption on disclosure of information on remaining performance obligation that have original expected durations of one year or less.

Notes to the Financial Statements

16. FINANCE COSTS

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	**7,201**	8,323	**1,732**	1,444
Interest expense on lease liabilities	**866**	506	**-**	-
	8,067	8,829	**1,732**	1,444

17. TAX EXPENSE

17.1 Recognised in profit or loss

Major components of income tax expense include:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Current tax expense				
- Current year	**5,035**	4,790	**207**	255
- (Over)/Under provision in prior year	**(354)**	(249)	**(4)**	28
	4,681	4,541	**203**	283
Deferred tax expense				
- Origination and reversal of temporary differences	**(5,204)**	2,671	**-**	-
- Under provision in prior year	**616**	343	**-**	-
	(4,588)	3,014	**-**	-
	93	7,555	**203**	283

17.2 Reconciliation of tax expense

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Profit before tax	**301**	30,996	**17,690**	4,225
Income tax calculated using Malaysian tax rate of 24%	**72**	7,439	**4,246**	1,014
Non-deductible expenses	**3,528**	2,014	**2,719**	1,006
Non-taxable income	**(1,837)**	(1,091)	**(6,758)**	(1,765)
Recognition of previously unrecognised business losses	**(1,370)**	(2,132)	**-**	-
Current year losses for which no deferred tax asset was recognised	**-**	1,921	**-**	-
Effect of tax rates in foreign jurisdictions	**(272)**	139	**-**	-
Tax incentives	**(290)**	(829)	**-**	-
	(169)	7,461	**207**	255
Under/(Over) provision in prior year	**262**	94	**(4)**	28
Tax expense	**93**	7,555	**203**	283

Notes to the Financial Statements

18. PROFIT FOR THE YEAR

	Note	Group 2025 RM'000	Group 2024 RM'000	Company 2025 RM'000	Company 2024 RM'000
Profit for the year is arrived at after charging/(crediting)					
Allowance for/(Reversal of) impairment loss on:					
- Property, plant and equipment		**9,709**	5,241	**-**	-
- Intangible assets		**(358)**	-	**-**	-
Net impairment loss on financial assets:					
- Trade receivables		**1,004**	686	**-**	-
- Bad debt written off		**422**	226	**-**	-
Audit fees					
- KPMG PLT		**370**	329	**125**	96
- Member firms of KPMG International Limited		**122**	118	**-**	-
- Other auditors		**468**	484	**-**	-
Non-audit fees					
- KPMG PLT		**5**	5	**5**	5
- Local affiliates of KPMG PLT		**9**	-	**3**	-
- Member firms of KPMG International Limited		**10**	-	**-**	-
Depreciation and amortisation:					
- Property, plant and equipment		**22,588**	22,064	**-**	-
- Right-of-use assets		**4,811**	3,181	**-**	-
- Intangible assets		**739**	263	**-**	-
Expenses relating to short-term leases	a	**3,168**	3,425	**-**	-
Expenses relating to leases of low-value assets	a	**41**	39	**-**	-
Fair value (gain)/loss on derivative instruments		**(351)**	111	**-**	-
(Gain)/Loss on derecognition of right-of-use assets		**(493)**	104	**-**	-
Net unrealised foreign exchange (gain)/loss		**(74)**	2,527	**7,642**	(854)
Personnel expenses (including key management personnel):					
- Contributions to state plans		**8,706**	7,870	**-**	-
- Wages, salaries and others		**131,366**	132,544	**570**	545
Property, plant and equipment written off		**200**	419	**-**	-
Loss/(Gain) on disposal of property, plant and equipment		**27**	(127)	**-**	-
Net realised foreign exchange loss/(gain)		**3,203**	(1,961)	**(108)**	361

Note a

The Group leases a number of hostels and equipment with contract terms of 1 to 4 years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Notes to the Financial Statements

19. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2025 RM'000	**2024 RM'000**
Profit for the year attributable to owners of the Company	**208**	23,441
Weighted average number of ordinary shares		
Weighted average number of ordinary shares at 30 June ('000)	**1,053,461**	1,053,461
Basic earnings per ordinary share (sen)	**0.02**	2.23

Diluted earnings per ordinary share

The diluted earnings per share is the same as basic earnings per share as there are no dilutive potential ordinary shares outstanding.

20. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	**Total amount RM'000**	**Date of payment**
2025			
Interim	**0.5**	**5,267**	**24 June 2025**
2024			
Interim	0.5	5,267	23 September 2024

After the end of the reporting period, the following dividend was paid by the Company on 3 October 2025. This dividend will be recognised in subsequent financial year.

	Sen per share	**Total amount RM'000**
2025		
Interim	**0.5**	**5,267**

The Directors do not recommend any final dividend to be paid for the financial year under review.

Notes to the Financial Statements

21. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

Acquisition of property, plant and equipment in statement of cash flows represents:

	Group	
	2025 RM'000	2024 RM'000
Current year additions	**43,738**	16,851
Add/(Less):		
- Amount financed by hire purchase liabilities	**-**	(1,754)
- Balances in respect of acquisition of property, plant and equipment included in other creditors:		
- at end of year	**(3,028)**	(1,052)
- at beginning of year	**1,052**	5,819
Cash outflows from acquisition of property, plant and equipment	**41,762**	19,864

22. OPERATING SEGMENTS

Group

The Group's main business activities comprise investment holding, manufacture and sale of sexual wellness, medical and other health related products. These activities are principally located in Malaysia, Thailand, United States of America and United Kingdom. Inter-segment pricing is determined based on negotiated terms.

Performance is measured based on segment profit before tax and interest, as included in the internal management reports that are reviewed by the Chief Executive Officer ("CEO"), who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is not included in the internal management reports. Hence, no disclosure is made on segment liability.

Notes to the Financial Statements

22. OPERATING SEGMENTS (CONTINUED)

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, right-of-use assets and intangible assets other than goodwill.

	Sexual wellness RM'000	Medical RM'000	Others RM'000	Total RM'000
2025				
Segment profit/(loss)	**12,585**	**(4,730)**	**1,828**	**9,683**
Included in the measure of segment profit/(loss) are:				
Revenue from external customers	**450,963**	**33,508**	**13,936**	**498,407**
Inventories:				
- Allowance for slow moving	**(960)**	**(3)**	**-**	**(963)**
- Write-down to net realisable value	**(266)**	**-**	**-**	**(266)**
- Written off	**(860)**	**-**	**-**	**(860)**
Allowance for impairment loss on property, plant and equipment	**-**	**(9,709)**	**-**	**(9,709)**
Depreciation and amortisation	**(26,211)**	**(1,909)**	**(18)**	**(28,138)**
Not included in the measure of segment profit/(loss):				
Finance income	**415**	**5**	**-**	**420**
Finance costs	**(6,301)**	**(63)**	**(22)**	**(6,386)**
Segment assets	**715,169**	**23,352**	**18,030**	**756,551**
Not included in the measure of segment assets are:				
Additions to non-current assets other than financial instruments and deferred tax assets	**100,795**	**245**	**-**	**101,040**
2024				
Segment profit/(loss)	43,612	(2,827)	1,554	42,339
Included in the measure of segment profit/(loss) are:				
Revenue from external customers	463,342	31,028	13,477	507,847
Inventories:				
- Allowance for slow moving	(1,967)	(12)	-	(1,979)
- Write-down to net realisable value	(452)	(79)	-	(531)
- Written off	(1,261)	-	-	(1,261)
Allowance for impairment loss on property, plant and equipment	-	(5,241)	-	(5,241)
Depreciation and amortisation	(23,444)	(1,933)	(131)	(25,508)
Not included in the measure of segment profit/(loss):				
Finance income	248	3	-	251
Finance costs	(7,338)	(59)	(7)	(7,404)
Segment assets	628,403	59,284	16,457	704,144
Not included in the measure of segment assets are:				
Additions to non-current assets other than financial instruments and deferred tax assets	24,873	254	-	25,127

Notes to the Financial Statements

22. OPERATING SEGMENTS (CONTINUED)

Reconciliations of reportable segment revenue, profit or loss, assets and other material items:

	Group	
	2025 RM'000	2024 RM'000
Profit or loss		
Total profit for reportable segments	**9,683**	42,339
Finance costs	**(6,386)**	(7,404)
Finance income	**420**	251
Unallocated items:		
- Corporate expenses	**(2,751)**	(3,344)
- Net foreign exchange gain	**973**	493
- Finance income from deposits with licensed banks and financial institutions	**43**	86
- Finance costs	**(1,681)**	(1,425)
Consolidated profit before tax	**301**	30,996
Total assets		
Total assets for reportable segments	**756,551**	704,144
Other non-reportable segments	**7,255**	4,696
Consolidated total assets	**763,806**	708,840

Geographical segments

The sexual wellness and medical segments are managed on a worldwide basis, but with manufacturing facilities and sales offices in Malaysia, Thailand, United States of America and United Kingdom.

In presenting information on the basis of geographical segments, segment revenue is based on geographical destination markets of the export.

Geographical segment non-current assets information is not included in the internal management reports. Hence, no disclosure is made on geographical segment non-current assets.

Geographical revenue

Geographical segment revenue is as disclosed in Note 15.1.

Major customers

There is no significant concentration of sales to a customer exceeding 10% of the Group's revenue for year 2025 and 2024.

Notes to the Financial Statements

23. FINANCIAL INSTRUMENTS

23.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Amortised cost ("AC")
(b) Fair value through profit or loss ("FVTPL")
- Mandatorily required by MFRS 9

	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Group			
2025			
Financial assets			
Trade and other receivables*	**117,582**	**117,582**	**-**
Cash and cash equivalents	**33,201**	**33,201**	**-**
Derivative financial assets	**351**	**-**	**351**
	151,134	**150,783**	**351**
Financial liabilities			
Trade and other payables*	**(63,784)**	**(63,784)**	**-**
Loans and borrowings	**(154,284)**	**(154,284)**	**-**
	(218,068)	**(218,068)**	**-**
2024			
Financial assets			
Trade and other receivables*	110,120	110,120	-
Cash and cash equivalents	38,986	38,986	-
	149,106	149,106	-
Financial liabilities			
Trade and other payables*	(59,579)	(59,579)	-
Loans and borrowings	(120,315)	(120,315)	-
Derivative financial liabilities	(111)	-	(111)
	(180,005)	(179,894)	(111)
Company			
2025			
Financial assets			
Trade and other receivables	**104,585**	**104,585**	**-**
Cash and cash equivalents	**6,525**	**6,525**	**-**
	111,110	**111,110**	**-**
Financial liabilities			
Trade and other payables	**(209)**	**(209)**	**-**
Loans and borrowings	**(29,688)**	**(29,688)**	**-**
	(29,897)	**(29,897)**	**-**

Notes to the Financial Statements

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.1 Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Company			
2024			
Financial assets			
Trade and other receivables*	103,673	103,673	-
Cash and cash equivalents	3,671	3,671	-
	107,344	107,344	-
Financial liabilities			
Trade and other payables	(2,456)	(2,456)	-
Loans and borrowings	(30,661)	(30,661)	-
	(33,117)	(33,117)	-

* Excludes non-financial instruments

23.2 Net gains and losses arising from financial instruments

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Net (losses)/gains on:				
Financial assets at AC (Note 23.2.1)	**(4,092)**	(1,141)	**(2,601)**	5,507
Financial liabilities at AC (Note 23.2.2)	**(7,201)**	(8,323)	**(1,732)**	(1,444)
Financial assets at FVTPL (Note 23.2.3)				
- Mandatorily required by MFRS 9	**351**	-	**-**	-
Financial liabilities at FVTPL (Note 23.2.4)				
- Mandatorily required by MFRS 9	**-**	(111)	**-**	-
	(10,942)	(9,575)	**(4,333)**	4,063

23.2.1 Financial assets at AC

Included in the net gains and losses on financial assets at AC are interest income, foreign exchange gains and losses, and impairment losses which are recognised in profit or loss.

23.2.2 Financial liabilities at AC

Included in the net gains and losses on financial liabilities at AC are interest expense and foreign exchange gains and losses which are recognised in profit or loss.

23.2.3 Financial assets at FVTPL

Included in the net gains on financial assets at FVTPL are fair value gains which are recognised in profit or loss.

23.2.4 Financial liabilities at FVTPL

Included in the net losses on financial liabilities at FVTPL are fair value losses which are recognised in profit or loss.

Notes to the Financial Statements

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Liquidity risk
- Market risk

23.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its receivables from customers and subsidiaries. There are no significant changes as compared to prior period.

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to prior period.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, there were no significant concentrations of credit risk and the maximum exposure to credit risk arising from trade receivables are represented by the carrying amount in the statement of financial position.

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances.

The Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable.

Notes to the Financial Statements

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment loss (continued)

The following table provides information about the exposure to credit risk and expected credit losses ("ECLs") for trade receivables as at the end of the reporting period which are grouped together as they are expected to have similar risk nature.

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Group			
2025			
Current (not past due)	**71,444**	**-**	**71,444**
1 - 30 days past due	**18,042**	**-**	**18,042**
31 - 60 days past due	**7,868**	**-**	**7,868**
61 - 90 days past due	**4,148**	**-**	**4,148**
More than 90 days past due	**8,551**	**311**	**8,240**
	110,053	**311**	**109,742**
Credit impaired			
Individually impaired	**435**	**435**	**-**
	110,488	**746**	**109,742**
Group			
2024			
Current (not past due)	65,847	-	65,847
1 - 30 days past due	14,095	-	14,095
31 - 60 days past due	7,931	-	7,931
61 - 90 days past due	7,326	-	7,326
More than 90 days past due	8,229	430	7,799
	103,428	430	102,998
Credit impaired			
Individually impaired	241	241	-
	103,669	671	102,998

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

	Group	
	2025 RM'000	**2024 RM'000**
At 1 July	**671**	310
Amounts written off	**(874)**	(325)
Net remeasurement of loss allowance	**1,004**	686
Exchange differences	**(55)**	-
At 30 June	**746**	671

Notes to the Financial Statements

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.4 Credit risk (continued)

Inter-company balances

Risk management objectives, policies and processes for managing the risk

The Company's exposure to credit risk arose from unsecured advances provided to its subsidiaries.

The Company monitors the financial positions of subsidiaries in assessing its credit risk.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by its carrying amount in the statement of financial position.

Recognition and measurement of impairment loss

Generally, the Company considers amount due from subsidiaries has low credit risk. The Company assumes that there is a significant increase in credit risk when the subsidiaries' financial position deteriorates significantly. The Company considers amount due from subsidiaries to be credit impaired when:

- The subsidiaries are unlikely to repay the amount to the Company in full; or
- The subsidiaries are continuously loss making and are having a deficit shareholders' fund.

The Company determines the probability of default for this amount individually using internal information available.

At the end of the reporting period, there is no indication that the amount due from subsidiaries is not recoverable.

Cash and cash equivalents

The cash and cash equivalents are held with licensed banks. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amount in the statements of financial position.

These licensed banks have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

The Group and the Company monitor the exposure to credit risk on individual basis.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position and the Group and the Company do not recognise any allowance for impairment loss.

Notes to the Financial Statements

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.4 Credit risk (continued)

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to subsidiaries. The Company monitors on an ongoing basis the results of its subsidiaries and repayments made by its subsidiaries.

Exposure to credit risk, credit quality and collateral

The Company's maximum exposure to credit risk amounts to RM154,351,000 (2024: RM164,373,000) representing the outstanding banking facilities of its subsidiaries as at the end of the reporting period.

Recognition and measurement of impairment loss

The Company determines the probability of default of the guaranteed loans using internal information available by assessing individual subsidiary's financial position and likelihood to repay the loan.

As at the end of the reporting period, there was no indication that these subsidiaries would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

23.5 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from their various payables, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the Financial Statements

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities and lease liabilities as at the end of the reporting period based on undiscounted contractual payments.

	Carrying amount RM'000	Contractual interest rate/ discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
2025							
Non-derivative financial liabilities							
Trade and other payables	67,305	-	67,305	67,305	-	-	-
Term loans	40,422	3.08 - 5.37	46,046	6,075	9,089	15,190	15,692
Hire purchase liabilities	1,389	3.20 - 4.99	1,601	497	438	666	-
Bankers' acceptances	32,548	4.06 - 4.85	32,715	32,715	-	-	-
Export financing	14,539	3.16 - 5.50	15,065	15,065	-	-	-
Bank overdraft	5,428	6.60 - 8.05	5,863	5,863	-	-	-
Lease liabilities	56,528	2.31 - 4.50	87,737	6,374	6,444	16,563	58,356
Revolving credit	59,958	5.07 - 6.56	61,699	61,699	-	-	-
	278,117		318,031	195,593	15,971	32,419	74,048
Derivative financial assets							
Forward exchange contracts (gross settled):							
- Outflow	-	-	30,173	30,173	-	-	-
- Inflow	(351)	-	(30,524)	(30,524)	-	-	-
	277,766		317,680	195,242	15,971	32,419	74,048
2024							
Non-derivative financial liabilities							
Trade and other payables	59,579	-	59,579	59,579	-	-	-
Term loans	53,226	2.90 - 5.61	60,728	13,745	15,371	19,170	12,442
Hire purchase liabilities	1,837	3.20 - 4.99	1,954	517	492	859	86
Bankers' acceptances	23,637	4.43 - 5.17	23,829	23,829	-	-	-
Export financing	6,954	3.50 - 6.37	7,201	7,201	-	-	-
Lease liabilities	19,532	2.31 - 4.50	27,134	4,114	2,785	6,884	13,351
Revolving credit	34,661	5.21 - 7.30	35,024	35,024	-	-	-
	199,426		215,449	144,009	18,648	26,913	25,879
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
- Outflow	111	-	72,963	72,963	-	-	-
- Inflow	-	-	(72,852)	(72,852)	-	-	-
	199,537		215,560	144,120	18,648	26,913	25,879

Notes to the Financial Statements

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.5 Liquidity risk (continued)

Maturity analysis (continued)

	Carrying amount RM'000	Contractual interest rate/ discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Company							
2025							
Non-derivative financial liabilities							
Revolving credit	**29,688**	**5.07 - 6.40**	**29,823**	**29,823**	**-**	**-**	**-**
Other payables and accrued expenses	**209**	-	**209**	**209**	**-**	**-**	**-**
Financial guarantee*	**-**	-	**154,351**	**154,351**	**-**	**-**	**-**
	29,897		**184,383**	**184,383**	**-**	**-**	**-**
2024							
Non-derivative financial liabilities							
Due to a subsidiary	2,218	5.00	2,329	2,329	-	-	-
Revolving credit	30,661	5.35 - 7.30	30,812	30,812	-	-	-
Other payables and accrued expenses	238	-	238	238	-	-	-
Financial guarantee*	-	-	164,373	164,373	-	-	-
	33,117		197,752	197,752	-	-	-

* The amount represents the outstanding banking facilities, forward exchange contracts and bank guarantee facilities of the subsidiaries at the end of the reporting period.

23.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's and the Company's financial position or cash flows.

Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Chinese Yuan ("CNY"), Euro ("EUR"), Great Britain Pound ("GBP") and Singapore Dollar ("SGD").

Risk management objectives, policies and processes for managing the risk

The Group uses forward exchange contracts to hedge its foreign currency risk from time to time. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

Notes to the Financial Statements

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.6 Market risk (continued)

Currency risk (continued)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currencies of Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows:

	Denominated in				
	USD RM'000	CNY RM'000	EUR RM'000	GBP RM'000	SGD RM'000
Group					
2025					
Balances recognised in the statement of financial position					
Trade receivables	65,007	2,572	1,987	-	-
Intercompany receivables	143,218	-	39	5,294	-
Cash and cash equivalents	9,530	179	264	493	-
Trade payables	(8,058)	(288)	(153)	-	-
Other payables	(11,733)	-	-	(33)	(5)
Intercompany payables	(84,448)	-	-	-	-
Loans and borrowings	(22,583)	-	-	(2,404)	-
Forward exchange contracts on forecast sales	(30,524)	-	-	-	-
Net exposure	60,409	2,463	2,137	3,350	(5)
2024					
Trade receivables	51,102	5,285	986	-	132
Intercompany receivables	141,272	-	39	3,813	-
Cash and cash equivalents	11,581	-	72	256	-
Trade payables	(3,226)	-	-	-	(62)
Other payables	(5,278)	-	-	(6)	-
Intercompany payables	(103,631)	-	-	-	-
Loans and borrowings	(28,627)	-	-	(1,146)	-
Forward exchange contracts on forecast sales	(72,963)	-	-	-	-
Net exposure	(9,770)	5,285	1,097	2,917	70

	Denominated in USD	
	2025 RM'000	2024 RM'000
Company		
Balances recognised in the statement of financial position		
Intercompany receivables	76,464	78,763
Cash and cash equivalents	795	23
Loans and borrowings	(8,088)	(9,061)
Net exposure	69,171	69,725

Notes to the Financial Statements

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.6 Market risk (continued)

Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2024: 10%) strengthening of the RM against the following currencies at the end of the reporting period would have decreased post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

	Denominated in				
	USD RM'000	CNY RM'000	EUR RM'000	GBP RM'000	SGD RM'000
Group					
2025					
Profit or loss	**(4,591)**	**(187)**	**(162)**	**(255)**	**-**
2024					
Profit or loss	743	(402)	(83)	(222)	(5)

	Denominated in USD RM'000
Company	
2025	
Profit or loss	**(5,257)**
2024	
Profit or loss	(5,299)

A 10% (2024: 10%) weakening of the RM against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

There is no formal hedging policy with respect to interest rate exposure. Exposure to interest rate is monitored on an ongoing basis and the Group endeavours to keep the exposure to an acceptable level.

Notes to the Financial Statements

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.6 Market risk (continued)

Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments and lease liabilities, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Fixed rate instruments				
Financial assets	**1,629**	2,003	**104,585**	105,673
Financial liabilities	**(108,434)**	(67,089)	**(29,688)**	(32,879)
Lease liabilities	**(56,528)**	(19,532)	**-**	-
	(163,333)	(84,618)	**74,897**	72,794
Floating rate instruments				
Financial liabilities	**(45,850)**	(53,226)	**-**	-

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) the Group's post-tax profit or loss by RM348,000 (2024: RM405,000). This analysis assumes that all other variables remained constant.

23.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables, short term payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

The carrying amount of the hire purchase liabilities approximates its fair value as there is no material change in the interest charged on similar kind of borrowings in the market.

The carrying amount of the floating rate term loans approximates its fair values as its effective interest rate changes accordingly to movements in the market interest rate.

Notes to the Financial Statements

23. FINANCIAL INSTRUMENTS (CONTINUED)

23.7 Fair value information (continued)

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments carried at fair value Level 2 RM'000	Total fair value RM'000	Carrying amount RM'000
Group			
2025			
Financial assets			
Forward exchange contracts	**351**	**351**	**351**
2024			
Financial liabilities			
Forward exchange contracts	(111)	(111)	(111)

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial liabilities, either directly or indirectly.

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2024: no transfer in either directions).

Notes to the Financial Statements

24. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio to operate effectively with minimal external borrowings.

During the financial year ended 30 June 2025, the Group's strategy was to maintain the debt-to-equity ratio at below 1.0. The debt and equity position and debt-to-equity ratio of the Group were as follows:

	Group	
	2025 RM'000	**2024 RM'000**
Loans and borrowings (Note 12)	**154,284**	120,315
Lease liabilities	**56,528**	19,532
Total debt	**210,812**	139,847
Less: Cash and cash equivalents (Note 10)	**(33,201)**	(38,986)
	177,611	100,861
Total equity attributable to owners of the Company	**465,600**	482,915
Debt to equity ratio	**0.38**	0.21

There were no changes in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than the 25 percent of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

25. CAPITAL COMMITMENT

	Group	
	2025 RM'000	**2024 RM'000**
Capital expenditure commitment		
Property, plant and equipment		
Contracted but not provided for	**775**	1,626

Notes to the Financial Statements

26. RELATED PARTIES

Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and the Company are shown below. The balances related to the below transactions are shown in Notes 8 and 13.

	Group		Company	
	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
A. Subsidiaries				
Dividend income	-	-	**24,225**	2,700
Interest income	-	-	**4,890**	4,928
Interest expense	-	-	**(51)**	(18)
Advances, net of repayment	-	-	**1,778**	(12,967)
B. Companies in which certain Directors/ Directors' close family members have substantial financial interests				
Sales of goods	**76**	123	-	-
C. Key management personnel				
Directors				
- Fees	**570**	545	**570**	545
- Remuneration	**3,789**	2,980	**39**	38
- Benefits	**56**	43	-	-
- Contributions to the state plans	**699**	546	-	-
	5,114	4,114	**609**	583
Other key management personnel				
- Remuneration	**2,281**	1,895	-	-
- Contributions to the state plans	**349**	316	-	-
	2,630	2,211	-	-
Total short-term employee benefits	**7,744**	6,325	**609**	583

Other key management personnel comprise persons other than the Directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 93 to 142 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board 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 2025 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Goh Leng Kian
Director

Goh Miah Kiat
Director

Date: 9 October 2025

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Wong Your Can**, the officer primarily responsible for the financial management of KAREX BERHAD, do solemnly and sincerely declare that the financial statements set out on pages 93 to 142 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 abovenamed Wong Your Can, NRIC: 770411-71-5109, MIA CA 21540, at Petaling Jaya in the State of Selangor on 9 October 2025.

Wong Your Can

Before me:
Wong Kok Ken (B726)
Commissioner For Oaths

Independent Auditors' Report

To the Members of Karex Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Karex Berhad, which comprise the statements of financial position as at 30 June 2025 of the Group and of the Company, 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 year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 93 to 142.

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 2025, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("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 auditors' 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"), 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 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.

Impairment of non-financial assets - Group

Impairment of goodwill and intangible assets – Group

Note 5 – Intangible assets.

The key audit matters

The Group has goodwill of RM27,230,000, brands of RM61,078,000 and other intangible assets of RM5,947,000 with indefinite useful life as at 30 June 2025 which are required to be tested for impairment on an annual basis. When a review of impairment is conducted, the recoverable amount is determined based on discounted future cash flow projections using the Group's assumptions and assessment of the future results and prospects of the business. The key assumptions applied by the Group in the cash flow projections are those relating to discount rates, revenue growth rates and profit margin.

We have identified this as a key audit matter because judgement is required in our assessment of the recoverable amount and the significance of the carrying amount of goodwill, brands and other intangible assets with indefinite useful life in the financial statements.

Independent Auditors' Report

To the Members of Karex Berhad

Key Audit Matters (continued)

Impairment of non-financial assets - Group (continued)

Impairment of goodwill and intangible assets – Group (continued)

How the matter was addressed in our audit:

Our audit procedures performed in this area included, amongst others:

- We obtained the annual impairment assessment performed by the Group and compared with the requirement of the relevant accounting standards.
- We assessed the appropriateness of key assumptions used particularly those relating to revenue growth, profit margin and discount rate applied to the cash flows projections, with reference to internally and externally derived sources of information.
- We evaluated the historical forecasting accuracy by comparing the cash flow projections used in the prior year against the actual cash flows in the current year.
- We evaluated the estimation uncertainty and performed sensitivity analysis on key assumptions.
- We also assessed the Group's disclosures in the financial statements about the sensitivity of the outcome of the impairment assessment to changes in key assumptions reflected the risk inherent in the impairment assessment of goodwill, brands and other intangible assets.

Inventories valuation - Group

Note 7 - Inventories.

The key audit matter

The Group is primarily involved in manufacturing and selling of condoms based on the design specification prescribed by customers. As at 30 June 2025, the Group has reported inventory balance of RM158,743,000.

The consumption of these pre-printed raw materials and the demand of finished goods depend on the likelihood of repeat orders and/or the ability of the Group to sell these items. Pricing has been more competitive in the tender market. Hence, there is a high possibility that inventories, particularly those manufactured for the tender market, may be quoted at a lower selling price.

The inventories valuation is identified as a key audit matter because judgment involved in assessing the level of inventory write down required in order to ascertain that inventories are stated at the lower of cost and net realisable value.

How the matter was addressed in our audit:

Our audit procedures performed in this area included, amongst others:

- We evaluated the design and implementation of the Group's controls over the assessment of slow-moving inventories.
- We evaluated the appropriateness of the Group's provision policy for slow-moving inventories by performing retrospective review.
- We assessed the accuracy and reliability of the inventory aging and evaluated the provision made for slow-moving inventories are in accordance with the Group's policy.
- We evaluated the net realisable values for finished goods as at 30 June 2025 by selecting samples and comparing them to the most recent selling prices to ascertain the inventories are carried at the lower of cost and net realisable value.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Independent Auditors' Report
To the Members of Karex Berhad

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 annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, 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 MFRS Accounting 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 ability of the Group and of the Company 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 internal control of the Group and of the Company.

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

Independent Auditors' Report

To the Members of Karex Berhad

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- 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 ability of the Group or of the Company 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.

- 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 gives a true and fair view.

- 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 financial statements of the Group. 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 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 4 to the financial statements.

Other Matter

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.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chan Chee Keong
Approval Number: 03175/04/2027 J
Chartered Accountant

Petaling Jaya, Malaysia

Date: 9 October 2025

List of Properties

No.	Address	Land area/ Build up area Sq/ft	Description/ Existing use	Date of acquisition	Tenure	Year of expiry	Approximate age of buildings Years	Net book value at 30 June 2025 RM'000
1	PTD 7906, Taman Pontian Jaya, Batu 34 Jalan Johor, 82000 Pontian, Johor Darul Takzim, Malaysia	9,354/ 5,460	1 1/2 storey semi-detached building which we use as office, factory and warehouse	05/04/2000	Freehold	-	32	452
2	PTD 7907, Taman Pontian Jaya, Batu 34 Jalan Johor, 82000 Pontian, Johor Darul Takzim, Malaysia	10,807/ 5,460	1 1/2 storey semi-detached building which we use as office, factory and warehouse	05/04/2000	Freehold	-	32	452
3	Lot 1235, Benut, 82000 Pontian, Johor Darul Takzim, Malaysia	225,418/ -	Vacant land	10/09/2002	Freehold	-	-	853
4	PTD 7915, Taman Pontian Jaya, Batu 34 Jalan Johor, 82000 Pontian, Johor Darul Takzim, Malaysia	9,720/ 5,460	1 1/2 storey semi-detached building which we use as warehouse	22/02/2005	Freehold	-	32	487
5	Lot 2767, Jalan Johor, 82000 Pontian, Johor Darul Takzim, Malaysia	781,335/ -	Building under construction	21/10/2010	Freehold	-	-	10,508
6	Lot 1863, Batu 39 1/2, Jalan Johor, 82000 Pontian, Johor Darul Takzim, Malaysia	18,241/ 7,798	Single storey semi-detached building which we use as office, factory and warehouse	27/7/2015	Leasehold 99 years	October 2063	32	541
7	Lot 2491, Batu 39 1/2, Jalan Johor, 82000 Pontian, Johor Darul Takzim, Malaysia	54,450/ 21,385	Single storey semi-detached building which we use as office, factory and warehouse	27/7/2015	Leasehold 99 years	October 2063	32	2,478
8	Lot 10985, Batu 39 1/2, Jalan Johor, 82000 Pontian, Johor Darul Takzim, Malaysia	39,204/ 6,439	Single storey semi-detached building which we use as factory and warehouse	27/7/2015	Leasehold 99 years	October 2063	32	1,497

List of Properties

No.	Address	Land area/ Build up area Sq/ft	Description/ Existing use	Date of acquisition	Tenure	Year of expiry	Approximate age of buildings Years	Net book value at 30 June 2025 RM'000
9	Lot 10986, Batu 39 1/2, Jalan Johor, 82000 Pontian, Johor Darul Takzim, Malaysia	199,477/ 152,058	2 storey building which we use as office, factory and warehouse	27/7/2015	Freehold	-	32	14,330
10	PTD 5997, Batu 39 1/2, Jalan Johor, 82000 Pontian, Johor Darul Takzim, Malaysia	168,563/ -	Vacant land	27/7/2015	Freehold	-	-	3,026
11	Lot 591, Persiaran Raja Lumu, Pandamaran Industrial Estate, 42000 Port Klang, Selangor Darul Ehsan, Malaysia	43,560/ 28,908	1 1/2 storey building which we use as warehouse	09/03/2012	Leasehold 99 years	September 2074	34	5,030
12	Lot 594, Persiaran Raja Lumu, Pandamaran Industrial Estate, 42000 Port Klang, Selangor Darul Ehsan, Malaysia	43,560/ 63,907	3 storey building which we use as office, factory and warehouse	20/10/2003	Leasehold 99 years	September 2074	37	9,064
13	Land slot No: E1-6 Export Processing Zone, Southern Industrial Estate Village 4, Tumbol Chalung, Amphur Hat Yai, Songkhla, Thailand	64,446/ 37,835	1 1/2 storey building which we use as office, factory and warehouse	30/04/2003	Leasehold 30 years	April 2033	20	1,189
14	Land slot No: E1-7 Export Processing Zone, Southern Industrial Estate Village 4, Tumbol Chalung, Amphur Hat Yai, Songkhla, Thailand	65,182/ 29,773	Single storey building which we use as office, factory and warehouse	09/02/2003	Leasehold 30 years	February 2036	20	1,912
15	Land slot No: E1-8 Export Processing Zone, Southern Industrial Estate Village 4, Tumbol Chalung, Amphur Hat Yai, Songkhla, Thailand	65,448/ 43,099	Single storey building which we use as warehouse	01/11/2012	Leasehold 30 years	October 2042	11	2,277

List of Properties

No.	Address	Land area/ Build up area Sq/ft	Description/ Existing use	Date of acquisition	Tenure	Year of expiry	Approximate age of buildings Years	Net book value at 30 June 2025 RM'000
16	Land slot No: E1-9-11 Export Processing Zone, Southern Industrial Estate Village 4, Tumbol Chalung, Amphur Hat Yai, Songkhla, Thailand	194,394/ 105,092	Single storey factory	01/08/2014	Leasehold 30 years	July 2044	10	17,987
17	Land slot No: E1-18, E1-19, E1-20, E1-21 Export Processing Zone, Southern Industrial Estate Village 4, Tumbol Chalung, Amphur Hat Yai, Songkhla, Thailand	276,651/ 170,508	Single storey building, which we use as factory and warehouse	22/09/2020	Leasehold 30 years	September 2050	4	32,721
18	Land slot No: E14-15 Export Processing Zone, Southern Industrial Estate Village 4, Tumbol Chalung, Amphur Hat Yai, Songkhla, Thailand	137,778/ 69,406	1 1/2 storey building, which we use as factory and warehouse	20/10/2016	Leasehold 30 years	October 2046	9	5,472
19	PTD 8780, PLO8, Jalan Perindustrian, Senai Industrial Estate 1, 81400 Senai, Johor Darul Takzim, Malaysia	174,235/ 79,789	Single storey building which we use as office, factory and warehouse	12/01/1983	Leasehold 60 years	January 2043	40	7,988
20	PTD 8786, PLO11, Jalan Perindustrian, Senai Industrial Estate 1, 81400 Senai, Johor Darul Takzim, Malaysia	87,123/ 1,956	Single storey building which we use as factory and warehouse	23/09/1985	Leasehold 60 years	September 2045	40	1,326

Analysis of Shareholdings

As at 26 September 2025

Total Issued Share	:	RM 324,243,586.22
Total Issued Share	:	1,053,460,761 Ordinary Shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Ordinary Share
Number of Shareholders	:	9,242

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	513	5.55	19,850	0.00
100 - 1,000	1,532	16.58	901,787	0.09
1,001 - 10,000	4,566	49.40	22,877,770	2.17
10,001 - 100,000	2,241	24.25	68,348,095	6.49
100,001 to less than 5% of issued shares	388	4.20	663,729,259	63.00
5% and above of issued shares	2	0.02	297,584,000	28.25
Total	**9,242**	**100.00**	**1,053,460,761**	**100.00**

LIST OF DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDING AS AT 26 SEPTEMBER 2025

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Professor Dato' Dr. Adeeba binti Kamarulzaman	-	-	-	-
Dato' Edward Siew Mun Wai	50,000	0.01	-	-
Chew Fook Aun	-	-	150,000[1]	0.01
Kung Chin Woon	-	-	-	-
Jaimie Sia Zui Keng	-	-	-	-
Lam Jiuan Jiuan	19,087,456	1.81	262,402,056[2]	24.91
Goh Yen Yen	12,062,456	1.15	121,460,400[3]	11.53
Goh Leng Kian	41,468,865	3.94	184,823,750[4]	17.54
Goh Miah Kiat	49,055,097	4.66	184,250,000[5]	17.49

Analysis of Shareholdings

As at 26 September 2025

LIST OF SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 26 SEPTEMBER 2025

Name of Substantial Shareholders	Direct Holdings		Indirect Holdings (excluding bare trustees)	
	No. of Shares	%	No. of Shares	%
Karex One Limited	184,250,000	17.49	-	-
Maryen Holdings Limited	121,460,400	11.53	-	-
Lam Yiu Pang Albert	49,312,456	4.68	232,177,056[6]	22.04
Lam Jiuan Jiuan	19,087,456	1.81	262,402,056[2]	24.91
Goh Leng Kian	41,468,865	3.94	184,823,750[4]	17.54
Goh Yen Yen	12,062,456	1.15	121,460,400[3]	11.53
Goh Yin	19,181,170	1.82	121,460,400[3]	11.53
Goh Ai Noi	-	-	211,286,056[7]	20.06
Goh Miah Kiat	49,055,097	4.66	184,250,000[5]	17.49
Aberdeen Group PLC (FKA ABRDN PLC)	-	-	63,872,800[8]	6.06
ABRDN Holdings Limited	-	-	63,872,800[8]	6.06
ABRDN Malaysia Sdn. Bhd.	61,191,700	5.81	-	-

(1) Deemed interested by virtue of his interest in The Orchid Growers Association Ltd pursuant to Section 8 of the Companies Act 2016.

(2) Deemed interested by virtue of her interest in AJNA Holdings Limited, Maharani Limited and Karex One Limited pursuant to Section 8 of the Companies Act 2016 and interest held by her spouse pursuant to Section 59(11)(c) of the Companies Act 2016.

(3) Deemed interested by virtue of her interest in Maryen Holdings Limited pursuant to Section 8 of the Companies Act 2016.

(4) Deemed interested by virtue of his interest in Karex One Limited pursuant to Section 8 of the Companies Act 2016 and interest held by his spouse pursuant to Section 59(11)(c) of the Companies Act 2016.

(5) Deemed interested by virtue of his interest in Karex One Limited pursuant to Section 8 of the Companies Act 2016.

(6) Deemed interested by virtue of his interest in AJNA Holdings Limited, Maharani Limited pursuant to Section 8 of the Companies Act 2016 and shares held by his spouse pursuant to Section 59 (11)(c) of the Companies Act 2016.

(7) Deemed interested by virtue of her interest in Karex One Limited and Jeyya Ltd pursuant to Section 8 of the Companies Act 2016.

(8) Deemed interest by virtue of its subsidiaries (Citibank-Luxembourg and Citibank N.A.) pursuant to Section 8(4)(c) of the Companies Act 2016.

Thirty Largest Shareholders

As at 26 September 2025

No.	Name of Shareholders	No. of Shares	%
1.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR BNP PARIBAS SINGAPORE BRANCH (A/C CLIENTS-FGN)	177,584,000	16.86
2.	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR MARYEN HOLDINGS LIMITED (PB)	120,000,000	11.39
3.	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR LAM YIU PANG ALBERT (PB)	49,312,456	4.68
4.	MAYBANK SECURITIES NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DAVIN THOMAS WEDEL	45,993,100	4.37
5.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR GOH LENG KIAN (PB)	27,468,865	2.61
6.	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR JEYYA LIMITED (PB)	25,162,456	2.39
7.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH MIAH KIAT	22,300,000	2.12
8.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERISLAMIC)	21,859,700	2.07
9.	DB (MALAYSIA) NOMINEE (ASING) SDN BHD EXEMPT AN FOR DEUTSCHE BANK AG HONG KONG (PWMA WM CLIENT)	19,358,900	1.84
10.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR LAM JIUAN JIUAN (PB)	19,087,456	1.81
11.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR GOH YIN (PB)	18,952,170	1.80
12.	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH MIAH KIAT	17,755,000	1.69
13.	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR MAHARANI LIMITED (PB)	16,014,600	1.52
14.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (ABERDEEN 2)	15,702,100	1.49
15.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	13,104,500	1.24

Thirty Largest Shareholders

As at 26 September 2025

No.	Name of Shareholders	No. of Shares	%
16.	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR AJNA HOLDINGS LIMITED (PB)	12,825,000	1.22
17.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR GOH YEN YEN (PB)	12,062,456	1.14
18.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB BANK BERHAD (EDP 2)	11,573,000	1.10
19.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABDN EQ ABSR FD)	10,525,400	1.00
20.	CIMSEC NOMINEES (ASING) SDN BHD CIMB FOR KAREX ONE LIMITED (PB)	10,000,000	0.95
21.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)	9,982,100	0.95
22.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)	9,141,100	0.87
23.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR GOH MIAH KIAT (PB)	9,000,097	0.85
24.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH LENG KIAN	9,000,000	0.85
25.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT SHARIAH PROGRESS PLUS FUND	8,251,700	0.78
26.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT AL-FAUZAN (5170)	6,816,100	0.65
27.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR UBS SWITZERLAND AG	6,290,900	0.60
28.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN TECK SOON (E-SS2)	5,650,000	0.54
29.	TAN KOK CHOON	5,631,300	0.53
30.	MAYBANK INVESTMENT BANK BERHAD IVT (10) ECD D1-H	5,617,200	0.53
	TOTAL	**742,021,656**	**70.44**

Notice of 13th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 13th Annual General Meeting ("AGM") of Karex Berhad ("Karex" or "Company") will be held at Ballroom 1, Ground Floor, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor on Friday, 28 November 2025 at 10:00 a.m. for the purpose of considering the following businesses:

AGENDA
Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 30 June 2025 together with the Reports of the Directors and the Auditors thereon.

   (Refer to Explanatory Note (a))

2. To re-elect Professor Dato' Dr. Adeeba binti Kamarulzaman who is retiring in accordance with Clause 97 of the Company's Constitution, and being eligible, has offered herself for re-election.

   (Ordinary Resolution 1)

3. To re-elect Dato' Edward Siew Mun Wai who is retiring in accordance with Clause 97 of the Company's Constitution, and being eligible, has offered himself for re-election.

   (Ordinary Resolution 2)

4. To re-elect Ms Kung Chin Woon who is retiring in accordance with Clause 104 of the Company's Constitution, and being eligible, has offered herself for re-election.

   (Ordinary Resolution 3)

5. To re-elect Mr Jaimie Sia Zui Keng who is retiring in accordance with Clause 104 of the Company's Constitution, and being eligible, has offered himself for re-election.

   (Ordinary Resolution 4)

6. To approve the payment of Directors' Fees payable to the Non-Executive Directors of the Company and its subsidiaries amounting to RM1,610,000 for the financial period from 1 July 2024 until the conclusion of next annual general meeting of the Company.

   (Ordinary Resolution 5)

7. To approve the payment of Directors' remuneration and benefits payable to the Non-Executive Directors of the Company and its subsidiaries up to an amount of RM150,000 for the period from 1 December 2025 until the conclusion of the next annual general meeting of the Company.

   (Ordinary Resolution 6)

8. To re-appoint Messrs KPMG PLT as Auditors of the Company until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration.

   (Ordinary Resolution 7)

Notice of 13th Annual General Meeting

Special Business

To consider and if thought fit, pass the following Ordinary Resolutions with or without any modifications:

9. **Authority to Issue and Allot Shares**

"THAT subject always to the Companies Act, 2016 ("the Act"), Constitution of the Company and approvals from Bursa Malaysia Securities Berhad and any other governmental/regulatory bodies, where such approval is necessary, authority be and is hereby given to the Directors pursuant to Section 75 of the Act to issue and allot not more than ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company at any time upon any such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit or in pursuance of offers, agreements or options to be made or granted by the Directors while this approval is in force until the conclusion of the next annual general meeting of the Company pursuant to Section 76 of the Act ("Mandate").

THAT such approval on the Mandate shall continue to be in force until:

(a) the conclusion of the next AGM of the Company held after the approval was given;

(b) the expiration of the period within which the next AGM of the Company is required to be held after the approval was given; or

(c) revoked or varied by resolution passed by shareholders of the Company in a general meeting.

THAT the Directors of the Company be and are hereby also authorised and empowered to give effect to the proposed Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities and to obtain the approval from Bursa Malaysia Securities Berhad ("Bursa Securities") for the listing of and quotation for such New Shares on the Main Market of Bursa Securities.

THAT pursuant to Section 85 of the Companies Act, 2016, read together with Clause 54 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares of the Company arising from any issuance of new shares in the Company pursuant to this Mandate.

AND THAT the new shares to be issued shall upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution which may be declared, made or paid before the date of allotment of such new shares."

(Ordinary Resolution 8)

10. To transact any other business of which due notice shall have been given in accordance with the Act.

BY ORDER OF THE BOARD
TAI YIT CHAN (MAICSA 7009143) (SSM PC NO. 202008001023)

TAN AI NING (MAICSA 7015852) (SSM PC NO. 202008000067)

TAN SIEW HONG (MAICSA 7066226) (SSM PC No. 201908001915)

Company Secretaries

Selangor Darul Ehsan
Dated this 28th day of October 2025

Notice of 13th Annual General Meeting

Notes:

1) *A member entitled to attend and vote at the AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.*

2) *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.*

3) *Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each Securities Account it holds in 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 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. Where the Exempt Authorised Nominee appoints two (2) or more proxies to attend and vote at the same meeting, such appointment shall be invalid unless the Exempt Authorised Nominee specifies the proportion of his holdings to be represented by each proxy.*

5) *The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.*

6) *The instrument appointing a proxy must be deposited at the Share Registrar's office of the Company, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia or via electronic means through the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.*

7) *Shareholders/proxies/corporate representatives are encouraged to refer to the procedures set out in the Administrative Details.*

8) *Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and interact at the AGM is 21 November 2025.*

Notice of 13th Annual General Meeting

EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS:

a) *Item 1 of the Agenda*
Audited Financial Statements for the financial year ended 30 June 2025

This Agenda item is meant for discussion only, as the provisions of Section 248 and Section 340 (i)(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.

b) *Ordinary Resolutions 1, 2, 3 & 4*
Re-election of Directors who retire in accordance with Clause 97 and 104 of the Company's Constitution

No individual is seeking election as a Director at the forthcoming 13th AGM of the Company.

Clause 97 of the Constitution of the Company provides that one-third (1/3) or the number nearest to one-third (1/3) of the Directors for the time being, shall retire from office at the conclusion of every annual general meeting, provided always that all Directors shall retire from office at least once in every three (3) years, but shall be eligible for re-election. Accordingly, Professor Dato' Dr. Adeeba binti Kamarulzaman and Dato' Edward Siew Mun Wai shall retire at the 13th AGM in accordance with Clause 97 of the Company's Constitution.

In addition, Clause 104 of the Constitution of the Company provides that any Director appointed during the year shall hold office only until the next AGM and shall be eligible for re-election. Ms Kung Chin Woon and Mr Jaimie Sia Zui Keng were appointed as Independent Non-Executive Directors of the Company on 2 January 2025 and 28 August 2025 respectively, and they shall retire at the 13th AGM in accordance with Clause 104 of the Company's Constitution.

The Board through its Nomination Committee had assessed the retiring Directors, as detailed in the Corporate Governance Overview Statement on pages 62 to 75 of the Annual Report. Based on the assessment, all the retiring Directors possess a strong and relevant mix of experience, skills, knowledge, expertise, and core competencies that are highly beneficial to the Company. They contribute independent judgment on matters relating to accountability, objectivity, strategic direction, performance, and the adequacy of systems and controls. Accordingly, the Board has recommended their re-election for the shareholders' approval in this 13th AGM.

All the retiring Directors have offered themselves for re-election at this 13th AGM. The profile of the retiring Directors are set out on pages 51 to 59 of the Annual Report.

c) *Ordinary Resolutions 5 & 6*
Payment of Directors' fees and benefits made payable to the Directors

Section 230(1) of the Act, provides amongst others, that the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Board wishes to seek shareholders' approval at the 13th AGM for the payment of Directors' fees and benefits payable to the Directors in two (2) separate resolutions as below:

(i) Resolution 5 on the Directors' Fees payable to the Non-Executive Directors of the Company and its subsidiaries amounting to RM1,610,000 for the financial period from 1 July 2024 until the conclusion of next annual general meeting of the Company.
(ii) Resolution 6 on the payment of Directors' remuneration and benefits payable to the Non-Executive Directors of the Company and its subsidiaries up to an amount of RM150,000 for the period from 1 December 2025 until the conclusion of next annual general meeting of the Company.

Notice of 13th Annual General Meeting

d) *Ordinary Resolution 8*
Authority to Issue and Allot Shares

The proposed Ordinary Resolution, if approved, will give flexibility to the Directors of the Company to issue shares up to a maximum of ten per centum (10%) of the issued share capital of the Company at the time of such issuance of shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

This is the renewal of the mandate obtained from the shareholders at the last annual general meeting ("the previous mandate"). The previous mandate was not utilised and no proceeds were raised. The purpose of this general mandate sought will provide flexibility to the Company for any possible fund-raising activities but not limited for further placement of shares for the purpose of funding current and/or future investment projects, working capital, repayment of borrowings and/or acquisitions.

Personal data privacy:

By submitting an instrument appointing proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a shareholder of the Company (i) consents to the collection, use and disclosure of the shareholder'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 and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), 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 shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

Statement Accompanying Notice of 13th Annual General Meeting

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

A. Details of the individuals who are standing for election as Directors (excluding Directors standing for re-election)

No individual is standing for election as a Director (excluding Directors standing for re-election) at the 13th Annual General Meeting (AGM) of the Company.

B. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements

The resolution in relation to the authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016, is a renewal of the general mandate for the issue of new ordinary shares in the Company which was approved at the last 12th AGM held on 27 November 2024.

As at the date of the Notice of the 13th AGM, no new shares were issued pursuant to the mandate granted to the Directors at the 12th AGM held on 27 November 2024 and which will lapse at the conclusion of the 13th AGM.

The resolution, if passed, would provide flexibility to the Directors to undertake fund-raising activities, including but not limited to placement of shares for the funding of the Company's future investment projects, working capital and/or acquisitions, by the issuance of shares in the Company to such persons at any time, as the Directors consider it to be in the best interests of the Company. Any delay arising from and cost involved in convening a general meeting to approve such issuance of shares should be eliminated.

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.

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Form of Proxy

KAREX BERHAD
(Registration No. 201201034091 (1018579-U))
(Incorporated in Malaysia)

Number of Shares Held	
CDS Account No.	

* I/We _____

NRIC/No./Passport/No./Company No. _____

of _____

_____

Telephone No. _____ being a Member(s) of KAREX BERHAD (201201034091 (1018579-U)), hereby appoint

Full Name (in Block Letters) (First Proxy)				NRIC/ Passport No.	Proportion of Shareholding (%)
Email:		Contact No.:			
*And/or					
Full Name (in Block Letters) (Second Proxy)				NRIC/ Passport No.	Proportion of Shareholding (%)
Email:		Contact No.:			

or failing him/her, #THE CHAIRMAN OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the Thirteenth Annual General Meeting ("13th AGM") of the Company to be held at Ballroom 1, Ground Floor, Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG Setia Alam, Seksyen U13, 40170 Shah Alam, Selangor on Friday, 28 November 2025 at 10:00 a.m. or at any adjournment thereof and to vote as indicated below:

Ordinary Resolutions		For	Against
	Ordinary Business		
1.	To re-elect Professor Dato' Dr. Adeeba binti Kamarulzaman as a Director of the Company		
2.	To re-elect Dato' Edward Siew Mun Wai as a Director of the Company		
3.	To re-elect Ms Kung Chin Woon as a Director of the Company		
4.	To re-elect Mr Jaimie Sia Zui Keng as a Director of the Company		
5.	To approve the payment of Directors' Fees payable to the Non-Executive Directors for the period from 1 July 2024 until the conclusion of the next AGM		
6.	To approve the payment of Directors' remuneration and benefits payable to the Directors for the period from 1 December 2025 until the conclusion of the next AGM		
7.	To re-appoint Messrs KPMG PLT as Auditors of the Company		
	Special Business		
8.	To approve the Authority to Issue and Allot Shares		

Note: Please note that the short descriptions given above of the Resolutions to be passed do not in any way whatsoever reflect the intent and purpose of the Resolutions. The short descriptions have been inserted for convenience only. Shareholders are encouraged to refer to the Notice of Annual General Meeting for the full purpose and intent of the Resolutions to be passed.

Mark either box if you wish to direct the proxy how to vote. If no mark is made the proxy may vote on the resolution or abstain from voting as the proxy thinks fit. If you appoint two proxies and wish them to vote differently this should be specified.

\# *If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "The Chairman of the Meeting" and insert the name(s) of the person(s) desired.*

* *Delete if not applicable.*

Signed this _____ day of _____ 2025

_____
Signature/Common Seal of Shareholder

Notes:

1) A member entitled to attend and vote at the AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
2) Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
3) Where a member is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each Securities Account it holds in 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 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. Where the Exempt Authorised Nominee appoints two (2) or more proxies to attend and vote at the same meeting, such appointment shall be invalid unless the Exempt Authorised Nominee specifies the proportion of his holdings to be represented by each proxy.
5) The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised.
6) The instrument appointing a proxy must be deposited at the Share Registrar's office of the Company, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia or via electronic means through the Boardroom Smart Investor Portal at https://investor.boardroomlimited.com not less than forty-eight (48) hours before the time for holding the meeting or any adjournment thereof.
7) Shareholders/proxies/corporate representatives are encouraged to refer to the procedures set out in the Administrative Details.
8) Date of Record of Depositors for the purpose of determining Members' entitlement to attend, vote and interact at the 13th AGM is 21 November 2025.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of the AGM.

Fold here

Affix Stamp

KAREX BERHAD (201201034091 (1018579-U))

c/o Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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