

CHAPTER

05

Investor Relations

Investor Relations



We are pleased to present the Investor Relations (“IR”) message for the year ended 31 December 2025. This report provides an overview of KPS Berhad’s performance, strategy, and governance, reflecting our continued commitment to transparent communication and sustainable value creation for our shareholders.

Despite the global economic challenges and market uncertainties, KPS Berhad has demonstrated resilience and achieved steady financial results while continuing to execute our long-term strategy. This message outlines our key financial outcomes, strategic priorities, and the progress we have made toward our growth objectives.

Investor Outreach and Communications

Throughout the year, the IR team maintained active and consistent engagement with shareholders, analysts and potential investors through one-on-one meetings and timely disclosures. Feedback from these engagements reflected confidence in the Group’s management capability and financial fundamentals, as well as appreciation for the IR function’s transparent, responsive and accessible communication practices.

At the same time, investors provided constructive feedback on areas for further enhancement, including the need for clearer articulation of medium to long-term value drivers and structural factors affecting stock liquidity. The Board and Management view this feedback as an important input into the Group’s continuous improvement efforts. In response, the Group is strengthening the clarity and connectivity of its strategy communication, with greater emphasis on earnings sustainability drivers, capital allocation discipline and execution priorities. In parallel, investor outreach and research engagement initiatives are being enhanced to improve market visibility and accessibility, supporting a broader and more informed investor base over time.

During the year, the IR team worked closely with external analysts and investment firms, providing timely access to key performance information and strategic context. These engagements improved understanding of the Group’s business model and long-term prospects and contributed to strengthened research visibility, as reflected in two additional analyst coverages secured from Tradeview Research and Apex Securities Berhad.

Overview of KPS Berhad’s Performance

In 2025, we achieved a revenue of RM1.0 billion, supported by sustained demand across core business segments and successful market expansion initiatives. Despite global macroeconomic uncertainties, our results reflect the resilience and adaptability of our operations.

Despite lower revenue, we recorded PAT of RM43.8 million, supported by lower finance costs, reduced tax and zakat expenses, alongside disciplined cost management and improved operational efficiency. Our earnings per share (“EPS”) of 7.39 sen reflect the Group’s sound financial health and its ability to create value for shareholders.

We also continue to maintain a healthy balance sheet, with an intentional gearing level of 0.1x, strong liquidity coverage and sustainable cash flows, positioning us well for future investments and strategic acquisitions. This financial strength allows us to navigate potential economic volatility while remaining focused on our growth objective.

- Our PAT, reaching **RM43.8 million**, was primarily supported by lower finance costs, reduced tax and zakat, alongside disciplined cost management and improved operational efficiency.

Value Creation

We continue to focus on the long-term creation of value for our shareholders. Our strategic priorities have been shaped by the need to adapt to changing market conditions while also pursuing sustainable growth.



Customer-centric Growth

Delivering consistent value to customers is one of our key strategic priorities. In 2025, our annual customer satisfaction surveys across our subsidiary companies achieved a score of approximately 85%, reflecting our dedication to quality, cost efficiency, and on-time delivery. To further strengthen customer trust, we uphold strict quality standards and have adopted an agile, customer-centric approach in addressing challenges such as price competition and evolving customer preferences. Through continuous improvement in quality assurance, incremental innovations and enhanced engagement, we aim to retain and grow our customer base.



Sustainability

Climate actions continue to form an important part of our strategy, underpinned by a continued commitment to managing and reducing our carbon footprint. In 2025, we offset approximately 4,000 tonnes of carbon emissions and achieved a 2% reduction in absolute emissions. These efforts contributed to a 0.12% reduction in carbon emissions intensity, marking an initial step in the Group's longer-term intensity reduction journey from 2026 onwards. While this progress aligns with the Group's Carbon Neutrality 2050 Roadmap, we remain committed to strengthening and accelerating its climate actions to drive further emissions reductions in the years ahead.

We proactively aligned our 2025 Sustainability Report with the NSRF introduced by the Securities Commission of Malaysia in 2024. We adopted these standards ahead of schedule to strengthen our climate risk management by assessing the financial impacts beyond merely identifying risks. As sustainability reporting requirements become more stringent, we view this as an opportunity to provide our stakeholders with more transparent insights into our performance.

Social investment is an integral part of our commitment to empowering communities and fostering sustainable development. Through our flagship Celik Initiative, we promote STEM awareness via interactive workshops, fostering critical thinking and innovation among lower secondary students. In 2025, we benefited over 100,000 students across eight states in Peninsular Malaysia. Our efforts were recognised by the Ministry of Education, which designated the Celik Initiative as a National-Level Co-Curricular programme, cementing its impact on Malaysia's education system.



Digital Transformation

We have placed a strong emphasis on digital transformation throughout the year. Our investment in operational software upgrades, cloud-based technologies and AI-driven analytics, such as Microsoft 365, has already yielded improvements in operational efficiency and employee experience. By adopting advanced technologies, we are positioning ourselves to stay competitive, ensuring we keep pace with the rapidly evolving digital landscape.

These initiatives, combined with our focus on enhancing corporate governance and maintaining a robust risk management framework, are helping us build a more resilient and future-ready organisation.

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Key Financial Results

In 2025, our financial performance reflects the effective execution of our strategy and operational initiatives. Here are the key highlights:



Revenue

Our revenue of RM1.0 billion was driven by successful project wins, disciplined pricing, and an optimised product mix that helped soften the impact of subdued manufacturing demand.



Operating Margin

The operating margin held steady at 5.9%, bolstered by a RM10.3 million gain from selling CBB's Nilai plant, which allows capital to be redeployed into higher-growth opportunities. This stability is further supported by enhanced operational efficiency through company-wide cost optimisation, investments in solar projects to mitigate energy expenses at Toyoplas, CPI and CBB, as well as an improved approach to foreign currency hedging.



Net Profit

Our net profit more than doubled, supported by lower finance costs and reduced income tax and zakat expenses. The reduction in tax expenses primarily reflected the absence of the one-off withholding tax following the closure of Toyoplas Shanghai, as well as higher contributions from tax-exempt Toyoplas Vietnam. This was further supported by green investment tax savings from solar installation initiatives and the change in zakat accounting treatment implemented in 2024. These improvements were complemented by continued cost discipline and operational efficiency enhancements across the Group.



Dividend

Reflecting our financial performance, the Board of Directors has recommended a 3.0 sen per share dividend, reflecting a 4.9% yield based on the closing share price on 31 December 2025. This dividend demonstrates our commitment to delivering sustainable returns to our shareholders.



Capital Allocation

We have consistently reinvested in high-growth initiatives, such as acquiring advanced machinery and production lines with enhanced capabilities and capacities, executing software upgrades, and making incremental enhancements to our processes and facilities to maintain competitiveness. Additionally, we are developing central living quarters for workers to promote their well-being and facilitate long-term cost savings. Our disciplined approach to capital allocation ensures prioritisation of investments that generate sustainable long-term value for shareholders.

Our financial resilience, coupled with a strong cash position, positions us well to continue executing on our strategic initiatives and deliver growth in the coming years.

Discussion on Key Risks and How They are Managed

As an entity operating in a dynamic global environment, we recognise the importance of robust risk management in safeguarding shareholder value and ensuring business continuity. In 2025, we identified, evaluated, mitigated where practicable, and continuously monitored several key risks that could affect our performance:

Market Volatility

Fluctuations in global economic conditions, compounded by uncertainties surrounding U.S. trade policies and ongoing geopolitical tensions, continue to pose risks to our business. To mitigate the impact of subdued market sentiment, we remain focused on driving revenue growth through diversification into new geographical markets and industries, as well as expanding product offerings to existing customers.

Currency Fluctuation

As more than half of our trade receivables are denominated in foreign currencies, the Group is exposed to exchange rate volatility. To manage this risk, we utilise a combination of credit facilities, forward foreign exchange contracts and multi-trade facilities to reduce volatility arising from currency movements and to provide greater certainty over cash flows and margins.

Margin Headwinds

Manufacturing players continue to face cost pressures arising from intensifying regional competition and rising domestic operating costs. Locally, cost inflation has been exacerbated by increases in labour costs, mandatory EPF contributions for foreign hires, and the implementation of higher electricity tariffs, which diluted margins. In response, we implemented cost optimisation initiatives, re-allocated resources to enhance operational efficiency, undertook solar projects to mitigate the impact of higher electricity tariffs, and restructured non-performing business segments.

Regulatory / Transition Risks

Changes in regulatory frameworks, particularly in the ESG landscape, may impact our operations and compliance requirements. We continuously monitor regulatory developments and engage proactively with relevant stakeholders to ensure timely compliance and to adapt our business practices where necessary.

Overall, our ERM framework provides a structured approach to identifying, assessing and mitigating key risks, thereby enhancing the resilience of our operations and supporting the Group's long-term sustainability.

Corporate Governance and Ethics

Good corporate governance is fundamental to building trust with our investors and stakeholders. In 2025, we continued to uphold the highest standards of governance, ensuring transparency, accountability, and integrity in all our dealings.

Our Board of Directors comprises individuals with diverse expertise spanning governance, finance, banking, legal and regulatory affairs, communications, international business, executive leadership, manufacturing and sustainability. The Board meets regularly to provide strategic oversight and ensure that management is aligned with our long-term objectives.

We continue to comply with the Malaysian Code on Corporate Governance, maintaining strong internal controls and a robust ethical framework. Additionally, we have strengthened our ESG initiatives, focusing on transparency in reporting and engaging with stakeholders on sustainability issues.

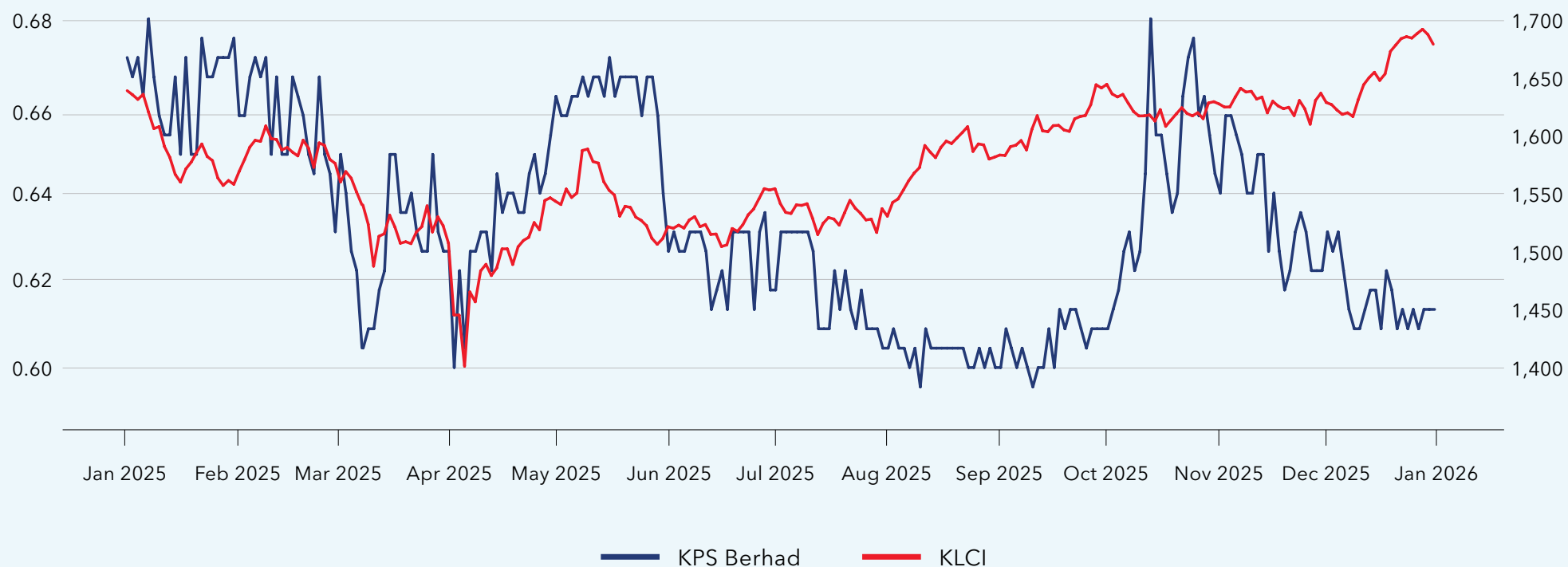
Also in 2025, we implemented several key initiatives to enhance diversity and inclusion within our workforce, and we remain committed to maintaining the highest ethical standards in all aspects of our operations.

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Share Price Performance

Amid a year characterised by market volatility, KPS Berhad's share price demonstrated relative stability. During the financial year, the FTSE Bursa Malaysia Kuala Lumpur Composite Index ("KLCI") increased by 2.4%, while KPS Berhad's share price adjusted by 9.0%, from RM0.67 to RM0.61. The soft equity performance through 2025 was likely driven by market dynamics and sector re-rating, and subdued investor sentiment amid macro pressures.

The Board and Management remain focused on delivering sustainable earnings performance, strengthening strategic clarity and enhancing long-term shareholder value, which are fundamental drivers of share price performance over time.



Financial Calendar

48th Annual General Meeting



Tuesday, 20 May 2025
10.00 a.m



Venue:
Shah Alam Convention Centre
No.4, Jalan Perbadanan 14/9
Seksyen 14
40000 Shah Alam
Selangor Darul Ehsan

Extraordinary General Meeting



Wednesday, 28 July 2025
10.00 a.m



Venue:
Shah Alam Convention Centre
No.4, Jalan Perbadanan 14/9
Seksyen 14
40000 Shah Alam
Selangor Darul Ehsan

Quarterly Results Announcements (Financial Year Ended 31 December 2025)



Dividend Announcements

Financial Year Ended	31 December 2024	31 December 2025	
Dividend	Final	Interim	Final
Announced	28 March 2025	24 November 2025	31 March 2026
Entitlement	5 June 2025	9 December 2025	4 June 2026
Payment	18 June 2025 (< 30 days)	23 December 2025 (< 30 days)	16 June 2026 (< 30 days)

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KPS Berhad is committed to continuously enhancing the quality and clarity of investor communications, strengthening analyst and institutional engagement, and proactively addressing investor feedback. The IR function will remain aligned with the Group's long-term strategy and governance priorities, supporting the Board's objective of creating sustainable, long-term value for shareholders while upholding the highest standards of transparency and engagement.

We encourage our shareholders to remain engaged with us as we continue to execute on our strategy, and we look forward to meeting with you at our Annual General Meeting.

Thank you for your trust and support in KPS Berhad.

Future Outlook and Strategy

Looking ahead to 2026, we remain committed to delivering sustainable growth and long-term value for our shareholders.

Our strategy will centre on driving revenue growth, operational excellence, and innovation while strengthening talent development and ESG leadership. Key priorities include expanding customer acquisition and market diversification to build resilience, accelerating digitalisation and automation to enhance efficiency, and introducing new product categories and value-added services to differentiate our offerings.

We will continue geographic expansion into high-demand regions such as ASEAN and deepen investor engagement through transparent communication and dynamic relationships. These initiatives, supported by innovation, automation, and a strong sustainability focus, position us to achieve continued growth across core segments and emerging areas.