annual report 2026

Grand winner of our art against AIDS 2025 - LIM SOON HOCK

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.

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Form of Proxy

Corporate Information

BOARD OF DIRECTORS

Professor Dato' Dr. Adeeba binti Kamarulzaman
Chairwoman, 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

Lam Jiuan Jiuan
Member
Non-Independent Non-Executive Director

Kung Chin Woon
Member
Independent Non-Executive Director

Jaimie Sia Zui Keng
Member
Independent Non-Executive Director

Risk Management Committee

Lam Jiuan Jiuan
Chairwoman
Non-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

Nomination Committee

Kung Chin Woon
Chairwoman
Independent Non-Executive Director

Lam Jiuan Jiuan
Member
Non-Independent Non-Executive Director

Chew Fook Aun
Member
Independent Non-Executive Director

Corporate Information

Remuneration Committee ("RC")

Jaimie Sia Zui Keng
Chairman
Independent Non-Executive Director

Goh Yen Yen
Member
Non-Independent Non-Executive Director

Chew Fook Aun
Member
Independent Non-Executive Director

Kung Chin Woon
Member
Independent Non-Executive Director

ESOS Committee (Sub-Committee of RC)

Chew Fook Aun
Chairman
Independent Non-Executive Director

Lam Jiuan Jiuan
Member
Non-Independent Non-Executive Director

Kung Chin Woon
Member
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

Corporate Office

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

Tel: +603-3165 6688
Fax : +603-3166 2000
Website: www.karex.com.my

Stock Exchange Listing

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

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

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

AmBank (M) Berhad

Bangkok Bank Public Company Limited

CIMB Bank Berhad

Hong Leong Bank Berhad

HSBC Bank Malaysia Berhad

JPMorgan Chase Bank

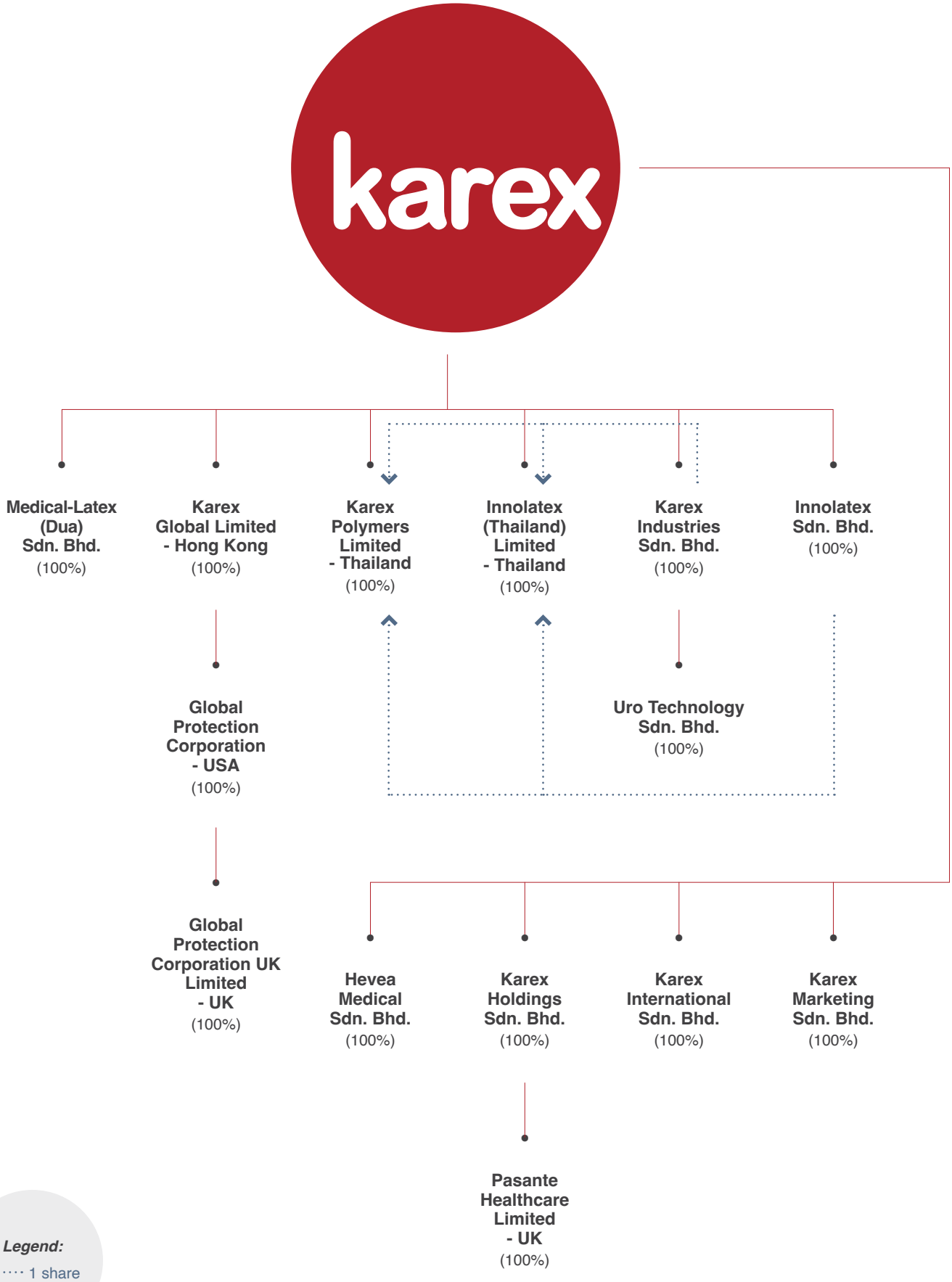
Malayan Banking Berhad

RHB Bank Berhad

United Overseas Bank
(Malaysia) Berhad

Corporate Structure

As at 30 September 2026



Key Strategies

CORE COMPETENCIES

Our strength as a full-service, end-to-end manufacturer and commercial partner, spanning proprietary machine fabrication through to regulatory compliance across multiple international jurisdictions, remains central to how we operate. Our depth of experience allows us to offer value well beyond production volume alone, ensuring quality remains consistent at every stage of production. It continues to underpin our value proposition as a manufacturing partner capable of navigating complex regulatory pathways at scale, while also positioning us to respond swiftly to opportunities as the industry landscape evolves.

INNOVATION

As procurement patterns within the industry continue to shift from government-funded channels towards private markets, our efforts are increasingly directed towards translating innovation into products that resonate with retail customers. This is supported by continued investment in clinical and technical validation, alongside our broadened capacity across both our latex and synthetic manufacturing lines, ensuring our innovation pipeline remains responsive as we pursue the next generation of products. In parallel, we continued to incorporate automation and data-driven process improvements across our manufacturing processes, enhancing operational efficiency while supporting our broader sustainability agenda.

BRANDING

Our dual role as brand owner and manufacturer creates a distinctive two-way exchange of information across the Group. Insights gained from our commercial partners strengthen how we position, develop and grow our own brands, while the experience gained as a brand owner is channelled back into the solutions we provide to our partners. As consumers become better educated and access to information continues to expand, we have placed greater emphasis on transparency, product integrity and brand credibility.

HUMAN CAPITAL

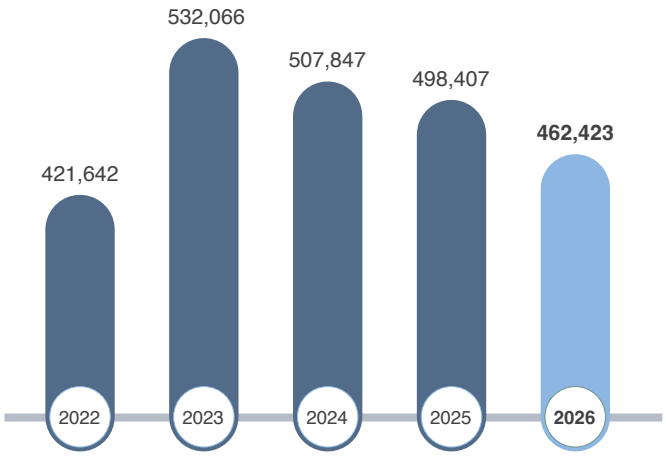
Our approach to human capital is centred on creating fair job opportunities, investing in local talent and building a more inclusive workplace. As our business evolves in complexity, spanning new manufacturing technologies and heightened regulatory demands, we remain focused on equipping our people with the skills and support needed to meet these challenges, underpinned by strict safety standards, continuous training, and proactive risk management across our manufacturing operations.

Financial Highlights

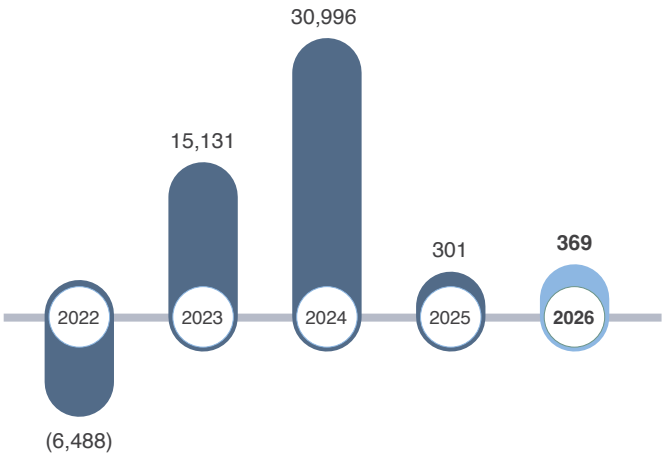
		FINANCIAL YEAR ENDED 30 JUNE				
		2022	2023	2024	2025	2026
	Financial Performance (RM'000)					
(i)	Revenue	421,642	532,066	507,847	498,407	**462,423**
(ii)	(Loss)/Profit before tax	(6,488)	15,131	30,996	301	**369**
(iii)	(Loss)/Profit attributable to owners of the Company	(6,191)	10,478	23,441	208	**291**
	Financial Position (RM'000)					
	Assets					
(i)	Total tangible assets	593,447	622,934	608,654	656,660	**667,835**
(ii)	Net assets	457,782	476,567	482,915	465,600	**446,105**
(iii)	Current assets	296,255	320,327	320,823	317,377	**322,814**
	Liabilities and Shareholders' Funds					
(iv)	Current liabilities	160,968	171,810	161,524	209,033	**233,843**
(v)	Paid-up share capital	324,244	324,244	324,244	324,244	**324,244**
(vi)	Shareholders' funds	457,782	476,567	482,915	465,600	**446,105**
	Per Share					
(i)	Basic (loss)/earning (sen)*	(0.59)	0.99	2.23	0.02	**0.03**
(ii)	Net assets (RM)**	0.43	0.45	0.46	0.44	**0.42**
	* Based on weighted average number of shares issued ('000)	1,053,461	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 (%)	(1.04)	1.68	3.85	0.03	**0.04**
(ii)	Return on shareholders' funds (%)	(1.35)	2.20	4.85	0.04	**0.07**
(iii)	Current ratio (times)	1.84	1.86	1.99	1.52	**1.38**
(iv)	Gearing ratio (times)	0.27	0.33	0.29	0.45	**0.51**
(v)	Gearing ratio net of cash (times)	0.22	0.26	0.21	0.38	**0.43**

Financial Highlights

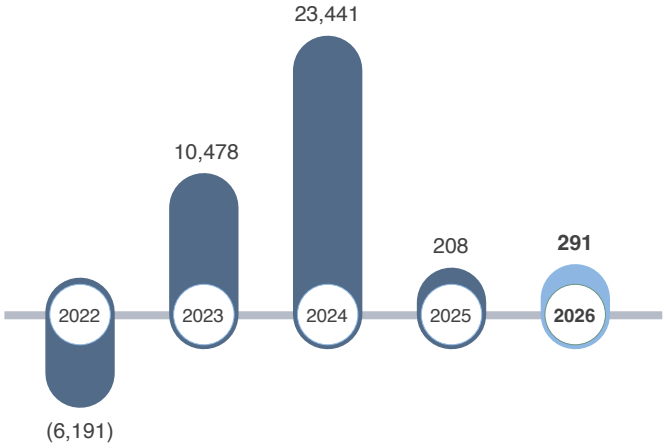
REVENUE
(RM'000)



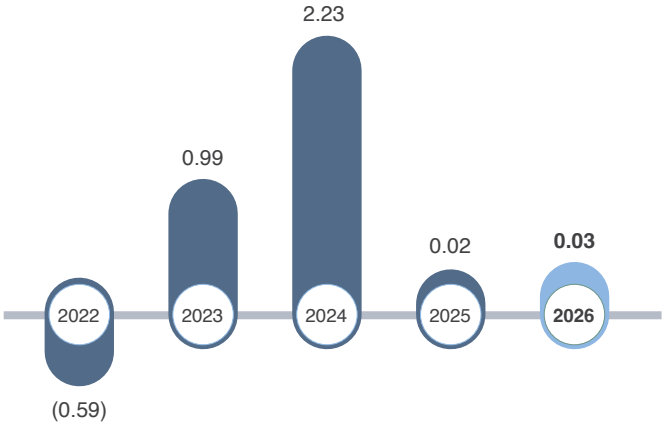
(LOSS)/PROFIT BEFORE TAX
(RM'000)



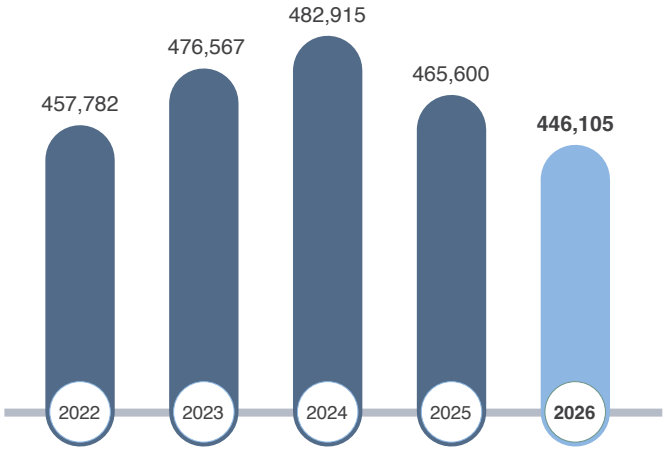
(LOSS)/PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY
(RM'000)



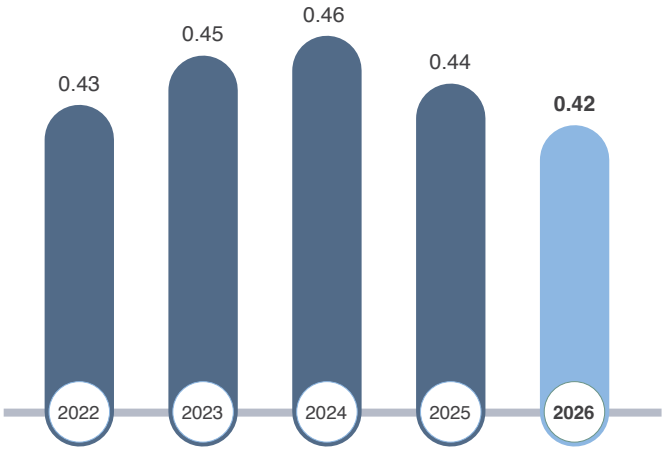
BASIC (LOSS)/EARNING PER SHARE
(Sen)



NET ASSETS
(RM'000)



NET ASSETS PER SHARE
(RM)



Chairwoman's Statement

Professor Dato' Dr. Adeeba binti Kamarulzaman

Chairwoman
Independent Non-Executive Director

Chairwoman's Statement

Dear Shareholders,

The past year was a proving ground for Karex's adaptability in a landscape shaped by shifting procurement patterns, evolving trade policy and persistent geopolitical uncertainty. It reinforced that agility is no longer merely a competitive advantage, but a prerequisite for resilience. Our ability to respond swiftly, recalibrate priorities and adapt our operations enabled us to navigate a challenging environment while remaining focused on long-term value creation.

This evolving landscape was particularly evident in the global public health space, following significant changes to the United States ("US") foreign assistance, including the formal closure of the US Agency for International Development ("USAID") and the withdrawal of the US from the World Health Organization ("WHO"), both of which had far-reaching implications for international health funding and procurement. These developments created further uncertainty across other healthcare programmes worldwide, contributing to the continued contraction of tender-market sales that the industry has experienced in recent years.

Critically, our Group entered this period with a diversified portfolio of revenue streams, the result of deliberate long-term planning and foresight. Our synthetic condom venture, which began development more than a decade ago, began contributing commercially during the past year. These orders, alongside a stronger focus on our commercial and own-brand segments, have been instrumental in sustaining sales, positioning us for a more balanced and sustainable growth profile over the longer term.

Additionally, the imposition of US tariffs and ongoing geopolitical conflict in the Middle East created a more complex operating environment. Weaker tender-market demand following cuts in humanitarian aid funding, unfavourable foreign exchange movements, conflict-related logistics disruptions and an upward trend in raw material costs collectively weighed on profitability. Nevertheless, despite these external pressures and a softer top line, the Group remained profitable, achieving a profit after tax of RM0.3 million for the financial year.

Beyond the implications for our business, I remain deeply concerned by what these developments mean for the global human immunodeficiency virus ("HIV") response. Decades of sustained investment, scientific progress and international collaboration have brought new HIV infections and acquired immunodeficiency syndrome ("AIDS")-related deaths to their lowest levels in more than three decades, yet this progress remains fragile. Against this backdrop of political and financial upheaval, governments and the private sector must remain guided by evidence-based public health strategies, safeguard the progress already made and ensure that the most vulnerable are not left behind. As our purpose is closely connected to sexual health and prevention, we remain committed to playing our part in supporting access to quality and affordable products worldwide.

This sense of responsibility also extends to our commitment towards achieving our long-term business goals. I am particularly encouraged by the continued strengthening of environmental, social and governance performance, which resulted in a record-high FTSE4Good score of 4.8 out of 5 in June 2026. This places us well above the subsector and industry averages, with our scores in Social and Governance being especially meaningful, as they accurately reflect our values and strong commitment to our people and communities.

Reflecting the Board's confidence in the Group's resilience and continued commitment to deliver value to shareholders, the Board declared an interim dividend of 0.5 sen per share at the most recent Board meeting, bringing the total dividend declared for the financial year to 1.0 sen per share.

Looking ahead, I am confident that Karex is well supported by strong manufacturing capabilities, an increasingly diversified business base and a culture of innovation. We will continue to pursue sustainable value creation while supporting public health priorities worldwide, recognising that these objectives are not mutually exclusive. On behalf of the Board, I extend my sincere appreciation to our employees, customers, business partners and shareholders for their continued trust, commitment and support.

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 several decades, the once seemingly uncontrollable global acquired immunodeficiency syndrome ("AIDS") epidemic has been progressively contained through extraordinary global cooperation and sustained investment. However, the world is now entering an unprecedented period marked by reduced support and shifting political priorities. In 2026, the Joint United Nations Programme on HIV/AIDS ("UNAIDS"), where HIV refers to Human Immunodeficiency Virus, released its Special Report for the 26th International AIDS Conference, "United to End AIDS", which warns that progress against HIV is at risk as funding reductions and cuts to HIV prevention and community services threaten to reverse decades of gains.

In 2025, an estimated 1.2 million people acquired HIV, while approximately 570,000 people died from AIDS-related illnesses, equivalent to one death every minute. Although both figures represent their lowest levels in more than three decades, UNAIDS cautions that the dramatic reduction in international funding and cutbacks in HIV prevention programmes could jeopardise this progress and contribute to a resurgence of infections. This risk has become more pronounced following the transfer of responsibility for most United States ("US") foreign assistance programmes previously managed by the US Agency for International Development ("USAID") to the US Department of State on 1 July 2025, marking a major restructuring of the US approach to international assistance. To compound matters, international HIV financing from multiple countries fell by 18% in 2025 to USD7.3 billion, the lowest level in nearly two decades.

The impact of these funding reductions was quickly felt across prevention programmes. Under one major bilateral donor initiative, HIV testing volumes in high-burden countries declined by 22%, while funding for condom programmes fell by 93% between 2024 and 2025. UNAIDS identified condom programmes as among the areas most severely affected by funding cuts, describing the reductions in some countries as both drastic and sudden. Nevertheless, condoms continue to be one of the most effective, accessible and affordable tools to prevent HIV, and the need for them remains intact and significant, particularly in areas such as sub-Saharan Africa, which accounted for approximately half of all new HIV infections globally in 2025.

At the same time, countries are strengthening their self-reliance in financing HIV responses. Domestic HIV funding rose by 4% in 2025, marking the second consecutive year of growth. Since 2025, more than 55 countries have committed to increasing their domestic contributions to the HIV response. Nevertheless, these efforts are unlikely to fully replace the drastically declining international funding in the near term. UNAIDS notes that fiscal constraints limit how far domestic funding can substitute for external support.

While the goal of ending AIDS as a public health threat by 2030 remains a notable global objective, sustained progress will require inclusive, coordinated and decisive action from governments, international organisations, communities and the private sector. UNAIDS notes that the full consequences of recent funding cuts on the global HIV response may only become evident over the coming years, making it essential that momentum in HIV prevention, treatment and awareness remains unwavering.

OPERATIONAL HIGHLIGHTS

With increasingly diverse customer requirements, the complexity of condom production, packaging configuration and order fulfilment rises in tandem, making operational excellence a major focus. In response, we fine-tuned secondary packaging processes, centralising our packing lines, redesigning facility layouts, and modifying machinery to streamline production flow and significantly increase output, while requiring minimal additional manpower.

Investment in automation continued across all facilities, covering both product-facing processes such as lubricant and condom packaging, and supporting operations. This includes adaptive carton sealing systems, automated palletising robotics, precision stickering machinery, as well as automated flowrate controllers for former rinsing and digitally optimised chemical dosing systems in our wastewater treatment plant. These investments have helped improve production efficiency while supporting more consistent and efficient management of our manufacturing processes. As our product portfolio continues to expand, we also increased manufacturing flexibility by validating a broader range of products across our manufacturing sites in Malaysia and Thailand, including lubricants, condoms and probe covers. This strengthens our multi-site production capabilities as sales volumes grow and enhances our risk mitigation protocols and business continuity plans.

CEO's Management Discussion & Analysis

During the year, capacity expansion at our largest manufacturing plant in Hat Yai, Thailand included the establishment of new dipping lines to support synthetic condom production, which requires entirely separate manufacturing and packaging infrastructure from natural rubber latex condoms. We maintained parallel efforts to strengthen our natural rubber latex condom manufacturing infrastructure, having completed a new latex compounding facility that gives us greater control over natural rubber latex properties to support the development of thinner, higher-performance products.

Regulatory approvals for our synthetic condoms continued to translate into commercial success. New markets were successfully launched during the year alongside several feature refinements that continue to adapt the product to customer preferences following feedback received from the initial launches during the previous year. In order to support the expected new market launches and product variations, several new synthetic production lines were added with additional capacity earmarked for the upcoming year. We also invested considerable effort into improving the product, including refinements to the manufacturing process and expanding sizing and product features, which are expected to deliver better customer experiences and further growth in both existing and new markets.

Our regulatory and quality infrastructure remains an important foundation of our operations. We undertook a series of lubricant reformulations aimed at strengthening product performance, safety and regulatory compliance. This included efforts to improve lubricant formulations, ensuring continued alignment with international regulatory standards, including those of the World Health Organization ("WHO") and the European Union Medical Device Regulation ("EUMDR"). Enhanced compliance with EUMDR requirements was achieved through efforts like strengthening Unique Device Identification implementation and improving product traceability systems. We also implemented the US Food and Drug Administration's Quality Management System Regulation, which took effect in February 2026 and aligns with the internationally recognised ISO 13485:2016 standard. This was reinforced by the continued maintenance of ISO 13485 certification and participation in the Medical Device Single Audit Programme across our manufacturing operations. Robust testing capabilities are essential to upholding these standards. To support this, we expanded our analytical and laboratory testing capabilities through the introduction of advanced instrumentation, while also internalising microbiological testing, improving cost efficiency and turnaround times for testing that was previously reliant on external laboratories.

In the US, Global Protection Corp. ("GPC") concluded the strategic relocation of its headquarters and operations to a larger facility which began in the prior financial year. This has enabled GPC to support larger customer programmes and onboard major new clients across both its Public Sector and Private Label segments. These achievements complemented the continued growth of our ONE® brand, reflecting the strength of our direct consumer relationships and the increasing relevance of our own-brand portfolio. There has been marked growth across both US and international channels, with direct-to-consumer marketplaces representing the fastest-growing area of the business. These achievements collectively supported GPC's revenue growth, despite ongoing market headwinds from tariff volatility and elevated material costs affecting profitability.

Pasante Healthcare Limited ("Pasante"), based in the United Kingdom, strengthened its commercial capabilities with the launch of a new foil printing facility. Amid ongoing inflationary pressures across raw materials and logistics, Pasante successfully negotiated targeted price increases to partially offset higher operating costs and preserve profitability. A key strength of Pasante lies in its diversified product portfolio, which provides resilience across multiple healthcare and sexual wellness categories. During the year, the Sebamed business continued to record growth in the UK market, while Pasante also secured a new HIV testing supply partnership to support the expansion of this product segment.

CEO's Management Discussion & Analysis

In regard to economic, environmental, social and governance ("EESG") developments, the 2.2 MWp solar photovoltaic system at our Hat Yai facility, for which a partnership was signed in the prior year, became fully operational and is expected to generate approximately 44 GWh of clean electricity over 15 years. For context, this has the potential to offset an estimated 26,000 tonnes of carbon emissions. A solar photovoltaic system at our headquarters in Port Klang, Malaysia, was also installed during the year, and subsequently began operating in the following financial year, further reducing our reliance on grid electricity. Other EESG initiatives include packaging reduction drives that continue to focus on minimising plastic and material volume, while maintaining the security and integrity that our medical device products require. We also continued to explore moving beyond government-mandated minimum wage requirements towards living wage standards, alongside a continued shift away from reliance on migrant labour. These efforts formed part of our broader sustainability agenda as we further improved on our previous best FTSE4Good rating, scoring a 4.8 out of 5 in June 2026. More details on our sustainability initiatives can be found in the Sustainability Statement on pages 18 to 59 of this Report.

FINANCIAL REVIEW

We recorded revenue of RM462.4 million for the financial year ended 30 June 2026 ("FY2026"), a 7% decline compared to the previous year. This was mainly due to a challenging operating environment that included steep declines in humanitarian aid funding which affected tender market sales, less favourable foreign exchange rates and the escalation of geopolitical tensions in the Middle East that resulted in logistics disruptions around the world. These headwinds were partially offset by the progress made by our synthetic condom sales, which more than doubled compared to the previous year.

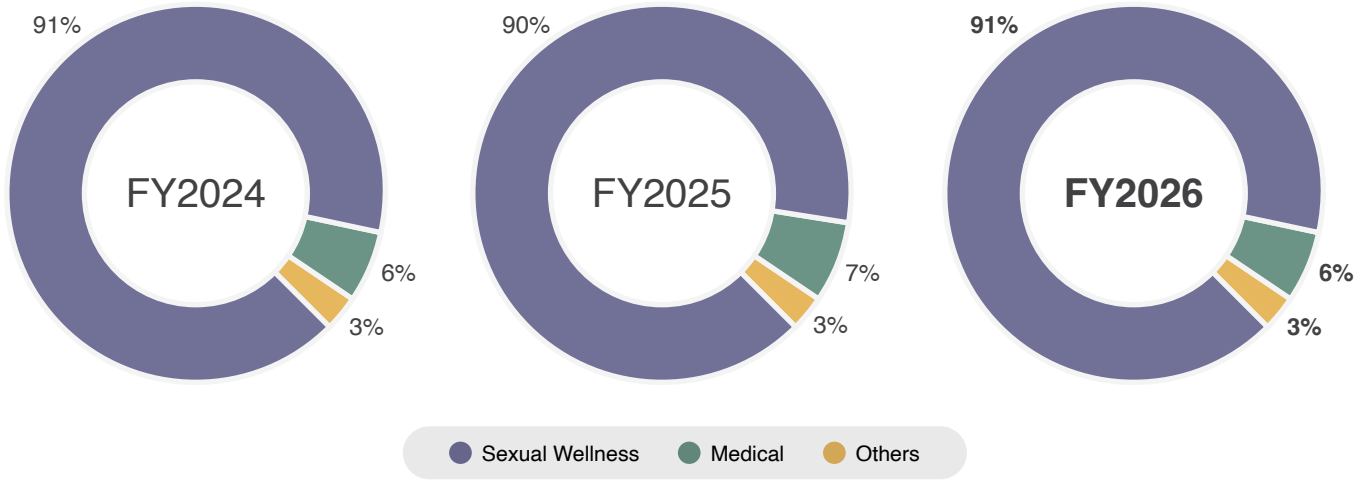
Profitability for the year was negatively affected by the sustained depreciation of the US Dollar against the Malaysian Ringgit and Thai Baht in combination with rising raw material prices and disruptions to logistics networks resulting from the closure of the Strait of Hormuz. Deliveries to the US were also subject to changes in US tariff policy during the year resulting in unexpected expenses being incurred on a sizeable portion of our business. Whilst we eventually received a refund for the tariffs paid under the International Emergency Economic Powers Act, we continued to incur other duties and surcharges as well as remain disadvantaged by the uncertainty caused by the frequent changes to US import legislation. In an effort to mitigate these pressures, we successfully negotiated price increases with most of our customers. Overall, we recorded a profit after tax totalling RM0.3 million for FY2026, which represents a slight increase from the previous financial year.

Despite a challenging operating environment, we delivered resilient cash flow management resulting in an operating cash flow of RM47.6 million for FY2026 and an improvement in our cash and cash equivalents to RM36.1 million at the end of June 2026. Investing activities centred around capital expenditures relating to the addition of synthetic condom manufacturing equipment, necessary supporting facilities and warehouse renovations to accommodate our expansion plans. We also utilised more working capital facilities during the year that resulted in an increase in gearing ratio to 0.51x at the end of FY2026.

The construction of additional dipping lines and renovation of associated facilities resulted in an increase in non-current assets to RM450.9 million. Current assets increased to RM322.8 million compared to the previous financial year mainly due to a build-up in inventories. This was due to the delay in delivery to several customers as a result of the closure of the Strait of Hormuz. Overall, the Group's total asset base stood at RM773.7 million, with a net asset base of RM446.1 million, translating to net assets per share of RM0.42 as at the end of FY2026.

CEO's Management Discussion & Analysis

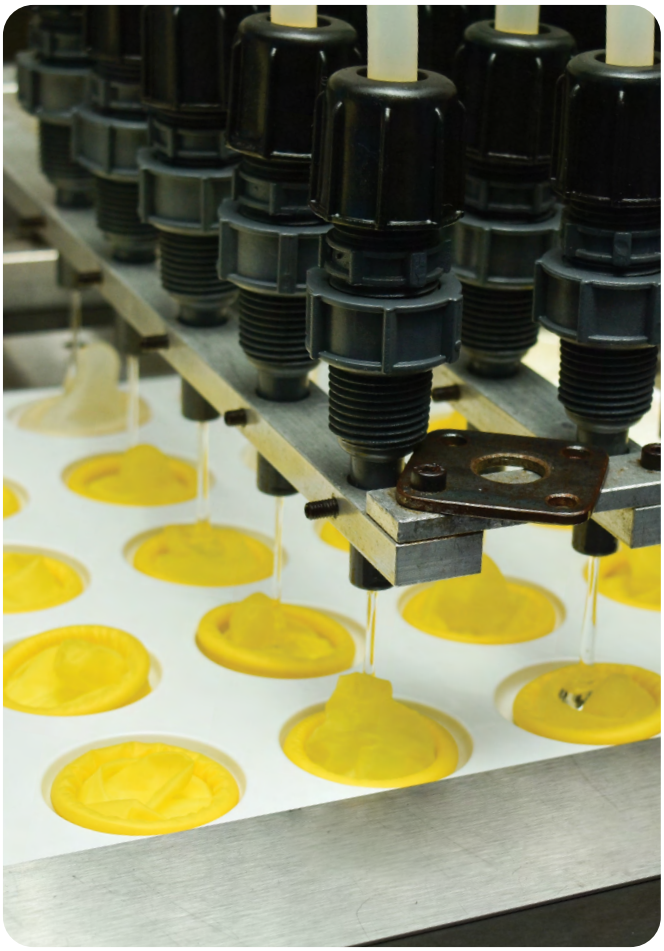
PRODUCT DIVISIONS



The sexual wellness division, encompassing our condom and personal lubricant offerings, remains a core pillar of the Group. In the past few years, this segment has become subject to increasingly onerous changes in regulatory requirements, including routine product sampling and testing by government authorities across our portfolio. Whilst these heightened quality and compliance requirements are aimed at reinforcing customer confidence and encouraging more widespread adoption, this has placed greater burdens on manufacturers operating within this space, as well as brand owners who have faced greater hurdles in being able to switch suppliers frequently.

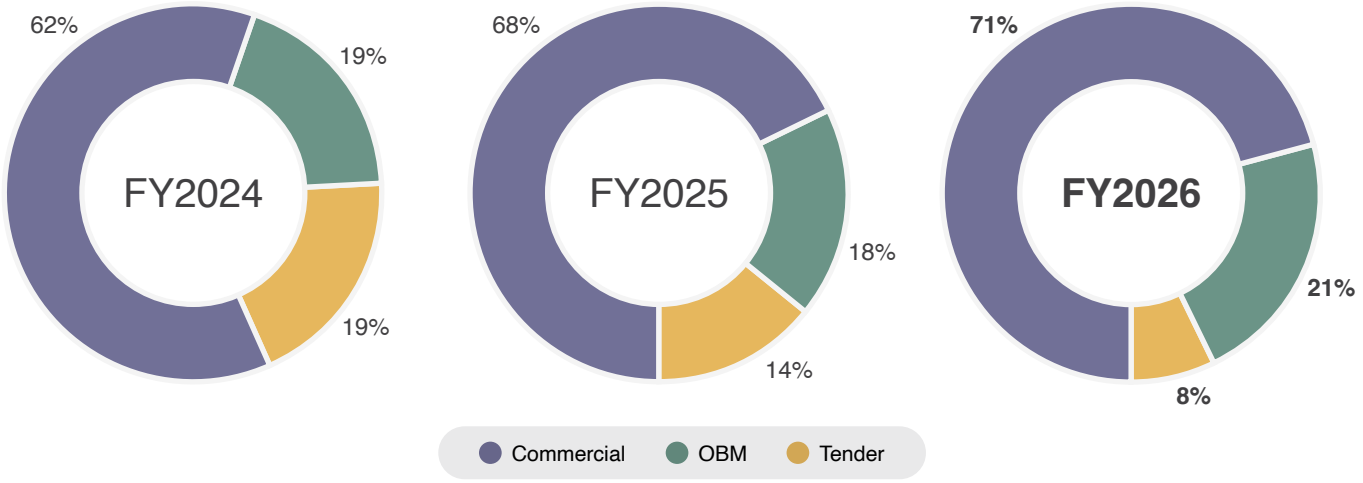
Our track record and continued ability to adapt to the changes in the regulatory landscape allowed us to defend our position as a pre-eminent manufacturer in the industry with sales of condoms and lubricants accounting for over 90% of overall sales during the year. This was achieved in spite of a downturn in the tender market that affected sales of both condoms and perhaps more crucially, personal lubricants as well.

Medical division sales were negatively impacted as catheter sales registered their lowest total since our listing. This was due to intense price competition by manufacturers located in regions that benefit from significantly lower energy and raw material costs. Sales in the Others division continued to grow, driven by sales of the skincare brand Sebamed, which also leverages on our reputation as a proven medical product distributor in the industry.



CEO's Management Discussion & Analysis

MARKET SEGMENTS



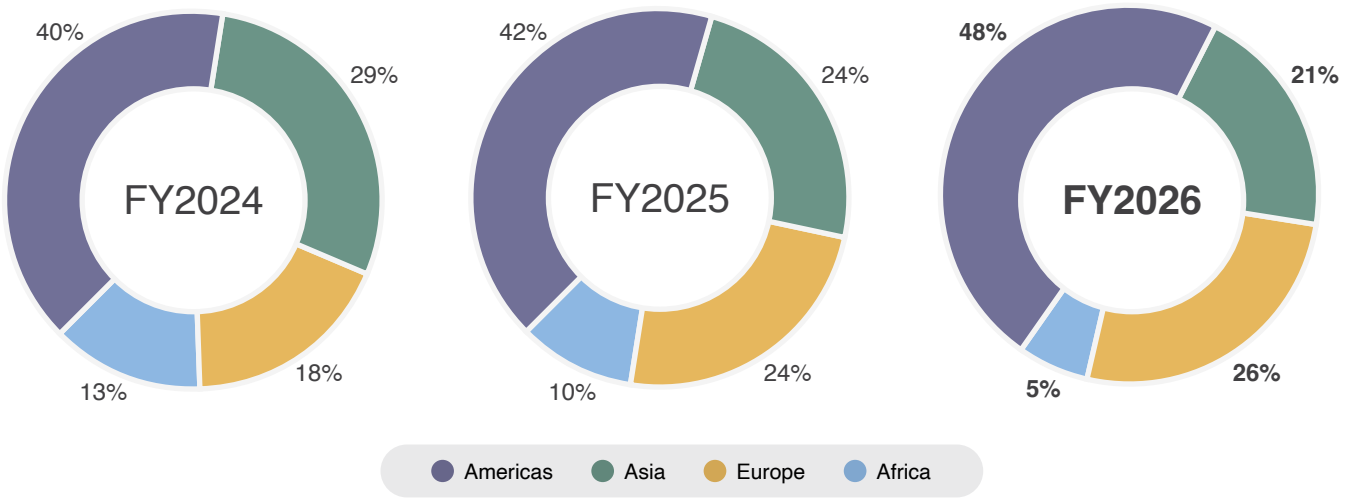
One key highlight of FY2026 has been the shift in condom and lubricant procurement from government-reliant to self-funded channels. The steep and sudden decline of purchases from donor-funded programmes and the winding down of USAID had a notable negative impact on tender market sales. Sales from the tender markets declined dramatically, representing just 8% of overall sales, down from 14% in the prior year. Although more countries have committed to increasing domestic HIV funding, these commitments remain insufficient to fully replace traditional avenues of international financing in the near term, subjecting the market to considerable uncertainty in the process.

Against this backdrop, our own branded manufacturing ("OBM") market segment has emerged as a crucial counterbalance, with its share of the Group's revenue rising to a record 21%. This marks the second consecutive year that OBM sales have outpaced tender market sales, underscoring a structural shift in our revenue mix. With direct control over brand positioning and pricing across a diversified portfolio of brands like ONE® Condoms, Carex® and Pasante®, we have been able to strengthen margins and pass through cost increases more effectively than in segments where we operate solely as a manufacturer. This advantage has been reinforced by leveraging on e-commerce, offering us greater access to our customers' feedback and preferences.

Our role as an original design/equipment manufacturer for global brands and private labels continued to anchor the business, with commercial market sales remaining our largest revenue contributor during the year. Our intention in continuing to develop our industry-leading manufacturing capabilities is to continue to grow alongside our global brand partners. As our patented synthetic condom offering enters its second year of commercial availability, we continue to work with our partners on expanding the product range, developing custom packaging and strategising new market launches, supported by the requisite product validations. Beyond manufacturing, we also provide our partners with regulatory expertise, intellectual property management, and licensing support, enabling the accelerated introduction of products to market.

CEO's Management Discussion & Analysis

GEOGRAPHICAL REGIONS



The geographical composition of revenue reflects the shift observed across our market segments. The Americas region registered a record year, contributing 48% of overall sales, underpinned by the continued success of our global brand partners in the region as well as being buoyed by the launch of our synthetic condoms in the region during the year. The changes in US import policy during the year were the main headwinds for growth in the region, with many of our customers having to contend with the uncertainty of import duties and delivery timelines during the year. The resolution and stabilisation of a long-term trade policy will be a critical driver to growth for sales in the region moving forward.

Sales to the Europe region continued to grow despite the less favourable exchange rates experienced during the year. A significant growth driver for the region has been sales of synthetic condoms with availability extending through more countries during the year. As consumer demand for latex-free alternatives continues to develop, ongoing product refinements and the ability to offer synthetic condoms to other brand partners are also expected to drive sales growth in the region.

In contrast, the Asia and Africa regions bore the brunt of the contraction in government and tender market procurement. Africa recorded the largest decline in revenue among our geographical regions, reflecting the compounding effects of donor funding withdrawals, including the winding down of USAID. While a growing number of governments, including in Asia, have increased domestic HIV funding, recovery of sales to these regions is expected to be gradual as procurement patterns continue to evolve and alternative sources of funding develop.

CEO's Management Discussion & Analysis

LOOKING AHEAD

In many respects, the past year was one of navigating the significant headwinds presented by the global economy while continuing to build the foundations necessary for future growth. We have been mindfully repositioning ourselves to be less reliant on the tender market sales that were driven mainly by donor funding in the past. Meaningful capacity and automation investments were made alongside our continued scale-up of our synthetic condom infrastructure to add to our already world class manufacturing capabilities. We foresee that the markets for both natural rubber latex and synthetic condoms will remain significant in the years to come, and we believe harnessing the synergies between them, rather than committing to a specific discipline, will be a critical value driver in the years to come.

We remain mindful of the uncertain operating landscape that lies ahead. We expect that as sexual wellness becomes more openly discussed and privately funded, the broader condom market will continue expanding at a rate that outpaces global economic growth. Operating as both a brand owner and a manufacturing partner to some of the world's largest brands, we believe that we are well positioned in this transitional phase to grow our share of value in the sexual wellness space.

The tightly regulated nature of the medical device industry continues to present a high barrier to entry, with regulatory standards worldwide becoming more stringent and compliance requirements increasing correspondingly. The requirements governing condom and lubricant manufacturing, where even small formulation or process variations often require technical regulatory submissions, continue to reinforce our position with both existing and prospective customers.

Our focus in the years ahead will be to build on our progress by scaling our synthetic condom manufacturing capabilities, whilst deepening our quality and regulatory expertise. At the same time, we will continue to invest in innovation, automation and operational excellence to improve our competitiveness and respond to evolving customer and consumer needs. Together, these competencies provide a foundation for us to participate in higher-value segments of the sexual wellness market while maintaining the scale and reliability that underpins our existing business.

ACKNOWLEDGEMENTS

As we forge forward, I would like to convey my sincere appreciation to the entire Karex team for their exceptional hard work and contribution in overcoming the challenges and uncertainties of the past year. Their resilience and commitment remain the foundation upon which our continued progress is built. I would also like to thank our Board for their guidance and stewardship of the Group, providing their vital oversight to shape our path forward.

Finally, to our shareholders, business partners and customers, thank you for your continued trust and confidence in us. We look forward to the year ahead with renewed purpose and clarity.

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 the United Kingdom ("UK") (collectively referred to as the "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 2025 to 30 June 2026 ("FY2026") and has not been externally assured. The Group will continue to enhance the readiness of its sustainability data, systems and internal controls in preparation for the phased implementation of Malaysia's National Sustainability Reporting Framework ("NSRF") and its related assurance requirements.

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 embedded sustainability considerations in our policies and in our four key strategies detailed on page 5 of this Report, encouraging these considerations 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 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. The Group continues to reference the GRI Universal Standards 2021, together with Bursa Malaysia Listing Requirements and the NSRF in preparing its broader sustainability disclosures. We have also referenced the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD") in strengthening our climate-related disclosures and preparing for the phased implementation of the NSRF.

Sustainability Statement

Basis of Preparation – IFRS Sustainability Disclosure Standards

As a Group 2 Main Market issuer, the Group is scheduled to commence reporting under the International Financial Reporting Standards ("IFRS") Sustainability Disclosure Standards issued by the International Sustainability Standards Board ("ISSB") as part of the phased implementation of the NSRF. Accordingly, the Group's FY2026 Sustainability Statement is not yet subject to the mandatory application of IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

Nevertheless, the Group has commenced preparations for the transition by considering the requirements of IFRS S2 and enhancing its climate-related disclosures, data collection processes, governance practices and internal controls. The Group will continue to strengthen its readiness for the application of the IFRS Sustainability Disclosure Standards in the relevant reporting periods.

The Group continues to disclose broader environmental, social and governance matters with reference to the GRI Standards and applicable Bursa Malaysia requirements, where relevant.

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 100th percentile of our industry with an overall score of 4.8 out of 5, making us one of the top performers in the global Consumer Goods industry. Our continued efforts and notable improvements have been repeatedly recognised by various external bodies including at The Edge ESG Awards, where we received the Gold Award in the Consumer Products and Services category in 2024. Our continued inclusion and achievements to date are encouraging; however, stakeholders are always welcome to share their comments and suggestions on 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 and support long-term growth that is inclusive of all stakeholders across 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 their respective merits and alignment with 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 the effects of these efforts on a periodic basis
- Reports to the 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 the EESG framework for the Group, including targets and the approach towards achieving them
- Reviews climate-related risks and opportunities and the mitigation measures undertaken by the Group
- Reports to our Board of Directors based on the outcome of discussions

Board of Directors

- Holistically reviews the Group's sustainability efforts and approves the Sustainability Statement for inclusion in Annual Report
- Oversees material climate-related risks and opportunities and considers their potential implications for the Group's strategy and risk management
- 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. Through these engagements, we also seek to understand stakeholder perspectives and expectations relating to sustainability, including identifying human rights issues that may be relevant to our business and value chain.

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. Taking into consideration the nature of our operations and position in the value chain, we have identified labour rights, workplace safety, ethical supply chain practices and community wellbeing as key human rights-related areas relevant to our business and industry. Stakeholder feedback and perspectives are considered in understanding and prioritising these issues, identifying areas of concern, and developing appropriate measures to manage and mitigate these risks.

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 Suppliers and 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 review 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 survey a range of stakeholders on the 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.

Since the completion of the 2022 materiality assessment, we have continued to engage with our stakeholders through various channels and considered feedback and developments relevant to our sustainability priorities. This ongoing stakeholder engagement, together with suggestions received from regulators and other stakeholders, has informed our understanding of emerging concerns and areas of continued importance. We have also continued to work with our operations teams to review the material matters identified, monitor relevant developments, devise targets and gather data to provide stakeholders with updates on our performance and progress.

The perspectives gathered through these engagements, including views on labour practices, workplace health and safety, diversity and inclusion, responsible supply chain management and community-related issues, together with our assessment of the potential effects of sustainability-related matters on our business and stakeholders, inform the identification and prioritisation of material sustainability matters and climate-related risks and opportunities.

STEP 01
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 02
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 03
Review and Refinement

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 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 incorporate 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 RM663,000 in cash and over 891,000 condoms and 739,000 lubricant sachets to charitable causes including local communities, education programmes and other causes. › Over 50,000 individuals directly benefitted from these donations and our corporate social responsibility programmes.		› GRI 413: Local Communities	› 413-1: Operations with local community engagement, impact assessments and development programs
ENVIRONMENTAL				
Waste Management	› We converted a total of 715 metric tonnes of dry rubber waste into high-quality crepe and non-crepe rubber products which could then be recycled. › Our water intensity for condoms and probe covers increased by 29% compared to the previous year, mainly due to higher water requirements associated with the production of synthetic condoms.		› GRI 303: Water and Effluents › GRI 306: Waste	› 303-2: Management of water discharge-related impacts › 303-5: Water consumption › 306-1: Waste generation and significant waste-related impacts › 306-2: Management of significant waste-related impacts › 306-4: Waste diverted from disposal
Climate Change	› Climate Change has been identified as a key 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 2,147 tCO_2e (8%) in comparison to the 2021 baseline primarily due to energy efficiency improvements across manufacturing processes, optimised production operations and updated emission factors.		› 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 FY2026 in conjunction with the extension of GHG emission data to include Scope 3 emissions.		› 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

Sustainability Statement

Material Matters	Key Achievements	Related UN SDGs	GRI Standards	GRI Disclosures
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	› GRI 405: Diversity and Equal Opportunity	› 405-1: Diversity of governance bodies and employees
Health and Safety	› Our facilities continued to maintain ISO 45001 (Occupational Health & Safety Management Systems) 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 continued 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 409: Forced or Compulsory Labor › GRI 406: Non-discrimination	› 409-1: Operations and suppliers at significant risk for incidents of forced or compulsory labor › 406-1: Incidents of discrimination and corrective actions taken
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

Community

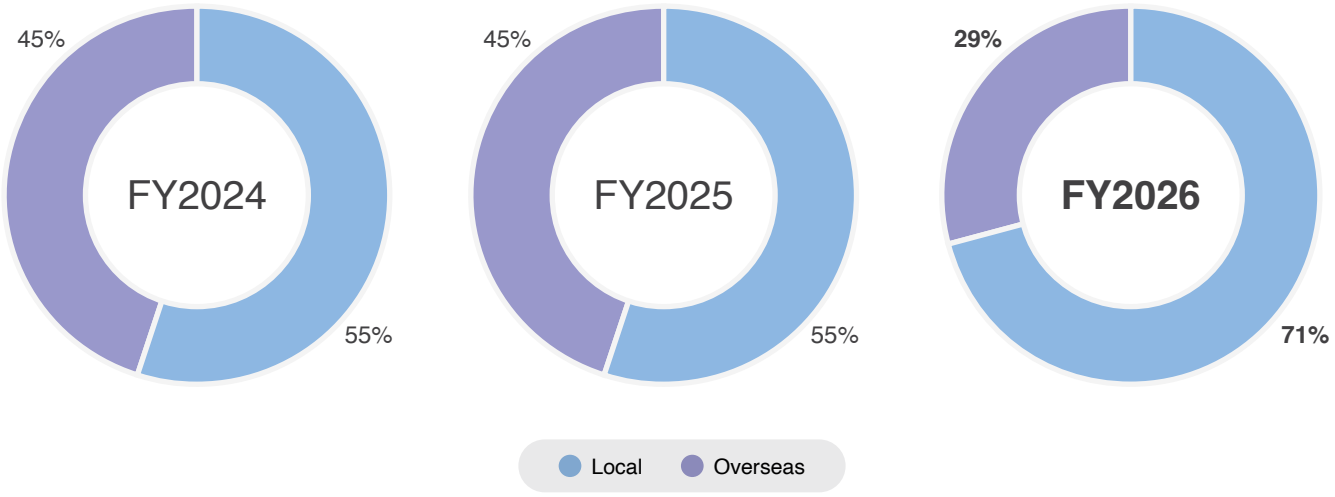
We seek to contribute to the communities in which we operate through our commercial relationships, community investments, education initiatives and support for health and social causes.

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 provides communities around us with opportunities to grow alongside our business, while also enabling us to develop new partners that can 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 to strengthen the implementation of relevant risk mitigation measures. The data regarding the proportion of our suppliers comprising of local and overseas businesses for the last three financial years is presented below. Local supplier spending increased significantly in FY2026, rising from 55% in FY2025 to 71% in FY2026. This reflects our continued efforts to broaden our supplier base and strengthen relationships with local businesses, supporting greater supply chain resilience amid ongoing global economic uncertainties.

Suppliers by Origin

(percentage of spending on all suppliers)



Sustainability Statement

ECONOMIC

Apart from working with our local communities through commercial engagements, we have also consistently supported causes and initiatives within the communities surrounding 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 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. We have provided employees with replacement overtime compensation, transportation services, as well as meals to encourage employee involvement with our community partners. During the year, we also considered internal feedback and explored proposals from various external parties to develop more innovative structures to foster higher-quality employee events and engagements. These efforts included initiatives that facilitated our teams working with local community leaders to raise awareness of climate change and its potential impacts.

We are also mindful of continuing to engage with the youth in our communities through education and skills development. This includes our longstanding collaboration with the Malaysian Rubber Council ("MRC") to offer scholarships for promising undergraduates in a range of related fields including Engineering, Environmental Science, Polymer Science and Logistics subjects. We have also worked with the MRC and local universities to host over 200 students as interns at our facilities from 2018 to 2026, including 42 students in FY2026 alone. 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 also 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 sexual health awareness, improving condom usage and HIV prevention. In Malaysia, we further strengthened this outreach by supporting HIV and sexually transmitted infection ("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.

Sustainability Statement

ECONOMIC

Community

Our community support also extends to non-governmental organisations ("NGOs") that continue to provide non-discriminatory support to marginalised communities. This includes the facilities operated by the Teratak Kasih Tok Nan which provides shelter for low-income HIV patients in rural Sarawak, the Community Health Care Clinic operated by the Pink Triangle Foundation which offers affordable and anonymous testing and treatment for anyone with sexual health concerns and the Pertubuhan Kesihatan Dan Kebajikan Umum Malaysia which provides support systems for sex workers and marginalised communities living with HIV.

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 ("MAF") 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 MAF 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.

Our community engagement through the arts also continues through our annual charity event, "Art Against AIDS" ("AAA"). The event brings together students and artists from around Malaysia to participate in an art competition centred on themes aimed at destigmatising HIV/AIDS. The charity auction provides an opportunity to showcase the artwork of entrants to collectors and the wider creative community while raising funds for causes aligned with our objectives. FY2026 marked our eleventh successive year of the event. To date, AAA has raised over RM1.7 million in funds for various NGOs working towards fostering conversations on safer sex and ending discrimination towards people living with HIV.

We also support broader community health initiatives through our partnerships with national organisations. Together with the Ministry of Health Malaysia ("MOH") and the MAF, we support the Differentiated HIV Services for Key Populations ("DHSKP") programme, which is dedicated to reducing HIV transmission, promoting safer practices and addressing stigma. In FY2026, we contributed 700,000 condoms and 700,000 lubricant sachets, valued at RM2.3 million, to strengthen the programme's outreach. These products were distributed as Sexual Transmission Prevention Kits through over 200 trained community healthcare workers across 52 outreach sites, including STI-friendly government healthcare clinics.

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 also engages college students as 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.

Our community engagement efforts also extend to supporting local diversity and inclusion initiatives and sexual health programmes. In FY2026, ONE® Condoms supported the ONE® Project Condom initiative by providing condoms for participating organisations to create condom-based garments, alongside ONE® branded condoms and lubricants for distribution at events to promote safer sex and sexual health awareness. During Boston Pride for the People in June 2026, ONE® provided custom-printed condoms featuring the event logo for distribution at the parade and festival. These initiatives enable ONE® to engage with local communities through product-based outreach while supporting greater awareness and open conversations around sexual health.

In FY2026, we donated RM663,000 in cash, together with over 891,000 condoms and 739,000 lubricant sachets to charitable causes, including community initiatives, education programmes and the causes detailed above. These contributions, together with our corporate social responsibility programmes, directly benefited more than 50,000 individuals in the past year.

	2024	2025	**2026**
Donations in Cash *(RM)*	456,000	606,000	**663,000**

ENVIRONMENTAL

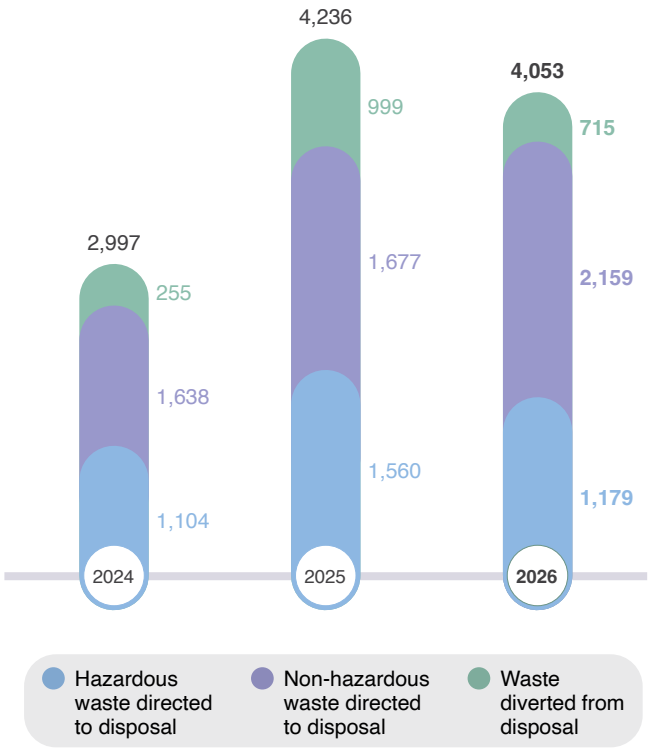
Waste Management

Ensuring that waste from our production processes is handled and disposed 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.

In FY2026, our condom and medical devices facilities generated a total of 4,053 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)



Non-hazardous waste generated from our facilities comprises materials such as plastics, metals and paper. Hazardous waste generated from our operations include process slurry from the condom powdering process, among other regulated waste streams. These waste streams are managed through different recovery and recycling approaches based on their characteristics and potential for reuse. Plastics, metals and paper are segregated and recycled where suitable, while process slurry generated from the condom powdering process is managed through recovery and reuse initiatives.

	2024	2025	**2026**
Recovery	33%	47%	**35%**
Incineration	67%	53%	**65%**

For recyclable materials such as plastics, metals and paper, we continue to work towards maximising segregation and recycling to reduce the amount of waste sent for disposal. For process slurry, we have installed sedimentation tanks to recover slurry powder generated during the powdering process. The recovered powder can subsequently be processed and reused, reducing our overall consumption of this raw material in the condom manufacturing process. Non-hazardous waste increased during FY2026, primarily reflecting higher volumes of waste generated from our expanded production activities. In contrast, hazardous waste decreased during the year, supported by continued recovery and reuse initiatives for process slurry and other waste streams.

Sustainability Statement

Waste Management

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 increasing 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.

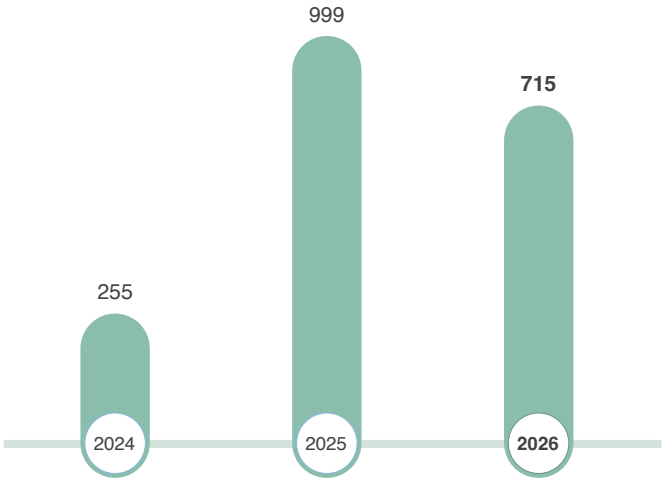
Beyond these measures, we have introduced additional waste-to-value initiatives during the year. Licensed collectors are engaged to convert foil waste into fuel, while smaller-scale community programmes repurpose wooden pallets into beehives and process slurry powder into fertiliser. These initiatives 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 can then be resold to other manufacturers for use in their own processes.

During the year, 715 MT of processed rubber waste was sold to customers in crepe and non-crepe forms. 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)



ENVIRONMENTAL

Water and Effluent

Water is another key component used during our manufacturing processes, which generates wastewater requiring treatment before it can be released back into the environment, or in certain cases, recycled and reused. We recognise the importance of responsible water management and remain committed to reducing water consumption, ensuring appropriate treatment of wastewater and complying with applicable regulatory requirements.

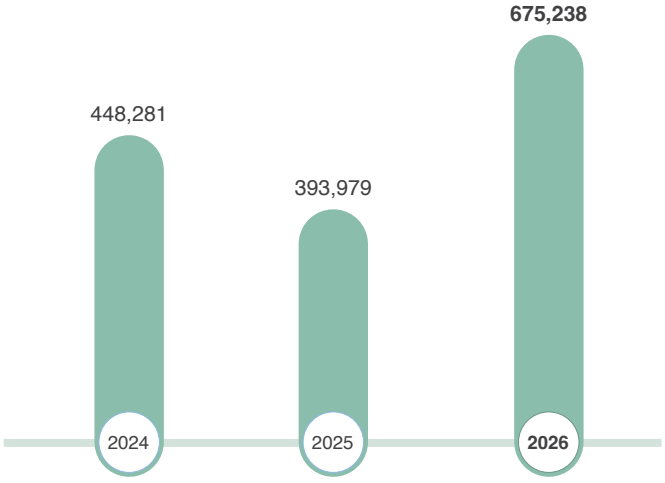
We are committed to complying with the applicable water regulations including the Environmental Quality (Industrial Effluent) Regulations 2009 in Malaysia. This involves ensuring that all the effluent that is produced is properly collected, treated and tested to confirm compliance with regulatory limits 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. In FY2026, government officials from the Department of Environment made one visit to our facility in Malaysia. No significant environmental compliance issues were identified during the visit.

We recognise that, in addition to ensuring that wastewater is properly treated before being 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 withdrawal across all manufacturing plants rose by 281,259 m^3, representing an increase of 71% compared to the previous year. This was mainly due to higher production volumes of condoms as water is primarily consumed during former rinsing in the dipping process.

Total Water Withdrawal across All Production Facilities
(m^3)



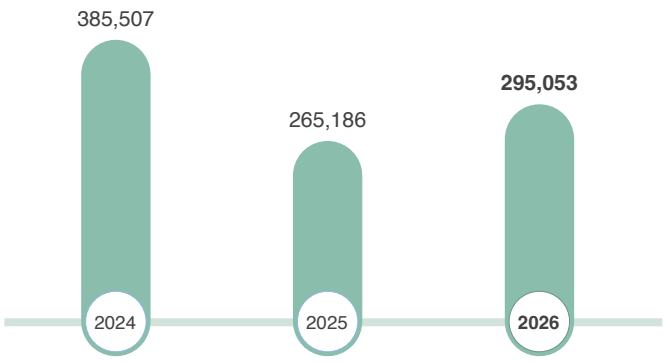
Source of Water Withdrawal (m^3)*	2024	2025	2026
Surface water	0	0	**0**
Ground water	0	0	**0**
Sea water	0	0	**0**
Third-party water			
• Freshwater (≤1,000 mg/l Total Dissolved Solids)	448,281	393,979	**675,238**
• Freshwater (>1,000 mg/l Total Dissolved Solids)	0	0	**0**

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

Sustainability Statement

Water and Effluent

Total Water Discharge across All Production Facilities *(m³)**



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

Destination of Water Discharge (m³)*	2024	2025	2026
Surface water	205,709	156,532	**145,254**
Ground water	0	0	**0**
Sea water	0	0	**0**
Third-party water*	179,798	108,654	**149,799**
Total	385,507	265,186	**295,053**

* *Discharged water in our Hat Yai, Thailand facility is discharged to facilities operated by the IEAT in conjunction with local regulations.*

Complementing this, ongoing conservation initiatives such as rainwater harvesting at our Hat Yai, Thailand facility and the use of flow meters and control valves continue to support our efforts to improve water efficiency. However, water intensity per production hour increased from 1.41 m³ in FY2025 to 1.82 m³ in FY2026, indicating that water efficiency declined during the year, primarily due to increased production of synthetic condoms which require additional former rinsing to meet quality requirements. This underscores the need for continued focus on 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 (m³ per production hour)	2024	2025	2026
Condoms and probe covers	1.35	1.41	**1.82**

Water Conservation Targets

Description:

Reducing water consumption across the Group's operations by improving water efficiency for condom and probe cover production by 2.5% within five years. Performance is monitored at facility level and consolidated at Group level to track progress against the Group-wide water conservation target.

Baseline:

Level of water intensity recorded in 2021, which was 1.06 m³ of water per production hour.

Progress in FY2026:

During FY2026, water intensity was 1.82 m³ per production hour, representing a 29% increase from 1.41 m³ per production hour in FY2025. Water intensity was also 72% above the 2021 baseline of 1.06 m³ per production hour.

The Group therefore did not achieve the targeted reduction against the original baseline.

Looking Ahead:

The Group will continue to improve water efficiency through initiatives such as increasing the reuse of water from condom dipping processes, including glass former rinsing, and extending rainwater harvesting initiatives to additional facilities.

In addition, the Group will introduce a new output-based water intensity metric, measured as m³ of water consumed per gross of condoms and probe covers produced, to provide a more direct measure of water efficiency in its condom manufacturing operations. FY2026 will serve as the baseline for the new metric, with a target to reduce water consumption intensity by 2.5% by FY2031.

ENVIRONMENTAL

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 ambitions of the Malaysian Government under its latest Nationally Determined Contribution ("NDC 3.0"), which targets an absolute reduction of 15-30 million tonnes of carbon dioxide equivalent by 2035 from the projected emissions peak. 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 key 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. The Group considers the potential effects of these risks over short-, medium- and long-term horizons, taking into account the timing of expected changes in climate conditions, regulatory requirements, technology and market expectations.

In line with the phased implementation of the NSRF, the Group is progressively enhancing its sustainability-related processes, data collection and disclosures with reference to the IFRS Sustainability Disclosure Standards. As a Group 2 Main Market listed issuer, the Group is preparing for the applicable requirements of the NSRF, including the transition towards enhanced climate-related disclosures and assurance.

The Group's climate-related risks and opportunities are broadly categorised into physical risks and transition risks. Physical risks include acute events such as flooding and chronic changes such as rising temperatures and changing precipitation patterns, while transition risks arise from changes in policies, regulations, technologies, markets and customer expectations associated with the transition towards a lower-carbon economy.

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 may have significant implications for our operations and long-term business objectives. As such, we continue to evaluate and strengthen our mitigation measures in response to the evolving climate risk landscape. These considerations are incorporated into our strategic and operational decision-making, including decisions relating to capital expenditure, manufacturing capacity, energy management, product development and supply chain resilience.

Sustainability Statement

Climate Change

CLIMATE SCENARIO ANALYSIS

To assess the resilience of our business and strategy to climate-related risks and opportunities, we conducted a qualitative climate scenario analysis covering physical and transition risks across our manufacturing operations and supply chain. The assessment considered two broad scenarios representing different potential climate and transition pathways. The scenarios are intended to provide directional insights into the potential impacts of climate change on our business and inform the development of appropriate mitigation and adaptation measures.

Scenario	Key Assumptions	Potential Impact to the Group	Resilience and Response
Lower-emissions transition risk scenario	A faster transition towards a lower-carbon economy, accompanied by increased adoption of renewable energy, tighter climate-related regulations and greater expectations from customers and other stakeholders.	The Group may face higher requirements for emissions monitoring and disclosure, increased investment in energy efficiency and renewable energy, and evolving regulatory and customer requirements across our export markets. There may also be opportunities to improve operating efficiency and reduce exposure to electricity costs through greater use of renewable energy.	The Group is progressively increasing renewable energy generation, improving energy efficiency and monitoring energy consumption. Investments in solar photovoltaic systems, automation and process optimisation, together with continued regulatory monitoring, are expected to support the Group's ability to respond to transition-related risks and opportunities.
Higher-emissions physical risk scenario	A future characterised by greater physical impacts from climate change, including higher temperatures, changing precipitation patterns and increased frequency or severity of flooding.	Potential impacts include disruption to manufacturing operations, increased cooling and energy requirements, disruption to supply chains and potential impacts on the quality and availability of natural rubber latex.	The Group has implemented measures including improved drainage and irrigation systems, contingency power generation and supplier diversification to strengthen operational resilience. The Group also continues to monitor climate-related impacts on raw materials and manufacturing operations and assess further adaptation measures.

Based on the qualitative assessment, the Group considers its current business strategy and mitigation measures to remain resilient to the climate-related risks identified under both transition and physical risk scenarios. However, the nature, magnitude and timing of climate-related impacts remain subject to uncertainty. We will continue to strengthen our scenario analysis capabilities and incorporate improved climate data, assumptions and financial considerations as these become available.

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. Our energy efficiency initiatives include 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.

Sustainability Statement

ENVIRONMENTAL

Mitigation measures addressing 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 around the world.

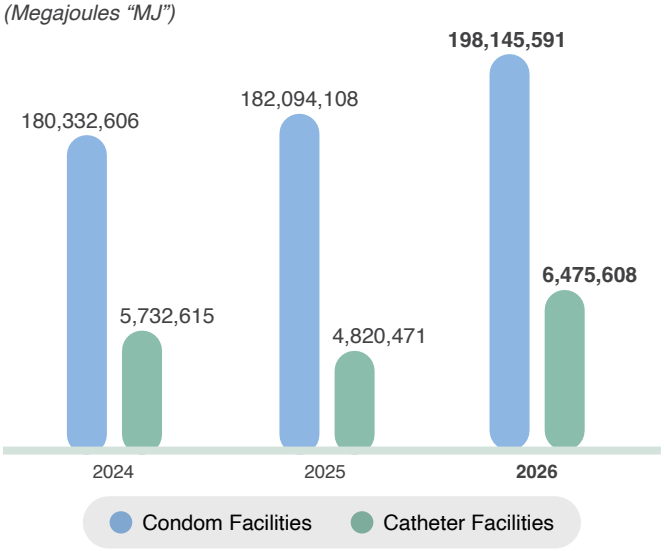
As we progressively incorporate greater degrees of automation into our manufacturing processes, we recognise that the transition towards automated operations also presents opportunities to improve production efficiency and reduce reliance on manual processes. In line with these efforts, our first robotic arm for lubricant packing was successfully commissioned in FY2026, marking the first major milestone in the automation of our packaging operations. We are also advancing additional packaging automation initiatives, including the deployment of automated palletisers and carton sealers, as well as working to convert existing packaging formats into modes that are more suitable for automated handling and packing. These initiatives are aimed at improving production efficiency, consistency and scalability while reducing reliance on manual processes. The successful implementation of these initiatives is supported by the continued collaboration of our customers, particularly in exploring packaging specifications and formats that enable greater automation. We appreciate the support and flexibility of our customers in working with us to identify opportunities to optimise packaging designs and processes, which will facilitate further automation and operational efficiency improvements across our manufacturing operations.

As more automation is implemented, we recognise that associated energy consumption must also be appropriately managed. 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 identify areas within our 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 with 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 with changes in regulations around the world.

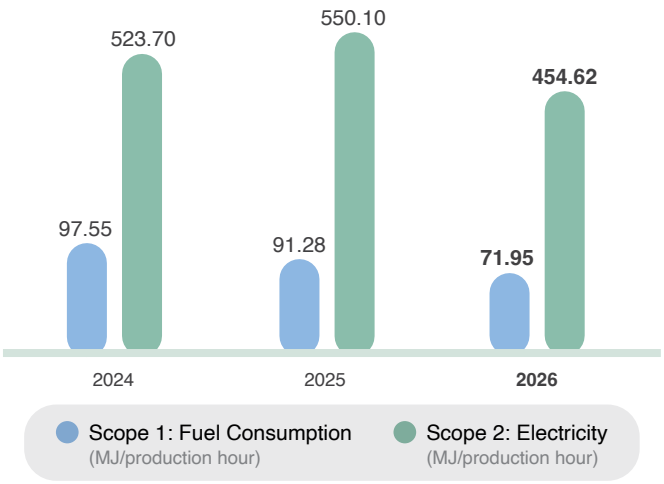
Total Energy Consumption

(Megajoules "MJ")



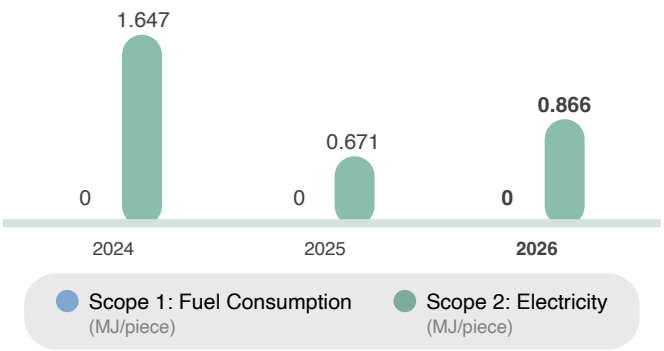
Condom Manufacturing Energy Intensity

(per production hour)



Catheter Manufacturing Energy Intensity

(per piece)



Sustainability Statement

Climate Change

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 Corporate Accounting and Reporting Standard. Scope 1 emissions relate to the combustion of fuels, including liquefied petroleum gas ("LPG"), diesel and gasoline, at our manufacturing facilities. These emissions are calculated using globally recognised tools. In previous financial years, emission calculations were based on the Intergovernmental Panel on Climate Change ("IPCC") 2006 Guidelines for National Greenhouse Gas Inventories and local emission factors, where applicable. From FY2025 onwards, the Group has used the UK Government's Greenhouse Gas Conversion Factors, published by the Department of Energy Security and Net Zero ("DESNZ"), for its emission calculations. These factors were formerly published by the Department for Environment, Food and Rural Affairs ("DEFRA") and are consistent with the methodology applied in Bursa Malaysia's Centralised Sustainability Intelligence Platform ("CSIP") calculator.

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 FY2026, we continue to calculate our Scope 2 emissions using the Enerdata 2023 emission factors, as provided by Bursa Malaysia's CSIP. 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

	Scope 1 Emissions (tCO_2e)	Scope 2 Emissions (tCO_2e)
2024	1,788	24,523
2025	1,643	21,451
2026	**1,723**	**22,695**

Catheter Manufacturing Facilities

	Scope 1 Emissions (tCO_2e)	Scope 2 Emissions (tCO_2e)
2024	0	1,078
2025	0	752
2026	**0**	**1,030**

Although the Group is not yet required to disclose its full Scope 3 GHG emissions inventory under the transition relief available under the NSRF, we recognise that a significant portion of GHG emissions may originate from sources outside of our own operations but result from 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 beginning from FY2025, we have adopted conversion factors published by DESNZ, formerly published under DEFRA, 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.

Sustainability Statement

ENVIRONMENTAL

Scope 3* – Business Travel & Employee Commuting

	2024	2025	2026
Condom Manufacturing Facilities			
Business Travel	145	92	**50**
Employees Commuting	3,064	2,197	**2,168**
Total tCO_2e	3,209	2,289	**2,218**
Catheter Manufacturing Facilities			
Business Travel	2	4	**2**
Employees Commuting	129	135	**72**
Total tCO_2e	131	139	**74**
Total Selected Scope 3 GHG Emissions, tCO_2e	3,339	2,427	**2,292**

* *Scope 3 emissions disclosed above comprise selected categories for which data is currently available and do not represent the Group's complete Scope 3 GHG emissions inventory.*

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 an increase in total energy consumption at our condom facilities, both Scope 1 and Scope 2 energy intensity decreased during the year, reflecting improvements in energy efficiency relative to production hours. The reduction of Scope 1 energy intensity reflects improvements in dryer efficiency and optimisation of drying processes. Scope 2 energy intensity also decreased, supported by the commissioning of our solar photovoltaic system at our Hat Yai facility, which enabled the facility to meet part of its electricity requirements through on-site renewable energy generation, thereby reducing its reliance on electricity from the grid.

At our catheter facilities, total energy consumption increased during the year, primarily due to higher electricity consumption, while production output remained broadly stable with only a slight increase from the previous year. As a result, electricity intensity per piece increased during FY2026. We continue to assess the underlying drivers of this increase and identify opportunities to improve energy efficiency across our catheter manufacturing operations. These energy efficiency improvements also support the Group's broader climate mitigation strategy by reducing energy consumption relative to production activity.

We successfully commissioned a 2.2 MWp solar photovoltaic system at our Hat Yai, Thailand facility in March 2026, marking an important step in our transition towards greater use of renewable energy across our manufacturing facilities in Malaysia and Thailand. Since commissioning, the system has generated 539 MWh of solar electricity by the end of FY2026, reducing our reliance on electricity from the grid and contributing to the Group's efforts to reduce its carbon emissions. Our maiden system is expected to generate approximately 44 GWh of clean electricity over its 15-year operating period.

In Malaysia, we are also progressing with the installation of a 189 kWp solar photovoltaic system at our Port Klang facility, which is expected to be commissioned and operational in FY2027. This expansion will further increase the Group's use of renewable energy and support our ongoing efforts to reduce the carbon intensity of our manufacturing operations.

Sustainability Statement

Climate Change

CLIMATE-RELATED DISCLOSURE / TCFD PILLARS

In accordance with the IFRS Sustainability Disclosure Standards and the NSRF, we have structured our climate-related disclosures around the four core areas of governance, strategy, risk management, and metrics and targets. These areas are consistent with the recommendations of the TCFD, which have been incorporated into the architecture of IFRS S2. The framework below sets out how we manage and disclose the climate-related risks and opportunities relevant to our business and stakeholders.

Climate-related Disclosure / 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 20 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 physical risks and transition risks. We have intensified our data collection efforts to identify and quantify our climate-related risks and opportunities across our business operations. We will also continue to assess opportunities to integrate relevant climate-related targets into performance measures as its climate strategy and data capabilities mature, 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. Climate-related risks are considered alongside other enterprise risks based on their potential impact on our operations and strategic objectives, with relevant mitigation measures incorporated into our risk management processes. Our teams have also been moving towards incorporating transition and physical risk assessments in alignment with IFRS S2 requirements. More details of our risk management and internal control protocols are contained on pages 85 to 88 of this Report.
Metrics and Targets The data and targets used to assess and manage climate-related risks and opportunities	The Group monitors climate-related metrics to assess its exposure to climate-related risks and opportunities and to track progress against its climate-related targets. These include Scope 1 and Scope 2 GHG emissions, selected Scope 3 GHG emissions, energy consumption, energy intensity and progress towards emissions reduction and renewable energy objectives. We have continued to improve our data collection and disclosure regarding energy consumption. Since FY2024, 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.

* *The four pillars are consistent with the architecture of IFRS S2 and the recommendations of the TCFD.*

Sustainability Statement

ENVIRONMENTAL

The Group recognises that climate-related risks and opportunities may affect its financial position, financial performance and cash flows through factors such as changes in energy costs, capital expenditure requirements, operational disruptions, supply chain resilience and evolving regulatory requirements. The Group will continue to enhance its processes for assessing and quantifying these potential financial effects as relevant data and methodologies develop.

Having considered the data collected, we set out a specific target for our various operations teams to improve energy efficiencies. 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.

Carbon Impact Targets

Description:

Drive a reduction in our absolute Scope 1 and Scope 2 GHG emissions from 2022 to 2035. Reduction of 5% by 2026 and 10% by 2035.

Baseline:

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

Progress in FY2026:

Our Scope 1 and Scope 2 emissions reduced by 2,147 tCO_2e (8%) in comparison to the 2021 baseline primarily due to energy efficiency improvements across manufacturing processes, renewable energy adoption and optimised production operations.

The Group achieved its 2026 target, with Scope 1 and Scope 2 GHG emissions reduced by 8% against the 2021 baseline, exceeding the targeted 5% reduction.

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

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 regard 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 FY2026, 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 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.

The Supplier Code of Conduct is communicated to all suppliers across the Group's global operations, including both new and existing suppliers, through onboarding processes, commercial engagements, supplier communications and periodic engagement activities to reinforce the Group's expectations relating to labour practices, human rights, business ethics and environmental responsibility. The Code forms part of the Group's procurement and supplier management processes and is referenced during supplier onboarding, purchase order issuance and contractual engagements. Compliance with the Code is considered as part of supplier selection, evaluation and ongoing performance monitoring. Employees involved in procurement and supplier management receive periodic training and guidance on the requirements of the Supplier Code of Conduct and responsible procurement practices to ensure that supplier engagement activities are aligned with the Group's sustainability expectations.

As part of our Supplier Development Programme in FY2026, we conducted due diligence on 62 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, building on the knowledge that was gained through 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. More than 100 unique supplier feedback responses were received during the year, strengthening our ability to assess supplier risk exposure and identify areas requiring further improvement.

The Supplier Development Programme also serves as a platform for ongoing supplier engagement and capacity building through training sessions, workshops, assessments and ongoing dialogue to enhance their understanding of EESG expectations. During the year, these activities covered topics such as GHG emissions reporting, labour practices, workplace health and safety, business ethics and responsible supply chain management. In addition to training, we worked closely with suppliers by sharing best practices, providing guidance on corrective action plans and supporting continuous improvement efforts to strengthen sustainability performance across the supply chain.

Sustainability Statement

ENVIRONMENTAL

Supplier risk assessments are conducted as part of the due diligence process for prospective suppliers and are also undertaken periodically for existing suppliers through questionnaires and other monitoring activities. Where audit findings, assessment results or other supplier monitoring activities identify gaps or instances of non-compliance with our Supplier Code of Conduct, suppliers are required to implement corrective action plans within an agreed timeframe. Corrective actions may include improvements to labour practices, workplace health and safety controls, environmental management systems, business ethics procedures or other governance measures. Progress against these action plans is monitored through follow-up engagements, assessments and audits to ensure that identified issues are adequately addressed and do not recur. In FY2026, no material supplier non-compliance incidents requiring termination of supplier relationships were identified.

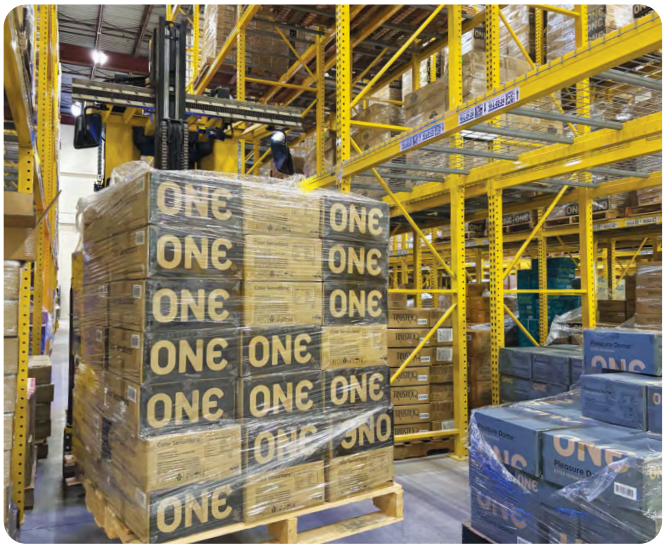
Building on our FY2026 focus on "GHG Emissions and Reporting", we will continue to engage suppliers on environmental data collection and reporting to progressively improve the coverage and quality of our Scope 3 emissions data and upstream supply-chain metrics in preparation for the eventual expansion of mandatory Scope 3 disclosures.

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. In FY2026, our paper packaging consumption amounted to a total of 3,506 tonnes of recycled paper, representing 72% of our total paper packaging consumption. The recycled paper used primarily comprises material for the production of outer and inner boxes for our products and contains a minimum of 70% non-virgin materials. Furthermore, seven of our packaging suppliers are certified under the Forest Stewardship Council ("FSC"), and we continue 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, responsible sourcing practices and sustainability-related business processes throughout the condom industry supply chain.

All our condom manufacturing facilities continue to be evaluated under the Sedex Members Ethical Trade Audit ("SMETA") four-pillar framework. Sedex is an internationally recognised organisation focused on improving ethical and responsible business practices in global supply chains. The audit covers labour standards, health and safety, business ethics and environmental performance, demonstrating the Group's participation in an industry initiative relating to responsible supply chain management.

The Group is also a member of the Malaysian Rubber Council ("MRC"), an industry body that supports the development and sustainability of Malaysia's rubber industry through industry collaboration, knowledge sharing, capability development and the promotion of responsible business practices across the value chain. Our engagement with the MRC, Fair Rubber Association and other industry stakeholders supports the sharing of best practices relating to responsible sourcing, environmental stewardship and sustainable supply chain practices, while strengthening our understanding of developments affecting the sustainability of latex and rubber supply chains.



Sustainability Statement

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 are committed to providing equal remuneration for work of equal value and ensuring that compensation decisions are made fairly and without discrimination.

Remuneration is determined based on objective factors such as job responsibilities, qualifications, skills, experience and performance. The Group also complies with applicable labour and employment laws in the jurisdictions where it operates. 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 four financial years, we received no complaints, reports and whistleblowing cases relating to workplace discrimination across all our facilities. There were no confirmed incidents of discrimination or harassment during FY2026 and, accordingly, no corrective actions or remediation measures were required. Any reported allegations of workplace misconduct are investigated in accordance with the Group's grievance and whistleblowing procedures, with appropriate corrective and disciplinary actions taken where necessary.

To support a respectful and inclusive workplace, we provide regular training to managers and human resources personnel on identifying, managing and resolving workplace harassment and bullying cases. This includes guidance on grievance handling procedures, confidentiality requirements, victim protection measures, appropriate investigation processes and the implementation of corrective actions where necessary.

Sustainability Statement

SOCIAL

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, nationality and 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. In addition, we actively provide employment and training opportunities to individuals from underprivileged and marginalised backgrounds, including those with limited access to formal education, low-income communities and migrant workers, ensuring inclusive access to stable employment. 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

	2024	2025	**2026**
Total Employees	3,200	3,135	**3,021**
Total Number of Contract/Temporary Staff	103 (3.2%)	148 (4.7%)	**112 (3.7%)**

Gender Diversity

Board of Directors

	Female		Male	
	No.	%	No.	%
2024	3	37.5	5	62.5
2025	4	44.4	5	55.6
2026	**4**	**50.0**	**4**	**50.0**

By Employee Category

	2024				2025				**2026**			
	Female		Male		Female		Male		Female		Male	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Senior Management	9	38	15	63	8	32	17	68	**6**	**27**	**16**	**73**
Middle Management	65	50	64	50	61	53	54	47	**67**	**57**	**50**	**43**
Production	1,476	61	946	39	1,519	65	828	35	**1,658**	**66**	**855**	**34**
Administrative	282	61	182	39	371	78	105	22	**152**	**79**	**41**	**21**
Technical	53	33	108	67	23	13	149	87	**23**	**13**	**153**	**87**
Total	1,885	59	1,315	41	1,982	63	1,153	37	**1,906**	**63**	**1,115**	**37**

Sustainability Statement

Diversity

Age Diversity

Board of Directors

	2024						2025						2026					
	<30		30-50		>50		<30		30-50		>50		<30		30-50		>50	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Board of Directors	0	0	1	12.5	7	87.5	0	0	1	11.1	8	88.9	**0**	**0**	**1**	**12.5**	**7**	**87.5**

By Employee Category

	2024						2025						2026					
	<30		30-50		>50		<30		30-50		>50		<30		30-50		>50	
	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%	No.	%
Senior Management	0	0	11	46	13	54	0	0	13	54	11	46	**1**	**5**	**11**	**50**	**10**	**45**
Middle Management	26	20	77	60	26	20	11	10	72	63	31	27	**14**	**12**	**70**	**60**	**33**	**28**
Production	982	41	1,198	49	242	10	960	41	1,148	49	239	10	**912**	**36**	**1,329**	**53**	**272**	**11**
Administrative	219	47	206	44	39	9	201	42	227	48	46	10	**76**	**39**	**88**	**46**	**29**	**15**
Technical	109	68	47	29	5	3	75	43	88	50	13	7	**81**	**46**	**89**	**51**	**6**	**3**
Total	1,336	42	1,539	48	325	10	1,247	40	1,548	49	340	11	**1,084**	**36**	**1,587**	**53**	**350**	**12**

National Diversity

	2024	2025	**2026**
Malaysian	1,460	1,467	**1,364**
Bangladeshi	186	151	**145**
Burmese	82	58	**37**
Nepalese	220	150	**112**
Indonesian	10	6	**0**
Thai	1,131	1,193	**1,272**
Vietnamese	5	0	**0**
American	55	64	**54**
British	45	42	**34**
Indian	6	4	**3**

Our efforts to break down social stigma and promote inclusion also extend to the LGBTQIA community. We encourage our employees to embrace diversity and support initiatives that promote acceptance, inclusivity and open conversations around sexual health, such as encouraging staffs to display email signatures featuring Pride logos during Pride month. Through our subsidiary, Global Protection Corp., we continued our partnerships with various NGOs and sexual health advocates such as Boston Pride for the People and Planned Parenthood to support initiatives that promote awareness, reduce stigma and encourage safer sexual health practices. We also continued our longstanding partnership with organisations through the Project Condom programme, which 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. The campaign helped us spark discussions and destigmatise a conversation that is often not discussed, leading to undue prejudice.

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.

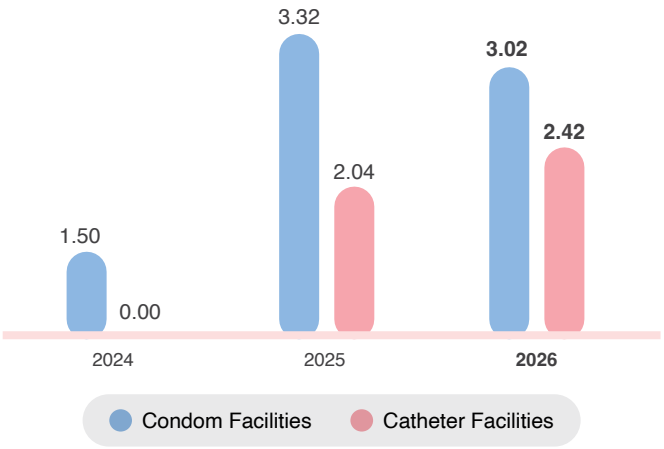
	2024	2025	**2026**
Total health and safety awareness training hours conducted (hours)	511	1,468	**8,005**

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 2,446 employees attended our mandatory Health and Safety Awareness training sessions during the year. While this represents a decrease from 3,056 employees in FY2025, total health and safety awareness training hours increased significantly from 1,468 hours to 8,005 hours, reflecting a greater depth of training and increased emphasis on health and safety awareness 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 number of lost-time injuries occurring in the workplace per one million man-hours worked. In FY2026, government officials from the Department of Occupational Safety and Health 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 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.

Sustainability Statement

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 to 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 Standards 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 recently undertook a Living Wage Assessment Exercise to ensure that all our employees receive adequate and equitable pay, going beyond minimum wage compliance.

The Group is committed to preventing excessive working hours through compliance with statutory working-hour requirements, monitoring of overtime records, management approval for overtime work, workforce planning initiatives and the provision of adequate rest periods. These measures are intended to promote employee wellbeing and reduce fatigue-related risks.

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, our Human Rights Policy & Statement is communicated to employees, suppliers, contractors and other business partners through our website, onboarding processes, contractual requirements and stakeholder engagement activities. Business partners are expected to comply with the principles set out in the policy and maintain comparable standards in their own operations. 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 through our Supplier 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.

Sustainability Statement

SOCIAL

	2024	2025	2026
Number of employees who attended training on human rights and ethical labour standards	437	1,274	**495**

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. We also provide human rights awareness and policy training to employees in key functions, including Human Resources and Health, Safety, Security, Environment and Sustainability, to ensure that human rights considerations are embedded in workforce management, workplace safety, supplier engagement and stakeholder interactions.

In FY2026, we spent over RM838,000 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 covering topics ranging from 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 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 programme.

Training Hours	2024	2025	**2026**
Total Formal Training Hours (Classroom, Workshops and E-Learnings)	4,167	40,587	**39,467**

Average Training Hours	2024	2025	**2026**
By Gender			
Male	1.9	10.6	**10.8**
Female	1.3	14.3	**14.4**
Overall	2.6	13.0	**13.0**
By Employee Category			
Senior Management	5.2	8.3	**3.4**
Middle Management	8.6	28.7	**18.3**
Production	0.5	10.5	**13.1**
Administrative	4.3	19.1	**12.3**
Technical	3.2	19.3	**11.6**

Employees by Employee Contract	2024		2025		**2026**	
	Full-time	**Part-time**	**Full-time**	**Part-time**	**Full-time**	**Part-time**
Local	2,488	103	2,617	148	**2,612**	**112**
International	609	0	370	0	**297**	**0**
Total	3,097	103	2,987	148	**2,909**	**112**

Sustainability Statement

Labour Practices

	2024	2025	**2026**
Total New Hires	241	862	**851**
Turnover Rate (%)	30.2	23.2	**31.0**

Employee Turnover	2024		2025		**2026**	
	No.	**Turnover Rate (%)**	**No.**	**Turnover Rate (%)**	**No.**	**Turnover Rate (%)**
By Gender						
Male	416	46.7	326	48.7	**370**	**39.5**
Female	474	53.3	344	51.3	**567**	**60.5**
By Age Group						
<30	537	60.3	416	62.1	**607**	**64.8**
30-50	323	36.3	215	32.1	**282**	**30.1**
>50	30	3.4	39	5.8	**48**	**5.1**
By Employee Category						
Senior Management	2	0.2	2	0.3	**1**	**0.1**
Middle Management	7	0.8	18	2.7	**22**	**2.4**
Production Group	752	84.5	534	79.7	**843**	**89.9**
Admin Group	91	10.2	76	11.3	**42**	**4.5**
Technical Group	38	4.3	40	6.0	**29**	**3.1**

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 FY2026, the entirety of our Malaysia and Thailand operations were assessed for corruption-related risks and all our employees attended anti-corruption training.

	2024	2025	**2026**
Number of employees that received anti-corruption training	1,029	3,135	**3,021**

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, 187 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

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.

Sustainability Statement

Governance Practices

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 Chairwoman 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 70 to 81 of this Report as well as more comprehensively in our Corporate Governance Report that can be accessed at 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.

GOVERNANCE

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 Consulting Sdn. Bhd. 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 85 to 88 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 15 October 2026.

KAREX BERHAD

BMLR Transition Period

Date & Time: 2026-10-16 16:56:32

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

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance
Community/Society	Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	606,000	663,000	-	No assurance
Community/Society	Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	5,000	50,000	-	No assurance
Waste management	Bursa C10(a) Total waste generated	Metric tonnes	4,236	4,053	-	No assurance
Waste management	Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	999	715	-	No assurance
Waste management	Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	3,237	3,338	-	No assurance
Water	Bursa C9(a) Total volume of water used	Megalitres	394	675	-	No assurance
Energy management	Bursa C4(a) Total energy consumption	Megawatt-hours	51,921	56,839	-	No assurance
Emissions management	Bursa C11(a) Scope 1 emissions in tonnes of CO2e	Metric tonnes of carbon dioxide equivalent	1,643	1,723	Drive a reduction in our absolute Scope 1 and Scope 2 GHG emissions from a 2022 baseline through 2035, with a 5% reduction by 2026 and a 10% reduction by 2035.	No assurance
Emissions management	Bursa C11(b) Scope 2 emissions in tonnes of CO2e	Metric tonnes of carbon dioxide equivalent	22,203	23,725	Drive a reduction in our absolute Scope 1 and Scope 2 GHG emissions from a 2022 baseline through 2035, with a 5% reduction by 2026 and a 10% reduction by 2035.	No assurance
Emissions management	Bursa C11(c) Scope 3 emissions in tonnes of CO2e (at least for the categories of business travel and employee commuting)	Metric tonnes of carbon dioxide equivalent	2,427	2,292	-	No assurance

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance
Supply chain management	Bursa C7(a) Proportion of spending on local suppliers	Percentage	55	71	-	No assurance
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category: Senior Management Under 30	Percentage	0	5	-	No assurance
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category: Senior Management Between 30-50	Percentage	54	50	-	No assurance
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category: Senior Management Above 50	Percentage	46	45	-	No assurance
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category: Middle Management Under 30	Percentage	10	12	-	No assurance
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category: Middle Management Between 30-50	Percentage	63	60	-	No assurance
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category: Middle Management Above 50	Percentage	27	28	-	No assurance

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category: Production Under 30	Percentage	41	36	-	No assurance
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category: Production Between 30-50	Percentage	49	53	-	No assurance
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category: Production Above 50	Percentage	10	11	-	No assurance
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category: Administrative Under 30	Percentage	42	39	-	No assurance
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category: Administrative Between 30-50	Percentage	48	46	-	No assurance
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category: Administrative Above 50	Percentage	10	15	-	No assurance
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category: Technical Under 30	Percentage	43	46	-	No assurance

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category: Technical Between 30-50	Percentage	50	51	-	No assurance
Diversity	Bursa C3(a) Percentage of employees by gender and age group, for each employee category: Technical Above 50	Percentage	7	3	-	No assurance
Diversity	Gender Group by Employee Category: Senior Management Male	Percentage	68	73	-	No assurance
Diversity	Gender Group by Employee Category: Senior Management Female	Percentage	32	27	-	No assurance
Diversity	Gender Group by Employee Category: Middle Management Male	Percentage	47	43	-	No assurance
Diversity	Gender Group by Employee Category: Middle Management Female	Percentage	53	57	-	No assurance
Diversity	Gender Group by Employee Category: Production Male	Percentage	35	34	-	No assurance
Diversity	Gender Group by Employee Category: Production Female	Percentage	65	66	-	No assurance
Diversity	Gender Group by Employee Category: Administrative Male	Percentage	22	21	-	No assurance
Diversity	Gender Group by Employee Category: Administrative Female	Percentage	78	79	-	No assurance
Diversity	Gender Group by Employee Category: Technical Male	Percentage	87	87	-	No assurance

KAREX BERHAD

BMLR Transition Period

Date & Time: 2026-10-16 16:56:32

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

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance
Diversity	Gender Group by Employee Category: Technical Female	Percentage	13	13	-	No assurance
Diversity	Bursa C3(b) Percentage of directors by gender and age group: Male	Percentage	55.6	50.0	-	No assurance
Diversity	Bursa C3(b) Percentage of directors by gender and age group: Female	Percentage	44.4	50.0	-	No assurance
Diversity	Bursa C3(b) Percentage of directors by gender and age group: Under 30	Percentage	0	0	-	No assurance
Diversity	Bursa C3(b) Percentage of directors by gender and age group: Between 30-50	Percentage	11.1	12.5	-	No assurance
Diversity	Bursa C3(b) Percentage of directors by gender and age group: Above 50	Percentage	88.9	87.5	-	No assurance
Health and safety	Bursa C5(a) Number of work-related fatalities	Number	0	0	-	No assurance
Health and safety	Bursa C5(b) Lost time incident rate ("LTIR")	Number of incidents per one million work-hours	3.23	2.98	-	No assurance
Health and safety	Bursa C5(c) Number of employees trained on health and safety standards	Number	3,056	2,446	-	No assurance
Labour practices and standards	Bursa C6(a) Total hours of training by employee category: Senior Management	Hours	207	74	-	No assurance
Labour practices and standards	Bursa C6(a) Total hours of training by employee category: Middle Management	Hours	3,303	2,137	-	No assurance

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance
Labour practices and standards	Bursa C6(a) Total hours of training by employee category: Production	Hours	24,659	32,839	-	No assurance
Labour practices and standards	Bursa C6(a) Total hours of training by employee category: Administrative	Hours	9,092	2,367	-	No assurance
Labour practices and standards	Bursa C6(a) Total hours of training by employee category: Technical	Hours	3,325	2,050	-	No assurance
Labour practices and standards	Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	4.7	3.7	-	No assurance
Labour practices and standards	Bursa C6(c) Total number of employee turnover by employee category: Senior Management	Number	2	1	-	No assurance
Labour practices and standards	Bursa C6(c) Total number of employee turnover by employee category: Middle Management	Number	18	22	-	No assurance
Labour practices and standards	Bursa C6(c) Total number of employee turnover by employee category: Production	Number	534	843	-	No assurance
Labour practices and standards	Bursa C6(c) Total number of employee turnover by employee category: Administrative	Number	76	42	-	No assurance
Labour practices and standards	Bursa C6(c) Total number of employee turnover by employee category: Technical	Number	40	29	-	No assurance

KAREX BERHAD

BMLR Transition Period

Date & Time: 2026-10-16 16:56:32

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

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance
Labour practices and standards	Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	-	No assurance
Anti-corruption	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category: Senior Management	Percentage	100	100	-	No assurance
Anti-corruption	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category: Middle Management	Percentage	100	100	-	No assurance
Anti-corruption	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category: Production	Percentage	100	100	-	No assurance
Anti-corruption	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category: Administrative	Percentage	100	100	-	No assurance
Anti-corruption	Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category: Technical	Percentage	100	100	-	No assurance
Anti-corruption	Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100	100	-	No assurance
Anti-corruption	Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	-	No assurance

Sustainability Matter	Metric	Measurement Unit	2025	2026	Target	Assurance
Data privacy and security	Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	-	No assurance

Profile of Board of Directors

Professor Dato' Dr. Adeeba binti Kamarulzaman

Chairwoman, Independent Non-Executive Director

Age	**62**
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 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 four (4) out of the five (5) Board Meetings held during the financial year ended 30 June 2026. 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 2026.

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

The particulars of her shareholdings are set out on page 160 of this Annual Report.

Profile of Board of Directors

Chew Fook Aun

Independent Non-Executive Director

Age	**64**
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 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 formerly a Member of the Hong Kong Barristers Judiciary Disciplinary Tribunal.

He is presently a Board member of the Hong Kong Sports Institute and is the current Deputy Chairman, a member of the Board of Directors of The Asian Youth Orchestra, and a Council Member of the Hong Kong Polytechnic University. He was appointed as a Non-Executive Director of the Securities & Futures Commission (SFC) in Hong Kong on 1 January 2023 and was subsequently appointed as Chairman and Director of the Investor and Financial Education Council (IFEC) with effect from 1 August 2026.

He has attended all the Board Meeting held during the financial year ended 30 June 2026. 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 2026.

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

The particulars of his shareholdings are set out on page 160 of this Annual Report.

Profile of Board of Directors

Kung Chin Woon

Independent Non-Executive Director

Age	**58**
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. She is currently a partner of Messrs. Shearn Delamore & Co. and has served as a member of their management committee from 2019 to 2025. 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 is a member of the Bar Council Malaysia. 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 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.

She has attended all the Board Meetings held during the financial year ended 30 June 2026. 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 2026.

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

The particulars of her shareholdings are set out on page 160 of this Annual Report.

Profile of Board of Directors

Jaimie Sia Zui Keng

Independent Non-Executive Director

Age	**54**
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 experience specialising in M&A, capital markets and financial advisory, and led the de novo buildout of the bank's equity and debt capital market business across South East Asia. In addition, he played key roles in committees which oversaw the audit, risk, management and underwriting functions, contributing to group wide strategic decision making. He previously served on the Malaysia Investment Banking Association's Executive Committee and Corporate Finance Committee as well as Securities Industry Development Centre's (SIDC) Continuing Professional Education Framework sub-committee.

He was also formerly Head of Private Equity and prior Board member of RHB Private Equity Holdings where he oversaw over USD180 million of assets under management primarily focused on global mid-stream energy infrastructure assets. Currently, he is Executive Vice President of Corporate Affairs for Genting Malaysia Bhd.

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

He has attended all the Board Meetings held during the financial year ended 30 June 2026. 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 2026.

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

The particulars of his shareholdings are set out on page 160 of this Annual Report.

Profile of Board of Directors

Lam Jiuan Jiuan

Non-Independent Non-Executive Director

Age	**74**
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 2026. 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 2026.

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

The particulars of her shareholdings are set out on page 160 of this Annual Report.

Profile of Board of Directors

Goh Yen Yen

Non-Independent Non-Executive Director

Age	**83**
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 2026. 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 2026.

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

The particulars of her shareholdings are set out on page 160 of this Annual Report.

Profile of Board of Directors

Goh Leng Kian

Non-Independent Non-Executive Director

Age	**71**
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"). On 31 August 2025, he was re-designated as Non-Independent Non-Executive Director.

He has over 30 years of experience in the rubber and latex industry. 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 2026. 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 2026.

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

The particulars of his shareholdings are set out on page 160 of this Annual Report.

Profile of Board of Directors

Goh Miah Kiat

Executive Director, Chief Executive Officer

Age	**48**
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 2026. 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 2026.

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

The particulars of his shareholdings are set out on page 160 of this Annual Report.

Profile of Key Senior Management

Wong Your Can

Chief Strategy & Financial Officer

Age	**49**
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 2026.

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	**46**
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 2026.

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

Corporate Governance Overview Statement

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"). The Statement provides an overview of the application of the corporate governance practices of the Group during the financial year ended 30 June 2026 with reference to the three (3) main principles as set out in the Malaysian Code on Corporate Governance 2021 ("MCCG") as follows:

PRINCIPLE A

Board Leadership and Effectiveness

I. Board Responsibilities
II. Board Composition
III. Remuneration

PRINCIPLE B

Effective Audit and Risk Management

I. Audit Committee
II. Risk Management and Internal Control

PRINCIPLE C

Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

I. Communication with Stakeholders
II. 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 2026. Shareholders may download the CG Report through the Company's website link at 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, Karex was not a "Large Company" as defined in the MCCG. Overall, the Board is of the view that the Company has applied the Practices as set out in the MCCG for the financial year ended 30 June 2026, except for:

Practice 8.2 (Disclosure of the top five senior management's remuneration on a named basis) and Practice 13.3 (The Company has fully leveraged technology to facilitate voting, including voting in absentia, and remote shareholder participation at general meetings.)

The explanation for the departure of the above mentioned practices are reported in the announced CG Report.

Corporate Governance Overview Statement

I. Board Responsibilities

A Board Leadership and Effectiveness

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 adopted and formalised a Board Charter, which is published on the Company's website. The Board Charter serves as a reference on the Directors' fiduciary duties and the functions of the Board and its 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.

The Board has delegated certain authorities to the Chief Executive Officer ("CEO") and Board Committees comprising Non-Executive Directors, each operating within clearly defined Terms of Reference ("TOR") that set out their roles and responsibilities.

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, to the Board and promotes good corporate governance practices, constructive deliberations and effective decision-making. The Chairperson of the Board is not a member of any of the Board Committee including the Nomination Committee ("NC"), the Remuneration Committee ("RC") and the Audit Committee ("AC").

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 Chairperson and the CEO can be found in the Board Charter on the Company's website at 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, constructive challenge, advice, and judgment to support balanced and objective Board deliberations and decision making.

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 employees, suppliers and other stakeholders with appropriate channels to report genuine concerns regarding suspected malpractice, unethical behaviour or misconduct without fear of reprisal. Reports received are treated confidentially, and appropriate protection is accorded to persons who raise concerns in good faith.

Concerns may be reported to the Board Chairperson or AC Chairperson via email at whistleblowing@karex.com.my or by post to the following address:

Karex Berhad Whistleblowing Channel
Lot 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 an Anti-Bribery and Corruption Policy which sets out its zero-tolerance approach towards all forms of bribery and corruption. The Policy provides guidance to ensure that business activities are conducted ethically and with integrity. The Policy is communicated to employee through awareness and training programmes and is made available on the Company's website at www.karex.com.my.

Sustainability Governance

The Board has overall oversight of the Group's sustainability matters and, together with Management, is responsible for ensuring that material sustainability considerations are appropriately integrated into the Group's strategies, business plans and risk management processes.

Corporate Governance Overview Statement

I. Board Responsibilities

A Board Leadership and Effectiveness

A Sustainability Working Committee, led by the CEO, has been established to develop, coordinate and implement the Group's sustainability initiatives, strategies, priorities and targets. The Sustainability Working Committee reports to the Risk Management Committee ("RMC"), which provides oversight over the implementation and management of the Group's material sustainability matters, including sustainability-related risks and opportunities. The RMC reports significant sustainability matters to the Board for deliberation and oversight. Further sustainability details could be found in the Sustainability Statement on pages 18 to 59 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.

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 is also kept informed of the decisions and salient issues deliberated by the Board Committees through the minutes of the respective Board Committee meetings.

Corporate Governance Overview Statement

I. Board Responsibilities

A Board Leadership and Effectiveness

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	Meetings Attendance				
	Board of Directors	Audit Committee	Nomination Committee	Remuneration Committee	Risk Management Committee
Professor Dato' Dr. Adeeba binti Kamarulzaman Chairwoman Independent Non-Executive Director	4/5	-	-	-	-
Chew Fook Aun Independent Non-Executive Director	5/5	5/5	1/1	1/1	2/2
Kung Chin Woon Independent Non-Executive Director	5/5	5/5	1/1	1/1	2/2
Jaimie Sia Zui Keng Independent Non-Executive Director - Appointed as Director, AC, RMC and RC member on 28 August 2025 - Re-designated as RC Chairman on 28 November 2025. No RC meeting was held subsequent to his appointment during the financial year 2026	4/4	4/4	-	N/A	1/1
Lam Jiuan Jiuan Non-Independent Non-Executive Director	5/5	5/5	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	-	-	-	-
Dato' Edward Siew Mun Wai Independent Non-Executive Director - Ceased to be a Director on 28 November 2025 upon not being re-elected to the Board at the Annual General Meeting held on 28 November 2025	3/3	3/3	-	1/1	1/1

The Board is satisfied with the level of time commitment demonstrated by the Directors, having regard to their overall attendance at meetings of the Board and Board Committees during the financial year.

Corporate Governance Overview Statement

I. Board Responsibilities

A Board Leadership and Effectiveness

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 external training programmes and seminars attended by the Directors during the financial year and up to the date of this Annual Report are as follows:

Director	Trainings Attended
Professor Dato' Dr. Adeeba binti Kamarulzaman Chairwoman Independent Non-Executive Director	• Monash Global Alumni Leaders' Summit (Malaysia) *Geopolitics and regional economic outlook; AI, cybersecurity and the future of work; leadership through complexity; adaptive leadership and organisational capability; and human security, resilience, health, equity and wellbeing.* • Monash Global Alumni Leaders' Summit (Italy) *Global geopolitical shifts; energy and future resilience; leadership amid uncertainty; AI and the future of human capability; practical applications of AI; and transformative technologies and medical innovations.* • AI for Leaders
Chew Fook Aun Independent Non-Executive Director	• AI at the Helm: How Directors Can Govern the Future • Asian Financial Forum • Hong Kong FIC & Bond Connect Summit 2026 • Boards in the Exponential Era: AI Governance & Board Intelligence for Directors
Kung Chin Woon Independent Non-Executive Director	• World Law Group Summit, Seattle, Washington, USA organised by the World Law Group and hosted by Washington member firm, Ballard Spahr LLP • Global Loan Market Summit, Hong Kong SAR organised by the Asia Pacific Loan Market Association
Jaimie Sia Zui Keng Independent Non-Executive Director (Appointed on 28 August 2025)	• Mandatory Accreditation Programme Part I
Lam Jiuan Jiuan Non-Independent Non-Executive Director	• CPA Australia Annual Conference 2025 (Virtual) - "Prepared for Impact" • Beyond Risk Registers: Strategic Risk Oversight for Modern Boards
Goh Yen Yen Non-Independent Non-Executive Director	• Harnessing the Value of Board-Management Relationship
Goh Leng Kian Non-Independent Non-Executive Director (Re-designated as Non-Executive Director on 31 August 2025)	• Beyond Risk Registers: Strategic Risk Oversight for Modern Boards
Goh Miah Kiat Executive Director Chief Executive Officer	• Geopolitics, Supply Chains and Strategic Resilience: A Boardroom Agenda • The 41st meeting of ISO/TC 157 • Industrial Automation Show (IAS) Shanghai 2025

Corporate Governance Overview Statement

II. Board Composition

A Board Leadership and Effectiveness

The Board has eight (8) members comprising four (4) Independent Non-Executive Directors, three (3) Non-Independent Non-Executive Directors and one (1) Executive Director. Accordingly, Independent Directors constitute 50% of the Board. The current Board composition is in line with Practice 5.2 of the MCCG, which requires at least half of the Board comprises Independent Directors.

The Board Chairperson, being independent and non-executive, chair effective meetings and discussion, promote 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 ("AGM") of the Company, where one-third of the Directors for the time being, or if the number is not multiple of three, the number 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

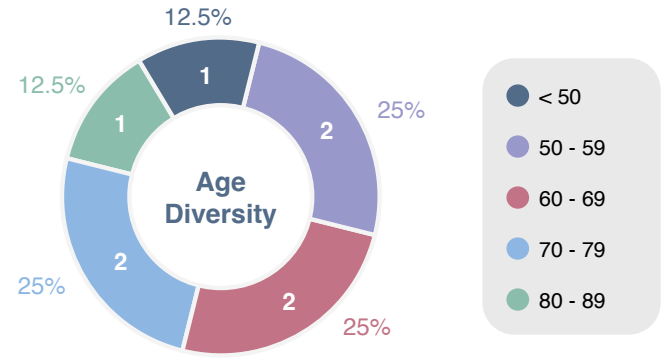
(ii) Assessment of independence of its Independent Directors focusing on events that would affect the ability of Independent Directors to continue bringing independent and objective judgment to board deliberation and the regulatory definition of Independent Directors.

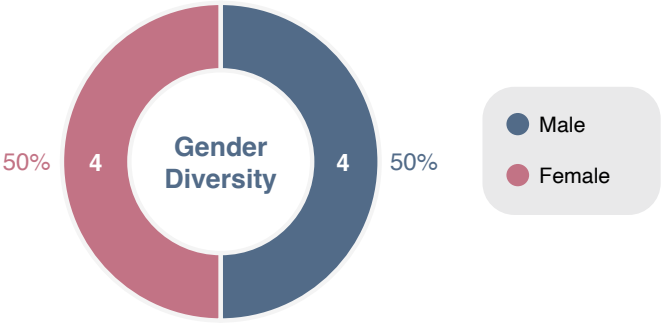
An Independent Director may continue to serve the Board upon completion of the nine (9) years subject to re-designation of the Independent Director as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine (9) years, the Board will provide justification for its 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 2026.

The Board is satisfied with the level of independence demonstrated by the Independent Directors, their performance and contributions, as well as their ability to exercise independent and objective judgement in the best interest of the Company and 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 50% 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 lives and various experiences at the Senior Management level of the Group is also highly cultivated. Accordingly, the Board does not discriminate any board member and board candidate on the grounds of race, gender, nationality, religious, sexual orientation and family status.

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





The Board Diversity Policy is available on the Company's website at www.karex.com.my.

Corporate Governance Overview Statement

II. Board Composition

A Board Leadership and Effectiveness

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 as follows:

	Meeting Attendance
Chairwoman	
Kung Chin Woon Independent Non-Executive Director	1/1
Members	
Chew Fook Aun Independent Non-Executive Director	1/1
Lam Jiuan Jiuan Non-Independent Non-Executive Director	1/1

The TOR sets out the duties and functions of the NC and is available 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 as Director, as well as Directors seeking re-election, 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 also utilises 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.

The NC has conducted one (1) meeting during the financial year and a summary of the 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 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 performance of the Senior Management; and
- Reviewed the re-election of Directors at the 13th AGM 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 and responsibilities. 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.

Corporate Governance Overview Statement

III. Remuneration

A Board Leadership and Effectiveness

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. The composition of the RC is as follows:

Chairman	Meeting Attendance
Jaimie Sia Zui Keng Independent Non-Executive Director	N/A
(Appointed as RC member on 28 August 2025 and re-designated as RC Chairman on 28 November 2025)	
Dato' Edward Siew Mun Wai Independent Non-Executive Director	1/1
(Ceased to be a Director on 28 November 2025 upon not being re-elected to the Board at the AGM held on 28 November 2025)	
Members	
Chew Fook Aun Independent Non-Executive Director	1/1
Kung Chin Woon Independent Non-Executive Director	1/1
Goh Yen Yen Non-Independent Non-Executive Director	1/1

A sub-committee, Employees' Share Option Scheme ("ESOS") was established under the purview of the RC comprising Chew Fook Aun as the Chairperson and 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 TORs which set out the duties and functions of both the RC and ESOS Committee are available 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 enable 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 comprise 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 directors' remunerations and directors' fees for the Board's endorsement before tabling to the shareholders for approval at the AGM.

Corporate Governance Overview Statement

III. Remuneration

A Board Leadership and Effectiveness

Directors' Remuneration

The breakdown of the Directors' remuneration for the year ended 30 June 2026 are as follows:

Director	Group					Company		
	Fees [1]	Salaries, Bonuses & Allowances [2]	Benefits [3]	EPF	Total	Fees [1]	Allowances [2]	Total
	RM	RM	RM	RM	RM	RM	RM	RM
Professor Dato' Dr. Adeeba binti Kamarulzaman	120,000	3,500	-	-	123,500	120,000	3,500	123,500
Chew Fook Aun	100,000	10,000			110,000	100,000	10,000	110,000
Kung Chin Woon	90,000	10,000	-	-	100,000	90,000	10,000	100,000
Jaimie Sia Zui Keng *(Appointed on 28 August 2025)*	60,000	7,500	-	-	67,500	60,000	7,500	67,500
Lam Jiuan Jiuan	90,000	9,500	-	-	99,500	90,000	9,500	99,500
Goh Yen Yen	80,000	4,500	-	-	84,500	80,000	4,500	84,500
Goh Leng Kian	60,000	864,000	28,000	163,400	1,115,400	60,000	4,000	64,000
Goh Miah Kiat	-	2,734,752	28,000	467,400	3,230,152	-	4,000	4,000
Dato' Edward Siew Mun Wai *(Ceased to be a Director on 28 November 2025)*	67,500	4,500	-	-	72,000	67,500	4,500	72,000
	667,500	**3,648,252**	**56,000**	**630,800**	**5,002,552**	**667,500**	**57,500**	**725,000**

[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

I. Audit Committee

B Effective Audit and Risk Management

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

The responsibilities, composition and summary of work for the AC are outlined in the AC Report on pages 82 to 84 of this Annual Report.

The AC consists of four (4) Non-Executive Directors, three (3) of whom are Independent Non-Executive Directors. At least one member of the AC fulfils the relevant qualification requirements 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 TOR of AC states that a former key audit partner shall observe a cooling-off period of at least three (3) years before being appointed as a member of the AC. The TOR of the AC 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 reviews the appointment, performance, and remuneration of the External Auditors before making its recommendation to the Board for approval, following which the proposed re-appointment of the External Auditor is tabled to the shareholders for approval at 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 safeguard the 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

II. Risk Management and Internal Control

B Effective Audit and Risk Management

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

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 RMC reviews this process to ensure the internal control and risk management framework is adequate and effective. The present composition of the RMC is as follows:

Chairwoman	Meeting Attendance
Lam Jiuan Jiuan Non-Independent Non-Executive Director	2/2

Members	
Chew Fook Aun Independent Non-Executive Director	2/2
Kung Chin Woon Independent Non-Executive Director	2/2
Jaimie Sia Zui Keng Independent Non-Executive Director	1/1

(Appointed as a member of the RMC on 28 August 2025)

Dato' Edward Siew Mun Wai Independent Non-Executive Director	1/1

(Ceased to be a Director on 28 November 2025 upon not being re-elected to the Board at the AGM held on 28 November 2025)

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 85 to 88 of this Annual Report.

The internal audit function is outsourced to Ernst & Young Consulting Sdn. Bhd. ("EY"), which was appointed on 9 October 2025, following the completion of engagement with Moore Risk Consulting Sdn. Bhd..

The AC has reviewed the credentials and qualifications of EY and is satisfied that the internal auditors possess the requisite competency, experience and adequate resources to carry out the scope of activities as outlined in the internal audit plan of the Company.

EY reports directly to the AC on the effectiveness of the current system of internal controls from the perspective of governance, risks and controls. The internal audit function is independent of the activities it audits. Internal audit reviews are carried out based on risk based internal audit plans approved by the AC. The audit findings, recommendations and the Management's responses are presented to the AC at their quarterly meetings.

Follow-up reviews are also carried out to assess the status of implementation of management action plans, which are based on internal audit recommendations. The results of these follow-up reviews are also highlighted to the AC at their quarterly meetings.

The outsourced internal audit service is led by practice partners and supported by a qualified audit team. The practice partners in charge include a certified internal auditor who is also a 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 EY with reference to the applicable Global Internal Audit Standards issued by The Institute of Internal Auditors.

The AC regularly reviews the performance of the internal auditors and ensured that the internal audit engagement remained independent and objective. For the financial year 2026, the AC was satisfied there were no conflicts of interest that could impair the independence and objectivity of the internal auditors. 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.

For further details on the focus areas for internal audit during the financial year 2026, please refer to the Audit Committee Report on pages 82 to 84 of this Annual Report.

Corporate Governance Overview Statement

I. Communication with Stakeholders

C Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

Corporate disclosure and information are of the utmost importance for investors and shareholders. The Board is advised by Management, the Company Secretaries, 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 www.karex.com.my.

The Group maintains regular engagement with fund managers, institutional investors and research analysts through its Investor Relations team, which facilitates effective two-way communication with shareholders and the investment community. During the financial year, the CEO and Senior Management engaged with investors and analysts to provide updates on the Group's business and operating environment, as well as to address queries relating to its performance and operations.

II. Conduct of General Meetings

The Company recognises the importance of maintaining effective communication and engagement with its shareholders. The AGM serves as a principal forum for the Board and Senior Management to engage directly with shareholders and provides shareholders with the opportunity to participate in the decision making process of the Company.

The CEO presents the Company's performance and major activities carried out during the financial year under review in each AGM to provide meaningful insights and encourage shareholder participation. During the AGM, shareholders have the opportunity to enquire 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.

The Chairperson plays a vital role in fostering constructive dialogue between the Board and the shareholders. All Directors including the Chairperson 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. Karex's investor relations webpage provides the Notice, Proxy Form, Administrative Guide, Poll Result and Minutes of the 13th AGM, providing documentary evidence of the shareholder voting process and outcome.

The 13th AGM held on 28 November 2025 was conducted physically at Setia City Convention Centre, Shah Alam, Selangor and provided shareholders with an opportunity to engage directly with the Board. Shareholders were encouraged to participate in the meeting, raise questions to the Board and exercise their voting rights.

Shareholders have the right to vote on all matters requiring their approval, including the payment of Directors' fees and benefits, re-election and removal of Directors as well as re-appointment of the External Auditors. These rights are exercised at the Company's AGM, where the relevant resolutions, including those relating to Directors' fees and benefits, the re-election of retiring Directors and the re-appointment of the External Auditors, are tabled for shareholders' approval annually.

In compliance with the MMLR, all resolutions tabled at the AGM are voted on by poll. The votes cast for and against each resolution are validated by an independent scrutineer and the poll results are announced to Bursa Malaysia Securities Berhad on the same day.

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 15 October 2026.

Audit Committee Report

The Board of Karex Berhad is pleased to present the Audit Committee Report for the financial year ended 30 June 2026.

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 2026 are as follows:

	Attendance
Chairman	
Chew Fook Aun Independent Non-Executive Director	5/5
Members	
Kung Chin Woon Independent Non-Executive Director	5/5
Jaimie Sia Zui Keng Independent Non-Executive Director	4/4
(Appointed on 28 August 2025)	
Lam Jiuan Jiuan Non-Independent Non-Executive Director	5/5
Dato' Edward Siew Mun Wai Independent Non-Executive Director	3/3
(Ceased to be a Director on 28 November 2025 upon not being re-elected to the Board at the Annual General Meeting held on 28 November 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 reviewed the composition and assessed the performance and effectiveness of the AC based on the criteria as stated in the Corporate Governance Overview Statement and was satisfied 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 60 to 67 of this Annual Report.

TERMS OF REFERENCE ("TOR")

The AC is governed by its TOR, which sets out its authority, duties and responsibilities. The TOR is available on the Company's corporate website at www.karex.com.my for shareholders' reference.

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 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 were appropriately prepared and presented in accordance with the Malaysian Financial Reporting Standards and the disclosure requirements of the MMLR;

(b) Reviewed the audited financial statements for the financial year ended 30 June 2026 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.

Audit Committee Report

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) Reviewed and discussed with the External Auditors' their 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) Monitored the status of corrective actions undertaken by Management in addressing previous internal audit findings, including outstanding audit issues, to ensure that agreed remedial actions were implemented on a timely basis; 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.

Overseeing Governance Practices in the Company:

(a) Reviewed the 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 conflict-of-interest situation that arose, persist or may arise together with the measures taken to resolve, eliminate or mitigate such conflicts, if any;

(d) Reported to and updated 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 internal audit function is outsourced to Ernst & Young Consulting Sdn. Bhd. ("EY"), which was appointed on 9 October 2025, following the completion of engagement with Moore Risk Consulting Sdn. Bhd.. The outsourced Internal Auditors reports directly to AC and assist the Board, through the AC, by 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 applicable Global Internal Audit Standards issued by The Institute of Internal Auditors 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.

Audit Committee Report

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 relating to engineering and project management of the Group and its subsidiaries;

(ii) Assessed the effectiveness and control procedures governing the suppliers' evaluation and selection process of the Group and its subsidiaries;

(iii) Assessed the effectiveness and control procedures relating to logistics and supply chain of the Group and its subsidiaries;

(iv) Assessed the effectiveness and control procedures relating to licensing process of the Group and its subsidiaries;

(v) Assessed the effectiveness and control procedures relating to regulatory compliance with product-related requirements of the Group and its subsidiaries;

(vi) Assessed the effectiveness and control procedures relating to waste management practices of the Group and its subsidiaries;

(vii) Conducted quarterly follow-up reviews with Management to monitor the implementation status of the agreed audit recommendations and corrective actions.

The fee for internal audit function of the Group for the financial year ended 30 June 2026 was RM130,000.

This report is made in accordance with the resolution of the Board dated 15 October 2026.

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 2026. This Statement is made pursuant to paragraph 15.26(b) and Practice Note 9 of the Main Market Listing Requirements ("MMLR").

In preparing this Statement, the Board has taken into consideration the guidance set out in the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Companies" ("SORMIC Guide 2025"). It also reflects the application of Part II of Principle B of the Malaysian Code on Corporate Governance ("MCCG"), relating risk management and internal control framework.

BOARD'S RESPONSIBILITY

The Board is responsible for overseeing the Group's risk management and internal control framework and for ensuring that appropriate policies and processes are in place to support the achievement of the Group's strategic objectives. The Board receives reports, recommendations and assurance from Management and the Internal Audit Function, assisted by the oversight of the Audit Committee ("AC") and Risk Management Committee ("RMC").

RISK MANAGEMENT AND INTERNAL CONTROL OVERSIGHT

The Board has established and continues to maintain an effective risk management and internal control framework. The framework is designed to support the achievement of the Group's strategic objectives through the identification, assessment, management and monitoring of key business risks, while safeguarding shareholders' interests and the Group's assets.

The Board is supported by the AC and the RMC in overseeing the Group's internal control and risk management systems. The AC oversees the integrity of the Group's financial reporting process and the effectiveness of its internal control environment, whilst the RMC provides oversight of the Group's risk management framework, policies and risk profile. Together, the AC and RMC assist the Board in overseeing the adequacy and effectiveness of the Group's risk management and internal control systems.

In line with Practice 10.2 and Guidance 10.2 of the MCCG, this Statement outlines the key features of the Group's risk management and internal control framework, including its governance structure, risk management processes, management assurance mechanisms, Board review processes, and the key and emerging risks faced by the Group during the financial year.

To ensure the effectiveness of the Group's risk management and internal control systems, the Board, AC and RMC undertake the following oversight measures during the financial year:

- The AC reviews the quarterly financial results, annual report and audited financial statements, together with Management, to ensure the integrity and reliability of the Group's financial reporting and to identify any significant financial risks, trends or matters requiring attention.

- The Board and AC review and deliberate on the findings and recommendations arising from the External Auditors' audit of the Group's financial statements, including significant risk and control matters identified during the statutory audit process, and monitor Management's actions taken to address the issues raised.

- The Board and AC review the Internal Audit reports, including audit findings, recommendations and Management's corrective action plans, to evaluate the adequacy and effectiveness of the Group's governance, risk management and internal control processes.

- The RMC reviews the Group's risk profile, monitors key and emerging risks, assesses the adequacy of risk mitigation strategies and monitors the implementation of action plans undertaken by Management to ensure that material risks were appropriately managed within the Group's approved risk parameters.

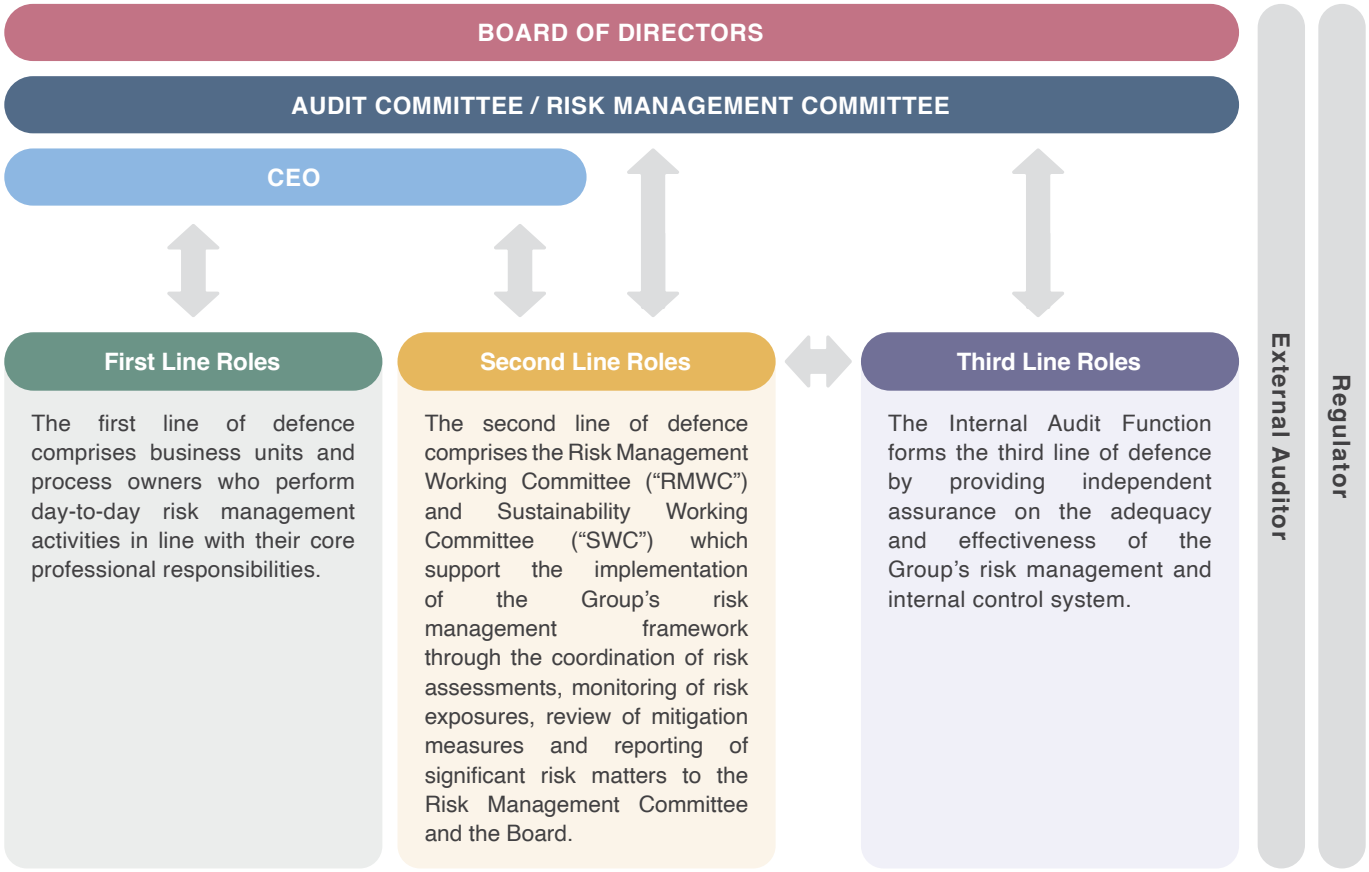
- The Chief Executive Officer and Chief Strategy & Financial Officer provide periodic updates to the Board on the Group's business operations, financial performance and key operational developments, enabling the Board to remain updated of emerging risks, strategic challenges and the effectiveness of risk mitigation initiatives.

The Group recognises that an effective risk management framework is supported by a strong culture of accountability and risk ownership across the organisation. Risk management is embedded into the Group's day-to-day operations, with Management and employees playing an active role in identifying, assessing and managing risks within their respective areas of responsibility. The Group encourages open communication and the timely escalation of matters that may affect its business objectives, enabling risks to be addressed proactively. This is supported by the Group's Code of Conduct and Ethics, Anti-Bribery and Corruption Policy, and Whistleblowing Policy, which provide guidance on expected standards of conduct and avenues for raising concerns.

Statement on Risk Management and Internal Control

RISK GOVERNANCE STRUCTURE

The Group adopts the Three Lines Model, which establishes clear roles and responsibilities for risk management, compliance and internal assurance. This structured approach strengthens governance, risk management and internal control across the organisation.



RISK MANAGEMENT

The Group maintains an enterprise risk management framework that is aligned with the internationally recognised principles. The framework encompasses risk identification, assessment, mitigation, monitoring and reporting. The RMC is assisted by the RMWC in overseeing the Group's risk management activities. The RMWC is responsible for coordinating risk management activities across the Group and reviewing and recommending an appropriate risk appetite and risk tolerance level that matches the Group size, business activities, complexity and risk profile for the RMC's consideration and approval. The RMC also reviews the Group's risk profile against the approved risk appetite and risk tolerance levels to ensure that risk exposures remain within acceptable parameters.

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 appropriate mitigation plans in managing the identified risks. The RMWC conducts risk reviews, which include evaluating risk exposures, monitoring mitigation plans and updating the Group's risk registers. The results of these reviews, together with significant risk developments and management action plans, are presented to the RMC for deliberation. The RMC subsequently reports significant risk matters and recommendations to the Board for its consideration and further action, if required.

KEY AND EMERGING RISKS

The Board, through the RMC and supported by the RMWC, continuously monitors both principal and emerging risks that may affect the achievement of the Group's strategic objectives and long-term sustainability. These risks are incorporated into the Group's risk register and are subject to ongoing assessment and adjustment through the Group's enterprise risk management framework.

Statement on Risk Management and Internal Control

Principal risks identified during the year comprised foreign exchange volatility, climate-related risks, cybersecurity and information technology risks, and supply chain disruptions arising from interruptions in logistics services. Mitigation measures implemented by the Group include active monitoring of foreign currency exposures and pricing products with larger buffers to include exchange rate adjustment, strengthening cybersecurity controls and awareness programmes, periodic assessment of climate-related risks, and maintaining close coordination with key suppliers and logistics service providers to enhance supply chain resilience.

Emerging risks include those associated with the increasing adoption of artificial intelligence ("AI"), evolving climate-related disclosure requirements and geopolitical and trade policy uncertainties. The Group continuously evaluates developments in these areas to enhance preparedness and identify appropriate response strategies where necessary.

SUSTAINABILITY AND CLIMATE INTEGRATION

The SORMIC Guide 2025 also references the IFRS S1 and S2 disclosure requirements, particularly the four-pillar structure of Governance, Strategy, Risk Management, and Metrics & Targets, which originally formed the foundation of the Task Force on Climate-related Financial Disclosures (TCFD).

The Group has addressed these disclosures in detail in the Sustainability Statement on pages 18 to 59 of this Annual Report, among other topics, including board oversight, stakeholder engagement, identification of material matters, sustainability- and climate-related risks and opportunities, performance metrics, and internal assurance.

INTERNAL CONTROL

In addition to the Board's risk management oversight governance mechanism, the Board, through Management has put in place the following key elements as part of the Group's system of internal control:

- 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 business unit leaders for the transactions undertaken in the Group;
- Segregation of duties and delegated authority limits are established to ensure appropriate checks and balances reside over key operational and financial processes;
- As a precautionary step, risks faced by the Group have been insured to minimise financial exposure and losses. They include burglary, fire, stocks, money, fidelity guarantee, product liability, cybersecurity and staff health and safety;
- Financial performance is reviewed by Senior Management and the CEO;
- Written policies and procedures on key processes of the Group are annually being reviewed and enhanced to ensure adequacy and accuracy are maintained;
- Ongoing monthly management reporting procedures are executed to monitor and track the Group's performance; and
- Implementation of the Anti-Bribery and Corruption Policy, Code of Conduct and Ethics, and Whistleblowing Policy to uphold and reinforce the ethical business practices and compliance.

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 consultants to ensure compliance of the Group with regulatory requirements. In addition, the Group continues to be certified and licensed by regulators from a variety of jurisdictions.

INTERNAL AUDIT

The Group's Internal Audit Function provides independent and objective assurance to the AC and the Board on the adequacy and effectiveness of the Group's governance, risk management and internal control systems.

The internal audit function is outsourced to Ernst & Young Consulting Sdn. Bhd. ("EY"), which was appointed on 9 October 2025, following the completion of engagement with Moore Risk Consulting Sdn. Bhd.. The internal audit work is conducted with reference to the applicable Global Internal Audits Standards issued by The Institute of Internal Auditors ("IIA"). The AC reviews internal audit reports by evaluating the impact of findings against management's responses and periodically assesses the internal auditor's performance based on service quality, resource adequacy, independence, objectivity, and professional scepticism. For the financial year 2026, there were no conflicts of interest affecting the internal auditor's independence. The AC, having conducted an evaluation, expressed satisfaction with the internal auditor's performance and the quality of work. Further details of the Internal Audit Function are reported in Practices 11.1 and 11.2 of the Corporate Governance Report and the Audit Committee Report of this Annual Report.

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, the Group's risk management and internal control systems are operating adequately and effectively in all material aspects throughout the financial year under review.

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 arising 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 with 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' interests, 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 continuously evolving in line with business developments, it should be noted that the risk management systems and systems of internal control cannot fully mitigate all risks of failure to achieve business objectives. These systems of internal control and risk management 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 2026, 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 Section 7 of the SORMIC Guide 2025, 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 controls 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 15 October 2026.

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 2026, 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.

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 2026, 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 2026, 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	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Fees paid to external auditors and its affiliates				
Audit fees	**525**	492	**125**	125
Non-audit fees	**97**	24	**14**	8

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.

Disclosure of Financial Data for Shariah Screening

Pursuant to Paragraph 9.25A of the Main Market Listing Requirements, below are the financial data that are relevant for purpose of Shariah screening by the Shariah Advisory Council of the Securities Commission Malaysia. These include financial data on Shariah non-permissible income arising from the Group's business activities and interest-based financial position.

(A) Group Total Income and Total Assets

	Group	
	2026 RM'000	2025 RM'000
Revenue	**462,423**	498,407
Other Income	**3,765**	2,000
Interest Income	**531**	463
Total	**466,719**	500,870
Total Assets	**773,740**	763,806

(B) Business Activities

	Group	
	2026 RM'000	2025 RM'000
Shariah Non-Compliant Activities		
Interest Income	**531**	463
Total	**531**	463

(C) Component of Financial Position

(i) Cash Component

	Group	
	2026 RM'000	2025 RM'000
Islamic Account/Instruments		
Cash at bank (exclude cash in hand)	**178**	-
Cash in hand	**75**	126
Total	**253**	126
Conventional Account/Instruments		
Cash at bank (exclude cash in hand)	**37,631**	31,446
Short-term deposits	**-**	1,629
Total	**37,631**	33,075

Disclosure of Financial Data for Shariah Screening

(ii) Debt Component

Islamic Financing	Group 2026 RM'000	2025 RM'000
Current		
Revolving credit and financing	**16,500**	-
Total	**16,500**	-

Conventional Borrowing	Group 2026 RM'000	2025 RM'000
Current		
Bank borrowings	**118,257**	123,168
Non-Current		
Bank borrowings	**34,222**	31,116
Total	**152,479**	154,284

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101. Statements of Profit or Loss and Other Comprehensive Income
103. Consolidated Statement of Changes in Equity
104. Statement of Changes in Equity
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Directors' Report

For the year ended 30 June 2026

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 2026.

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	**291**	**6,135**

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 2025, 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.

ii) In respect of the financial year ended 30 June 2026:

- a single tier interim dividend of 0.5 sen per ordinary share totalling RM5,267,000 declared on 25 November 2025 and paid on 23 December 2025; and
- a single tier interim dividend of 0.5 sen per ordinary share totalling RM5,267,000 declared on 27 August 2026 and paid on 28 September 2026.

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 2026

DIRECTORS

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

Professor Dato' Dr. Adeeba binti Kamarulzaman
Chew Fook Aun
Lam Jiuan Jiuan
Goh Yen Yen
Goh Leng Kian**
Goh Miah Kiat**
Kung Chin Woon
Jaimie Sia Zui Keng (Appointed on 28 August 2025)
Dato' Edward Siew Mun Wai (Ceased office on 28 November 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:

Davin Wedel
David P. Wedel

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 2025	Bought	Sold	At 30 June 2026
Company					
Directors of the Company					
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 2026

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 2026 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 2026 are as follows:

	From the Company RM'000	From subsidiary companies RM'000
Directors of the Company:		
Fees	**668**	**-**
Remuneration	**57**	**3,591**
Contributions to the state plans	**-**	**631**
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	**-**	**66**
	725	**4,344**

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.

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 2026

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, the financial performance of the Group and of the Company for the financial year ended 30 June 2026 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 2026

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	155	-
Other auditors	510	-
Non-audit fees		
KPMG PLT	5	5
Local affiliates of KPMG PLT	72	9
Member firms of KPMG International Limited	20	-
	1,132	139

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: 15 October 2026

Statements of Financial Position

As at 30 June 2026

	Note	Group 2026 RM'000	Group 2025 RM'000	Company 2026 RM'000	Company 2025 RM'000
Assets					
Property, plant and equipment	2	**271,642**	269,931	**-**	-
Right-of-use assets	3	**64,448**	62,339	**-**	-
Investments in subsidiaries	4	**-**	-	**321,836**	321,836
Intangible assets	5	**105,905**	107,146	**-**	-
Deferred tax assets	6	**8,931**	7,013	**-**	-
Total non-current assets		**450,926**	446,429	**321,836**	321,836
Inventories	7	**191,336**	158,743	**-**	-
Trade and other receivables	8	**87,957**	121,863	**113,593**	104,585
Current tax assets		**3,090**	3,219	**-**	54
Derivatives financial assets	9	**-**	351	**-**	-
Cash and cash equivalents	10	**37,884**	33,201	**2,059**	6,525
		320,267	317,377	**115,652**	111,164
Assets classified as held for sales	11	**2,547**	-	**-**	-
Total current assets		**322,814**	317,377	**115,652**	111,164
Total assets		**773,740**	763,806	**437,488**	433,000
Equity					
Share capital	12	**324,244**	324,244	**324,244**	324,244
Reserves	12	**121,861**	141,356	**74,460**	78,859
Total equity		**446,105**	465,600	**398,704**	403,103
Liabilities					
Loans and borrowings	13	**34,222**	31,116	**-**	-
Lease liabilities		**56,598**	53,576	**-**	-
Deferred tax liabilities	6	**2,972**	4,481	**-**	-
Total non-current liabilities		**93,792**	89,173	**-**	-
Loans and borrowings	13	**134,757**	123,168	**38,100**	29,688
Lease liabilities		**3,812**	2,952	**-**	-
Trade and other payables	14	**77,486**	67,305	**586**	209
Contract liabilities	15	**16,354**	14,405	**-**	-
Derivative financial liabilities	9	**551**	-	**-**	-
Current tax liabilities		**883**	1,203	**98**	-
Total current liabilities		**233,843**	209,033	**38,784**	29,897
Total liabilities		**327,635**	298,206	**38,784**	29,897
Total equity and liabilities		**773,740**	763,806	**437,488**	433,000

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 2026

	Note	Group 2026 RM'000	Group 2025 RM'000	Company 2026 RM'000	Company 2025 RM'000
Revenue	16	**462,423**	498,407	**6,926**	24,225
Cost of sales		**(319,912)**	(343,882)	**-**	-
Gross profit		**142,511**	154,525	**6,926**	24,225
Other income		**3,765**	2,000	**1,043**	-
Distribution expenses		**(56,600)**	(58,738)	**-**	-
Administrative expenses		**(76,570)**	(75,513)	**(1,881)**	(2,202)
Net gain/(loss) on impairment of financial instruments		**24**	(1,426)	**-**	-
Other expenses		**(4,390)**	(12,943)	**(3,258)**	(7,534)
Results from operating activities		**8,740**	7,905	**2,830**	14,489
Finance income		**531**	463	**5,435**	4,933
Finance costs	17	**(8,902)**	(8,067)	**(1,807)**	(1,732)
Net finance (costs)/income		**(8,371)**	(7,604)	**3,628**	3,201
Profit before tax		**369**	301	**6,458**	17,690
Tax expense	18	**(78)**	(93)	**(323)**	(203)
Profit for the year attributable to owners of the Company	19	**291**	208	**6,135**	17,487
Basic and diluted earnings per ordinary share (sen)	20	**0.03**	0.02		

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 2026

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Profit for the year	**291**	208	**6,135**	17,487
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	**(9,252)**	(6,989)	**-**	-
Total comprehensive (expense)/income for the year attributable to owners of the Company	**(8,961)**	(6,781)	**6,135**	17,487

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2026

	Note	Attributable to owners of the Company					
		Non-distributable				Distributable	
		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 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	21	-	-	-	-	(10,534)	(10,534)
Transfer of reserve		-	-	-	494	(494)	-
At 30 June 2025/1 July 2025		**324,244**	**63,511**	**8,613**	**1,212**	**68,020**	**465,600**
Foreign currency translation differences for foreign operations/							
Total other comprehensive expense for the year		**-**	**-**	**(9,252)**	**-**	**-**	**(9,252)**
Profit for the year		**-**	**-**	**-**	**-**	**291**	**291**
Total comprehensive (expense)/ income for the year		**-**	**-**	**(9,252)**	**-**	**291**	**(8,961)**
Distributions to owners of the Company							
Dividends to owners of the Company/							
Total transactions with owners of the Company	21	**-**	**-**	**-**	**-**	**(10,534)**	**(10,534)**
Transfer of reserve		**-**	**-**	**-**	**684**	**(684)**	**-**
At 30 June 2026		**324,244**	**63,511**	**(639)**	**1,896**	**57,093**	**446,105**

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

Statement of Changes in Equity

For the year ended 30 June 2026

	Note	Attributable to owners of the Company			
		Non-distributable		Distributable	
		Share capital RM'000	Merger reserve RM'000	Retained earnings RM'000	Total equity RM'000
Company					
At 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	21	-	-	(10,534)	(10,534)
At 30 June 2025/1 July 2025		**324,244**	**63,511**	**15,348**	**403,103**
Profit and total comprehensive income for the year		**-**	**-**	**6,135**	**6,135**
Distributions to owners of the Company					
Dividends to owners of the Company/					
Total transactions with owners of the Company	21	**-**	**-**	**(10,534)**	**(10,534)**
At 30 June 2026		**324,244**	**63,511**	**10,949**	**398,704**

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

Statements of Cash Flows

For the year ended 30 June 2026

	Note	Group 2026 RM'000	Group 2025 RM'000	Company 2026 RM'000	Company 2025 RM'000
Cash flows from operating activities					
Profit before tax		**369**	301	**6,458**	17,690
Adjustments for:					
Allowance for/(Reversal of) impairment loss on:					
- Property, plant and equipment		**-**	9,709	**-**	-
- Intangible assets		**-**	(358)	**-**	-
(Reversal of)/Net impairment loss on financial assets:					
- Trade receivables		**(24)**	1,004	**-**	-
- Bad debt written off		**-**	422	**-**	-
Depreciation and amortisation:					
- Property, plant and equipment		**23,942**	22,588	**-**	-
- Right-of-use assets		**5,282**	4,811	**-**	-
- Intangible assets		**929**	739	**-**	-
Fair value loss/(gain) on derivative instruments		**902**	(351)	**-**	-
Finance costs	17	**8,902**	8,067	**1,807**	1,732
Inventories:					
- Allowance for slow-moving		**2,161**	963	**-**	-
- (Reversal of write down)/Write-down to net realisable value		**(82)**	266	**-**	-
- Written off		**690**	860	**-**	-
Gain on derecognition of right-of-use assets		**-**	(493)	**-**	-
Property, plant and equipment written off		**507**	200	**-**	-
Dividend income		**-**	-	**(6,926)**	(24,225)
Finance income		**(531)**	(463)	**(5,435)**	(4,933)
(Gain)/Loss on disposal of property, plant and equipment		**(291)**	27	**-**	-
Operating profit/(loss) before changes in working capital		**42,756**	48,292	**(4,096)**	(9,736)
Change in inventories		**(35,362)**	(5,670)	**-**	-
Change in trade and other receivables		**33,930**	(8,218)	**(25)**	32
Change in trade and other payables		**8,041**	2,674	**377**	(47)
Change in contract liabilities		**1,949**	(2,543)	**-**	-
Cash generated from/(used in) operations		**51,314**	34,535	**(3,744)**	(9,751)
Tax paid		**(3,696)**	(5,958)	**(171)**	(202)
Net cash from/(used in) operating activities		**47,618**	28,577	**(3,915)**	(9,953)

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

Statements of Cash Flows

For the year ended 30 June 2026

	Note	Group 2026 RM'000	Group 2025 RM'000	Company 2026 RM'000	Company 2025 RM'000
Cash flows from investing activities					
Acquisition of:					
- Property, plant and equipment	22	**(34,757)**	(41,762)	**-**	-
- Intangible assets		**(1,176)**	(1,809)	**-**	-
(Advances to)/Repayment from subsidiaries		**-**	-	**(3,883)**	3,978
Proceeds from disposal of property, plant and equipment		**699**	37	**-**	-
Dividend received		**-**	-	**6,926**	24,225
Interest received		**531**	463	**33**	43
Net cash (used in)/from Investing activities		**(34,703)**	(43,071)	**3,076**	28,246
Cash flows from financing activities					
Interest paid		**(8,902)**	(8,067)	**(1,807)**	(1,732)
Change in pledged deposits		**1,248**	(1,248)	**-**	-
Dividends paid to owners of the Company	21	**(10,534)**	(10,534)	**(10,534)**	(10,534)
Advances from a subsidiary		**-**	-	**302**	-
Repayment of advances to a subsidiary		**-**	-	**-**	(2,200)
Repayments of:					
- bankers' acceptances		**(5,160)**	(6,523)	**-**	-
- export financing		**(20,712)**	-	**-**	-
- hire purchase liabilities		**(380)**	(448)	**-**	-
- lease liabilities		**(3,492)**	(3,797)	**-**	-
- revolving credit		**(11,352)**	-	**(8,088)**	(973)
- term loans		**(15,789)**	(12,804)	**-**	-
Drawdown of:					
- bankers' acceptances		**21,712**	15,434	**-**	-
- export financing		**14,318**	7,585	**-**	-
- revolving credit		**20,673**	25,297	**16,500**	-
- term loans		**16,807**	-	**-**	-
Net cash (used in)/from financing activities		**(1,563)**	4,895	**(3,627)**	(15,439)
Effect of exchange rate fluctuations on cash held		**(1,809)**	(2,862)	**-**	-
Net increase/(decrease) in cash and cash equivalents		**9,543**	(12,461)	**(4,466)**	2,854
Cash and cash equivalents at 1 July		**26,525**	38,986	**6,525**	3,671
Cash and cash equivalents at 30 June	10	**36,068**	26,525	**2,059**	6,525

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

Statements of Cash Flows
For the year ended 30 June 2026

CASH OUTFLOWS FOR LEASES AS A LESSEE

	Note	Group 2026 RM'000	Group 2025 RM'000
Included in net cash from operating activities			
Payment relating to short-term leases	19	**2,938**	3,168
Payment relating to leases of low-value assets	19	**60**	41
Included in net cash from financing activities			
Payment of lease liabilities		**3,492**	3,797
Interest paid in relation to lease liabilities	17	**3,406**	1,494
Total cash outflows for leases		**9,896**	8,500

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

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

	At 1 July 2024 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 2025/ 1 July 2025 RM'000	Net changes from financing cash flows RM'000	Acquisition of new leases RM'000	Foreign exchange movement RM'000	At 30 June 2026 RM'000
Group										
Bankers' acceptances	23,637	8,911	-	-	-	**32,548**	**16,552**	**-**	**(1,619)**	**47,481**
Export financing	6,954	7,585	-	-	-	**14,539**	**(6,394)**	**-**	**-**	**8,145**
Hire purchase liabilities	1,837	(448)	-	-	-	**1,389**	**(380)**	**472**	**(114)**	**1,367**
Lease liabilities	19,532	(3,797)	(4,272)	46,202	(1,137)	**56,528**	**(3,492)**	**9,573**	**(2,199)**	**60,410**
Revolving credit	34,661	25,297	-	-	-	**59,958**	**9,321**	**-**	**(109)**	**69,170**
Term loans	53,226	(12,804)	-	-	-	**40,422**	**1,018**	**-**	**(440)**	**41,000**
Total liabilities from financing activities	139,847	24,744	(4,272)	46,202	(1,137)	**205,384**	**16,625**	**10,045**	**(4,481)**	**227,573**

	At 1 July 2024 RM'000	Net changes from financing cash flows RM'000	At 30 June 2025/ 1 July 2025 RM'000	Net changes from financing cash flows RM'000	At 30 June 2026 RM'000
Company					
Amount due to a subsidiary	2,200	(2,200)	**-**	**302**	**302**
Revolving credit	30,661	(973)	**29,688**	**8,412**	**38,100**
Total liabilities from financing activities	32,861	(3,173)	**29,688**	**8,714**	**38,402**

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 2026 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 2026 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 15 October 2026.

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

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 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*
- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Translation to a Hyperinflationary Presentation Currency*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Amendments to the Fair Value Option for Investments in Associates and Joint Ventures*

MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2029

- MFRS 20, *Regulatory Assets and Regulatory Liabilities*

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 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 and amendments that are effective for annual periods beginning on or after 1 January 2027.

The Group and the Company do not plan to apply MFRS 20, *Regulatory Assets and Regulatory Liabilities* that is effective for annual periods beginning on 1 January 2029 as it is not applicable to the Group and the Company.

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:

- Note 2 – impairment of property, plant and equipment ("PPE")

  At each reporting date, the Group assesses whether there is any indication that its PPE may be impaired. Where such indications exist, the Group estimates the recoverable amount of the relevant asset or cash-generating unit ("CGU").

  The Group identified impairment indicators in respect of the PPE allocated to the glove manufacturing plant in the Thailand subsidiary ("Thailand glove CGU") due to the continued underutilisation of its production capacity. The recoverable amount of the CGU was determined based on fair value less costs of disposal.

  The carrying amount of the PPE allocated to the Thailand glove CGU, the impairment loss recognised and the key assumptions used in determining its recoverable amount are disclosed in Note 2.1.

- Note 5 – impairment of intangible assets

  Intangible assets with indefinite useful lives are tested for impairment annually. Intangible assets with finite useful lives are tested for impairment when there is an indication that they may be impaired.

  The impairment assessment requires management to estimate the recoverable amounts of the cash-generating units ("CGUs") to which the intangible assets are allocated. Where recoverable amounts are determined based on value-in-use calculations, management estimates future cash flows using assumptions concerning revenue growth, profit margins and discount rates. Changes in these assumptions may result in an adjustment to the carrying amounts of the intangible assets.

  The carrying amounts of the Group's intangible assets and the key assumptions used in determining the recoverable amounts of the relevant CGUs, together with the related sensitivity analysis, are disclosed in Note 5.

- Note 6 – recoverability of deferred tax assets

  Deferred tax assets are recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits will be available against which they can be utilised.

  The recognition of deferred tax assets requires management to exercise judgement and make estimates of the amount and timing of future taxable profits, based on the approved forecasts of the relevant subsidiaries. Changes in the expected future taxable profits or the period over which the tax benefits may be utilised could result in an adjustment to the deferred tax assets recognised.

  The carrying amount of the Group's recognised deferred tax assets is disclosed in Note 6.

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 2024		134,496	243,056	35,446	55,998	6,600	12,233	487,829
Additions	22	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 2025/1 July 2025		**135,587**	**253,868**	**38,605**	**78,707**	**6,599**	**16,787**	**530,153**
Additions	22	**617**	**3,689**	**2,013**	**2,103**	**462**	**28,485**	**37,369**
Disposals		**-**	**(46)**	**(2)**	**(1,053)**	**(519)**	**-**	**(1,620)**
Written off		**-**	**(2,071)**	**(873)**	**(585)**	**(142)**	**-**	**(3,671)**
Transfers		**8,472**	**13,736**	**49**	**2,200**	**-**	**(24,457)**	**-**
Transfer to asset reclassified as held for sale		**-**	**(5,964)**	**(517)**	**-**	**-**	**-**	**(6,481)**
Translation differences		**(4,429)**	**(7,209)**	**(515)**	**(2,656)**	**(93)**	**(600)**	**(15,502)**
At 30 June 2026		**140,247**	**256,003**	**38,760**	**78,716**	**6,307**	**20,215**	**540,248**
Accumulated depreciation								
At 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 2025/1 July 2025		**32,452**	**150,498**	**28,150**	**29,603**	**4,617**	**-**	**245,320**
Depreciation charge		**3,158**	**12,756**	**3,047**	**4,563**	**418**	**-**	**23,942**
Disposals		**-**	**(35)**	**-**	**(658)**	**(519)**	**-**	**(1,212)**
Written off		**-**	**(1,678)**	**(834)**	**(514)**	**(138)**	**-**	**(3,164)**
Transfer to asset reclassified as held for sale		**-**	**(3,449)**	**(485)**	**-**	**-**	**-**	**(3,934)**
Translation differences		**(1,209)**	**(4,057)**	**(381)**	**(746)**	**(66)**	**-**	**(6,459)**
At 30 June 2026		**34,401**	**154,035**	**29,497**	**32,248**	**4,312**	**-**	**254,493**
Accumulated allowance for impairment loss								
At 1 July 2024		-	5,132	-	-	-	-	5,132
Allowance for impairment loss	2.1	-	9,709	-	-	-	-	9,709
Translation differences		-	61	-	-	-	-	61
At 30 June 2025/1 July 2025		**-**	**14,902**	**-**	**-**	**-**	**-**	**14,902**
Translation differences		**-**	**(789)**	**-**	**-**	**-**	**-**	**(789)**
At 30 June 2026		**-**	**14,113**	**-**	**-**	**-**	**-**	**14,113**
Carrying amounts								
At 1 July 2024		106,068	99,062	9,045	29,770	2,570	12,233	258,748
At 30 June 2025/1 July 2025		103,135	88,468	10,455	49,104	1,982	16,787	269,931
At 30 June 2026		**105,846**	**87,855**	**9,263**	**46,468**	**1,995**	**20,215**	**271,642**

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Land and buildings

Included in the carrying amount of land and buildings are:

	Group	
	2026 RM'000	2025 RM'000
Freehold land	**20,594**	20,568
Buildings	**85,252**	82,567
	105,846	103,135

2.1 Allowance for impairment loss

In the previous financial year, the underutilisation of the glove manufacturing plant in the Thailand subsidiary has given rise to impairment indicator. Accordingly, management assessed the recoverable amount of the CGU using the fair value less costs of disposal method. The assessment 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 in the previous financial year. 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).

In the current financial year, management reassessed the recoverable amount of the CGU using the fair value less costs of disposal method. The reassessment indicated that there was no increase in the recoverable amount of the CGU as compared to the previous financial year. Accordingly, no change was made to the impairment recognised in the financial statements.

2.2 Security

The freehold land and buildings and plant and machinery of the Group with a total carrying amount of RM83,239,000 (2025: RM85,198,000) are charged to licensed banks for banking facilities granted as disclosed in Note 13.

2.3 Leased motor vehicles

The carrying amount of motor vehicles of the Group acquired under hire purchase agreements is RM1,846,000 (2025: RM1,757,000).

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.

Notes to the Financial Statements

2. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

	Leasehold land RM'000	Buildings RM'000	Plant and equipment RM'000	Total RM'000
Group				
At 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 2025/1 July 2025	**16,455**	**43,776**	**2,108**	**62,339**
Addition	**2,901**	**2,149**	**4,523**	**9,573**
Depreciation	**(604)**	**(3,817)**	**(861)**	**(5,282)**
Translation differences	**(493)**	**(1,465)**	**(224)**	**(2,182)**
At 30 June 2026	**18,259**	**40,643**	**5,546**	**64,448**

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.

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.

3. RIGHT-OF-USE ASSETS (CONTINUED)

3.2 Security

At 30 June 2026, the leasehold land with a carrying amount of RM13,907,000 (2025: RM10,676,000) are charged to banks for banking facilities granted as disclosed in Note 13.

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	
	2026 RM'000	2025 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	
			2026 %	2025 %
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 financial statement of subsidiary is not required to be audited according to the relevant regulations of the country of incorporation and are not material to the Group. Hence, the unaudited management financial statements of the subsidiary was used for the purpose of consolidation

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 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/ 1 July 2025	**27,230**	**61,926**	**5,947**	**5,208**	**10,287**	**110,598**
Addition	**-**	**-**	**-**	**1,176**	**-**	**1,176**
Effect of movements in exchange rates	**-**	**(866)**	**-**	**(535)**	**(566)**	**(1,967)**
Reclassification	**-**	**5,589**	**(5,589)**	**-**	**-**	**-**
At 30 June 2026	**27,230**	**66,649**	**358**	**5,849**	**9,721**	**109,807**
Accumulated amortisation						
At 1 July 2024	-	-	-	2,044	-	2,044
Amortisation charge	-	-	-	398	341	739
Effect of movements in exchange rates	-	-	-	(179)	-	(179)
At 30 June 2025/ 1 July 2025	**-**	**-**	**-**	**2,263**	**341**	**2,604**
Amortisation charge	**-**	**-**	**-**	**410**	**519**	**929**
Effect of movements in exchange rates	**-**	**-**	**-**	**(427)**	**(52)**	**(479)**
At 30 June 2026	**-**	**-**	**-**	**2,246**	**808**	**3,054**
Accumulated allowance for impairment loss						
At 1 July 2024/ 30 June 2025	-	848	358	-	-	1,206
Reversal of impairment loss	-	-	(358)	-	-	(358)
At 30 June 2025/1 July 2025/30 June 2026	**-**	**848**	**-**	**-**	**-**	**848**
Group						
Carrying amounts						
At 1 July 2024	27,230	64,657	5,589	2,710	-	100,186
At 30 June 2025/ 1 July 2025	27,230	61,078	5,947	2,945	9,946	107,146
At 30 June 2026	**27,230**	**65,801**	**358**	**3,603**	**8,913**	**105,905**

Notes to the Financial Statements

5. INTANGIBLE ASSETS (CONTINUED)

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	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Pasante Healthcare Limited ("Pasante")	**27,230**	27,230	**-**	-	**-**	-
"ONE" brand manufacturing and distribution	**-**	-	**26,112**	26,978	**-**	-
"Trustex" brand manufacturing and distribution	**-**	-	**34,100**	34,100	**-**	-
"MyONE" brand manufacturing and distribution	**-**	-	**5,589**	-	**-**	5,589
Other intangible assets related to glass former	**-**	-	**-**	-	**358**	358
	27,230	27,230	**65,801**	61,078	**358**	5,947

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 6% (2025: 8%) 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 15.4% (2025: 14.7%) 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 15.3% - 15.8% (2025: 15.0% - 15.1%) 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.

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.

Notes to the Financial Statements

5. INTANGIBLE ASSETS (CONTINUED)

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

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	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Pasante	**5,026**	5,850	**4,841**	5,400	**3,672**	5,537
"ONE" brand manufacturing and distribution	**7,602**	6,449	**4,693**	6,176	**6,178**	6,849
"Trustex" brand manufacturing and distribution	**2,762**	2,974	**856**	960	**3,591**	4,112
"MyONE" brand manufacturing and distribution	**2,418**	732	**798**	550	**1,793**	373

Other intangible assets related to glass former

In the previous 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.

(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	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Group						
Property, plant and equipment	**-**	2,981	**(13,498)**	(17,319)	**(13,498)**	(14,338)
Right-of-use assets	**-**	-	**(15,853)**	(14,629)	**(15,853)**	(14,629)
Unutilised business losses	**8,629**	5,772	**-**	-	**8,629**	5,772
Unutilised reinvestment allowances	**-**	2,692	**-**	-	**-**	2,692
Unutilised capital allowances	**4,656**	4,304	**-**	-	**4,656**	4,304
Inventories	**3,434**	3,527	**-**	-	**3,434**	3,527
Trade receivables	**1,101**	1,615	**-**	-	**1,101**	1,615
Lease liabilities	**16,150**	15,120	**-**	-	**16,150**	15,120
Others	**3,673**	1,540	**(2,333)**	(3,071)	**1,340**	(1,531)
Tax assets/(liabilities)	**37,643**	37,551	**(31,684)**	(35,019)	**5,959**	2,532
Set off of tax	**(28,712)**	(30,538)	**28,712**	30,538	**-**	-
Net tax assets/(liabilities)	**8,931**	7,013	**(2,972)**	(4,481)	**5,959**	2,532

6.2 Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2026 RM'000	2025 RM'000
Other deductible temporary differences	**(5,900)**	(4,296)
Unutilised reinvestment allowance	**11,919**	775
Unabsorbed capital allowance	**1,590**	1,287
Unutilised business losses	**11,871**	4,473
	19,480	2,239
At 24% (2025: 24%)	**4,675**	537

Deferred tax assets have not been recognised in respect of the above items 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.

Notes to the Financial Statements

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

6.2 Unrecognised deferred tax assets (continued)

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

	Group	
	2026 RM'000	2025 RM'000
YA 2030	**5,924**	-
YA 2031	**11,919**	775
YA 2033	**2,107**	2,107
YA 2034	**2,366**	2,366
YA 2036	**1,474**	-
	23,790	5,248

6.3 Movement in temporary differences during the year

	At 1 July 2025 RM'000	Recognised in profit or loss (Note 18) RM'000	At 30 June 2026 RM'000
Group			
Property, plant and equipment	(14,338)	840	**(13,498)**
Right-of-use assets	(14,629)	(1,224)	**(15,853)**
Unutilised business losses	5,772	2,857	**8,629**
Unutilised reinvestment allowances	2,692	(2,692)	**-**
Unutilised capital allowances	4,304	352	**4,656**
Inventories	3,527	(93)	**3,434**
Trade receivables	1,615	(514)	**1,101**
Lease liabilities	15,120	1,030	**16,150**
Others	(1,531)	2,871	**1,340**
	2,532	3,427	**5,959**

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

6.3 Movement in temporary differences during the year (continued)

	At 1 July 2024 RM'000	Recognised in profit or loss (Note 18) 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

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	
	2026 RM'000	2025 RM'000
Within 5 years of recognition	-	5,233
Within 10 years of recognition	**8,629**	3,231
	8,629	8,464

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

Notes to the Financial Statements

7. INVENTORIES

	Group	
	2026 RM'000	2025 RM'000
Raw materials	**38,691**	36,560
Work-in-progress	**50,188**	52,770
Finished goods	**99,948**	66,197
Consumables	**2,509**	3,216
	191,336	158,743
Carrying amounts:		
- At cost	**180,451**	149,388
- At net realisable value	**10,885**	9,355
	191,336	158,743
Recognised in profit or loss:		
- Inventories recognised as cost of sales	**317,143**	341,793
- Allowance for slow-moving inventories (included in cost of sales)	**2,161**	963
- (Reversal of write-down)/ Write-down to net realisable value (included in cost of sales)	**(82)**	266
- Written off (included in cost of sales)	**690**	860

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	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Trade				
Trade receivables	**74,661**	109,742	**-**	-
Non-trade				
Other receivables	**2,345**	4,717	**-**	-
Deposits	**3,514**	3,123	**-**	-
Prepayments	**7,437**	4,281	**25**	-
Due from subsidiaries	**-**	-	**113,568**	104,585
	13,296	12,121	**113,593**	104,585
	87,957	121,863	**113,593**	104,585

The non-trade amount due from subsidiaries is unsecured, subject to interest of 5% (2025: 5%) per annum and repayable on demand.

Notes to the Financial Statements

9. DERIVATIVE FINANCIAL (LIABILITIES)/ASSETS

	2026		2025	
	Nominal value RM'000	Financial liabilities RM'000	Nominal value RM'000	Financial assets RM'000
Group				
Derivatives at fair value through profit or loss				
- Forward exchange contracts	**31,369**	**(551)**	30,173	351

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	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Cash and bank balances	**37,884**	31,572	**2,059**	6,525
Short-term deposits	**-**	1,629	**-**	-
Cash and cash equivalents in the statements of financial position	**37,884**	33,201	**2,059**	6,525
Less: Bank overdraft	**(1,816)**	(5,428)	**-**	-
Less: Pledged deposits	**-**	(1,248)	**-**	-
Cash and cash equivalents in the statements of cash flows	**36,068**	26,525	**2,059**	6,525

Included in short-term deposits of the Group are nil (2025: RM1,248,000) pledged to licensed bank as security for bank guarantee facilities granted to the Group.

11. ASSETS CLASSIFIED AS HELD FOR SALE

The Group is committed to dispose plant and equipment relating to dipping lines. Efforts to sell the disposal assets have commenced, and sales are expected to be completed by June 2027.

As of 30 June 2026, the assets classified as held for sales comprise the following:

	Note	Group RM'000
At 1 July 2025		**-**
Property, plant and equipment	2	**2,547**
At 30 June 2026		**2,547**

Notes to the Financial Statements

12. CAPITAL AND RESERVES

Share capital

	Group/Company			
			Number of ordinary shares	
	2026 RM'000	2025 RM'000	2026 '000	2025 '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

Reserves

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Distributable				
Retained earnings	**57,093**	68,020	**10,949**	15,348
Non-distributable				
Merger reserve	**63,511**	63,511	**63,511**	63,511
Translation reserve	**(639)**	8,613	**-**	-
Other reserve	**1,896**	1,212	**-**	-
	121,861	141,356	**74,460**	78,859

12.1 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.

12.2 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.

12.3 Translation reserve

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

12.4 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.

13. LOANS AND BORROWINGS

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Non-current				
Secured				
Term loans	**33,363**	30,144	**-**	-
Hire purchase liabilities	**859**	972	**-**	-
	34,222	31,116	**-**	-
Current				
Secured				
Term loans	**7,637**	10,278	**-**	-
Bankers' acceptances	**47,481**	32,548	**-**	-
Export financing	**8,145**	14,539	**-**	-
Hire purchase liabilities	**508**	417	**-**	-
Revolving credit	**69,170**	59,958	**38,100**	29,688
Bank overdraft	**1,816**	5,428	**-**	-
	134,757	123,168	**38,100**	29,688
	168,979	154,284	**38,100**	29,688

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 tangible net worth of the Group shall not be less than RM380,000,000 (2025: 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, except for covenant (b), which indulgence has been obtained from the licensed bank as at the reporting date. There are no indications that the Group will face difficulties meeting its covenant obligations when they are next tested as of 30 June 2027.

Notes to the Financial Statements

14. TRADE AND OTHER PAYABLES

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Trade				
Trade payables	**44,042**	36,460	**-**	-
Non-trade				
Other payables and accrued expenses	**33,444**	30,845	**284**	209
Amount due to a subsidiary	**-**	-	**302**	-
	77,486	67,305	**586**	209

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 RM3,957,000 (2025: RM3,521,000). No disclosure of other information is made as the amount is not significant to the Group.

The non-trade amount due to a subsidiary is unsecured, interest free and repayable on demand.

15. 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.

16. REVENUE

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Revenue from contracts with customers	**462,423**	498,407	**-**	-
Other revenue				
- Dividend income	**-**	-	**6,926**	24,225
Total revenue	**462,423**	498,407	**6,926**	24,225

16. REVENUE (CONTINUED)

16.1 Disaggregation of revenue from contracts with customers

	Reportable segments							
	Sexual wellness		Medical		Others		Total	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Group								
Primary geographical markets								
Asia	**86,075**	103,935	**10,322**	13,094	**-**	-	**96,397**	117,029
Africa	**25,383**	48,903	**-**	12	**-**	-	**25,383**	48,915
Americas	**219,400**	210,325	**710**	932	**-**	-	**220,110**	211,257
Europe	**90,286**	87,800	**15,428**	19,470	**14,819**	13,936	**120,533**	121,206
	421,144	450,963	**26,460**	33,508	**14,819**	13,936	**462,423**	498,407
Major products and service lines								
Condoms	**367,003**	372,828	**-**	-	**-**	-	**367,003**	372,828
Personal lubricants	**50,303**	74,549	**-**	-	**-**	-	**50,303**	74,549
Probe covers	**-**	-	**11,301**	14,740	**-**	-	**11,301**	14,740
Catheters	**-**	-	**11,198**	14,188	**-**	-	**11,198**	14,188
Others	**3,838**	3,586	**3,961**	4,580	**14,819**	13,936	**22,618**	22,102
	421,144	450,963	**26,460**	33,508	**14,819**	13,936	**462,423**	498,407
Timing of recognition								
At a point in time	**421,144**	450,386	**26,460**	33,508	**14,819**	13,936	**462,423**	497,830
Overtime	**-**	577	**-**	-	**-**	-	**-**	577
	421,144	450,963	**26,460**	33,508	**14,819**	13,936	**462,423**	498,407

Notes to the Financial Statements

16. REVENUE (CONTINUED)

16.2 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.

17. FINANCE COSTS

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss	**5,496**	6,573	**1,807**	1,732
Interest expense on lease liabilities	**3,406**	1,494	**-**	-
	8,902	8,067	**1,807**	1,732

18. TAX EXPENSE

18.1 Recognised in profit or loss

Major components of income tax expense include:

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Current tax expense				
- Current year	**3,522**	5,035	**312**	207
- (Over)/Under provision in prior year	**(17)**	(354)	**11**	(4)
	3,505	4,681	**323**	203
Deferred tax expense				
- Origination and reversal of temporary differences	**(2,898)**	(5,204)	**-**	-
- (Over)/Under provision in prior year	**(529)**	616	**-**	-
	(3,427)	(4,588)	**-**	-
Tax expense	**78**	93	**323**	203

18.2 Reconciliation of tax expense

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Profit before tax	**369**	301	**6,458**	17,690
Income tax calculated using Malaysian tax rate of 24%	**89**	72	**1,550**	4,246
Non-deductible expenses	**2,132**	3,528	**1,358**	2,719
Non-taxable income	**(73)**	(1,837)	**(2,596)**	(6,758)
Recognition of previously unrecognised business losses	**(409)**	(1,370)	**-**	-
Current year losses for which no deferred tax asset was recognised	**4,138**	-	**-**	-
Effect of tax rates in foreign jurisdictions	**(1,234)**	(272)	**-**	-
Tax incentives	**(4,019)**	(290)	**-**	-
	624	(169)	**312**	207
(Over)/Under provision in prior year	**(546)**	262	**11**	(4)
Tax expense	**78**	93	**323**	203

Notes to the Financial Statements

19. PROFIT FOR THE YEAR

	Note	Group 2026 RM'000	Group 2025 RM'000	Company 2026 RM'000	Company 2025 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	**-**	-
- Intangible assets		**-**	(358)	**-**	-
(Reversal of)/Net impairment loss on financial assets:					
- Trade receivables		**(24)**	1,004	**-**	-
- Bad debt written off		**-**	422	**-**	-
Audit fees					
- KPMG PLT		**370**	370	**125**	125
- Member firms of KPMG International Limited		**155**	122	**-**	-
- Other auditors		**510**	468	**-**	-
Non-audit fees					
- KPMG PLT		**5**	5	**5**	5
- Local affiliates of KPMG PLT		**72**	9	**9**	3
- Member firms of KPMG International Limited		**20**	10	**-**	-
Depreciation and amortisation:					
- Property, plant and equipment		**23,942**	22,588	**-**	-
- Right-of-use assets		**5,282**	4,811	**-**	-
- Intangible assets		**929**	739	**-**	-
Fair value loss/(gain) on derivative instruments		**902**	(351)	**-**	-
Gain on derecognition of right-of-use assets		**-**	(493)	**-**	-
Net realised foreign exchange loss/(gain)		**2,806**	3,203	**(1,043)**	(108)
Net unrealised foreign exchange (gain)/loss		**(1,137)**	(74)	**3,258**	7,642
Personnel expenses (including key management personnel):					
- Contributions to state plans		**9,021**	8,706	**-**	-
- Wages, salaries and others		**141,247**	131,366	**644**	570
Property, plant and equipment written off		**507**	200	**-**	-
(Gain)/Loss on disposal of property, plant and equipment		**(291)**	27	**-**	-
Other expenses arising from leases					
Expenses relating to short-term leases	a	**2,938**	3,168	**-**	-
Expenses relating to leases of low-value assets	a	**60**	41	**-**	-

Notes to the Financial Statements

19. PROFIT FOR THE YEAR (CONTINUED)

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.

20. 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	
	2026 RM'000	**2025 RM'000**
Profit for the year attributable to owners of the Company	**291**	208
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)	**0.03**	0.02

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.

21. DIVIDENDS

Dividends recognised by the Company are:

	Sen per share	Total amount RM'000	Date of payment
2026			
Interim	**0.5**	**5,267**	**23 December 2025**
2025			
Interim	0.5	5,267	3 October 2025

Notes to the Financial Statements

21. DIVIDENDS (CONTINUED)

After the end of the reporting period, the following dividend was paid by the Company on 28 September 2026. This dividend will be recognised in subsequent financial year.

	Sen per share	Total amount RM'000
2026		
Interim	**0.5**	**5,267**

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

22. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

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

	Group	
	2026 RM'000	2025 RM'000
Current year additions	**37,369**	43,738
(Less)/Add:		
- Amount financed by hire purchase liabilities	**(472)**	-
- Balances in respect of acquisition of property, plant and equipment included in other creditors:		
- at end of year	**(5,168)**	(3,028)
- at beginning of year	**3,028**	1,052
Cash outflows from acquisition of property, plant and equipment	**34,757**	41,762

23. 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

23. 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
2026				
Segment profit/(loss)	**13,359**	**(1,342)**	**1,615**	**13,632**
Included in the measure of segment profit/(loss) are:				
Revenue from external customers	**421,144**	**26,460**	**14,819**	**462,423**
Inventories:				
- Allowance for slow moving	**(2,127)**	**(34)**	**-**	**(2,161)**
- Reversal of/(Write-down) to net realisable value	**82**	**-**	**-**	**82**
- Written off	**(690)**	**-**	**-**	**(690)**
Depreciation and amortisation	**(29,798)**	**(335)**	**(20)**	**(30,153)**
Not included in the measure of segment profit/(loss):				
Finance income	**493**	**4**	**1**	**498**
Finance costs	**(6,985)**	**(110)**	**-**	**(7,095)**
Segment assets	**733,118**	**18,479**	**19,377**	**770,974**
Not included in the measure of segment assets are:				
Additions to non-current assets other than financial instruments and deferred tax assets	**47,717**	**401**	**-**	**48,118**
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

Notes to the Financial Statements

23. OPERATING SEGMENTS (CONTINUED)

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

	Group	
	2026 RM'000	2025 RM'000
Profit or loss		
Total profit for reportable segments	**13,632**	9,683
Finance costs	**(7,095)**	(6,386)
Finance income	**498**	420
Unallocated items:		
- Corporate expenses	**(1,634)**	(2,751)
- Net foreign exchange (loss)/gain	**(3,258)**	973
- Finance income from deposits with licensed banks and financial institutions	**33**	43
- Finance costs	**(1,807)**	(1,681)
Consolidated profit before tax	**369**	301
Total assets		
Total assets for reportable segments	**770,974**	756,551
Other non-reportable segments	**2,766**	7,255
Consolidated total assets	**773,740**	763,806

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 16.1.

Major customer

The following is major customer with revenue equal or more than 10% of the Group's total revenue:

	2026 RM'000	2025 RM'000
Revenue from contract customer		
Customer A	**53,465**	30,318

24. FINANCIAL INSTRUMENTS

24.1 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			
2026			
Financial assets			
Trade and other receivables*	**80,520**	**80,520**	**-**
Cash and cash equivalents	**37,884**	**37,884**	**-**
	118,404	**118,404**	**-**
Financial liabilities			
Trade and other payables*	**(73,529)**	**(73,529)**	**-**
Loans and borrowings	**(168,979)**	**(168,979)**	**-**
Derivative financial liabilities	**(551)**	**-**	**(551)**
	(243,059)	**(242,508)**	**(551)**
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)	-

Notes to the Financial Statements

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.1 Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Company			
2026			
Financial assets			
Trade and other receivables*	**113,568**	**113,568**	**-**
Cash and cash equivalents	**2,059**	**2,059**	**-**
	115,627	**115,627**	**-**
Financial liabilities			
Trade and other payables	**(586)**	**(586)**	**-**
Loans and borrowings	**(38,100)**	**(38,100)**	**-**
	(38,686)	**(38,686)**	**-**
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)	-

* Excludes non-financial instruments

24.2 Net gains and losses arising from financial instruments

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Net (losses)/gains on:				
Financial assets at AC (Note 24.2.1)	**(1,114)**	(4,092)	**3,220**	(2,601)
Financial liabilities at AC (Note 24.2.2)	**(5,496)**	(6,573)	**(1,807)**	(1,732)
Financial assets at FVTPL (Note 24.2.3)				
- Mandatorily required by MFRS 9	**-**	351	**-**	-
Financial liabilities at FVTPL (Note 24.2.4)				
- Mandatorily required by MFRS 9	**(902)**	-	**-**	-
	(7,512)	(10,314)	**1,413**	(4,333)

Notes to the Financial Statements

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.2 Net gains and losses arising from financial instruments (continued)

24.2.1 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.

24.2.2 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.

24.2.3 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.

24.2.4 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.

24.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

24.4 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.

Notes to the Financial Statements

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Trade receivables (continued)

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.

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			
2026			
Current (not past due)	**49,008**	**-**	**49,008**
1 - 30 days past due	**13,887**	**-**	**13,887**
31 - 60 days past due	**4,910**	**-**	**4,910**
61 - 90 days past due	**2,294**	**-**	**2,294**
More than 90 days past due	**4,825**	**(263)**	**4,562**
	74,924	**(263)**	**74,661**
Credit impaired			
Individually impaired	**99**	**(99)**	**-**
	75,023	**(362)**	**74,661**
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

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment loss (continued)

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

	Group	
	2026 RM'000	2025 RM'000
At 1 July	**746**	671
Amounts written off*	**(358)**	(874)
Net remeasurement of loss allowance	**(24)**	1,004
Exchange differences	**(2)**	(55)
At 30 June	**362**	746

* Included in the amounts is allowance for impairment of trade receivables amounting to nil (2025: RM422,000), which is written off to profit or loss.

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.

Notes to the Financial Statements

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.4 Credit risk (continued)

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.

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 RM164,361,000 (2025: RM158,213,000) 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.

24.5 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.

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.5 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							
2026							
Non-derivative financial liabilities							
Trade and other payables	**77,486**	**-**	**77,486**	**77,486**	**-**	**-**	**-**
Term loans	**41,000**	**3.79 - 5.38**	**47,490**	**8,409**	**8,465**	**25,494**	**5,122**
Hire purchase liabilities	**1,367**	**3.20 - 5.71**	**1,461**	**544**	**477**	**440**	**-**
Bankers' acceptances	**47,481**	**3.70 - 4.74**	**48,993**	**48,993**	**-**	**-**	**-**
Export financing	**8,145**	**3.80 - 5.04**	**10,087**	**10,087**	**-**	**-**	**-**
Bank overdraft	**1,816**	**7.80**	**1,957**	**1,957**	**-**	**-**	**-**
Lease liabilities	**60,410**	**3.89 - 6.66**	**90,177**	**7,322**	**6,924**	**17,152**	**58,779**
Revolving credit	**69,170**	**4.71 - 8.50**	**70,654**	**70,654**	**-**	**-**	**-**
	306,875		**348,305**	**225,452**	**15,866**	**43,086**	**63,901**
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
- Outflow	**551**	**-**	**31,369**	**31,369**	**-**	**-**	**-**
- Inflow	**-**	**-**	**(30,818)**	**(30,818)**	**-**	**-**	**-**
	307,426		**348,856**	**226,003**	**15,866**	**43,086**	**63,901**
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

Notes to the Financial Statements

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.5 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							
2026							
Non-derivative financial liabilities							
Revolving credit	**38,100**	**4.71 - 4.83**	**38,257**	**38,257**	**-**	**-**	**-**
Other payables and accrued expenses	**586**	**-**	**586**	**586**	**-**	**-**	**-**
Financial guarantee*	**-**	**-**	**164,361**	**164,361**	**-**	**-**	**-**
	38,686		**203,204**	**203,204**	**-**	**-**	**-**
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*	-	-	158,213	158,213	-	-	-
	29,897		188,245	188,245	-	-	-

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

24.6 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.

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 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					
Balances recognised in the statement of financial position					
2026					
Trade receivables	**45,736**	**3,192**	**3,767**	**3,143**	**24**
Other receivables	**247**	**-**	**-**	**-**	**-**
Intercompany receivables	**141,048**	**-**	**36**	**1,864**	**-**
Cash and cash equivalents	**13,296**	**46**	**466**	**696**	**-**
Trade payables	**(8,838)**	**(941)**	**(497)**	**(16)**	**-**
Other payables	**(724)**	**-**	**(197)**	**(145)**	**-**
Intercompany payables	**(99,252)**	**-**	**-**	**-**	**-**
Loans and borrowings	**-**	**-**	**-**	**(227)**	**-**
Forward exchange contracts	**(31,369)**	**-**	**-**	**-**	**-**
Net exposure	**60,144**	**2,297**	**3,575**	**5,315**	**24**
2025					
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	(30,173)	-	-	-	-
Net exposure	60,760	2,463	2,137	3,350	(5)

	Denominated in USD	
	2026 RM'000	2025 RM'000
Company		
Balances recognised in the statement of financial position		
Intercompany receivables	**74,787**	76,464
Cash and cash equivalents	**1,150**	795
Loans and borrowings	**-**	(8,088)
Net exposure	**75,937**	69,171

Notes to the Financial Statements

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 Market risk (continued)

Currency risk (continued)

Currency risk sensitivity analysis

A 10% (2025: 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					
2026					
Profit or loss	**(4,571)**	**(175)**	**(272)**	**(404)**	**(2)**
2025					
Profit or loss	(4,618)	(187)	(162)	(255)	-

	Denominated in USD RM'000
Company	
2026	
Profit or loss	**(5,771)**
2025	
Profit or loss	(5,257)

A 10% (2025: 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.

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.6 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	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Fixed rate instruments				
Financial assets	**-**	1,629	**113,568**	104,585
Financial liabilities	**(49,057)**	(78,746)	**-**	-
Lease liabilities	**(60,410)**	(56,528)	**-**	-
	(109,467)	(133,645)	**113,568**	104,585
Floating rate instruments				
Financial liabilities	**(119,922)**	(75,538)	**(38,100)**	(29,688)

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 instrument

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 RM911,000 (2025: RM574,000), and the Company's post tax profit or loss by RM290,000 (2025: RM226,000). This analysis assumes that all other variables remained constant.

24.7 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

24. FINANCIAL INSTRUMENTS (CONTINUED)

24.7 Fair value information (continued)

The table below analyses other financial instruments at fair value.

	Fair value of financial instruments carried atfair value Level 2 RM'000	Total fair value RM'000	Carrying amount RM'000
Group			
2026			
Financial liabilities			
Forward exchange contracts	**(551)**	**(551)**	**(551)**
2025			
Financial assets			
Forward exchange contracts	351	351	351

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 (2025: no transfer in either directions).

25. 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.

25. CAPITAL MANAGEMENT (CONTINUED)

During the financial year ended 30 June 2026, 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	
	2026 RM'000	2025 RM'000
Loans and borrowings (Note 13)	**168,979**	154,284
Lease liabilities	**60,410**	56,528
Total debt	**229,389**	210,812
Less: Cash and cash equivalents (Note 10)	**(37,884)**	(33,201)
	191,505	177,611
Total equity attributable to owners of the Company	**446,105**	465,600
Debt to equity ratio	**0.43**	0.38

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.

26. CAPITAL COMMITMENT

	Group	
	2026 RM'000	2025 RM'000
Capital expenditure commitment		
Property, plant and equipment		
Contracted but not provided for	**3,241**	775

Notes to the Financial Statements

27. 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 14.

	Group		Company	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
A. Subsidiaries				
Dividend income	**-**	-	**6,926**	24,225
Interest income	**-**	-	**5,402**	4,890
Interest expense	**-**	-	**-**	(51)
Advances, net of repayment	**-**	-	**8,983**	1,778
B. Companies in which certain Directors/ Directors' close family members have substantial financial interests				
Sales of goods	**66**	76	**-**	-
C. Key management personnel				
Directors				
- Fees	**668**	570	**668**	570
- Remuneration	**3,648**	3,789	**57**	39
- Benefits	**56**	56	**-**	-
- Contributions to the state plans	**631**	699	**-**	-
	5,003	5,114	**725**	609
Other key management personnel				
- Remuneration	**1,963**	2,281	**-**	-
- Contributions to the state plans	**372**	349	**-**	-
	2,335	2,630	**-**	-
Total short-term employee benefits	**7,338**	7,744	**725**	609

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 100 to 150 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 2026 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: 15 October 2026

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 100 to 150 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 15 October 2026.

Wong Your Can

Before me:
Yohendra A/L Nadarajan (B664)
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 2026 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 100 to 150.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2026, and of their financial performance and their cash flows for the 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"), as applicable to audits of financial statements of public interest entities and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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 RM65,801,000 and other intangible assets of RM358,000 with indefinite useful life as at 30 June 2026 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 assumption.
- 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 2026, the Group has reported inventory balance of RM191,336,000.

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 2026 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.

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.

Independent Auditors' Report

To the Members of Karex Berhad

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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

Gan Yee Hooi
Approval Number: 03899/09/2027 J
Chartered Accountant

Petaling Jaya, Malaysia

Date: 15 October 2026

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 2026 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	-	33	467
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	-	33	467
3	Lot 1235, Benut, 82000 Pontian, Johor Darul Takzim, Malaysia	225,418/ -	Vacant land	10/09/2002	Freehold	-	-	879
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 a warehouse	22/02/2005	Freehold	-	33	479
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	33	526
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	33	2,988
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	33	1,785

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 2026 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	-	33	14,430
10	PTD 5997, Batu 39 1/2, Jalan Johor, 82000 Pontian, Johor Darul Takzim, Malaysia	168,563/ -	Vacant land	27/7/2015	Freehold	-	-	3,301
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 a warehouse	09/03/2012	Leasehold 99 years	September 2074	35	4,893
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	38	10,381
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	21	1,130
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	21	1,547
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 a warehouse	01/11/2012	Leasehold 30 years	October 2042	12	2,234

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 2026 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	11	16,180
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	5	31,007
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	30/09/2025	Leasehold 25 years	September 2050	10	5,540
19	Land slot No: E1-13 Export Processing Zone, Southern Industrial Estate Village 4, Tumbol Chalung, Amphur Hat Yai, Songkhla, Thailand	68,889/ 52,350	Two storey building which we use as a warehouse	14/8/2025	Leasehold 25 years	September 2050	1	6,805
20	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	41	7,250
21	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	41	1,308

Analysis of Shareholdings

As at 25 September 2026

Total Issued Shares	:	RM 324,243,586.22
Total Issued Shares	:	1,053,460,761 Ordinary Shares
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per Ordinary Share
Number of Shareholders	:	9,413

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	525	5.58	20,041	0.00
100 - 1,000	1,540	16.36	889,262	0.08
1,001 - 10,000	4,551	48.35	23,033,173	2.19
10,001 - 100,000	2,372	25.20	72,949,418	6.93
100,001 to less than 5% of issued shares	423	4.49	658,769,867	62.53
5% and above of issued shares	2	0.02	297,799,000	28.27
Total	**9,413**	**100.00**	**1,053,460,761**	**100.00**

LIST OF DIRECTORS' SHAREHOLDINGS AS PER THE REGISTER OF DIRECTORS' SHAREHOLDING AS AT 25 SEPTEMBER 2026

Name of Directors	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Professor Dato' Dr. Adeeba binti Kamarulzaman	-	-	-	-
Chew Fook Aun	-	-	150,000[1]	0.01
Kung Chin Woon	-	-	-	-
Jaimie Sia Zui Keng	-	-	-	-
Lam Jiuan Jiuan	19,087,456	1.81	262,617,056[2]	24.93
Goh Yen Yen	12,062,456	1.15	121,460,400[3]	11.53
Goh Leng Kian	41,468,865	3.94	185,038,750[4]	17.56
Goh Miah Kiat	49,055,097	4.66	184,465,000[5]	17.51

Analysis of Shareholdings

As at 25 September 2026

LIST OF SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 25 SEPTEMBER 2026

Name of Substantial Shareholders	Direct Holdings		Indirect Holdings (excluding bare trustees)	
	No. of Shares	%	No. of Shares	%
Karex One Limited	184,465,000	17.51	-	0.00
Maryen Holdings Limited	121,460,400	11.53	-	0.00
Lam Yiu Pang Albert	49,312,456	4.68	47,927,056[6]	4.55
Lam Jiuan Jiuan	19,087,456	1.81	262,617,056[2]	24.93
Goh Leng Kian	41,468,865	3.94	185,038,750[4]	17.56
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	-	0.00	211,501,056[7]	20.08
Goh Miah Kiat	49,055,097	4.66	184,465,000[5]	17.51
Aberdeen Group PLC (FKA ABRDN PLC)	-	0.00	67,068,900[8]	6.37
ABRDN Holdings Limited	-	0.00	67,068,900[8]	6.37
ABRDN Malaysia Sdn. Bhd.	66,126,300	6.28	-	0.00

[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, Lam Yiu Pang Albert 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, Boong Siew Choon 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 and Maharani Limited pursuant to Section 8 of the Companies Act 2016 and shares held by his spouse, Lam Jiuan Jiuan 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 N.A. and Citibank Berhad) pursuant to Section 8(4)(c) of the Companies Act 2016.

Thirty Largest Shareholders

As at 25 September 2026

No.	Name of Shareholders	No. of Shares	%
1	HSBC NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR BNP PARIBAS SINGAPORE BRANCH (A/C CLIENTS-FGN)	177,799,000	16.88
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 (ASING) SDN. BHD. CIMB FOR JEYYA LIMITED (PB)	25,162,456	2.39
6	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR GOH LENG KIAN (PB)	24,468,865	2.32
7	DB (MALAYSIA) NOMINEE (ASING) SDN. BHD. EXEMPT AN FOR DEUTSCHE BANK AG HONG KONG (PWMA WM CLIENT)	22,620,300	2.15
8	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR GOH MIAH KIAT	22,300,000	2.12
9	CIMSEC NOMINEES (ASING) SDN. BHD. CIMB FOR LAM JIUAN JIUAN (PB)	19,087,456	1.81
10	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR GOH YIN (PB)	18,952,170	1.80
11	AMSEC NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR GOH MIAH KIAT (SMART)	17,755,000	1.68
12	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	16,059,000	1.52
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. EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	14,852,333	1.41
16	CIMSEC NOMINEES (ASING) SDN. BHD. CIMB FOR AJNA HOLDINGS LIMITED (PB)	12,825,000	1.22
17	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABDN EQ ABSR FD)	12,505,500	1.19
18	CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD. CIMB BANK BERHAD (EDP 2)	12,169,200	1.15

Thirty Largest Shareholders

As at 25 September 2026

No.	Name of Shareholders	No. of Shares	%
19	CIMSEC NOMINEES (TEMPATAN) SDN. BHD. CIMB FOR GOH YEN YEN (PB)	12,062,456	1.15
20	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)	11,007,400	1.04
21	CIMSEC NOMINEES (ASING) SDN. BHD. CIMB FOR KAREX ONE LIMITED (PB)	10,000,000	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	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. MAYBANK PRIVATE WEALTH MANAGEMENT FOR GOH LENG KIAN (PW-M00668) (419793)	8,000,000	0.76
27	HSBC NOMINEES (TEMPATAN) SDN. BHD. HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT AL-FAUZAN (5170)	7,726,500	0.73
28	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. EMPLOYEES PROVIDENT FUND BOARD (ABERISLAMIC)	7,007,367	0.67
29	CITIGROUP NOMINEES (ASING) SDN. BHD. EXEMPT AN FOR UBS SWITZERLAND AG (CLIENTS ASSETS)	6,290,900	0.60
30	TAN KOK CHOON	6,266,400	0.60
	TOTAL	**747,332,456**	**70.94**

Notice of 14th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 14th 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, 27 November 2026 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 2026 together with the Reports of the Directors and the Auditors thereon.

   (Refer to Explanatory Note (a))

2. To re-elect Mr Goh Miah Kiat who is retiring in accordance with Clause 97 of the Company's Constitution, and being eligible, has offered himself for re-election.

   (Ordinary Resolution 1)

3. To re-elect Mr Goh Leng Kian 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 Mr Chew Fook Aun who is retiring in accordance with Clause 97 of the Company's Constitution, and being eligible, has offered himself for re-election.

   (Ordinary Resolution 3)

5. To approve the payment of Directors' Fees and benefits payable to the Directors of the Company and its subsidiaries amounting to RM870,000.00 for the period from 28 November 2026 until the conclusion of next annual general meeting of the Company.

   (Ordinary Resolution 4)

6. To re-appoint Messrs KPMG PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.

   (Ordinary Resolution 5)

Special Business

To consider and if thought fit, pass the following Ordinary Resolutions with or without any modifications:

7. **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 Annual General Meeting 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.

Notice of 14th Annual 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 6)

8. 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 2026

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 www.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 20 November 2026.*

Notice of 14th 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 2026

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*
Re-election of Directors who retire in accordance with Clause 97 of the Company's Constitution

No individual is seeking election as a Director at the forthcoming 14th AGM of the Company.

Pursuant to Clause 97 of the Constitution of the Company, Mr Goh Miah Kiat, Mr Goh Leng Kian and Mr Chew Fook Aun are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this 14th AGM of the Company. The profile of the retiring Directors are set out on pages 61, 66, and 67 of this Annual Report.

The Board through its Nomination Committee had assessed the retiring Directors, as detailed in the Corporate Governance Overview Statement on pages 70 to 81 of this Annual Report. Based on the assessment conducted, all retiring Directors possess a strong and relevant combination of experience, skills, knowledge, expertise and core competencies that are highly beneficial to the Company. They continue to provide valuable leadership, strategic guidance, industry insights and oversight, while contributing effectively to the overall effectiveness and performance of the Board. Accordingly, the Board has recommended their re-election for shareholders' approval at the 14th AGM.

c) *Ordinary Resolution 4*
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, this resolution is to facilitate payment of Directors' fees and benefits for the period from 28 November 2026 to the conclusion of next AGM of the Company.

In the event the Directors' fees and benefits proposed are insufficient (e.g. due to more meetings or enlarged Board Size), approval will be sought at the next AGM for additional fees to meet the shortfall.

d) *Ordinary Resolution 6*
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 AGM of the Company.

This is the renewal of the mandate obtained from the shareholders at the last AGM ("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 14th 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 14th 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 13th AGM held on 28 November 2025.

As at the date of the Notice of the 14th AGM, no new shares were issued pursuant to the mandate granted to the Directors at the 13th AGM held on 28 November 2025 and which will lapse at the conclusion of the 14th 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 (As per NRIC/Passport)	E-mail Address and Telephone No.	NRIC/Passport No.	Proportion of Shareholdings (%)
*** And/or (delete as appropriate)**			

or failing him/her, #THE CHAIRPERSON OF THE MEETING as *my/our proxy to vote for *me/us on *my/our behalf at the Fourteenth Annual General Meeting ("14th 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, 27 November 2026 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 Mr Goh Miah Kiat as a Director of the Company		
2.	To re-elect Mr Goh Leng Kian as a Director of the Company		
3.	To re-elect Mr Chew Fook Aun as a Director of the Company		
4.	To approve the payment of Directors' Fees and benefits payable to the Directors of the Company and its subsidiaries amounting to RM870,000.00 for the period from 28 November 2026 until the conclusion of next annual general meeting of the Company.		
5.	To re-appoint Messrs KPMG PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix their remuneration.		
	Special Business		
6.	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 14th 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 Chairperson of the Meeting" and insert the name(s) of the person(s) desired.
** Delete if not applicable.*

Signed this _____ day of _____ 2026

_____
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 www.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 20 November 2026.

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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

Please fold here to seal

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 14th AGM.

KAREX BERHAD
(Registration No.: 201201034091—1018579-U)
Lot 591 & 594, Persiaran Raja Lumu,
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42000 Port Klang,
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