



Ahmad Fariz bin Hassan | *Managing Director/Group Chief Executive Officer*

Message from the Managing Director/ Group Chief Executive Officer

Many of the assumptions that once underpinned the strategy and operations can no longer be treated as a given, nor serve as the sole baseline for our decision-making. In such an environment, adaptability and resilience are no longer advantages; they are prerequisites for sustained performance.

We navigated shifting customer demands, cost volatility, supply chain disruptions, and intensifying competition across the manufacturing landscape. These forces continued to reconfigure how and where value is created across industries and required us to respond decisively to evolving exigencies while safeguarding operational stability.

Dear Stakeholders,

The past year unfolded against a backdrop of far-reaching structural shifts across the global economic landscape. Geopolitical instability and realignments in global trade frameworks reshaped the macroeconomic environment, adding new layers of complexity to the markets in which our businesses operate.

The Group's performance priorities remained anchored on four value creation pillars. Strengthening fundamentals through topline growth continues to be a key focus, alongside efforts to safeguard earnings resilience. We maintained our strategic positioning by expanding our customer base, broadening product offerings, and deepening market relevance in response to evolving demand dynamics.

Equally important was our continued focus on corporate governance and effective internal controls, safeguarding accountability and operational integrity across the Group. This pillar also encompasses our broader sustainability agenda, including ESG stewardship and climate action, as we embed ESG considerations more deeply into risk management and long-term decision-making. We continued to invest in learning and growth, developing future leaders and building organisational strength.

Message from the Managing Director/Group Chief Executive Officer

As we reflect on the year’s progress, our focus remains on supporting our subsidiary companies through uncertainty, investing in operational long-term resilience, and ensuring that KPS Berhad continues to create value for its stakeholders and the wider ecosystem.

Overall, challenges are now systemic, not episodic. Adaptability is therefore integral to the reality of doing business today. Uncertainty drives us to plan earlier, execute more decisively and strengthen our readiness for what comes next.



Automated handling systems at Toyoplas’ plastic injection moulding machines.

Macroeconomic and Industry Dynamics

Uncertainty.

It defined much of the global operating landscape during the year. Volatile currency movements reconfigured cost structures, dislocated established value chains and influenced customer purchasing patterns across our markets.

With shifting trade policies, operating challenges increased, altering sourcing and production economics for businesses in the US markets or tariff-exposed locations. Competition in ASEAN, especially Malaysia, intensified as subsidised manufacturers boosted exports, notably in commoditised packaging segments.

These challenges contributed to moderated demand in certain end-markets as our customers adjusted inventory levels and adopted more cautious purchasing behaviour. Margin pressure intensified in price-sensitive areas, and input cost volatility required focused supplier choice and operational planning.

In response to these external pressures, our focus throughout the year was on managing near-term pressures and volatility by strengthening topline drivers in subsidiary companies. This required revenue diversification, margin discipline and financial flexibility to ensure growth initiatives remained accretive to long-term value creation. Diversification across customers, sectors, and geographies was key to managing demand fluctuations and stabilising earnings.

Our Strategic Value Framework

In navigating operational uncertainty, the Group responded with disciplined execution and structured prioritisation. Our focus in 2025, therefore, extended beyond short-term adjustments towards strengthening operational fundamentals and fortifying the Group’s financial position. While each subsidiary faced unique operating realities, all aligned to support revenue generation, protect margins, and build long-term growth capabilities.

To this end, our value creation agenda is centred on four interrelated priorities:

Business restructuring to realign operations and optimise performance

Cost optimisation to safeguard margins and earnings resilience

Sales and customer base development to diversify revenue streams and expand market reach

Enhancement of manufacturing capabilities and capacity uplift to support future growth

Together, these initiatives strengthen operational readiness and support the effective execution of our subsidiary companies’ strategies, ensuring consistency with our approach to ongoing industry challenges and shifting market expectations.

Message from the Managing Director/Group Chief Executive Officer

Strategic Reset at CBB

A key element of the Group's portfolio realignment during the year was a strategic reset taken by CBB, in response to structural shifts within the packaging industry.

In recent years, the industry faced sustained margin compression caused by excess capacity, intensified regional competition and increasingly price-driven market dynamics. Recognising that these pressures reflect structural shifts rather than cyclical fluctuations, the CBB undertook a decisive strategic reset to strengthen competitiveness and restore returns.

The reset focused on realigning operating capabilities, rationalising underperforming assets and redeploying capital towards segments with stronger margins and growth prospects.

Last year, CBB repositioned parts of the Carton division's operating model from corrugating to converting to address rising production costs. Further restructuring initiatives followed to streamline operations and sharpen focus. This included the disposal of Nilai plant, which let the Group cut excess capacity, optimise assets, and redeploy capital more efficiently.

Operational consolidation was also undertaken by the Offset division, where Ulu Tiram's manufacturing activities, previously spread across three locations were integrated into a single location to improve utilisation rates and unlock operating efficiencies. In parallel, one of the division's operations in Indonesia was discontinued following the nearshoring of key customers, which altered demand patterns for the facility. The decision reflects CBB's commitment to align operational capacity with evolving supply chain realities despite strengthening cost control through a leaner manufacturing footprint.

These measures reflect principled capital discipline rather than reactive cost-cutting. The objective is clear: to stabilise performance, enhance operating efficiency and restore sustainable returns on invested capital. Through this strategic reset, CBB is repositioned to compete more effectively within a structurally evolving packaging industry while supporting the Group's long-term value creation agenda.

Together with broader cost optimisation and commercial initiatives across the Group, these measures form part of a wider effort to strengthen the resilience of KPS Berhad's operating model.



From raw materials to essential packaging solutions.

Disciplined Cost Management

Cost optimisation remained a central priority across the Group as foreign exchange volatility, rising input costs and competitive pricing pressures persisted amidst exogenous cost pressures during the year. Our subsidiary companies strengthened production planning and reinforced overhead controls to preserve margins in increasingly price-sensitive segments.

These are not short-term fixes, but structural enhancements designed to reinforce margins and strengthen balance sheets.

For instance, at Toyoplas, energy cost reduction initiatives were driven through the completion of a solar pilot installation at the Senai facility, with potential expansion to other sites based on priority. Toyoplas also completed the second phase of a group restructuring exercise aimed at improving capital and tax efficiencies involving its subsidiary companies outside of Malaysia.

At CPI, energy savings were realised through its solar project, while administrative and sales expenses were tightly managed as budgeted. Steady cash generation supported a reduction in borrowings. Foreign exchange exposure was hedged through forward contracts, mitigating USD/RM volatility and safeguarding receivables against exchange rate fluctuations between invoice and settlement.

At MDS Advance, disciplined operating expenditure management was complemented by financing clean-up. All term loans were fully repaid during the year, enabling the business to deleverage materially while strengthening liquidity and improving the current ratio.

Message from the Managing Director/Group Chief Executive Officer

As outlined earlier, restructuring initiatives were undertaken within CBB to streamline its operating footprint and align capacity with evolving market conditions. These measures, together with tighter working capital management, contributed to improved inventory and receivable cycles while lowering short-term borrowing requirements. Collectively, these measures reflect a disciplined approach to optimising assets, enhancing operational efficiency and aligning capacity with evolving market conditions.

Meanwhile, Aqua-Flo maintained strict expense discipline, with operating costs trending lower while sustaining a short cash conversion cycle, supported by action to expedite collections and prudent creditor management.

Strengthened cost governance and disciplined execution at the operating level enhanced the Group's ability to absorb external shock, protected earnings quality and sustained competitiveness in key markets. Importantly, these measures were implemented without compromising strategic capabilities required for future growth. Instead, they improved utilisation, strengthened liquidity, and reduced borrowing needs, placing the Group on a firmer financial footing.

Key highlights

- KPS Berhad reinforced topline resilience through **diversification, margin discipline and financial flexibility**.
- These measures enabled us to navigate global volatility that **reshaped costs and demand**.

Strengthening Market Position

The Group moved decisively to strengthen its market position across core and growth segments. Execution during the year was anchored in commercial discernment, prioritising revenue quality over volume expansion.

At Toyoplas, growth was driven by higher orders from established consumer electronics customers in Malaysia, alongside the ramp-up of newly secured projects from multimedia customers. In Indonesia, two new customers onboarded during the year represented the subsidiary's successful diversification into new industries (STEM toys and musical instruments), as well as expansion into box-build assembly capabilities. Meanwhile, Vietnam operations recorded higher volumes from a key multimedia customer following the operational transfer of production from Shanghai, reinforcing the Group's ability to catalyse supply chain realignment opportunities.

At CPI, stronger demand from EMS customers supported revenue expansion, while the engineering thermoplastic ("ETP") division registered improved sales momentum from CIT electronics segments, enhancing sector diversification and more granular order visibility.

At MDS Advance, growth was led by expanded mandates from key medical customers, complemented by improved traction within semiconductors and telecommunications segments reinforcing its presence in exacting, technically demanding markets.

Within CBB, the Paper division secured new food and beverage customers, contributing incremental sales support. In addition, leveraging its credentialed RBA certification, the Group secured new orders from offset customers, strengthening its positioning with compliance-sensitive clients.



Assembly and quality inspection processes at Toyoplas' consumer electronics segment.

Meanwhile, Aqua-Flo recorded contract wins across the chemicals and water meter segments, while continuing efforts to broaden its customer base and manage customer concentration.

These collective efforts did more than support revenue; they sharpened competitive positioning, broadened sector participation and strengthened the quality of the Group's order book. By building deeper customer partnerships and expanding across geographies and industries, the Group further ensured the cohesion of a commercial platform that is more resilient, more diversified and better positioned for sustainable growth and earnings visibility.

Message from the Managing Director/Group Chief Executive Officer



Scaling Manufacturing Capabilities

KPS Berhad continued to scale its manufacturing capabilities through targeted capital expenditure, capacity expansion and engineering-led process enhancements. During the year, RM45.1 million was spent towards equipment modernisation, tooling upgrades and technical capability development, where demand visibility justified expansion.

These investments were anchored in disciplined capital allocation, ensuring that capacity expansion closely aligned with market opportunities, and is supported by demand visibility and governed by defined return hurdles. Capacity was phased carefully to maintain utilisation discipline, while process upgrades focused on enhancing precision, improving production efficiency and maintaining quality consistency.

Across selected subsidiary companies, new machinery installations supported programme ramp-ups and higher-specification production requirements, particularly within technically demanding segments such as medical, aerospace and consumer electronics. Meanwhile, incremental progress was made in automation and digital manufacturing initiatives to enhance quality consistency and yield. Over time, these enhancements are expected to support better cost absorption, strengthen margin resilience and reinforce scalability as market conditions evolve.

Beyond supporting topline growth, these initiatives strengthen operational flexibility, support engineering depth and enhance the Group's ability to meet increasingly stringent customer requirements.

In addition to physical and technical investments, selected sites within Toyoplas, CPI and CBB attained RBA certification during the year. While such certification entails incremental compliance and audit costs, it is imperative in meeting evolving ESG expectations within global supply chains. RBA accreditation enhances our qualification standing, supports participation in multinational projects and strengthens the Group's standing as a responsible and trusted manufacturing partner.

Collectively, these investments, which span from capacity expansion, process capability enhancement to governance standards, will position the Group's competitiveness well in structurally evolving markets. Selective and disciplined investments in manufacturing capabilities continue to enhance the Group's operating leverage.

Resilience through Disciplined Execution

The strategic and operational measures undertaken across the Group during the year, including portfolio realignment, cost optimisation, commercial expansion and targeted capability investments, collectively strengthened the resilience of KPS Berhad's operating model.

The Group delivered steady financial performance, reflecting disciplined execution and proactive portfolio management. Revenue from continuing operations moderated to RM1,043.3 million amidst softer demand in selected end-markets and more cautious customer purchasing patterns. Notwithstanding this, profit more than doubled to RM43.8 million, supported by lower finance costs and taxation. Gross margins remained resilient.

Message from the Managing Director/Group Chief Executive Officer

Manufacturing remained the Group’s primary value driver, contributing 83.1% of total revenue. During the year, 40 new projects were secured, reflecting continued progress in broadening customer exposure across industries and geographies.

MDS Advance and Toyoplas recorded meaningful growth, supported by new project acquisitions across both new and existing customers. Growth was also supported by expansion into new industry adjacencies. MDS Advance expanded further into healthcare, semiconductor and automation segments, while Toyoplas entered new industries, including STEM toys, musical instruments, home automation and laboratory equipment.

CPI sustained revenue despite weaker market sentiment through diversification into new applications and consistent execution discipline, onboarding customers in electric vehicle charging and mobile devices, and securing projects in aerospace, home automation and smoke detection solutions.

CBB recorded early inflection following a comprehensive portfolio review and targeted restructuring, including the disposal of its Nilai plant and operational streamlining. While impairment charges affected reported profitability, the underlying performance trajectory improved as complexity was reduced and capital redeployed more efficiently.

Our trading business, Aqua-Flo, delivered steady results despite slight revenue moderation due to project timing and material cost pressures. The award of four long-term framework agreements with Air Selangor further strengthened its position within the water treatment sector.

In parallel, the Group advanced digitalisation initiatives to enhance operational visibility and execution discipline. Investments in systems and data capabilities improved operational instrumentation and process consistency and supported more informed decision-making across the organisation.

Collectively, these outcomes reflect a more resilient operating model, characterised by revenue diversification, margin stability, disciplined capital allocation and balance sheet flexibility. Through deliberate execution across cost, commercial and capacity initiatives, the Group has embedded greater shock absorption and adaptability into its core operations, positioning the business to navigate volatility while sustaining long-term value creation.

Sustainability: A Strategic Imperative

Sustainability remains integral to how the Group operates and creates long-term value. We have implemented a Sustainability Strategy Roadmap to embed sustainability considerations more deeply within our strategy, governance and operational decision-making across the subsidiary companies.

Climate-related matters continue to be a key focus area, reflecting evolving regulatory requirements, rising customer expectations and the Group’s commitment to reduce carbon emissions intensity by 45% by 2030. During the year, efforts were directed towards strengthening emissions measurement, enhancing data integrity and refining climate-related risk assessments to improve visibility over both transition and physical risks.

Sustainability-related risks were formally integrated into the Group’s ERM framework, strengthening Board and management oversight. Climate, environmental and social risks are now assessed alongside financial and operational risks, providing a more holistic view of potential impacts on performance, durability and long-term value creation.

We also advanced our climate risk reporting practices by progressively aligning disclosures with emerging global sustainability standards, including IFRS S1 and IFRS S2. As part of our preparation for adoption in 2026, key elements of these standards are being voluntarily incorporated into our 2025IAR and 2025SR, enhancing transparency and reinforcing the linkage between sustainability-related risks and financial performance.

Across our manufacturing subsidiary companies, governance and compliance standards were further reinforced, including the attainment of RBA certification within selected sites. While such initiatives entail incremental operating commitments, they are essential in meeting global supply chain expectations and safeguarding continued access to multinational customers.

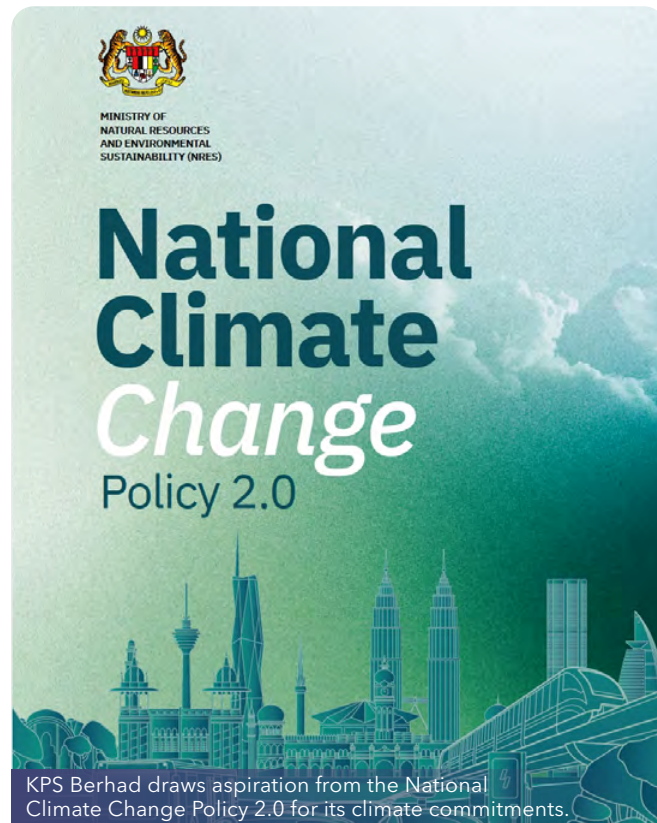


Solar installation at CPI’s manufacturing facilities resulted RM1.2 million energy saving in 2025.

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Sustainability considerations are being integrated within our risk management and reporting frameworks, with continued emphasis on strengthening fiduciary controls, data integrity and transparency. Our sustainability priorities remain aligned with broader strategic and financial objectives, ensuring coherence between responsible business practices and long-term value creation.

Through this structured and disciplined approach, sustainability is embedded within the Group's operating model, which empowers the Group to strengthen resilience, safeguard competitiveness, and reinforce the foundations for sustainable, long-term performance in an increasingly demanding regulatory and market landscape.



Operationalising Climate Commitments

Our environmental priorities during the year focused on translating climate commitments into quantifiable operational outcomes. Efforts were directed towards carbon emissions intensity reduction through practical initiatives, including energy efficiency improvements, expanded renewable energy adoption and selected low-carbon technology applications, many of which also enhance operational efficiency and cost management.

The Board approved short-term carbon emissions intensity reduction targets at the Group level, with each subsidiary company committed to reducing emissions intensity by at least 2% annually. In 2025, the Group achieved an approximate 0.4% reduction in emissions intensity. While modest, this reflects the initial phase of our transition pathway, during which measurement systems, baseline recalibration and operational controls were strengthened to support more meaningful reductions in subsequent years. A 2% reduction target has been established for 2026 as implementation gathers pace.

Key highlights

2025 Climate Progress

- **0.4%**
emissions intensity reduction achieved.
- **2%**
emissions intensity reduction targeted for 2026.
- **4,025 kWp:**
Installed solar capacity across manufacturing facilities, reducing reliance on grid electricity, cutting emissions, and supporting cost savings.
- Energy initiatives focused on **efficiency, renewables and low-carbon technologies.**

Emissions measurement and analytical capabilities were further enhanced across the subsidiary companies. A product carbon footprint assessment was conducted for CBB's paper packaging business to evaluate product-level emissions intensity, with insights informing targeted reduction strategies. Emissions tracking boundaries were also expanded to include selected Scope 3 categories, covering upstream transportation and distribution at Aqua-Flo and MDS Advance, improving visibility over indirect emissions exposures.

In parallel, the rollout of solar energy installations continued, with total installed capacity increasing to 4,025 kWp. This supports reduced reliance on grid electricity and lays the groundwork for progressively lower emissions intensity across manufacturing operations.

Collectively, these initiatives represent a structured and incremental approach to decarbonisation. The progress achieved in 2025 establishes a stronger measurement baseline and operational discipline to support acceleration toward our 45% emissions intensity reduction target by 2030. Through consistent execution and calibrated scaling of reduction initiatives, the Group is operationalising its climate commitments in a manner aligned with both environmental responsibility and financial resilience.

Investing in Community Impact

The Group remains committed to investing in the communities in which we operate, recognising that long-term corporate sustainability is inextricably linked with broader societal progress. Our social investment initiatives are focused on underserved segments, with programmes designed to strengthen educational access, economic participation and community resilience.

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Our efforts cover a broad spectrum, including educational development, entrepreneurial development, community development, as well as the environmental, safety and health pillar. These initiatives enable individuals to build sustainable livelihoods while contributing to social stability.

During the year, the Group invested approximately RM3.8 million in community programmes, reaching more than 200,000 beneficiaries. Among the key initiatives was the flagship KPS Berhad Celik Initiative, which aims to inspire lower secondary students and cultivate early interest in STEM and IoT disciplines, supporting long-term talent development.

KPS Berhad's participation in the *Rumah Ibadat Hijau* initiative reflects its commitment to environmental stewardship through community engagement, supporting the transformation of a local mosque in Selangor into a model of sustainable living and environmental responsibility. Alongside this, the KPS Berhad A Call to Integrity ("ACT-I") Initiative continued to expand, promoting integrity and ethical awareness among youth to nurture responsible future leaders. Meanwhile, the KPS Berhad Caregiver initiative provides accredited elderly care training to participants from lower-income communities, creating viable employment pathways in the healthcare sector while responding to demographic shifts associated with an ageing population.

The impact of these initiatives is reflected in an estimated Social Return on Investment of 6.2 times, providing validation of the effectiveness and measurable outcomes of our community-focused interventions.

Through structured and outcome-driven social investments, the Group continues its stewardship of community development while strengthening the social foundations that support the spirit of shared prosperity, which is our corporate vision.

Building Organisational Agility

The Group's ability to navigate volatility and execute strategic priorities depends fundamentally on the bedrock of its leadership and talent base. Throughout the year, employees across the portfolio demonstrated professionalism and commitment, enabling sustained execution discipline and organisational stability amid changing market conditions.

Leadership capability and accountability remained key priorities. Emphasis was placed on reinforcing performance ownership, cross-functional collaboration and clear communication to ensure that strategic objectives translated with stronger alignment to operational outcomes across our diverse business units.

Investments in learning and development were structured and targeted. Programmes included technical training, leadership coaching and cross-business challenge initiatives designed to broaden exposure and deepen managerial experience. These efforts enhance succession depth, reduce key-person risk and support the development of future leaders capable of managing increasingly complex operating environments.

Employee well-being continues to be an important pillar of organisational sustainability. Initiatives addressing both mental and physical health were sustained during the year, reinforcing a safe, inclusive and supportive workplace culture. Workplace safety remains a critical focus area. While two lost-time injuries were recorded in this year at CBB, these outcomes reinforce the need for continued vigilance, strengthened safety protocols and ongoing behavioural reinforcement across all sites.

Through deliberate investment in leadership, capability development and workplace standards, the Group continues to build the human capital depth that drives long-term performance and resilience.



Participants demonstrating their prototypes at the KPS Berhad Celik Initiatives 2025.

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Measured Path Forward

Looking ahead to 2026, the operating environment is expected to remain challenging and fluid, shaped by the confluence of global trade realignments, geopolitical conflicts, foreign exchange volatility and uneven end-market demand. Visibility is likely to remain constrained, as customers continue to adopt cautious purchasing behaviour and phased programme launches, while cost dynamics, supply chain conditions and competitive intensity evolve unevenly across markets. In this context, execution discipline, financial prudence and operational agility will remain critical in navigating uncertainty and sustaining performance momentum.

Shifts in US trade policy may sustain tariff uncertainty and tighter export regulations, influencing customer sourcing strategies, production footprints and margin expectations. Foreign exchange movements, particularly involving the US dollar, will continue to affect earnings visibility, requiring active risk management and financial discipline.

Demand conditions are expected to remain gradual and uneven. Customers are likely to maintain lean inventory positions and adopt phased approaches to new programme launches. Competitive pressure in commoditised segments, including packaging, is expected to persist, while rising input costs, including labour, energy and climate-related compliance, will require sustained operational focus and prudent capital allocation.

Against this backdrop, the Group will remain anchored on disciplined execution, margin resilience and selective capital deployment. Our sequencing of priorities includes strengthening revenue quality, preserving balance sheet flexibility, operationalising climate commitments and scaling manufacturing capabilities in alignment with verified demand visibility.

While the year ahead may continue to test operating agility, the structural measures undertaken across cost optimisation, portfolio recalibration and capability development shall position the Group to navigate sustained volatility with resilience, discipline and strategic clarity.

2026 Strategic Priorities

The Group's strategic priorities remain firmly focused on strengthening competitiveness, enhancing productivity and scaling capabilities across our portfolio companies. In an operating environment that is likely to remain fluid, these priorities are designed not merely to safeguard performance, but to position the Group to benefit from structural shifts in customer demand, technology adoption and regional supply chain realignment.

Progress in a volatile environment is rarely linear. Sustained advancement requires adaptability, discipline, equanimity, and clarity of purpose.

Commercial expansion remains a central priority. The Group will continue broadening its customer base and diversifying into new markets to strengthen revenue durability and reduce concentration risk. Efforts will focus on deepening exposure to growth-oriented sectors such as electronics, healthcare, semiconductors and electric vehicles, while selectively extending our geographic footprint across ASEAN.

The Group will also advance its ESG journey by moving beyond disclosure-driven reporting towards deeper integration of sustainability within core business and risk management processes. This progression marks the final stage of Phase 2 of our Sustainability Strategy Roadmap, with emphasis on embedding sustainability considerations more directly into strategic decision-making and long-term value creation.

Phase 2 (2024 - 2026)

Enhancing Sustainable Value Creation

Sustainability Strategy and Governance

- Introduced a new sustainability framework with six key commitments
- Introduced the second revision of the Sustainability Policy

Risk Management and Climate Integration

- Initiated the integration of sustainability risks into the Group's enterprise risk management framework
- Conducted climate risk and opportunities assessment across the Group

Climate and Carbon Foundations

- Established the foundation for a carbon intensity reduction framework
- Enhanced the GHG emissions inventory to include all overseas manufacturing facilities
- Developed the Group's carbon emission baseline

 The Sustainability Strategy Roadmap is presented in the Sustainability Progress Report by the Chief Sustainability Office on page 13 of the 2025SR

Across our operating companies, targeted initiatives are being undertaken to strengthen environmental stewardship and social responsibility. Toyoplas will continue to monitor its pilot solar installation project in Malaysia and evaluate opportunities to roll out the initiative to other sites, alongside developing centralised labour quarters ("CLQ") to enhance workforce welfare and living conditions. Meanwhile, CPI is advancing water security initiatives to support operational resilience, while also implementing CLQ as part of broader efforts to strengthen employee well-being and workplace standards. Collectively, these initiatives reflect the Group's commitment to integrating sustainability considerations into operational planning while supporting responsible and resilient growth.

Message from the Managing Director/Group Chief Executive Officer

Acknowledgment and Thanks

Digitalisation and automation remain critical enablers of productivity and scalability. Continued investments in manufacturing execution systems, automation technologies and IoT-enabled monitoring are expected to enhance process discipline, optimise resource utilisation and support faster, data-informed decision-making across the Group.

Our subsidiary companies are implementing targeted capability upgrades. For example, Toyoplas is advancing semi-automation initiatives, alongside a structured machine replacement programme. CPI continues to expand automation and machinery upgrades to enhance production efficiency, while MDS Advance is digitising and optimising its production processes through the deployment of a Manufacturing Execution System (MES). Meanwhile, CBB is progressing with selected machinery upgrades to strengthen operational competitiveness within the packaging segment.

Advancing up the value chain is another strategic focus. By expanding into higher-value product categories and value-added services, including forging capabilities, design-for-manufacturability and more solution-oriented offerings, we aim to deepen customer integration, enhance competitive defensibility and improve pricing sustainability.

Underlying these priorities is continued investment in leadership depth and talent retention. As supply chains evolve and operational complexity increases, execution capability remains a defining competitive advantage. Structured capability development, competitive reward frameworks and strengthened succession planning will ensure organisational readiness across the Group.

The past year has affirmed a fundamental reality: sustained performance in a complex and uncertain environment requires clarity of purpose, disciplined execution and responsible stewardship.

As we reflect on 2025, the Group contended with several operational and strategic challenges. Yet the adaptability, fortitude, and resilience demonstrated throughout the organisation enabled us to remain focused and deliver steady performance. These collective efforts reaffirmed our resolve to deliver on our brand promise: We Invest in Better.

I extend my sincere appreciation to our customers and shareholders for your continued trust in KPS Berhad. In a year marked by uncertainty and shifting market dynamics, your confidence has been both valued and vital. Our customers' enduring partnerships sustain our relevance and competitiveness, while our shareholders' support provides the stability required for disciplined investment and long-term value creation. We remain committed to earning that trust through consistent execution and responsible stewardship.

My gratitude also goes to the dedicated women and men at KPS Berhad, both at our headquarters and across all subsidiary companies. From corporate teams providing strategic oversight and governance, to operating leaders and frontline employees driving execution at the plant level, their professionalism, commitment and operational rigour have underpinned the Group's achievements through their collective effort.

I also wish to acknowledge the Board for its strategic guidance. In a complex operating environment, the Board's oversight and probity have reinforced accountability and ensured that decisions remain anchored in enduring value. I would further like to express appreciation to Dato' Setia Haris Kasim for his leadership as Chairman prior to his retirement last year, and to welcome Yang Berhormat Dato' Dr. Ahmad Fadzli Ahmad Tajuddin, who joined us in May 2025. We look forward to his stewardship as we continue the next phase of the Group's journey.

As we enter 2026, we do so with confidence in the robustness of our operating model, the strength of our portfolio and the clarity of our strategic direction. Indeed, navigating today's operating landscape is to traditional business planning as sailing open waters is to navigating a sheltered harbour; the principles remain, but the conditions demand far greater vigilance, judgement and agility. The operating environment will continue to test adaptability and discipline, but the structural measures undertaken across the Group have strengthened our capacity to navigate uncertainty with resilience and purpose.

With the continued trust of our stakeholders and, *in shaa Allah*, through steadfast execution, we remain committed to advancing sustainable growth and delivering enduring value in the years ahead.

Ahmad Fariz bin Hassan
Managing Director/Group Chief Executive Officer