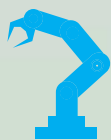
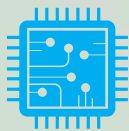




ELSOFT RESEARCH BERHAD
Registration No. 200301015084 (617504-K)



ELEVATING INSPIRING POSSIBILITIES

ANNUAL REPORT 2025

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Proxy Form	Enclosed

23rd ANNUAL GENERAL MEETING (AGM)



Date	22 May 2026 (Friday)
Time	10.00 a.m.
Venue	Conference Hall of the Company, Plot 85B, Lintang Bayan Lepas 9, Bayan Lepas Industrial Park, Phase 4, 11900 Pulau Pinang



Cover Rationale

ELEVATING INSPIRING POSSIBILITIES

At Elsoft, innovation is a force for meaningful impact and we create solutions that empower and enable industries to serve people and communities effectively. Through technology that drives precision, connectivity, and efficiency, we contribute to transform healthcare systems and processes, enabling smarter, more sustainable outcomes. Each advancement is designed not just to meet today's needs, but to anticipate tomorrow's challenges, ensuring that progress benefits both the industries we serve and society at large. In doing so, we turn possibilities into purposeful action, shaping a healthier, more connected, and sustainable future.

Corporate Information

BOARD OF DIRECTORS

**Ir. Academician Emeritus
Professor Tan Sri Dato' Seri
Dr. Chuah Hean Teik**
Chairman
Independent Non-Executive Director

Tan Cheik Eaik
Executive Director/Chief Executive
Officer

Koay Kim Chiew
Executive Director

Ooi Toon Kit
Non-Independent Non-Executive
Director

Tan Ah Lek
Non-Independent Non-Executive
Director

Dato' Agatha Foo Tet Sin
Independent Non-Executive Director

Lee Soo Ghee
Independent Non-Executive Director

AUDIT COMMITTEE

Chairman
Lee Soo Ghee

Members
Dato' Agatha Foo Tet Sin
Ooi Toon Kit

REMUNERATION COMMITTEE

Chairman
Dato' Agatha Foo Tet Sin

Members
Ooi Toon Kit
Lee Soo Ghee

NOMINATION COMMITTEE

Chairman
Dato' Agatha Foo Tet Sin

Members
Lee Soo Ghee
Tan Ah Lek

ESOS COMMITTEE

Chairman
Tan Cheik Eaik

Members
Ooi Toon Kit
Tan Cheik Eaik
Koay Kim Chiew
Chan Hong Heng
Ng Tzeh Chyuan

COMPANY SECRETARY

Ooi Yoong Yoong
(SSM PC NO. 202008002042/
MAICSA 7020753)

REGISTERED OFFICE

39 Irving Road
10400 Georgetown
Pulau Pinang
Malaysia
Tel : 04-2109828
Fax : 04-2109827
Email : cosec@adconsultpg.com.my

HEAD/MANAGEMENT OFFICE

Plot 85B, Lintang Bayan Lepas 9
Bayan Lepas Industrial Park, Phase 4
11900 Penang
Tel : 04-646 8122
Fax : 04-643 3918
Email : info@elsoftresearch.com
Website : http://elsoftresearch.com

REGISTRARS AND TRANSFER OFFICE

**Securities Services (Holdings)
Sdn Bhd**
Reg. No. 197701005827 (36869T)
Suite 18.05, MWE Plaza,
No. 8 Lebuhr Farquhar
10200 Penang, Malaysia
Tel : 04-263 1966
Fax : 04-262 8544
Email : info@sshbsb.com.my

AUDITORS

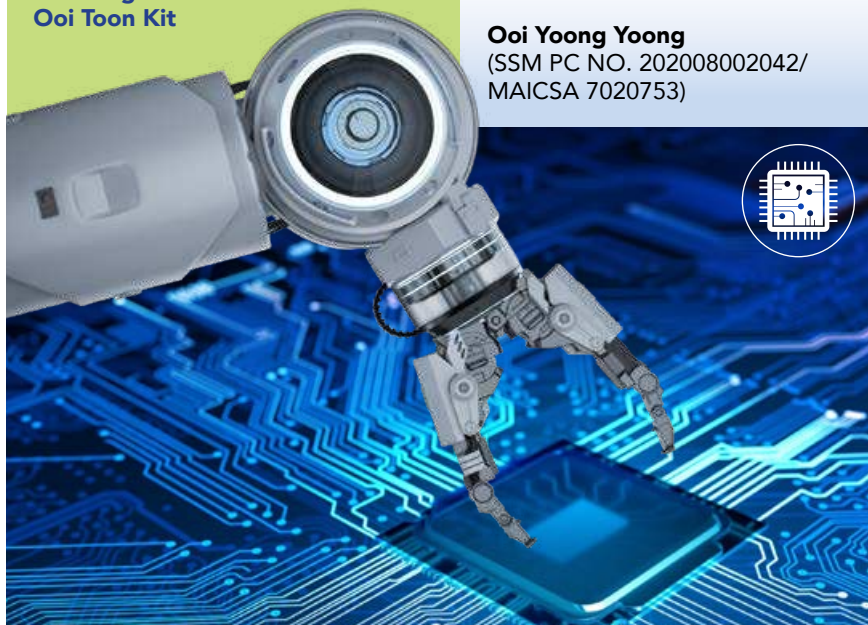
BDO PLT
201906000013
(LLP0018825-LCA) & AF 0206
Chartered Accountants

PRINCIPAL BANKERS

Hong Leong Bank Berhad
(97141-X)
Malayan Banking Berhad
(196001000142)

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Name : ELSOFT
Stock Code : 0090



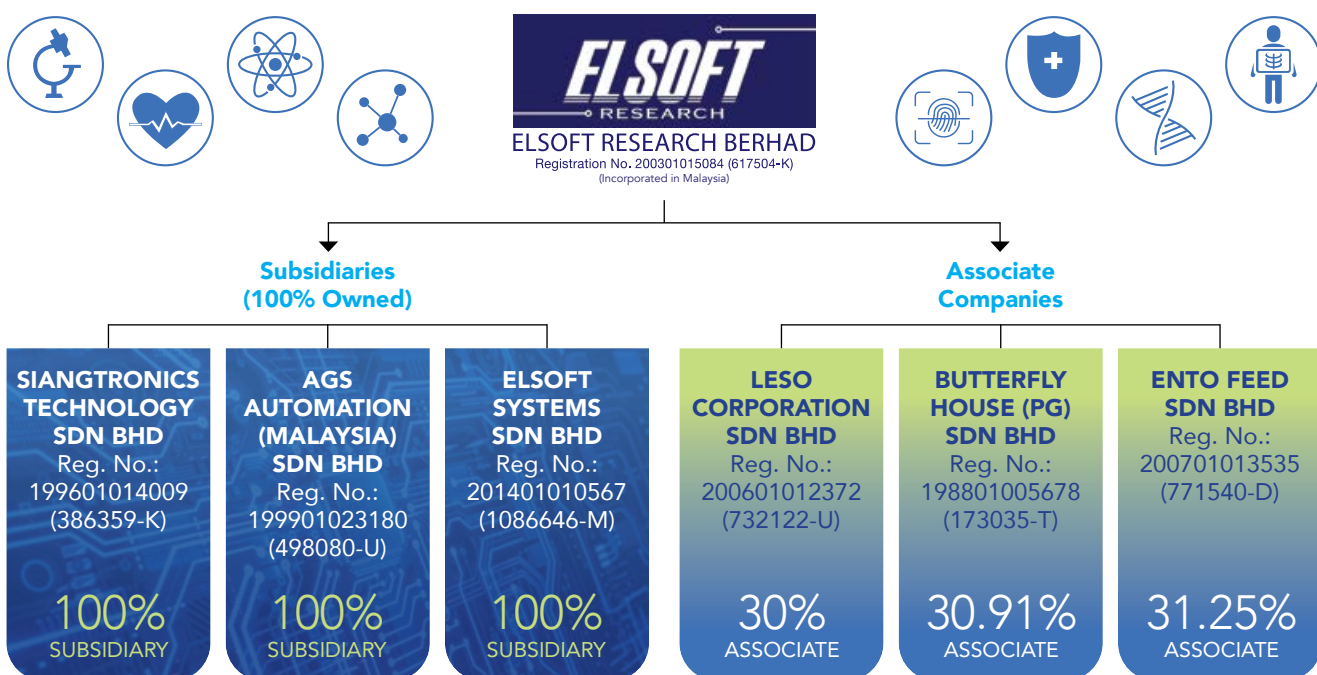
Corporate Structure

Elsoft was incorporated in Malaysia on 4 June 2003 as a private limited company under the name of Elsoft Research Sdn. Bhd.. Subsequently, it was converted to a public limited company on 10 August 2004 and since then assumed its present name.

The details of the Elsoft Group are as follows:

Corporation	Date/Place of Incorporation	Effective Equity Interest %	Principal Activities
Elsoft Research Berhad (" Elsoft ")	04.06.2003/ Malaysia	-	Research, design and development of test and burn-in systems and application specific embedded systems.
Subsidiaries/Associated Company of Elsoft			
Siangtronics Technology Sdn Bhd (" STSB ")	07.05.1996/ Malaysia	100.00	Dormant Company.
AGS Automation (Malaysia) Sdn Bhd (" AGS ")	03.11.1999/ Malaysia	100.00	Dormant Company.
Elsoft Systems Sdn Bhd (" ESSB ")	28.03.2014/ Malaysia	100.00	Design and production of test, burn-in and embedded test equipment and its related modules for electronic industry.
Leso Corporation Sdn Bhd (" LESO ")	02.05.2006/ Malaysia	30.00	Leso Group is principally involved in the sale of test and measurement equipment through the provision of supply chain management solutions for the Company's suppliers and customers.
Butterfly House (PG) Sdn Bhd (" BHSB ")	18.08.1988/ Malaysia	30.91	Operating a butterfly farm.
Ento Feed Sdn Bhd (" Ento-Feed ")	30.04.2007/ Malaysia	31.25	Breeding of black soldier flies and other insects for protein production, waste management and environmental conservation.

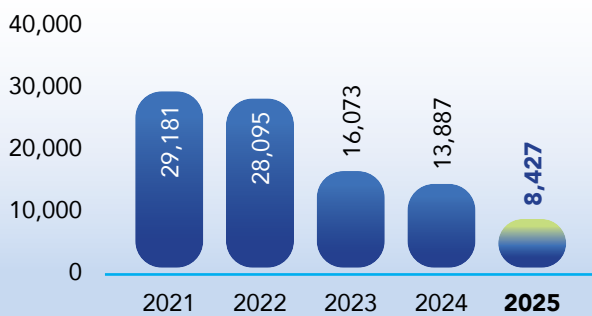
The structure of the Group is as set out below:



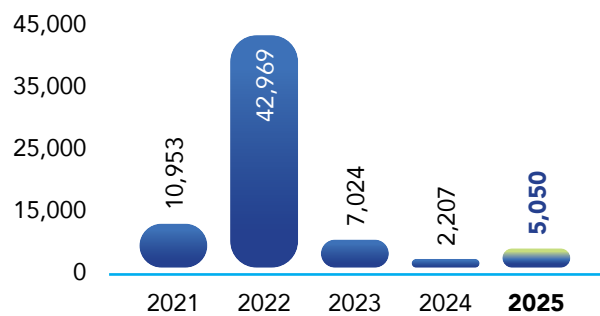
Financial Highlights

	Group				
	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000
Revenue	29,181	28,095	16,073	13,887	8,427
Profit Before Taxation	11,470	47,222	7,776	2,806	5,510
Profit After Taxation ("PAT")	10,953	42,969	7,024	2,207	5,050
No. of shares assumed in issue (in Thousand)	673,905	677,296	687,111	693,246	694,141
Earning Per Share ("EPS" in Sen)	1.63	6.34	1.02	0.32	0.73
Dividend Per Share ("DPS" in Sen)	1.50	3.00	2.00	2.00	0.50
Dividend Payout (in percentage)	92%	47%	197%	625%	68%
Return On Equity ("ROE" in percentage)	10%	31%	5%	2%	5%

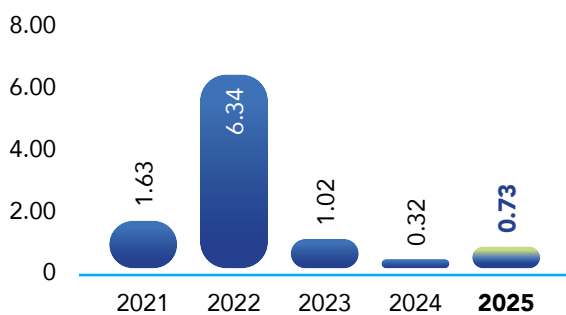
REVENUE (RM'000)



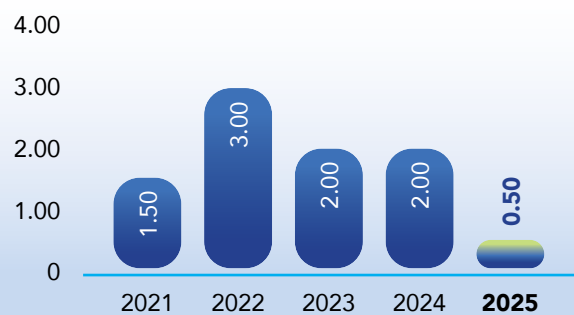
Profit After Taxation (RM'000)



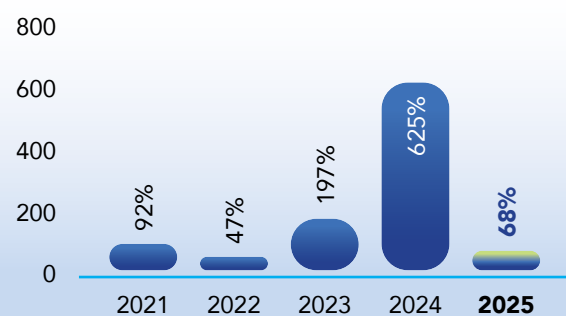
Earning Per Share ("EPS" in Sen)



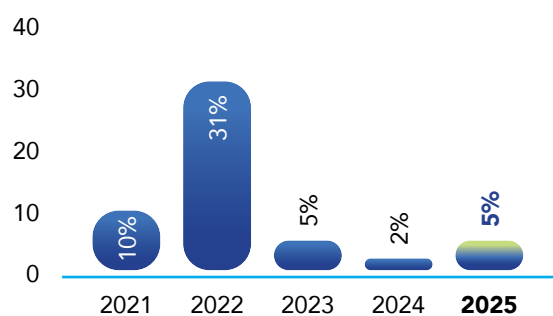
Dividend Per Share ("DPS" in Sen)



Dividend Payout (%)



Return On Equity ("ROE" %)



Profile of Directors

IR. ACADEMICIAN EMERITUS PROFESSOR TAN SRI DATO' SERI DR. CHUAH HEAN TEIK

Independent Non-Executive Director and Chairman



Aged 65, Malaysian

Date of appointment as Director
19 June 2023

IR. ACADEMICIAN EMERITUS PROFESSOR TAN SRI DATO' SERI DR. CHUAH HEAN TEIK graduated with a BEng (First Class Honours), MEngSc and PhD in electrical engineering, all from University of Malaya, Malaysia. From July 1988 - April 1997, he was on the faculty of the Electrical Engineering Department of the University of Malaya. From March - November 1994, he was a Fulbright Scholar at the Wave Scattering Research Centre, University of Texas at Arlington, USA. From May 1997 – January 2008, Dr. Chuah was a Senior Professor at the Multimedia University (“MMU”), during which he held various posts as Vice President (R&D and Academic Development), Dean of Engineering, and Director of Research. From June 2001 - January 2008, he also assumed the duty of the Penang State Government Professor of ICT in MMU. He was President of Universiti Tunku Abdul Rahman (“UTAR”) in Malaysia from 2008 - 2019, where he is now an Emeritus Professor. He is now a UTAR Council Member, and Chairman of the UTAR Hospital Board. He is currently a member of the Disciplinary Committee Panel under the Advocates and Solicitors’ Disciplinary Board, Malaysia; and the Malaysian Engineering Accreditation Council (“EAC”).

Dr. Chuah’s research interests include microwave remote sensing and applied electromagnetics. Dr. Chuah has received many awards locally and internationally for his research work and his outstanding contributions to the engineering profession. Among them include the inaugural Young Engineer Award by the Institution of Engineers, Malaysia in 1991; 1990 Young Scientist Award at the 23rd General Assembly of the International Union of Radio Science (URSI) at Prague, Czechoslovakia; 1993 Young Scientist Award at the 24th General Assembly of URSI at Kyoto, Japan; 1995 Young Scientist Award (Industrial Sector) by the Malaysian Ministry of Science, Technology and the Environment; 1999 Malaysian Toray Science Foundation Science and Technology Award; 2017 Outstanding Engineering Achievement Award by the ASEAN Federation of Engineering Organisations; 2019 FEIAP Engineer of the Year, and 2019 World Federation of Engineering Organisations Medal of Excellence in Engineering Education. For his significant contribution in engineering profession, he was awarded Honorary Doctor

of Engineering by MMU in August 2013. He was inducted into the IEM Engineering Hall of Fame in 2019 for his outstanding professional achievements and contribution to the country, IEM and the engineering profession. In 2021, Dr. Chuah received the Chinese Government’s Friendship Award, for his outstanding contributions to China’s economic and social development, as well as effort in facilitating friendly exchanges between China and other countries in culture, education, science and technology.

Dr. Chuah is an eminent technical leader. He is Past President of ASEAN Academy of Engineering and Technology (“AAET”) (2016-2022), Past President of the Federation of Engineering Institutions of Asia and the Pacific (“FEIAP”) (2011-2015), Past President of IEM (2009-2011); member of Civil Aviation Authority of Malaysia (Feb 2018-Feb 2024) and current Chairman of FEIAP Standing Committee on Engineering Education, and Chairman of the Africa, America’s Asia and the Pacific (“AAAP”) Accord Engineering Education Council. He is a Senior Fellow of the Academy of Sciences, Malaysia (“ASM”); Distinguished Honorary Fellow of IEM; a Founding Fellow of the AAET; Fellow of the Institution of Engineering and Technology, UK; the Institute of Electrical and Electronics Engineers, USA; and the Electromagnetics Academy, USA.

In recognition of his valuable services and contributions, he was conferred by the Governor of Penang an Order of Chivalry, Darjah Setia Pangkuan Negeri, which carries the title “Dato”, in July 2005, and Darjah Gemilang Pangkuan Negeri, which carries the title “Dato Seri” in July 2023; and conferred the Panglima Setia Mahkota Award, which carries the title “Tan Sri”, by the King of Malaysia, the Yang DiPertuan Agung, in September 2019.

He attended all five Board of Directors Meetings held in the financial year 2025. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He had no convictions for offences within the past 5 years other than traffic offences, if any.

Profile of Directors

TAN CHEIK EAIK

Executive Director and Chief Executive Officer



Aged 61, Malaysian

Date of appointment as Director
4 June 2003



TAN CHEIK EAIK is a chairman of the ESOS committee. He graduated with a Bachelor (Hons) Degree in Electrical Engineering from University Malaya in 1990. Upon graduation, he joined Hewlett Packard (M) Sdn Bhd as a Design Engineer and was soon promoted to Senior Design Engineer.

In 1992, due to the sudden death of his brother-in-law, he left his promising career with Hewlett Packard to succeed his late brother-in-law's electrical wiring business Siang Electronics Technology, where he commenced his entrepreneurial career. Subsequently, Siang Electronics Technology was further developed and renamed STSB where he took on the role as the Managing Director.

As an engineer, he specialises and is experienced in the areas of test metrology and embedded application system design which contributed to the fundamentals of the Group's success. Over the years, under his leadership and business entrepreneurship, his team established a strong internal R&D capability and successfully developed a series of ATE systems for semiconductor and optoelectronic applications which also contributed significantly to the Group's success today.

He attended all five Board of Directors Meetings held in the financial year 2025. He and his siblings, Tan Ah Lek and Tan Ai Jiew are the major/substantial shareholders and/or directors of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He had no convictions for offences within the past 5 years other than traffic offences, if any.

KOAY KIM CHIEW

Executive Director



Aged 59, Malaysian

Date of appointment as Director
4 June 2003



KOAY KIM CHIEW is a member of the ESOS Committee. He graduated with a Bachelor (Hons) Degree in Electrical Engineering from University Malaya in 1992.

Upon his graduation, he served Intel Technology Sdn Bhd, a leading chip manufacturing multinational company as an Automation Engineer. He left Intel in 1994 and subsequently joined Elsoft.

He is currently the Chief Technology Officer and manages the Group's technological direction. He plays a key role in the hardware and software design and development of the Group.

He attended all five Board of Directors Meetings held in the financial year 2025. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He had no convictions for offences within the past 5 years other than traffic offences, if any.

Profile of Directors

TAN AH LEK

Non-Independent Non-Executive Director



Aged 70, Malaysian

Date of appointment as Director
3 June 2005



TAN AH LEK was appointed as Executive Director on 3 June 2005 and was re-designated as Non-Independent Non-Executive Director with effect from 15 January 2014. He is a member of the Nomination Committee.

He started his career as an electrical wiring technician and later started a business providing electrical wiring services. He has many years of experience in electrical wiring projects. He was one of the co-founders of STSB and has been crucial to the success of the Company since then.

He attended all five Board of Directors Meetings held in the financial year 2025. He, Tan Cheik Eaik and Tan Ai Jiew are siblings and the major/substantial shareholders and/or Directors of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He had no convictions for offences within the past 5 years other than traffic offences, if any.

OOI TOON KIT

Non-Independent Non-Executive Director



Aged 81, Malaysian

Date of appointment as Director
22 June 2011



OOI TOON KIT is a member of the Audit Committee, Remuneration Committee and ESOS Committee.

He is a Chartered Accountant, a member of the Malaysian Institute of Accountants, qualified Company Secretary and holds a Master of Commerce degree from the University of Auckland, New Zealand. His working experiences include a number of years in Fletcher Challenge group, a major New Zealand conglomerate, and in British Petroleum Company both in accountancy. He progressed to Inchcape Malaysia Group as their Group Investment Manager and Director of Management Services. His last full time employment was with Unico Holdings Bhd as Group General Manager.

Prior to his retirement from full time employment in year 2000, he developed and effected the listing of the former Unico Desa Plantations Bhd on the Main Board of Bursa Malaysia Securities Berhad.

He has 28 years of experience working in foreign, regional and local companies. The industries he served in include forestry, timber and petroleum products, motor vehicle assembly and distribution, industrial and consumer products wholesaling and retailing, electronic and consumer product manufacturing, property development, plantation and other services. His responsibility portfolio at various time includes accounting, project feasibility studies, merger and acquisition, investment and divestment, corporate advisory, personnel training and general management at CEO level.

He is currently a Vistage Chair and business coach, mentoring a group of business owners and CEOs and their direct reports. He was appointed as Independent Non-Executive Director of Amlex Holdings Berhad on 2 August 2021, a position he holds to date.

He attended all five Board of Directors Meetings held in the financial year 2025. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He had no convictions for offences within the past 5 years other than traffic offences, if any.

Profile of Directors

DATO' AGATHA FOO TET SIN

Independent Non-Executive Director



Aged 66, Malaysian

Date of appointment as Director
29 December 2017



DATO' AGATHA FOO TET SIN is the Chairman of the Nomination Committee and the Remuneration Committee and a member of the Audit Committee.

She is presently also a Non-Independent Non-Executive Director of PBA Holdings Bhd. She has also served as a member of the Board of Directors of Mount Miriam Cancer Hospital from 2013 to 2023 and the Penang Freedom of Information Appeal Board from 2015 to 2024.

She obtained her degree in Anthropology and Sociology from the University of Malaya in 1984 and a degree in law from the Australian National University in 1988. She commenced her legal career in Canberra and was called to the Malaysian Bar in 1990. She was in legal practice for 24 years and during her legal career, she served in the Investigating Tribunal Disciplinary Committee Panel of the Advocates and Solicitors' Disciplinary Board, the Human Rights Committee of the Malaysian Bar Council and the Legal Aid Committee of the Penang State Bar.

She attended all five Board of Directors Meetings held in the financial year 2025. She does not have any family relationship with any director and/or major shareholders of the Company. She has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. She had no convictions for offences within the past 5 years other than traffic offences, if any.

LEE SOO GHEE

Independent Non-Executive Director



Aged 68, Malaysian

Date of appointment as Director
19 August 2022



LEE SOO GHEE is the Chairman of the Audit Committee, a member of the Nomination Committee and the Remuneration Committee.

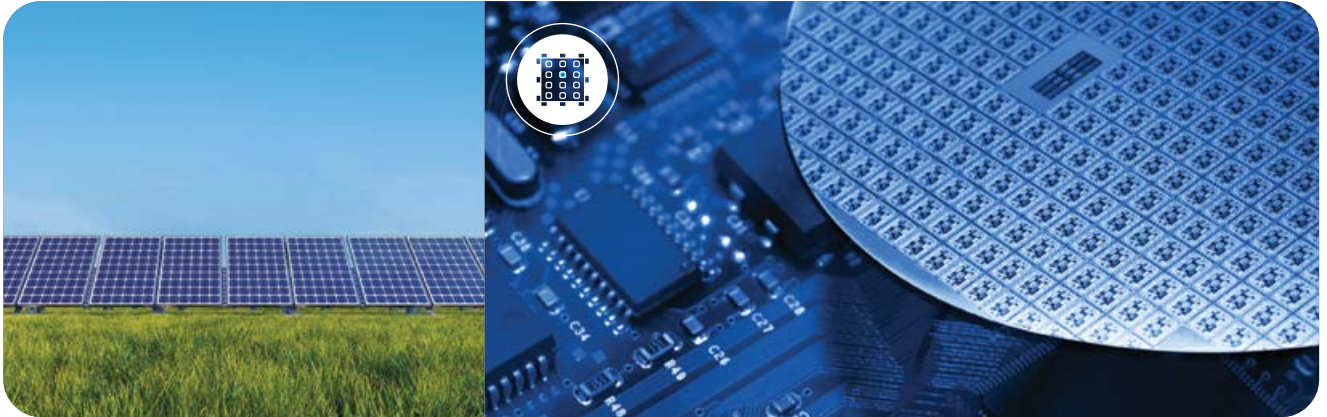
He graduated in 1982 with Bachelor of Engineering with First Class Honours (Mechanical) from the University of Canterbury, New Zealand. He has close to 35 years of experience in Optoelectronics Industry with core areas of expertise in Business Development, Sales & Marketing and Customer Services.

He began his career in 1982 as a Production Engineer at Hewlett Packard (M) Sdn Bhd ("HP"). During his tenure with HP, he was promoted several times with his last position held being the manufacturing manager. In 1999, he left HP and joined Agilent Technologies Malaysia Sdn Bhd ("Agilent") as Vice President of Business Unit (Worldwide LEDs). In 2004, he left Agilent and joined Avago Technologies (M) Sdn Bhd ("Avago") as Vice President of Business Unit (Worldwide LEDs). He left Avago in 2008 and took up the position of Managing Director of Asia-Pacific Region at Cree Hong Kong Ltd. Subsequently, in 2016 he was redesignated as Managing Director of Cree Malaysia Sdn Bhd. He also served as a Board member representing Cree Corporation USA in Lextar Electronic Corporation, Taiwan since 2014 prior to his retirement in October 2018.

He is currently the Managing Director of Tian Zhi Enterprise Sdn Bhd, a family-owned business.

He attended all five Board of Directors Meetings held in the financial year 2025. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He had no convictions for offences within the past 5 years other than traffic offences, if any.

Profile of Key Senior Management



ENG CHIN PENG

Chief Operating Officer



Aged 61, Malaysian

Eng Chin Peng joined Elsoft as Senior Operating Manager in June 2016 and was subsequently promoted to Chief Operating Officer on 10 April 2017. He graduated with a Bachelor of Engineering with Honours in Computer and Communication Engineering from University Science Malaysia in 1990.

He has more than 25 years of experience in Engineering, Product Development, Manufacturing and Quality Control. He started his career in Intel Technology as Equipment Development Engineer in 1990. He then joined Crest Ultrasonics in 1994, a leading ultrasonic cleaning manufacturer from USA as the Senior Automation Design Engineer for the Malaysia plant. He then rose to the rank of senior management from Engineering Manager to Product Quality Director. He oversaw the operations of Crest Ultrasonic Malaysia to support Crest sales worldwide.

He does not hold any directorship in public listed companies. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He had no convictions for offences within the past 5 years other than traffic offences, if any.

CHAN HONG HENG

Principal Engineer



Aged 58, Malaysian

Chan Hong Heng graduated with a Bachelor (Hons) Degree in Computer and Communication Engineering from University Science Malaysia in 1993 and later with a Master of Science Degree in 1998.

He is one of the pioneer staff who joined Elsoft since his graduation. He started his career as an engineer and over the years has been promoted from senior engineer to staff engineer and the current position. He is currently leading the Electronics Design Group and a key player in test and burn-in development.

He does not hold any directorship in public listed companies. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He had no convictions for offences within the past 5 years other than traffic offences, if any.

Profile of Key Senior Management

JAMES CHOW KHIN HOONG

Senior Manager in Business Development



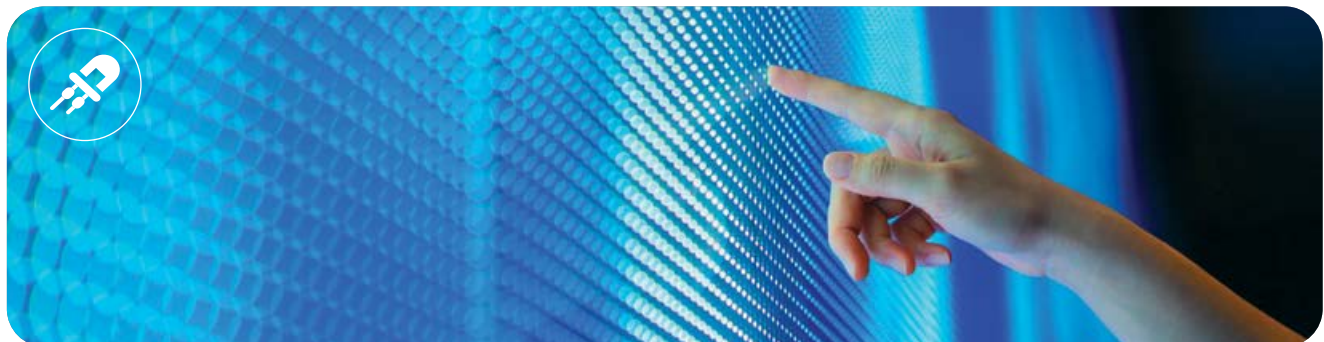
Aged 60, Malaysian

James Chow Khin Hoong graduated with a Bachelor of Engineering in Electrical and Electronic Engineering from RMIT University Australia in 1990 and later with a MBA in Technology Management in 1997.

He has more than 25 years of experience in Electrical and Electronic R&D, Product Development and Introduction, Equipment and Automation Design, IC Design and Project Management.

He started his career in Hewlett Packard as Manufacturing Engineer in 1990. He rose from the ranks to become Department Manager of Hewlett Packard in 1998. He then joined Agilent Technology as Business Unit Manager in 1999. He left Agilent Technology in 2001 and joined Lumileds until 2003. In 2003, he joined Displayworks Sdn Bhd as the CEO and he left his position as CEO in 2008 prior to joining Smartlab Sdn Bhd as General Manager. He joined Elsoft in 2012 as Senior Manager in Business Development, a position he held until today.

He does not hold any directorship in public listed companies. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He had no convictions for offences within the past 5 years other than traffic offences, if any.



NG TZEH CHYUAN

Chief Financial Officer



Aged 38, Malaysian

Ng Tzeh Chyuan graduated with a Diploma in Business Studies (Accounting) from Tunku Abdul Rahman College in 2008 and followed by Advance Diploma in Commerce (Financial Accounting) from Tunku Abdul Rahman College in 2010. He completed his ACCA qualification exams in 2011 and was admitted as a Member with the ACCA in 2014. He was admitted as a Member with the Malaysian Institute of Accountants in 2015.

He began his career as an auditor with BDO Malaysia (presently known as BDO PLT) in year 2011. He was later promoted to Senior Audit Associate in 2012. During his tenure, he was involved in auditing of both listed companies and private companies covering a wide range of industries including trading, manufacturing, gaming, property development, and construction. In 2014, he left BDO Malaysia to join Elsoft as Accountant and was thereafter promoted to Chief Financial Officer in November 2022, a position he held until today.

He does not hold any directorship in public listed companies. He does not have any family relationship with any director and/or major shareholders of the Company. He has no conflict of interest or potential conflict of interest, including interest in any competing business with the Company and its subsidiaries. He had no convictions for offences within the past 5 years other than traffic offences, if any.

Management Discussion and Analysis

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

The Group is primarily involved in the research, design, development and manufacturing of automated test equipment (ATE), burn-in systems and application specific embedded control systems for the semiconductor, optoelectronics and medical devices industries. The Company's current primary markets are in the ATE and medical devices industries.

Elsoft's core competency lies in its ability to offer comprehensive test solutions which include its proprietary software and hardware.

REVIEW OF FINANCIAL RESULT

The financial performance of the group is summarised below and explanations on the key items are set out under Management Discussion and Analysis.

	Financial Year Ended		
	31 Dec 2025 RM'000	31 Dec 2024 RM'000	Changes (%)
Income Statement			
Revenue	8,427	13,887	(39.3%)
Cost of Sales	(9,358)	(11,647)	(19.7%)
Gross Profit/(Loss)	(931)	2,240	(141.6%)
Other Income & Other Expenses	10,378	5,834	77.9%
Loss on Disposal of A Subsidiary	-	(1,744)	(100%)
Administrative Expenses	(4,533)	(3,856)	17.6%
Share of Profit/(Loss) in Associate			
- Leso	596	488	22.1%
- Entopia	-	-	-
- Ento Feed	-	(156)	(100%)
Profit Before Tax	5,510	2,806	96.4%
Taxation	(460)	(599)	(23.2%)
Profit for the financial year	5,050	2,207	128.8%
Other Comprehensive Income/(Loss)	(95)	(51)	86.3%
Total Comprehensive Income	4,955	2,156	129.8%
Shareholders' Equity	110,577	109,003	
Basic Earning per Share (Sen)	0.73	0.32	
Net Assets per Share (Sen)	15.93	15.72	
Weighted Average Number of Ordinary Share	694,140,580	693,245,533	

Revenue and Gross Profit

The Group's revenue for FYE 2025 decreased by 39.3%, reflecting softer demand across the ATE segments. Encouragingly, the medical devices segment has begun to deliver positive contributions, validating our diversification strategy.

The Group reported a gross loss of RM0.931 million as compared to a gross profit of RM2.240 million in the previous year. The negative gross margin was primarily attributed to stable fixed costs maintained to support ongoing growth initiatives. While near-term profitability was impacted, our decision to preserve the overhead structure underscores our commitment to exploring new opportunities and driving future margin improvements.

Management Discussion and Analysis

REVIEW OF FINANCIAL RESULT (CONT'D)

Other Income and Other Expenses

The Group's other income and expenses comprised rental income, interest income, dividend income, gain/loss on other investments and fluctuations in foreign currencies.

Other income and expenses in aggregate was RM10.378 million, an increase of 77.9% as compared to FYE 2024 and this was mainly due to fair value gain on other investments.

Administrative expenses

Administrative expenses increased from RM3.856 million in FY2024 to RM4.533 million, primarily due to an impairment loss in other receivable amounting to RM1.444 million. Excluding this one-off impairment, administrative expenses would have shown a reduction.

Loss on disposal of a subsidiary

In FYE 2024, the Group recognised a one-time loss on disposal of its subsidiary following the disposal of 30,000 ordinary shares in Xyrius Solutions Sdn Bhd, representing 100% equity interest.

Share of profit and losses in Associates

(a) Leso Corporation Sdn. Bhd. ("Leso")

The share of profit in Leso was RM0.596 million for FYE 2025, an increase from RM0.488 million in FYE2024. The improved performance was primarily driven by higher revenue despite the challenging market conditions throughout the year.

(b) Butterfly House (PG) Sdn. Bhd. ("Entopia")

The Investment in Entopia was fully impaired in FYE2020.

(c) Ento Feed Sdn. Bhd. ("Ento-Feed")

The establishment of Ento-Feed was part of Entopia's diversification strategy to enter the insect protein business. A separate entity was created to facilitate a more streamlined approach to managing this new business segment. As a result, Elsoft subscribed to 150,000 ordinary shares in Ento-Feed in October 2024 for RM156,255.

The share of loss in Ento-Feed was limited to the maximum cost of investment, RM156,255.

Tax Expenses

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the current period. The effective tax rate of the Group for the current period was lower than the statutory tax rate, principally due to losses incurred in the Group's ordinary business operations, for which no tax provision was recorded. Tax provision was made only on the rental and interest income, which generated taxable profit.

Financial Position and Liquidity

The Group's inventories decreased by 10.6% from RM2.658 million as at FYE 2024 to RM2.377 million as at FYE 2025, primarily due to the provision for slow-moving inventory.

Total trade and other receivables decreased by 24.3% from RM6.082 million as at FYE 2024 to RM4.607 million as at FYE 2025, primarily due to the impairment of loan amounting to RM1.444 million provided to the associate company, Ento-Feed during the financial year.

The Group's trade and other payables increased by 130.4% from RM2.289 million as at FYE 2024 to RM5.275 million as at FYE 2025. The increase was primarily attributable to the dividend of RM3.381 million declared on 21 November 2025, which was only paid on 16 January 2026. This timing difference resulted in a higher payable balance at year-end.

Provision for repair and other services decreased by 24.1% from RM0.860 million as at FYE 2024 to RM0.653 million as at FYE 2025 due to lower business volume in FYE 2025.

Total contract liabilities increased by 78.0% from RM0.624 million as at FYE 2024 to RM1.111 million as at FYE 2025. The majority of contract liabilities brought forward from FYE 2024 were fulfilled and recognised as revenue during FYE 2025. The increase in contract liabilities at FYE 2025 was mainly attributable to new customer orders, which are expected to be fulfilled and recognised in FYE 2026.

The Group's cash and cash equivalents stood at RM4.812 million and RM4.198 million as at FYE 2025 and FYE 2024 respectively. The excess funds were placed into either Money Market Fund, Fixed Income Fund and/or Bond Fund for a better after-tax return.

The Group's other investment stood at RM78.658 million and RM72.586 million as at FYE 2025 and FYE 2024 respectively. Other investments comprised investments in Money Market Fund, Bond Fund, Fixed Income Fund and Quoted Investments.

Management Discussion and Analysis

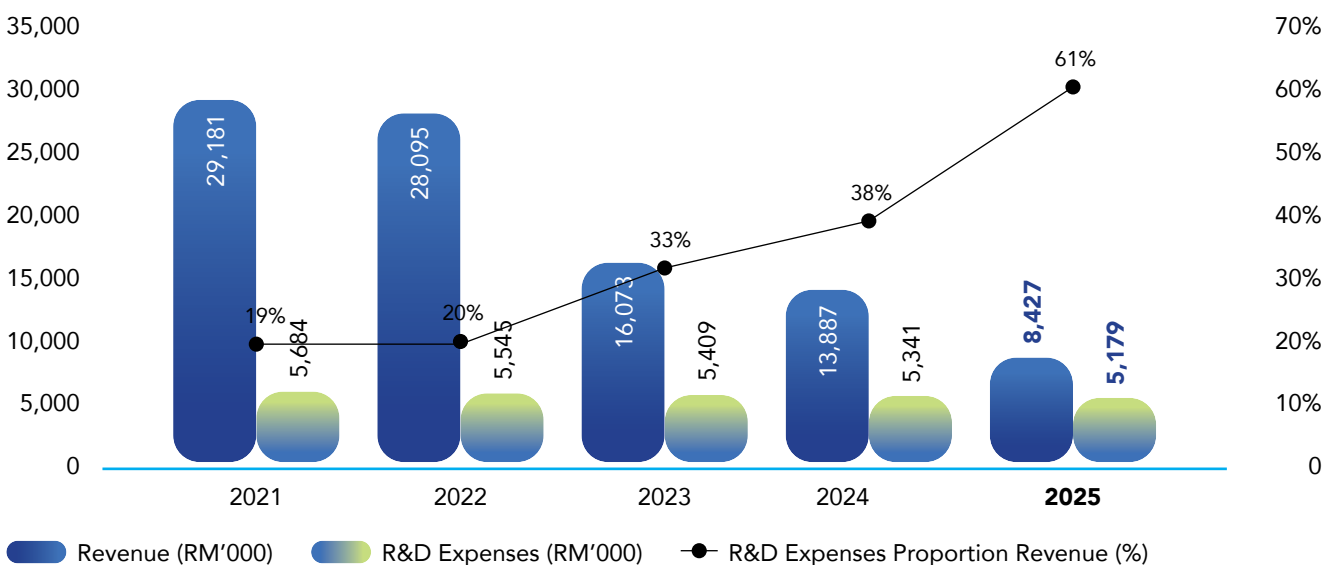
OPERATING ACTIVITIES

The Group faced a challenging year in 2025, as demand in our traditional ATE market declined significantly due to cautious customer spending. This downturn impacted our operational performance for FYE2025. Nevertheless, we remain proactive in pursuing opportunities aligned with our strengths. During the year, we engaged a new customer to develop an innovative test solution for metalens technology, while also continue focusing on the medical device market.

Over the years, Research and Development (“R&D”) has continued to play an important role in driving business sustainability. The Group is confident that these R&D efforts will enable it to maintain its competitive edge and meet the evolving needs of its customers. In addition, the Group remains committed to invest in human capital development and operational excellence to enhance its productivity and efficiency. Collectively, these strategies reinforce the Group’s ability to navigate current challenges and achieve sustainable growth in the long run.

The proportion of R&D expenses to revenue in the last few years were as follow:

Proportion of R&D Expenses to Revenue



The Group’s total workforce at the end of 2025 was as follows:-

Category	No. of Employee
R&D engineers	26
Service engineers	15
Skilled labour	11
Administrative staff	13
Total	65

PROSPECTS AND OUTLOOK

The ATE market in which the Group operates remains challenging in 2026, reflecting softer demand and cautious customer spending. In contrast, the medical devices segment is expected to deliver a more stable revenue stream, supported by approximately RM10 million in confirmed orders scheduled for fulfillment within the year 2026. Alongside this, the Group is diversifying into metalens test solutions, further broadening its growth opportunities and reducing reliance on the traditional ATE market.

Management Discussion and Analysis

PROSPECTS AND OUTLOOK (CONT'D)

Associate Companies

Leso Corporation Sdn. Bhd. ("Leso"), a 30% owned associate company of Elsoft, has established its presence in Thailand, Philippines, Indonesia and Singapore as part of its geographical diversification strategy. For the year 2026, Leso will continue to focus on establishing its branding footprint in the ASEAN region to prepare the Group for growth.

Butterfly House (PG) Sdn. Bhd. ("Entopia") is a 30.91% owned associate company of Elsoft. Overall, Entopia's financial performance has shown improvement in FYE 2025 compared to FYE 2024, as evidenced by an increase in both revenue and cash flow. The trend in visitor arrivals has seen a continuation 11% increase from the international market, although there has been a corresponding 5% decrease in the domestic market when comparing FYE 2025 to FYE 2024. Though we have introduced our Entopia by Night last year, it is still a very new product and requires a much longer duration to establish. To address the decline in domestic visitors, the company has launched a new initiative, Entopia Discovery Pass Campaign. In celebration of its 40th Anniversary, the pass was offered exclusively to Penang residents at a special promotional rate of RM40, compared to the standard RM200. For further details, visitors are invited to refer to Entopia official website.

Ento Feed Sdn. Bhd. ("Ento-Feed") is a 31.25% owned associate company of Elsoft. As part of the Entopia group, Ento-Feed is venturing into the insect protein business, specifically focusing on Black Soldier Fly (BSF), as part of its diversification strategy to mitigate the impact of potential future disruptions, such as another COVID-19 crisis. As a new startup, and having completed a year of pilot production, Ento-Feed has made significant progress in refining its feed process. Its protein levels are now stable, and larvae breeding growth is positioned to scale up. With this foundation, it plans to increase production by the end of 2026, supported by secured buyers for both protein and frass on a yearly basis beginning mid 2026. In parallel, it is pursuing certification to strengthen its operational credibility and sustainability practices. Applications are underway to obtain ISO 9001:2015 for quality management and ISO 14064-1 for greenhouse gas emissions verification.

RISK EXPOSURES

Foreign Currency Risk

Our Group is exposed to the risks associated with currency fluctuations as a significant amount of our sales to overseas customers and purchases from overseas suppliers are denominated in USD. Exchange rate fluctuations of USD against Ringgit Malaysia may influence the Group's financial results. However, foreign currency exchange risk is partially mitigated via a natural hedge between revenue and purchases in the same currency.

Dependence on Major Customer

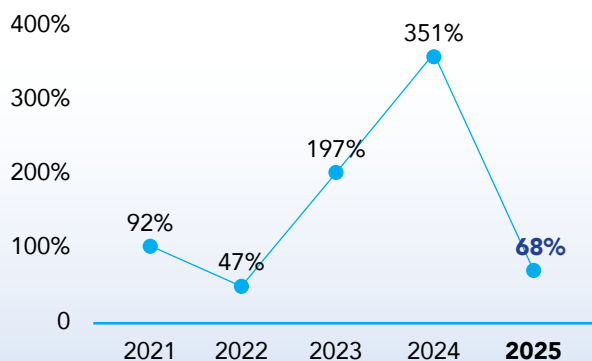
Our Group's customer base is made up of leading corporations and multinational companies ("MNCs") operating in the semiconductor and medical industries. Our top customer, a medical devices corporation, accounted for approximately 50% of the Group's total turnover for the financial year ended 31 December 2025. This customer has been with the Group continuously for more than ten (10) years thereby indicating a long-term and stable customer relationship.

To further reduce over-dependency on any single customer, the Group will continue to focus on a diversification strategy through expanding our customer base and product range.

DIVIDEND

The Board has adopted a dividend policy of paying an annual dividend of not less than 40% of its operational net profit after taxation, on condition that such distribution will not be detrimental to the Group's cash flow requirements. In FYE 2025, the Company declared a dividend of RM0.005 per ordinary share which represents a total dividend pay-out of 68%.

Dividend Pay-out



* The dividend payout percentage for FYE2024 of 351% was calculated by excluding the one-time impairment loss in an associate in FYE2020 and one-time loss on disposal of a subsidiary in FYE2024.



MESSAGE FROM BOARD & MANAGEMENT

Barring any unforeseen circumstances, the Board and Management is optimistic about the Group's prospects for the year ahead given its solid financial position and strategic plans.



Sustainability Statement

Elsoft Research Berhad (“Elsoft”) or (“the Group”) is pleased to present our Annual Sustainability Statement (“SS”) or (“the Statement”) for 2025, which covers the sustainability performance of the Group from 1 January 2025 to 31 December 2025. This Statement reflects our commitment to creating value for our stakeholders and the environment through our business activities.

Scope and Basis of Scope

This Statement provides an overview of the Group’s sustainability performance and progress of our sole business operations in Malaysia. The scope of this Statement is consistent with the previous year.

Reporting Frameworks and Standards

This Statement is prepared in compliance with the Bursa Malaysia’s Listing Requirements and taking into account the guidance from Bursa Malaysia’s Sustainability Reporting Guide (3rd Edition), Global Reporting Initiative (“GRI”) Standards, Task Force on Climate-related Financial Disclosures (“TCFD”) Recommendations, Sustainability Accounting Standards Board (“SASB”) Standards and the International Sustainability Standards Boards (“ISSB”) Standards.

Our Approach to Sustainability

The Group’s sustainability governance structure is established based on the Integrated Sustainability Model. As the Group looks to ensure sustainability is embedded across all aspects of our organisation, the responsibilities of our Board and its committees have been broadened to encompass sustainability elements. The Board of Directors is ultimately responsible for the Group’s strategic direction on sustainability while being supported by the respective Board Committees by virtue of delegation.

Our Sustainability Committee (“SC”) is led by the Chief Operating Officer and supports the Board with managing the organisation’s material sustainability matters. The SC is represented by C-suites and senior management.

The SC oversees the Sustainability Working Group (“SWG”), which is represented by employees appointed by the management team. The SWG is responsible for the day-to-day implementation of the organisation’s strategies and plans.

The Board of Directors strive to continuously be equipped with the necessary knowledge regarding the management of sustainability (including climate-related risks and opportunities) to drive informed decision making by attending ESG programmes.

The Board also evaluates its sustainability competencies regularly to improve its leadership and oversight on sustainability matters.

Sustainability-linked Key Performance Indicators (“KPIs”) have been established and embedded within the Board’s and senior management’s performance evaluation scorecard to drive group-wide accountability in steering our sustainability performance.

SUSTAINABILITY GOVERNANCE STRUCTURE



Sustainability Statement

Stakeholder Engagement

Elsoft acknowledges the importance of stakeholder engagement in identifying and understanding their needs and expectations. Our key stakeholders include customers, employees, shareholders, suppliers and government agencies.

Key Stakeholders	Engagement Platforms	Area of Interest	Our response
Shareholders	<ul style="list-style-type: none"> Quarterly analyst briefings Annual General Meeting Annual report and quarterly financial results 	<ul style="list-style-type: none"> Business strategies and future plan Dividend payout Group overall performance 	<ul style="list-style-type: none"> Update on Group strategy and financial performance via analyst briefing and announcements Formalise dividend payout policy
Government Agencies	<ul style="list-style-type: none"> Participation in social programs and exhibitions Participation in seminars related to new government Acts and regulations 	<ul style="list-style-type: none"> Regulatory compliance including environmental and social compliance Corporate Governance Practice 	<ul style="list-style-type: none"> Full compliance with regulatory requirements Adoption of practices outlined in MCCG
Customers	<ul style="list-style-type: none"> Customer satisfaction survey Customer support channel 	<ul style="list-style-type: none"> Value added products and services Quality products and services 	<ul style="list-style-type: none"> Offer valued added and quality product and services Adhere to Quality Standard (i.e. ISO9001 and ISO17025)
Employees	<ul style="list-style-type: none"> Internal communication channel Employee appraisal and feedback Corporate announcement 	<ul style="list-style-type: none"> Business growth and strategic direction Remuneration and benefits Career development and upskilling opportunities Health and safety at the workplace 	<ul style="list-style-type: none"> Promote transparency and open communication with employee Provide equal employment opportunities without discrimination Offer competitive remuneration packages Provide relevant upskilling and development opportunities
Suppliers	<ul style="list-style-type: none"> Supplier performance evaluation Regular feedback to suppliers on their quality and performance 	<ul style="list-style-type: none"> Efficient procurement processes Transparency in procurement processes 	<ul style="list-style-type: none"> Emphasis on provision of transparent procurement processes

Material Matters

Our materiality assessment will be conducted once every three (3) years which involves managing both the expectations/influence of stakeholders and the importance/significance of sustainability. The Materiality Assessment Process is typically made up of 3 distinctive phases as reflected below.

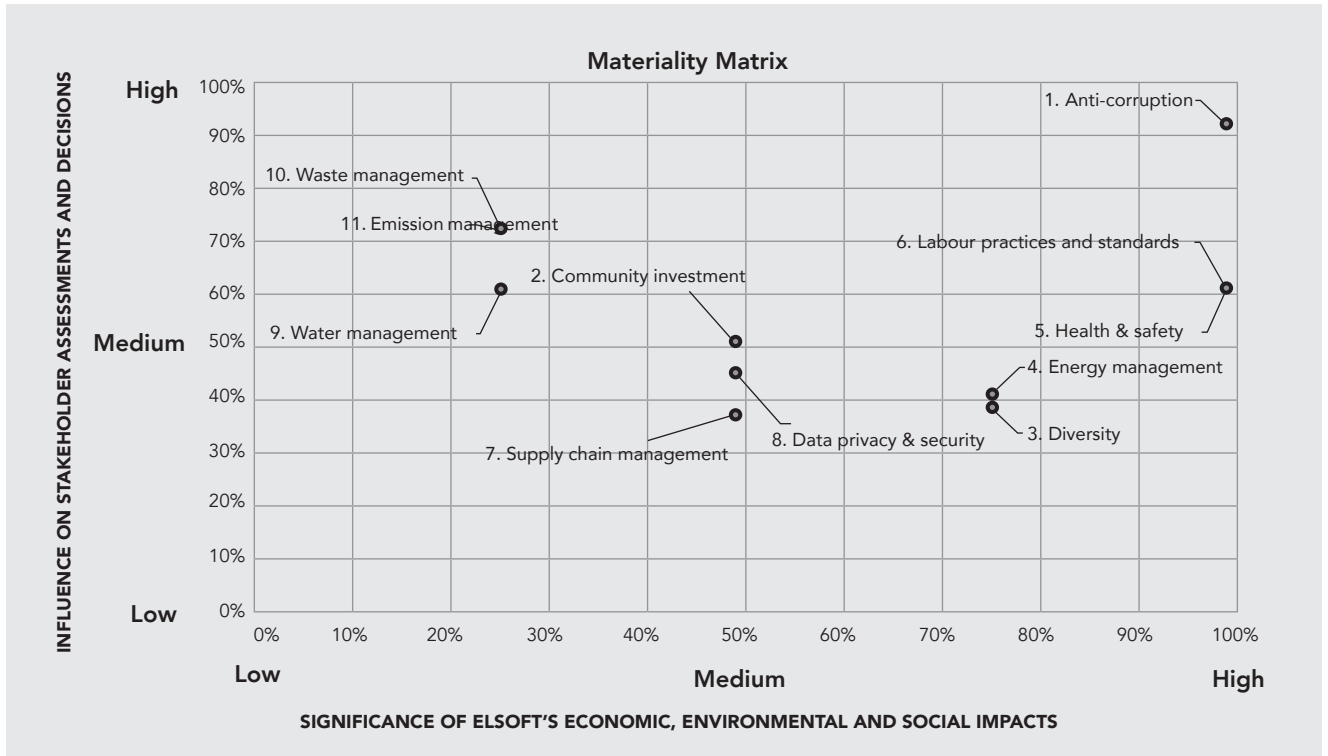


- Understand the Group’s distinctive operating context to gain broad knowledge of relevant sustainability matters/ issues (both internal and external) that could affect its ability to achieve intended business goals and outcomes.
- Identify, engage and understand key stakeholders needs and expectations pertaining to sustainability-related impacts
- Derive a preliminary list of sustainability matters
- Determine the relative importance or materiality of sustainability matters by applying the materiality concept of significance/ magnitude of their respective impacts (be it economic, environmental and/or social) and their respective influence on the assessments and decisions of stakeholders.
- Disclose prioritised material sustainability matters in a manner that illustrates the relative importance of each material sustainability matter
- Subject the outcome of materiality assessment for validation and approval
- Establish a review process for the materiality assessment process
- Determine the frequency of the materiality assessment on sustainability matters at least on an annual basis

Sustainability Statement

Material Matters (Cont'd)

Our sustainability assessment revealed eleven (11) sustainability matters. The following figure shows how we prioritised these issues in the Sustainability Materiality matrix, which has been reviewed by our SC and approved by the Board of Directors.



Material Sustainability Matters

- | | | |
|-------------------------|-----------------------------------|-------------------------|
| 1. Anti-corruption | 5. Health & safety | 9. Water management |
| 2. Community investment | 6. Labour practices and standards | 10. Waste management |
| 3. Diversity | 7. Supply chain management | 11. Emission management |
| 4. Energy management | 8. Data privacy and security | |

Risk Management

Elsoft has established risk management practices to safeguard the Group’s business interest from risk events that may impede the achievement of business strategy and provide assurance to the Groups’ various stakeholders. The Group CEO and CFO have provided the Board with the assurance that the Group’s risk management and internal control systems are operating adequately and effectively, in all material aspects, to ensure achievement of corporate objectives.

The main components of the Group’s risk governance and structure consist of the Board, the Senior Management and the key personnel of the Group. The structure allows for strategic risk discussions to take place between the Board and the Senior Management on a periodical basis, where necessary.

Sustainability Statement

Sustainability Framework

Our sustainability framework is aligned with our business strategy and future plan. Through our framework, we aspire to meet our stakeholders’ needs, minimise adverse environmental impact and support the local communities where we operate. Our framework focuses on four areas, i.e. Economic, Environmental, Social and Governance.

Economic	<ul style="list-style-type: none"> • conduct business in an open, transparent, and accountable manner, • ensure continued commercial success to achieve total customer satisfaction, • enhance the availability of EES information for decision making, • promote sustainable products by encouraging responsible consumption and usage of resources in business operations, • establish and continually improve the effectiveness of our management system in all operations and service delivery, and • engage in continuous, timely, transparent, and meaningful communication with shareholders and stakeholders.
Environmental	<ul style="list-style-type: none"> • our current production processes generate very minimum waste, • be committed to environmental protection and stewardship by minimising risks and impacts to the environment in our daily operations, • ensure minimum consumable waste and proper consumable waste disposal methods, • comply with all relevant environmental regulatory and legal requirements including climate-related practices, • embrace responsible energy and resource management in daily operations, and • inculcate environmentally sustainable practices among our employees.
Social	<ul style="list-style-type: none"> • ensure an ethical, safe, healthy, and conducive work environment for our employees, • cultivate a diverse and inclusive culture that recognises and values individuality, • ensure equal access to opportunities regardless of one’s age, gender, ethnicity, religion, national origin, disability, sexual orientation or any other relevant characteristics, • eliminate improper conduct and practices, including but not limited to workplace bullying, discrimination against individual differences, discriminatory and sexual harassment, intimidation and victimisation, • empower our workforce by supporting their personal and professional growth, • respect and uphold fundamental human rights through the elimination of child labour and forced labour of all forms, and • contribute to the well-being and development of the surrounding community through corporate social responsibility programmes and donation activities.
Governance	<ul style="list-style-type: none"> • maintain high standards of business ethics, integrity, and corporate governance practices, • establish and continually improve appropriate governance structures and processes, • comply with all applicable laws and regulations in relation to corporate governance, • resolve verifiable complaints, grievances (if any) and conflicts through an open, transparent and consultative process, and • establish policies and procedures to ensure the adequacy and integrity of the Group’s internal control system.

Sustainability Statement

**Management Approach
for Material Matters**

ANTI-CORRUPTION

Why is this important?



Elsoft Group is committed to conduct its businesses with the highest standard of professionalism, integrity, ethics and legality. This is important for us to protect the interests of both the business and stakeholders while building trust and reinforcing confidence of our stakeholders.

Our action & initiatives



Elsoft’s zero tolerance stance against corruption is outlined in our Anti-Corruption and Bribery Policy, which is regularly reviewed to ensure alignment with the Malaysian Anti-Corruption Commission Act 2009.

Consistent with this commitment, all directors and employees are to conduct themselves in accordance with this expectation in all aspects of the company’s activities. Elsoft also expects its suppliers, contractors, consultants and any other parties with whom it conducts business to adopt, conform and adhere to such values and ethical standards.

Our performance



Corruption related awareness (%)

	Anti-Corruption Training/Refreshment		
	2023	2024	2025
All category employee	100%	100%	100%

Assessment of corruption-related risks

	2023	2024	2025
Percentage of operations assessed for corruption risks	100%	100%	100%

Corruption incidents

	2023	2024	2025
Number of confirmed corruption incidents	0	0	0

Sustainability Statement

Management Approach for Material Matters	COMMUNITY INVESTMENT
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<p>Why is this important? </p> <p>Elsoft is committed to creating a positive social impact in the areas where we operate. We focus our community engagement efforts on senior citizens, orphans, people with disabilities or education related initiatives. We aim to be a good corporate citizen by giving our time, resources or skills to these causes.</p>	<p>Our action & initiatives </p> <p>Elsoft has committed to allocate a certain budget every year to support the local community in need. We will carefully select and evaluate suitable charity organisations, orphanages, senior citizen homes, handicapped centers or education programs to provide them with necessary financial assistance.</p>
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Our performance 

Our contribution to the society as shown in the table below.

Financial Year	Target Recipient	Community Investment
2023	Contribution to Penang Chinese Town Hall to enhance the facilities of Union High School Penang & Lion Club Charity Fund	RM50,500
2024	Contribution to Jit Sin School Union Bukit Mertajam for the construction of their Digital Library in Bukit Mertajam	RM10,000
2025	Contribution to UTAR Education Foundation	RM20,000

Sustainability Statement

Management Approach for Material Matters

DIVERSITY

Why is this important?



Elsoft believes that diversity is essential for our company's growth and innovation. Diversity means embracing the variety of people's backgrounds, identities, experiences, perspectives, skills and abilities as well as gender, age, race and nationality. Diversity enables us to create a culture of innovation, creativity and inclusion. Diversity also helps us to attract and retain talent, improve customer satisfaction, and enhance our reputation.

Our action & initiatives



Our approach to diversity is based on the following principles:

Respect	Equity	Inclusion
Recognising and valuing the uniqueness of each individual and treating them with dignity and fairness.	Providing equal opportunities and access to resources, benefits and outcomes for all employees, regardless of their differences.	Creating a sense of belonging and involvement for all employees, where they can contribute fully and authentically to the Elsoft's success.

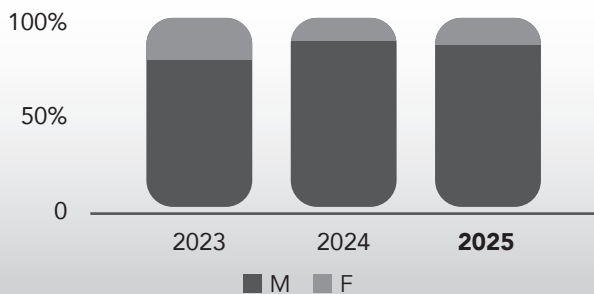
We are committed to upholding fair employment practices and regularly evaluating our hiring process to promote equality from the start, in accordance with our principle. Moreover, we also welcome and support employees with disabilities, ensuring their specific needs are accommodated.

At Elsoft, employees enjoy competitive salaries, career growth, reward and recognition without any discrimination. We also strongly promote balanced gender representation on our Board to achieve a minimum of 30% women representation at the Board level.

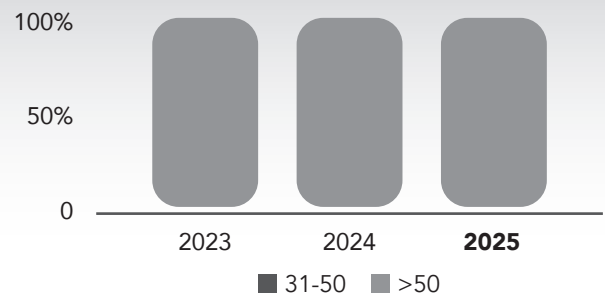
Our performance



Board (Gender)



Board (Age Group)



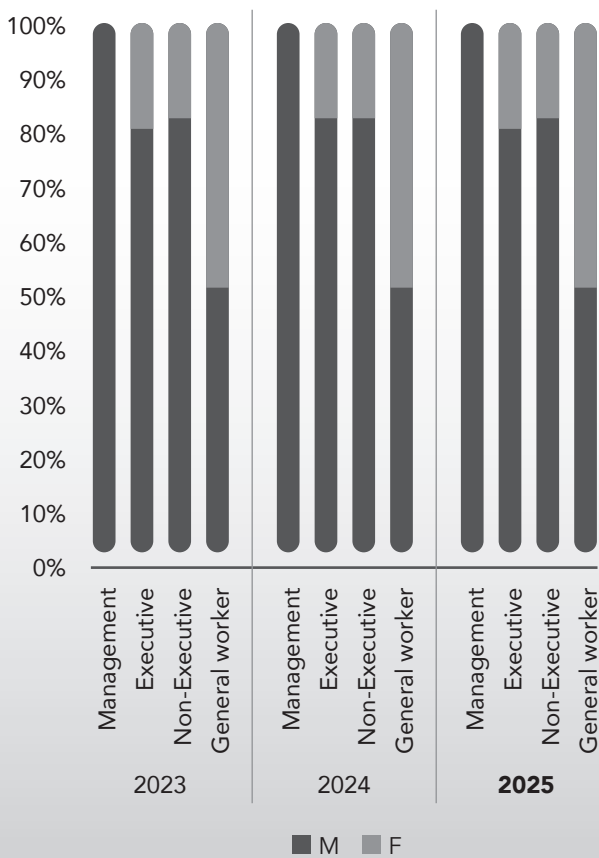
Sustainability Statement

Management Approach for Material Matters **DIVERSITY**

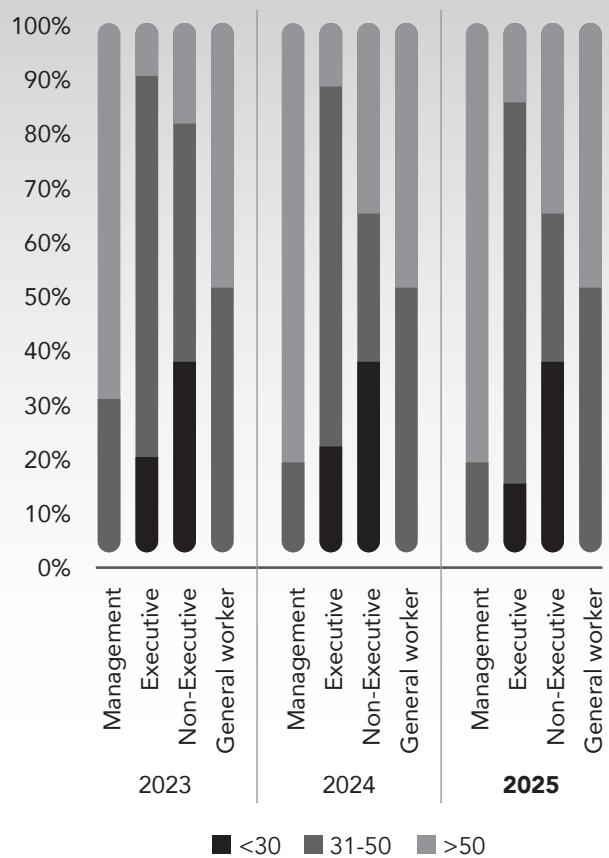
Our performance



Employee (Gender)



Employee (Age Group)



Sustainability Statement

Management Approach
for Material Matters

ENERGY & WATER MANAGEMENT

Why is this important?



Energy and water management can demonstrate Elsoft's commitment to sustainability and social responsibility, which can attract customers, investors, and employees who value these principles. We can also save money on utility bills by using energy and water more efficiently, especially as energy prices increase. Moreover, we can reduce our greenhouse gas emissions by consuming less energy.

Our action & initiatives



Elsoft recognises that electricity is our main source of energy consumption, and we have taken steps to reduce our environmental impact by installing solar panels to power our buildings with renewable energy. We also keep track of our water usage and adopt practices to save water and avoid wastage. Our goal is to be a responsible and sustainable business that cares for the planet and its resources.

Our performance



Energy consumption

A 585.42kWp Solar Photovoltaic (PV) System has been installed at Elsoft's factory and is expected to generate up to 811,978kWh of electricity annually. The reduction in fossil electricity consumption and the resulting reduction in air pollution is equivalent to 16,392 trees cleansing the air annually or 549.12 tonnes of annual CO2 reduction.

	2023	2024	2025
Renewable energy (mWh)	855	896	838
Non-renewable energy (mWh)	1,924	2,085	3,495
Total electricity consumed (mWh)	2,779	2,981	4,333
CO2 reduction due to renewable energy (tCO2)	546	573	536

Baseline CO2 for Peninsular - 0.639 tCO2/ MWh according to SEDA

Elsoft has replaced more than 90% of fluorescent lighting with energy-efficient LED lighting in the production area for long-term energy saving.

Water consumption

Our operations' total water usage is minimal as shown in the table below.

	2023	2024	2025
Total water usage (Megalitres)	4.348	4.253	3.411

Sustainability Statement

Management Approach
for Material Matters

ENERGY & WATER MANAGEMENT

Our performance



Proportion of Consumption

Most of the electricity and water consumption within our facilities is attributable to tenanted building rather than Elsoft's own operations. Our direct usage is relatively small. The table below illustrates the proportion of consumption.

	2023	2024	2025
<u>Electricity (mWh)</u>			
Own consumption *	479	528	458
Tenant consumption	2,300	2,453	3,875
Total usage	2,779	2,981	4,333

* Our renewable energy capacity is sufficient to sustain Elsoft's operational consumption.

<u>Water (Megalitres)</u>			
Own consumption	1.078	1.880	0.930
Tenant consumption	3.270	2.373	2.481
Total usage	4.348	4.253	3.411

Sustainability Statement

Management Approach
for Material Matters

HEALTH AND SAFETY



Health and safety are vital aspects of Elsoft’s culture and values. We strive to create a work environment that protects the well-being and productivity of our employees.

Our action & initiatives



At Elsoft, we are committed to maintaining the highest levels of safety and hygiene in our operations and facilities. We also train our staff on how to avoid and handle potential hazards and risks. Our goal is to minimise the frequency and impact of work-related injuries and illnesses, as well as to improve the quality and efficiency of our services.

Every year, we conduct engineering control assessment by an independent party for our local exhaust ventilation systems. Facility staff will regularly inspect the workplace conditions, firefighting and other safety systems to ensure their functionality. Elsoft also cares about employees’ health care by offering dental, optical and medical checkups as part of employees’ benefits funded by the company.

Our performance



Elsoft has performed engineering control examination monitoring annually to ensure compliance with the regulation as shown in the table below.

FYE	Performed on	Result
2023	23 May 2023	In compliance
2024	25 June 2024	In compliance
2025	30 October 2025	In compliance

There were zero work-related injuries for the past three years.

Complaint	2023	2024	2025
Number of work-related injuries	0	0	0
Lost time incident rate	0	0	0
Number of employees trained on health and safety	1	1	1

Sustainability Statement

Management Approach for Material Matters	LABOUR PRACTICES AND STANDARDS
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<p>Why is this important? </p> <p>As a research company, Elsoft considers talent management a very vital ingredient to stay competitive in the marketplace and to sustain long term business growth and success. We strive to attract, develop and retain high-performing employees and to provide them with a work environment that is both supportive and empowering.</p>	<p>Our action & initiatives </p> <p>Our approach to labour practice is focus on the following areas:</p> <ul style="list-style-type: none"> (i) Talent acquisition and onboarding (ii) Enhancing the skills of our workforce (iii) Performance management (iv) Succession planning <p>We also adhere to all relevant laws and regulations that protect labour rights, health and safety, diversity and inclusion, and human rights. We constantly review and improve our labour performance and obtain feedback from our employees.</p>
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Our performance



Employee training hours (Verifiable)

Employee Category	Training Hours		
	2023	2024	2025
Management	196	189	154
Executive	759	617	333
Non-Executive	69	56	49
General worker	0	0	0
Total	1024	862	536

Over the past three years, verifiable training hours were higher than the Company’s normal annual range, primarily due to the implementation of the ERP system. These elevated hours demonstrate the Company’s commitment to strengthening employee capabilities and supporting its digital transformation initiatives. With the ERP system nearing full deployment, training hours are expected to normalise to approximately 400 hours annually. Given the Company’s size and lean workforce structure, this level of training is considered appropriate and adequate, and continues to reflect a meaningful commitment to upskilling employees in response to evolving business needs, competitive pressures, and technological advancements.

Beyond the above verifiable training hours, our employees also continuously enhance their competencies through on-the-job experiences.

Temporary Employee

	2023	2024	2025
Percentage of contractors or temporary staff	0%	0%	0%

Sustainability Statement

Management Approach
for Material Matters

LABOUR PRACTICES AND STANDARDS

Our performance



Employee Turnover

Employee Category	Number		
	2023	2024	2025
Management	0	0	0
Executive	4	2	4
Non-Executive	0	0	0
General worker	0	0	0
Total	4	2	4

Employee Turnover rate


	2023	2024	2025
Percentage of employee turnover	6%	3%	6%

Human rights violations

	2023	2024	2025
Number of substantiated complaints concerning human rights violation	0	0	0

Sustainability Statement

Management Approach for Material Matters	SUPPLY CHAIN MANAGEMENT
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Why is this important? 

Elsoft believes in the power of local communities and their potential to drive positive change. Hence, we strive to source our materials and services from local suppliers whenever possible, and to contribute to the economic development of the area where we operate.

Our procurement policy is guided by the principles of responsibility, transparency and fairness, and we seek to establish long-term partnerships with our suppliers based on mutual trust and respect.

Our action & initiatives 

Elsoft is prioritising local suppliers for procurement, while ensuring cost efficiency and product quality. We aim to provide fair business opportunities to local suppliers and help them grow their capabilities and competitiveness.

Our performance 

As the following data indicates, we have made concrete steps to enhance our collaboration with local suppliers:

	2023	2024	2025
Proportion of spending on local suppliers	69%	62%	34%

The recent decline in procurement from local suppliers was driven by a shift in the materials required. During the year, most orders involved electronic components, which are not readily available from local sources.

Sustainability Statement

Management Approach
for Material Matters

DATA PRIVACY AND SECURITY

Why is this important?



At Elsoft, we value data privacy and security as key aspects of our business that deals with sensitive or personal data of our customers, employees and other stakeholders.

Data privacy and security are essential for Elsoft for several reasons.

- (i) enable us to establish trust and reputation with the customers who share their data with us,
- (ii) enable us to adhere to the legal and regulatory requirements that regulate data protection, i.e. Personal Data Protection Act (PDPA) 2010, and
- (iii) enable us to avoid or reduce the risks of data breaches, cyberattacks, identity theft, fraud and other potential threats that could harm us and our stakeholders.

Our action & initiatives



The server where we store our data has a robust security system in place. We keep track of user access and activities to avoid any unauthorised or improper use. Our information technology, including our cybersecurity and data policy, will undergo internal audit regularly.

We also make sure that we collect data in a legal way and obtain the consent of our customers and employees.

Our performance



There were zero substantiated complaints concerning breaches in customer and employee privacy or data loss.

Complaints	2023	2024	2025
Number of complaints concerning breach in customer privacy or data loss.	0	0	0

Sustainability Statement

Management Approach for Material Matters	WASTE MANAGEMENT
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Why is this important? 

Elsoft understands that proper management of both hazardous and non-hazardous waste is vital to reducing environmental impact and safeguarding the health and well-being of our employees and surrounding communities.

Our action & initiatives 

At Elsoft, the majority of waste generated comes from general waste in our office buildings. We have implemented initiatives to raise awareness among our employees to help reduce waste, including:

1. Segregating recyclable and non-recyclable waste
2. Promoting paperless documentation by transitioning to digital formats

We encourage waste reduction and recycling by urging employees to reuse materials such as paper, plastic, and aluminum, and providing designated bins for sorting different types of waste.

We generate negligible hazardous waste, which is disposed of in accordance with environmental regulations.

Our performance



Waste Data	2023	2024	2025
Total waste generated (metric tonnes)	*	2.26	0.80
Total waste diverted from disposal (metric tonnes)	*	2.26	0.80
Total waste directed to disposal (metric tonnes)	*	-	-

* Data is not available as data collection only commenced in 2024.

Sustainability Statement

Management Approach for Material Matters

EMISSION MANAGEMENT

Why is this important?



Elsoft recognises that managing emissions is essential to addressing the negative effects of climate change. By controlling and reducing greenhouse gas (GHG) emissions, we can help mitigate global warming, protect ecosystems, and improve public health.

Our action & initiatives



Elsoft has invested in solar panels to produce clean energy as part of our commitment to green technologies, aiming to reduce our environmental impact and support global efforts to combat climate change. This initiative not only helps mitigate global warming but also lowers operational costs and strengthens the company's position as a responsible corporate citizen in the transition to a low-carbon economy.

Our performance



GHG Emission	2023	2024	2025
Scope 1 (tCO2e)	*	6	7
Scope 2 (tCO2e)	*	1,332	2,233
Scope 3 (tCO2e)	*	98	88

* Data is not available as data collection only commenced in 2024.

Scope 2 emissions refer to indirect greenhouse gas emissions from purchased electricity consumption. As outlined in our Energy & Water Management disclosure, Elsoft's renewable energy capacity is sufficient to fully sustain our operational electricity needs. Accordingly, emissions attributable to electricity consumption were generated by tenanted building, not by Elsoft's own operations.

Sustainability Statement

Performance Data Table

Indicator	Unit	2023	2024	2025	Target
Anti-corruption					
Percentage of employees who attended corruption related awareness programmes	Percentage	100%	100%	100%	80%
Percentage of operations assessed for corruption risks	Percentage	100%	100%	100%	100%
Number of confirmed corruption incidents	Number	0	0	0	Zero case
Community investment					
Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	50,500	10,000	20,000	
Total number of beneficiaries of the investment in communities	Number	2	1	1	1
Diversity					
Gender diversity by employee category:					
Management - M	Percentage	100%	100%	100%	
Management - F	Percentage	0%	0%	0%	
Executive - M	Percentage	80%	82%	80%	
Executive - F	Percentage	20%	18%	20%	
Non-Executive - M	Percentage	82%	82%	82%	
Non-Executive - F	Percentage	18%	18%	18%	
General worker - M	Percentage	50%	50%	50%	
General worker - F	Percentage	50%	50%	50%	
Age diversity by employee category:					
Management (<30)	Percentage	0%	0%	0%	
Management (30 - 50)	Percentage	29%	17%	17%	
Management (>50)	Percentage	71%	83%	83%	
Executive (<30)	Percentage	18%	20%	13%	
Executive (30 - 50)	Percentage	72%	68%	72%	
Executive (>50)	Percentage	10%	12%	15%	
Non-Executive (<30)	Percentage	36%	37%	37%	
Non-Executive (30 - 50)	Percentage	46%	27%	27%	
Non-Executive (>50)	Percentage	18%	36%	36%	
General worker (<30)	Percentage	0%	0%	0%	
General worker (30 - 50)	Percentage	50%	50%	50%	
General worker (>50)	Percentage	50%	50%	50%	
Percentage of director by gender and age group:					
Male	Percentage	78%	88%	86%	
Female	Percentage	22%	12%	14%	
Below 30	Percentage	0%	0%	0%	
30 - 50	Percentage	0%	0%	0%	
Above 50	Percentage	100%	100%	100%	

Sustainability Statement

Performance Data Table

Indicator	Unit	2023	2024	2025	Target
Energy management					
Energy consumption	megawatt	2,779	2,981	4,333	Invest in renewable energy
Water management					
Water consumption	megalitres	4.348	4.253	3.411	
Health & safety					
Number of work-related injuries	Number	0	0	0	Zero case
Lost time incident rate	Rate	0	0	0	
Number of employees trained on health and safety	Number	1	1	1	
Labour practices and standards					
Total training hours by employee category					
Management	Hours	196	189	154	
Executive	Hours	759	617	333	
Non-Executive	Hours	69	56	49	
General worker	Hours	-	-	-	
Percentage of employee that are contractors or temporary staff	Percentage	0%	0%	0%	
Number of turnover by employee category					
Management	Number	-	-	-	
Executive	Number	4	2	4	
Non-Executive	Number	-	-	-	
General worker	Number	-	-	-	
Percentage of employee turnover	Percentage	6%	3%	6%	Less than 10%
Number of substantiated complaints concerning human rights violation	Number	0	0	0	Zero case
Supply chain management					
Proportion of spending on local suppliers	Percentage	69%	62%	34%	
Data privacy and security					
Number of complaints concerning breach in customer privacy or data loss.	Number	0	0	0	Zero case
Waste management					
Total waste generated	tonnes	*	2.26	0.80	
Total waste diverted from disposal	tonnes	*	2.26	0.80	
Total waste directed to disposal	tonnes	*	0	0	
Emission management					
GHG Emission Scope 1	tCO2e	*	6	7	
GHG Emission Scope 2	tCO2e	*	1,332	2,233	
GHG Emission Scope 3	tCO2e	*	98	88	

* Data is not available as data collection only commenced in 2024.

Assurance Statement

For the financial year 2025, the Sustainability Statement has not undergone any internal auditor review or obtained independent assurance. However, the subject matters covered in the statement were prepared by the respective department and reviewed by the Sustainability Committee.

Sustainability Statement

Prescribed Table

ELSOFT RESEARCH BERHAD BMLR Transition Period		Date & Time: 2026-04-16_15:17:40 FYE 31/12/2025			
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Anti-corruption	Percentage of employees who attended corruption related awareness programmes	Percentage	100%	80%	No assurance
Anti-corruption	Percentage of operations assessed for corruption risks	Percentage	100%	100%	No assurance
Anti-corruption	Number of confirmed corruption incidents	Number	0	Zero case	No assurance
Community investment	Total amount invested in the community where the target beneficiaries are external to the listed issuer	RM	20000	-	No assurance
Community investment	Total number of beneficiaries of the investment in communities	Number	1	1	No assurance
Diversity	Gender diversity by employee category: Management - Male	Percentage	100%	-	No assurance
Diversity	Gender diversity by employee category: Management - Female	Percentage	0%	-	No assurance
Diversity	Gender diversity by employee category: Executive - Male	Percentage	80%	-	No assurance
Diversity	Gender diversity by employee category: Executive - Female	Percentage	20%	-	No assurance
Diversity	Gender diversity by employee category: Non-Executive - Male	Percentage	82%	-	No assurance
Diversity	Gender diversity by employee category: Non-Executive - Female	Percentage	18%	-	No assurance

Sustainability Statement

Prescribed Table (Cont'd)

ELSOFT RESEARCH BERHAD BMLR Transition Period		Date & Time: 2026-04-16_15:17:40 FYE 31/12/2025			
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity	Gender diversity by employee category: General worker - Male	Percentage	50%	-	No assurance
Diversity	Gender diversity by employee category: General worker - Female	Percentage	50%	-	No assurance
Diversity	Age diversity by employee category: Management (<30)	Percentage	0%	-	No assurance
Diversity	Age diversity by employee category: Management (30 - 50)	Percentage	17%	-	No assurance
Diversity	Age diversity by employee category: Management (>50)	Percentage	83%	-	No assurance
Diversity	Age diversity by employee category: Executive (<30)	Percentage	13%	-	No assurance
Diversity	Age diversity by employee category: Executive (30 - 50)	Percentage	72%	-	No assurance
Diversity	Age diversity by employee category: Executive (>50)	Percentage	15%	-	No assurance
Diversity	Age diversity by employee category: Non-Executive (<30)	Percentage	* 37%	-	No assurance
FOOTNOTE 2025 ROUNDING ERROR					
Diversity	Age diversity by employee category: Non-Executive (30 - 50)	Percentage	27%	-	No assurance

Sustainability Statement

Prescribed Table (Cont'd)

ELSOFT RESEARCH BERHAD BMLR Transition Period		Date & Time: 2026-04-16_15:17:40 FYE 31/12/2025			
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Diversity	Age diversity by employee category: Non-Executive (>50)	Percentage	36%	-	No assurance
Diversity	Age diversity by employee category: General worker (<30)	Percentage	0%	-	No assurance
Diversity	Age diversity by employee category: General worker (30 - 50)	Percentage	50%	-	No assurance
Diversity	Age diversity by employee category: General worker (>50)	Percentage	50%	-	No assurance
Diversity	Percentage of director by gender: Male	Percentage	86%	-	No assurance
Diversity	Percentage of director by gender: Female	Percentage	14%	-	No assurance
Diversity	Percentage of director by age group: Below 30	Percentage	0%	-	No assurance
Diversity	Percentage of director by age group: 30 - 50	Percentage	0%	-	No assurance
Diversity	Percentage of director by age group: Above 50	Percentage	100%	-	No assurance
Energy management	Energy consumption	megawatt	4333	Invest in renewable energy	No assurance
Water management	Water consumption	megalitres	3,411	-	No assurance
Health & safety	Number of work-related injuries	Number	0	Zero case	No assurance
Health & safety	Lost time incident rate	Rate	0	-	No assurance

Sustainability Statement

Prescribed Table (Cont'd)

ELSOFT RESEARCH BERHAD BMLR Transition Period		Date & Time: 2026-04-16_15:17:40 FYE 31/12/2025			
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Health & safety	Number of employees trained on health and safety	Number	1	-	No assurance
Labour practices and standards	Total training hours by employee category: Management	Hours	154	-	No assurance
Labour practices and standards	Total training hours by employee category: Executive	Hours	333	-	No assurance
Labour practices and standards	Total training hours by employee category: Non-Executive	Hours	49	-	No assurance
Labour practices and standards	Total training hours by employee category: General worker	Hours	-	-	No assurance
Labour practices and standards	Percentage of employee that are contractors or temporary staff	Percentage	0%	-	No assurance
Labour practices and standards	Number of turnover by employee category: Management	Number	-	-	No assurance
Labour practices and standards	Number of turnover by employee category: Executive	Number	4	-	No assurance
Labour practices and standards	Number of turnover by employee category: Non-Executive	Number	-	-	No assurance
Labour practices and standards	Number of turnover by employee category: General worker	Number	-	-	No assurance
Labour practices and standards	Percentage of employee turnover	Percentage	6%	Less than 10%	No assurance
Labour practices and standards	Number of substantiated complaints concerning human rights violation	Number	0	Zero case	No assurance

Sustainability Statement

Prescribed Table (Cont'd)

ELSOFT RESEARCH BERHAD BMLR Transition Period		Date & Time: 2026-04-16_15:17:40 FYE 31/12/2025			
Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Supply chain management	Proportion of spending on local suppliers	Percentage	34%	-	No assurance
Data privacy and security	Number of complaints concerning breach in customer privacy or data loss	Number	0	Zero case	No assurance
Waste management	Total waste generated	tonnes	0.8	-	No assurance
Waste management	Total waste diverted from disposal	tonnes	0.8	-	No assurance
Waste management	Total waste directed to disposal	tonnes	0	-	No assurance
Emission management	GHG Emission Scope 1	tCO2e	7	-	No assurance
Emission management	GHG Emission Scope 2	tCO2e	2233	-	No assurance
Emission management	GHG Emission Scope 3	tCO2e	88	-	No assurance

Corporate Governance Overview Statement

The Board of Directors (“Board”) recognises the importance of sustaining a high standard of corporate governance in ensuring that the interests of the Group, shareholders and other stakeholders are protected.

The Board remains fully committed towards adhering to the principles and recommendations of the Malaysian Code of Corporate Governance (“MCCG”). As such, the Board will continue to review and enhance good corporate governance practices to ensure its ability to meet future challenges and to establish long-term sustainable shareholders’ value.

This statement discloses the manner in which the Group has applied the principles of good corporate governance and the extent to which it has complied with the Code.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I BOARD RESPONSIBILITIES

1.0 The Board is responsible for the Company’s leadership and is collectively responsible for meeting the Company’s objectives and goals. It strives to accomplish this through overseeing the proper conduct of the Group’s business and affairs.

1.1 Setting Company’s Strategic Directions, Values and Standards

The Board has full control and is responsible for providing strategic direction, approving corporate plans, monitoring and reviewing corporate performance, ensuring adequate systems for good internal control and risk management are in place, overseeing succession planning and adopting sound financial and operational management practices.

The Chief Executive presents and updates the Board on his recommended strategy and business plan at a dedicated session. The Board reviews and comments on the recommended strategy and proposed business plan in order to achieve the best outcome for the Group.

The Board is responsible for the good corporate governance practices of the Group. It guides and monitors the affairs of the Group on behalf of the shareholders and other stakeholders, which is consistent with the Board Charter and the published Code of Conduct.

The responsibilities and decision-making powers of the Board are included in the Board Charter of the Company and are accessible on the Company’s website.

1.2 The Chairman of the Board

The Chairman of the Board is Ir. Academician Emeritus Professor Tan Sri Dato’ Seri Dr. Chuah Hean Teik. He is responsible for the leadership and effective functioning of the Board. He sets the Board’s agenda and ensures adequate time is given for discussion of all agenda items. He also ensures that all directors receive complete, adequate and timely information. He facilitates the effective contribution of non-executive directors and ensures constructive relations between the executive and non-executive directors.

Professor Chuah acts as a spokesperson for the Board during shareholders’ meeting and ensures effective communication with shareholders and stakeholders. He leads the Board in practicing good corporate governance and ensures compliance of all relevant laws and regulations.

1.3 The Position of Chairman and CEO are Held by Different Individuals

The requirement for the roles of the Chairman and Chief Executive Officer (CEO) to be held by two (2) separate individuals as well as a clear division of responsibilities are set out in the Board Charter. There is a clear division of duties and responsibilities between the Chairman and the CEO to ensure a balance of power and authority so that no one individual has unfettered powers over decision making.

The Chairman, Ir. Academician Emeritus Professor Tan Sri Dato’ Seri Dr. Chuah Hean Teik is responsible for the leadership and governance of the Board in ensuring its effectiveness.

The CEO/Executive Director, Mr Tan Cheik Eaik is responsible for the day-to-day management of the Company’s business and its operations as well as the implementation of the Board’s policies and decisions.

Corporate Governance Overview Statement

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I BOARD RESPONSIBILITIES (Cont'd)

1.4 The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

The Chairman, Ir. Academician Emeritus Professor Tan Sri Dato' Seri Dr. Chuah Hean Teik, is not a member of the Audit Committee, Nomination Committee, and Remuneration Committee.

1.5 Qualified and Competent Company Secretary

The Board is supported by a qualified, experienced and competent Company Secretary who is also a member of professional body.

The Company Secretary plays an advisory role to the Board, offering guidance on the Company's constitution and providing updates on new statutory, relevant regulatory and listing requirements relevant to the duties and responsibilities of Directors, as necessary.

The Company Secretary and/or representative attend all Board and Board Committee meetings to ensure the meetings are properly convened.

The Company Secretary also ensures the accurate and proper recording of the meeting proceedings with all resolutions passed duly documented and maintained.

1.6 Supply of Information

The Board members have access to all information pertaining to the Company and the Management supplies accurate and complete information to the Board in a timely manner to enable the Board to discharge its duties effectively.

Board members are provided with information such as a meeting agenda and a full set of Board papers at least seven days prior to the board meetings. This is to enable the board members to have an overview of matters to be discussed or reviewed at the meetings and to seek further clarifications, if any.

Upon conclusion of the Board meetings, the minutes are circulated on a timely basis to enable Board members to ensure that the minutes of meetings accurately reflect the deliberations and decisions of the Board or Board Committees.

All Directors have access to the advice and services of the Company Secretary.

Directors are entitled to seek independent professional advice, including but not limited to legal, accounting and financial, either collectively or individually as may be considered necessary in furtherance of their duties and responsibilities at the expense of the Company.

2.0 The Board acknowledges the importance of demarcation of responsibilities between the Board, Board Committees and management.

2.1 Board Charter

The Board has formalised and adopted the Board Charter which clearly sets out the respective roles and responsibilities of the Board and also the functions and responsibilities delegated to the Board Committees as well as to the management.

The objectives of the Board Charter are to ensure that the members of the Board are aware of their roles, duties and responsibilities and the application of principles and practices of good corporate governance in their business conduct and dealings in respect of, and on behalf of the Company and the various laws and legislations governing them and the Company.

The Board reviews the Board Charter periodically and makes relevant amendments as and when the Board deems necessary to ensure that it continues to remain relevant and appropriate.

The Board Charter is accessible on the Company's website.

Corporate Governance Overview Statement

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I BOARD RESPONSIBILITIES (Cont'd)

3.0 The Board is committed to promote good business practices and ethical corporate conduct. With this commitment, the Board believes that it will make sound business decisions, enhance its operational performance and deliver value to all stakeholders.

3.1 Code of Conduct and Ethics

The Company's Code of Conduct sets out the principles and standards of business ethics and conduct of the Group. The objective of the Code is to assist the Directors and employees in defining ethical standards and conduct at work. The Code of Conduct includes principles relating to the duties of Directors and employees, confidential information, conflict of interest, dealings in securities, compliance to law & regulations and business conduct.

The Chief Executive oversees the communication, implementation and compliance of these principles and rules in the Group. All Directors and employees have free access to the Code of Conduct which is available at the Company's website.

The Board monitors compliance with the Code and reviews the Code regularly to ensure that it continues to remain relevant and appropriate.

3.2 Whistle-Blowing Policy

The Board has adopted a Whistle-Blowing Policy and will review the Policy from time to time.

The Policy is established to facilitate the reporting by employees and members of the public of any suspicious or improper conduct within the Company. The Policy also protects the whistle blower from reprisal and safeguard such person's confidentiality as a consequence of making a report.

The Whistle-Blowing Policy can be viewed from the Company's website.

3.3 Anti-Corruption and Anti-Bribery Policy

The Board has adopted an Anti-Corruption and Anti-Bribery Policy and will review it from time to time.

The Anti-Corruption and Anti-Bribery Policy is accessible on the Company's website.

4.0 The Board acknowledges the importance of embedding sustainability principles in setting the Company's strategy.

4.1 Responsibility for oversight and strategic management of sustainability matters

One of the responsibilities of the Board under its Board Charter is to review, approve and adopt strategic plans/direction of the Company and its Group and to ensure that they support long term value creation and have taken into account economic, environmental and social ("EES") considerations underpinning sustainability. The Sustainability Committee and Sustainability Working Group are responsible for implementing the policies, strategies and decisions adopted by the Board.

4.2 Public disclosure as well as ongoing internal and external stakeholder's engagement on the management of sustainability matters

Sustainability reporting is prepared in accordance with the Bursa Securities Listing Requirements as a channel to communicate with stakeholders regarding the Company's performance and its impacts on a wide range of sustainability topics, spanning economic, environmental and social parameters.

The Sustainability Statement forms part of the Company's Annual Report and is accessible on the Company's website.

Corporate Governance Overview Statement

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

I BOARD RESPONSIBILITIES (Cont'd)

4.3 Principles of sustainability form part and parcel of professional development and board skills matrix

The Company's approach to sustainability governance is led by the Board of Directors and supported by the Sustainability Committee and Sustainability Working Group to ensure sustainable business strategies, risk management concepts, operational guidance and direction are strongly employed within the Group.

The Group identifies the sustainability issues through stakeholder's engagement and materiality assessment. The Board has and would continue to discuss sustainability issues and provide recommendations for execution by Sustainability Committee and Sustainability Working Group.

The Directors also continuously undertake professional training to keep abreast with sustainability issues relevant to the Group.

4.4 Integration of sustainability principles in Board and senior management performance evaluation and KPIs

The Company conducts an annual evaluation relating to sustainability which includes how the Board manages the sustainability risks and opportunities that affect the Company and its business, and how the Board keeps up with and understands the relevant sustainability issues. The Company also has a yearly performance review system for the Senior Management, which considers, among other things, sustainability risks.

4.5 Identification of a designated management-level personnel to strategically manage sustainability related risk

The CFO is currently assigned to manage sustainability related risks.

II BOARD COMPOSITION

5.0 The Board acknowledges the importance of boardroom diversity and recognises the importance and benefits that it can bring and will work towards achieving this objective through good practices recommended by MCCG as outlined below:

5.1 Refreshing the Board Composition

The key responsibility of the Nomination Committee is to recommend to the Board suitable people for appointment as Directors to ensure that the composition of the Board should comprise persons with mixed skills, knowledge, expertise and experience.

In November 2025, in conjunction with the Board's and Sub-Committee's Evaluation and Directors' Self-Evaluation, the Nomination Committee also reviewed the latest Board Composition and concluded that the Board's composition and performance was adequate.

In order to ensure a candidate for nomination, election or re-election as a Director of the Company fulfils the fit and proper requirements, the Board had adopted a Directors' Fit and Proper Policy to serve as a guide to the Nomination Committee and the Board in their review and assessment of those candidates.

5.2 Board Balance

For the Financial Year 2025, following the retirement of Dato' Dr Chong Eng Keat @ Teoh Eng Keat, the Non-Independent Non-Executive Chairman, on 29 May 2025, the Board now comprises seven (7) members, of which three (3) of them are Independent Non-Executive Directors, two (2) are Non-Independent Non-Executive Directors and the other two (2) are Executive Directors. The Company fulfills Chapter 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad to have at least one-third (1/3) of its Board members as Independent Non-Executive Directors.

The Board is cognisant of the recommendation in Practice 5.2 where at least half of the Board comprises Independent Directors and the Board will assess its composition and size on an ongoing basis to ensure the needs of the Company are met.

Corporate Governance Overview Statement

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II BOARD COMPOSITION (Cont'd)

5.2 Board Balance (Cont'd)

Notwithstanding the above, the Board views the current number of Independent Non-Executive Directors among Board members as adequate in providing the necessary check and balance to the Board decision-making process.

Additionally, the Audit Committee also carries out private discussions with the External Auditors and Internal Auditors without the presence of Executive Directors and the Management.

The Board deems its composition appropriate in terms of its experience, skill and size. The Board is well represented by individuals with diverse professional backgrounds and experience in the areas of operation management, finance & accounting, legal and engineering.

5.3 Tenure of Independent Directors

One of the recommendations of the MCCG provides that the tenure of Independent Director should not exceed a cumulative term of nine (9) years of service. Upon completion of the nine (9) years, the Independent Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Director.

In the event the Board intends to retain the said Director as an Independent Director after the latter has served a cumulative term of nine (9) years but not exceeding 12 years (Main Market Listing Requirement Chapter 1.01), the Board must justify the decision and seek shareholders' approval through a two-tier voting process at the Annual General Meeting of the Company.

The Nomination Committee and the Board, through their annual assessment, recommended the retention of Dato' Agatha Foo Tet Sin, who has served the Board since 29 December 2017 as Independent Non-Executive Directors of the Company. Upon her re-appointment at the forthcoming Annual General Meeting (AGM), her tenure will exceed nine (9) years. Accordingly, her continued service as an Independent Non-Executive Director is subject to shareholders' approval through a two-tier voting process at the AGM, with the following justifications:

- a. She continues to meet the independence criteria as prescribed under Chapter 1 of the MMLR.
- b. She has performed her duties diligently and consistently demonstrated independence of judgment, integrity, and professionalism in the deliberations and decision making of the Board and its Committees. She provides valuable insights and constructive challenges to management.
- c. Her length of service on the Board has not compromised her independence, nor has it interfered with her ability to discharge her responsibilities objectively as an Independent Non-Executive Director.
- d. Her expertise, experience, and cumulative knowledge of the Group's business and operations continue to be highly relevant and beneficial to the Board, enhancing the overall skills, diversity, and effectiveness of the Board.

5.4 Nine-Year Policy for Independent Directors

The Board has chosen not to adopt a rigid policy of limiting the tenure of our Independent Directors to nine (9) years at this stage of the Company's growth. The Board's overall assessment is that the long serving Independent Directors have the right mix of skills, expertise, insight and experience to offer to the Company and this helps to enhance and improve the decision-making process in the best interest of the Elsoft Group.

5.5 Appointment of the Board and Senior Management

The Board delegates to the Nomination Committee the responsibility of reviewing any new candidate as a director or the recruitment of key management positions.

Corporate Governance Overview Statement

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II BOARD COMPOSITION (Cont'd)

5.5 Appointment of the Board and Senior Management (Cont'd)

The Nomination Committee is responsible for ensuring that the procedures for appointing new Directors are transparent and appointments are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

In evaluating the suitability of candidates to fill any vacancies in the Board, the Nomination Committee shall ensure that the candidates selected possess the necessary skills, knowledge, expertise and experience and that their personal characteristics are befitting of the positions. The Committee also actively engages with senior management to identify skill gaps and review succession planning and other human resource contingencies.

5.6 Identification of Candidates

The Board has established a clear and transparent Nomination Process for the Appointment of Directors regardless of the source of recommendation. The nomination process involves the following stages:

- (i) Identifying candidates,
- (ii) Evaluation of suitability of the candidates,
- (iii) Meeting up with the candidates,
- (iv) Final deliberation by Nomination Committee & Remuneration Committee, and
- (v) Recommendation to Board.

5.7 Nomination Committee

The Board has established a Nomination Committee comprising entirely of Non-Executive Directors and chaired by an Independent Non-Executive Director.

The current composition of the Nomination Committee is as follows:

Name	Designation	Membership
Dato' Agatha Foo Tet Sin	Independent Non-Executive Director	Chairman
Mr Lee Soo Ghee	Independent Non-Executive Director	Member
Mr Tan Ah Lek	Non-Independent Non-Executive Director	Member

The terms of reference of the Nomination Committee can be viewed on the Company's website at elsoftresearch.com.

Meetings of the Nomination Committee are held as and when necessary, and at least once a year. The Nomination Committee met once during the year and all members registered full attendance. The Nomination Committee, in its annual review, is satisfied that the size of the Board is optimum and that there is an adequate mix of experience and expertise in the composition of the Board. The Nomination Committee conducted an evaluation of the effectiveness of the Board and the Board Committees and the contribution of each individual Director during the financial year under review.

5.8 Chairman of Nominating Committee is Independent Director

The Nomination Committee is chaired by an Independent Non-Executive Director, Dato' Agatha Foo Tet Sin to ensure objectivity in the process of recruiting directors, evaluating their performance and driving the continuous performance of the board.

5.9 Gender Diversity

Presently, the Board now has one (1) female director out of a total of seven (7) which represent 14.2% of the Board Composition.

Corporate Governance Overview Statement

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II BOARD COMPOSITION (Cont'd)

5.9 Gender Diversity (Cont'd)

All appointments to the Board and employment of senior management are based on objective criteria, merit, skills and experience, and are not driven by age, cultural background or gender considerations.

In line with the Company's commitment to diversity, more woman representation on the Board and senior Management will be taken into consideration if and when vacancies arise and also when suitable candidates are identified in selecting the best candidate to support the achievement of the Company's strategic objectives.

5.10 Gender Diversity Policy

During the period under review, the Group does not have a gender diversity policy in relation to Board and Senior Management. The Board will strive to comply with the requirement in MCCG in relation to gender diversity.

6.0 The board undertakes a formal and objective annual evaluation to determine the effectiveness of the Board, its committees and each Individual Director.

6.1 Annual Evaluation

An annual assessment of the Board's performance is conducted every year. The Nomination Committee carried out the annual assessment in November 2025. The annual assessment involves members of the Board completing evaluation questionnaires to appraise the performance of the Board. The assessment also involves individual Directors undertaking self-evaluation. A summary of the evaluation results will be reported to the Board by the Chairman of the Nomination Committee. The Board Committees are assessed annually on their composition, expertise, and whether their functions and responsibilities were effectively discharged in accordance with their respective terms of reference.

The Board is satisfied with the level of commitment given by the Directors and that they have devoted sufficient time to carry out their responsibilities as Directors and to regularly update their knowledge and enhance their skills through continuing education and learning so that they can perform their duties more effectively.

The Board met five times during the year 2025 and the attendance of the Directors at Board meetings are as set out below: -

Name	Attendance
Ir. Academician Emeritus Professor Tan Sri Dato' Seri Dr. Chuah Hean Teik Chairman/Independent Non-Executive Director	5/5
Mr Tan Cheik Eaik Chief Executive Officer/Executive Director	5/5
Mr Koay Kim Chiew Executive Director	5/5
Mr Tan Ah Lek Non-Independent Non-Executive Director	5/5
Mr Ooi Toon Kit Non-Independent Non-Executive Director	5/5
Dato' Agatha Foo Tet Sin Independent Non-Executive Director	5/5
Mr Lee Soo Ghee Independent Non-Executive Director	5/5
Dato' Dr Chong Eng Keat @ Teoh Eng Keat Chairman/Non-Independent Non-Executive Director	*3/3

* Dato' Dr Chong Eng Keat @ Teoh Eng Keat retired on 29 May 2025 and attended three Board of Directors Meetings during the financial year 2025. Upon his retirement, Ir. Academician Emeritus Professor Tan Sri Dato' Seri Dr. Chuah Hean Teik was appointed as Chairman of the Board.

Corporate Governance Overview Statement

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

II BOARD COMPOSITION (Cont'd)

6.1 Annual Evaluation (Cont'd)

All Board members are required to notify the Chairman of the Board before accepting new directorships outside the Group and indicating the time that will be spent on their new appointments. Similarly, the Chairman of the Board shall also notify other Directors before taking up any additional appointment of directorships.

The Board assesses the independence of the Independent Directors at least once a year. All Independent Directors of the Company fulfilled the criteria of “independence” as prescribed under Chapter 1 of the Listing Requirements of Bursa Securities. The Company also fulfills Chapter 15.02 of the Listing Requirements of Bursa Malaysia Securities Berhad to have at least one-third (1/3) of its Board members as Independent Non-Executive Directors.

Directors' Training

All the Directors have attended and completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia Securities Berhad. In addition, the Directors will continue to participate in other relevant training programmes to further enhance their skills and knowledge in discharging their duties as Directors in an effective manner. Throughout the year, the Directors have received updates from time to time on relevant new laws and regulations.

The training programmes and seminars attended by the Directors during the financial year ended 31 December 2025 include:

Name of Directors	Title of training programmes and seminars	Mode of Training	No. of Days
Ir. Academician Emeritus Professor Tan Sri Dato' Seri Dr. Chuah Hean Teik	• IFRS Sustainability Disclosure Standards: IFRS S1 & S2	Seminar	1
Mr Tan Cheik Eaik	• The Vistage Chief Executive Programme	Seminar	12
Mr Koay Kim Chiew	• Tax Seminar on Budget 2026	Seminar	1
Mr Tan Ah Lek	• Malaysian Financial Reporting Standards (MFRS) Masterclass 2025	Seminar	1
Mr Ooi Toon Kit	• How to scale up your business by 10x • Coaching skills to ignite peak performance for senior managers	Seminar	1
Dato' Agatha Foo Tet Sin	• Service Tax Updates and Implementation for Contractors Rental and Leasing, and Related Industries	Seminar	0.5
Mr Lee Soo Ghee	• SST: New and Expanded Service Tax Scope for Rental or Leasing	Seminar	1

The Board will, on a continuous basis, evaluate and determine the other training needs of its members to assist them in the discharge of their duties as Directors.

Corporate Governance Overview Statement

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

III REMUNERATION

7.0 The Board acknowledges the importance of appropriate remuneration for directors and senior management in order to attract and retain the right talent in the Board and the senior management to drive the Company's strategies in the long term.

7.1 Remuneration Policy

The Board has formalised a Remuneration Policy to provide guidelines to determine the remuneration package for Directors and senior management with the objective of attracting, motivate and retain talent in the Board and senior management team.

The Remuneration Committee is established to ensure the Remuneration Policy and decisions are made through a transparent and independent process. The Remuneration Policy will be reviewed regularly.

During the process of determining the remuneration package for Directors and senior management, the Committee takes into account the level of duties and responsibilities as well as the skills and experiences so as to ensure competitiveness within the relevant market and industry.

The Remuneration Policy is accessible on the Company's website.

7.2 Remuneration Committee

The Board has established a Remuneration Committee comprising exclusively of Non-Executive Directors and a majority of Independent Directors.

The current composition of the Remuneration Committee is as follows:

Name	Designation	Membership
Dato' Agatha Foo Tet Sin	Independent Non-Executive Director	Chairman
Mr Ooi Toon Kit	Non-Independent Non-Executive Director	Member
Mr Lee Soo Ghee	Independent Non-Executive Director	Member

The responsibilities of the Remuneration Committee are:

- (a) to recommend to the Board the remuneration package for Executive Directors.
- (b) to recommend to the Board the remuneration for Non-Executive Directors, save and except where it relates to the specific member or members of this Committee.

Executive Directors should play no part in the decisions on their own remuneration. The determination of remuneration packages of Non-Executive Directors, including Non-Executive Chairman should be a matter for the Board as a whole.

The meetings of the Remuneration Committee are held when necessary, and at least once a year. The Remuneration Committee met once during the year and all members registered full attendance.

Corporate Governance Overview Statement

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (Cont'd)

III REMUNERATION (Cont'd)

8.0 The Board ensures that stakeholders are able to have access to the remuneration of Directors and senior management for greater transparency.

8.1 Directors' Remuneration

Detailed disclosure on name basis for the remuneration of individual Directors are as follows:

Directors	Director Fee	Remuneration	ESOS	Total
Ir. Academician Emeritus Professor Tan Sri Dato' Seri Dr. Chuah Hean Teik	47,000	-	-	47,000
Dato' Dr Chong Eng Keat @ Teoh Eng Keat*	33,000	-	-	33,000
Mr Tan Ah Lek	48,000	-	-	48,000
Mr Ooi Toon Kit	48,000	-	-	48,000
Dato' Agatha Foo Tet Sin	45,000	-	-	45,000
Mr Lee Soo Ghee	45,000	-	-	45,000
Mr Tan Cheik Eaik	-	211,364	-	211,364
Mr Koay Kim Chiew	-	280,988	-	280,988

* Dato' Dr Chong Eng Keat @ Teoh Eng Keat retired on 29 May 2025.

8.2 Remuneration of Senior Management

The Board recognises the importance of transparency in remuneration disclosure as recommended by the MCCG. However, the Board believes that disclosing the remuneration package of the top five senior management personnel is not necessary and could be detrimental to the Group's business interests. The Group operates in a highly competitive human capital environment and faces constant headhunting for personnel with the right skills, knowledge, and experience. Revealing specific pay information may cause recruitment and retention problems in the future.

The Board will ensure that the pay of the Senior Management matches their responsibilities, and considers how to attract, retain and motivate Senior Management to lead and run the Group well. The Board does not pay excessive amounts to the Senior Management in any case.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I AUDIT COMMITTEE

9.0 The Audit Committee was set up in June 2005. The Audit Committee plays a crucial role in ensuring that the information to be disclosed is accurate, adequate and complies with the appropriate financial standards.

The composition of the Audit Committee, its terms of reference and attendance of meetings by the individual members are set out on pages 54 to 55.

9.1 Chairman of Audit Committee

The Chairman of the Audit Committee is not the chairman of the board so as to ensure robust and open deliberations by the Board on matters referred by the Audit Committee.

Corporate Governance Overview Statement

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

I AUDIT COMMITTEE (Cont'd)

9.1 Chairman of Audit Committee (Cont'd)

The Chairman of the Audit Committee is Mr Lee Soo Ghee, an Independent Non-Executive Director, whereas the Chairman of the Board is Ir. Academician Emeritus Professor Tan Sri Dato' Seri Dr. Chuah Hean Teik.

9.2 Cooling-Off Period for Appointment of Former Key Audit Partner

The Board has adopted a policy of not appointing any current or ex-partner of the Company's external auditors who have responsibility over the audit of the Group's accounts or the provision of other services to the Group, to the Board and the Audit Committee until after a 3-years cooling-off period from their last date of audit or services. This also applies to partners of their affiliated firms such as those providing advisory, tax and consulting services.

Presently, none of the Board or Audit Committee members are former key audit partners.

9.3 Assess the Suitability, Objectivity and Independence of the External Auditors

The Audit Committee makes recommendations on the appointment of new external auditors or the reappointment or discontinuance of the current external auditors to the Board. In making such recommendations, the Audit Committee shall assess the competency, independence, previous audit quality, governance and leadership structure of the audit firm and the measures undertaken by the firm to train its staff to uphold audit quality and manage risks.

The Audit Committee maintains an appropriate and transparent relationship with the external auditors. In the course of auditing of the Group's financial statements, the external auditors highlight to the Audit Committee and the Board, matters that require the Board's attention. Audit Committee meetings are attended by the external auditors for purposes of presenting their audit plan and report, and comments on the audited financial statements and to make representations to the Committee on any other findings revealed in the course of their audit. The external auditors have carried out their audit plan diligently and in a timely manner.

The external auditors are required to declare their independence annually to the Audit Committee as specified by the By-Laws issued by the Malaysian Institute of Accountants. The external auditors have provided the declaration in their annual audit plan presented to the Audit Committee of the Company.

The Audit Committee had on 8 April 2026 assessed the independence of the external auditors, BDO PLT and was satisfied with BDO PLT's competency and audit independence.

9.4 Solely Independent Directors in Audit Committee

Presently, the Audit Committee consists of three (3) members, who are all Non-Executive Directors and majority of whom are Independent Directors. The Board does not adopt the policy of having solely Independent Directors in the Audit Committee.

9.5 Skills of Audit Committee

The composition of the Audit Committee meets the requirement of Paragraph 15.09(1)(c) of the Main Market Listing Requirement of Bursa Malaysia that at least one member of the audit committee has accounting or financial acumen.

Mr. Ooi Toon Kit who is a member of Malaysian Institute of Accountants ("MIA") is a member of the Audit Committee. The academic and professional background of the rest of the Audit Committee members varies. With vast knowledge, skills and experience from various industries, they are able to understand matters under the purview of the Audit Committee and therefore they are able to provide sound advice to the Board.

The Audit Committee members are encouraged to undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, corporate governance and corporate reporting.

The Audit Committee members have attended several seminars, development and training programmes, the details of which are set out in the Annual Report 2025 under page 46.

Corporate Governance Overview Statement

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

I AUDIT COMMITTEE (Cont'd)

9.6 Provision of Non-Audit Services by External Auditor

The provision of non-audit services by the external auditor and their affiliates must receive the prior approval of the Audit Committee. In granting such approval, the Committee shall consider the nature and the extent of such services and the appropriateness of the quantum of fees.

II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

10.0 The Board acknowledges the importance of sound risk management and internal control being embedded into the culture, processes and structures of the Group.

The Statement on Risk Management and Internal Control set out on pages 56 to 57 of the Annual Report provides an overview of the state of internal controls within the Group.

10.1 Risk Management and Internal Control Framework

The Group has established risk management practices to safeguard the Group's business interest from risk events that may impede the achievement of business strategy and provide assurance to the Groups' various stakeholders.

The main components of the Group's risk governance and structure consist of the Board, the Senior Management and the key personnel of the Group. The structure allows for strategic risk discussions to take place between the Board and the Senior Management on a periodical basis.

Regular project-based discussions are conducted and attended by the Group's senior and middle management and key employees. This is part of the ongoing initiative to sustain risk awareness and risk management capabilities.

10.2 Adequacy and Effectiveness of Risk Management and Internal Control Framework

The summary of the accountabilities of the Board, the Senior Management and the key personnel under the risk governance structure are as follows:

Board of Directors

- Overall risk oversight responsibility,
- Determines that the principal risks are identified, and that appropriate as well as robust systems are implemented to manage these risks,
- Reviews the adequacy and the integrity of the Group's internal control systems and information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Senior Management and key personnel of the Group

- Oversee the effective implementation of risk policies and guidelines, and the cultivation of risk management culture within the organization,
- Review and monitor periodically the status of the Group's principal risks and their mitigation actions and update the Board accordingly.

In essence, risk management is conducted through an ongoing process between the Board, the Management and employees in the Group. The Group believes that the risk management framework and guidelines adopted and implemented have strengthened the risk ownership and risk management culture amongst the employees.

Corporate Governance Overview Statement

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT (Cont'd)

II RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (Cont'd)

11.0 The Board acknowledges the importance of the internal audit function and has engaged the services of an independent and professional consulting firm, to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

11.1 Internal Audit Function

The Board outsourced its internal audit function to an independent professional consulting firm, JWC Consulting Sdn. Bhd. effective from 6 May 2016.

Further details of the internal audit activities are set out in the Audit Committee Report and in the Statement on Risk Management and Internal Control of 2025 Annual Report.

11.2 Objectivity and Independence of Internal Auditors

The Audit Committee is satisfied that JWC Consulting Sdn. Bhd. has adequate resources and expertise to carry out the internal audit function and will ensure that the internal audit personnel are free from any conflict of interest with the Company.

The Audit Committee has full and direct access to the internal auditors and receives reports on all internal audits performed. The internal auditors independently and objectively monitor compliance with regard to policies and procedures, and the effectiveness of the internal controls systems. Significant findings and recommendations for improvement are highlighted to the Management and the Audit Committee, with periodic follow-up of the implementation of action plans.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I COMMUNICATION WITH STAKEHOLDERS

12.0 The Board acknowledges the importance of regular communication between the Company and its stakeholders to ensure mutual understanding of each other's objectives and expectations.

12.1 Effective, Transparent and Regular Communication with Stakeholders

Presently, the Board and the Management of the Company communicate with its stakeholders through the following channels:

(a) Company Website (elsoftresearch.com)

The Company website incorporates all announcements made by the Company as well as corporate governance practice documents such as the Board Charter, Code of Conduct and Terms of Reference of the Committees.

(b) Bursa Malaysia Securities Berhad (www.bursamalaysia.com)

The Company releases all announcements through Bursa Malaysia Securities Berhad which are accessible to the public.

(c) Analyst Briefings

Top Management conducts briefing/meeting with analyst and fund managers from time to time to provide updates on the Company's strategy and performance.

12.2 Integrated Report

The management is of the view that an integrated report will not be necessary in view of the size of the Company.

Corporate Governance Overview Statement

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Cont'd)

II CONDUCT OF GENERAL MEETINGS

13.0 The Board attends General Meetings to engage directly with and be accountable to the shareholders for their stewardship of the Company.

13.1 Notice of Annual General Meeting

The Company dispatches its Notice of Annual General Meeting at least 28 days before the meeting date to allow the shareholders to make the necessary arrangements to attend and participate in the meeting.

13.2 Attendance of Directors

All directors attended the 22nd AGM on 29 May 2025. The Chairman of Audit Committee, Remuneration Committee and Nomination Committee were also present to provide responses, if necessary, to any question addressed to them.

Barring any unforeseen circumstances, all Directors will be present at the forthcoming AGM of the Company.

13.3 Leverage technology to facilitate voting and shareholders' participation

Elsoft has adopted electronic poll voting at its 22nd AGM held on 29 May 2025 for all resolutions proposed to provide more efficient and accurate outcome of the results.

As an alternative practice, the shareholders who are unable to attend the general meetings of the Company may appoint any person(s) as their proxies to attend and vote on their behalf at the general meetings.

13.4 Shareholder Participation at AGM

At the 22nd AGM, the Chairman briefed the members, corporate representatives and proxies present of their right to participate, speak and vote on the resolutions set out in the AGM notice. He invited the shareholders to raise questions on each item on the agenda before putting the resolution to vote.

13.5 Virtual General Meeting

The 22nd AGM was a physical AGM held at the Conference Hall of the Company on 29 May 2025.

The Company encourages participation of shareholders through the issuance of proxies when shareholders are unable to attend and vote in person at general meetings.

13.6 Minutes of the general meeting

The minutes of the 22nd AGM were uploaded on the Company's website within 30 business days after the AGM.

COMPLIANCE STATEMENT

The Board is satisfied that the Company has complied with most of the principles and recommendations of the MCCG, as described in this statement. This statement is issued in accordance with a Board Resolution dated 8 April 2026.

Statement of Directors' Responsibility

The Directors are required by the Companies Act 2016 (the Act) to prepare financial statements for each financial year in accordance with applicable Financial Reporting Standards and the provisions of the Act and the Main Market Listing Requirements.

The Directors are responsible for ensuring that the financial statements give a true and fair view of the state of affairs, results and cash flows of the Group and the Company at the end of the financial year.

In preparing the financial statements, the Directors have:

- a. adopted the appropriate accounting policies and applied them consistently,
- b. made judgments and estimates that are reasonable and prudent,
- c. ensured that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- d. prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records, which disclose with reasonable accuracy the financial position of the Group and the Company, and which enable them to ensure that the financial statements comply with the Act.

The Directors are responsible for taking such steps as are reasonably available to them to safeguard the assets of the Group and to detect and prevent fraud and other irregularities.

Audit Committee Report

Mr Lee Soo Ghee

Chairman of Audit Committee
Independent Non-Executive Director

Mr Ooi Toon Kit

Member of Audit Committee
Non-Independent Non-Executive Director

Dato’ Agatha Foo Tet Sin

Member of Audit Committee
Independent Non-Executive Director

The Audit Committee consists of three (3) members, all are Non-Executive Directors and the majority of whom are Independent Directors.

1.0 Terms of Reference

The terms of reference of the Audit Committee can be viewed on the Company’s website at elsoftresearch.com.

2.0 Attendance at Meetings

There were five (5) meetings held for the financial year ended 31 December 2025 each with 100% attendance. Details of attendance of the Committee members are as follows:-

Name of Committee Member	No. of meetings attended
Mr Lee Soo Ghee	5/5
Mr Ooi Toon Kit	5/5
Dato’ Agatha Foo Tet Sin	5/5

3.0 Summary of Activities

The Committee had carried out the following activities in the five (5) meetings during the financial year ended 31 December 2025 in discharging their duties and responsibilities:

- Reviewed the quarterly reports and financial statements (audited and unaudited) of the Group, paying particular attention to the implementation of major changes in accounting policies, significant and unusual events and compliance with accounting standards and other statutory requirements. The Committee made recommendations on these reports and financial statements to the Board for approval prior to their release to Bursa Malaysia Securities Berhad.
- Reviewed the Corporate Governance Overview Statement, Statement of Risk Management and Internal Control and Audit Committee Report and recommended the same to the Board for inclusion in the Annual Report.
- Met with the external auditors three (3) times in 2025 in the absence of executive directors and management staff in order to provide an opportunity to the external auditors to candidly express any concerns they may have, if any. There were no major concerns raised by the external auditors at the meeting.
- Reviewed with the external auditors, the audit plan, scope of audit and the areas of audit of the Company/ Group.
- Reviewed the proposed audit and non-audit fees for FYE 31 December 2025 and recommended them to the Board for approval.
- Reviewed the related party transactions on a quarterly basis.
- Appraised and evaluated the performance of the external auditors and assessed the independence of the external auditors.

Audit Committee Report

3.0 Summary of Activities (Cont'd)

The Committee had carried out the following activities in the five (5) meetings during the financial year ended 31 December 2025 in discharging their duties and responsibilities: (Cont'd)

- Reviewed and made recommendations concerning the appointment of the external auditors and their remuneration to the Board.
- Reviewed the adequacy of the scope, functions, competency and resources of the internal auditors and that they have the necessary authority to carry out their work.
- Reviewed with the internal auditors on the adequacy of the Group's internal control and risk management practices, identified and considered significant financial and business risks and recommended to the Board of Directors the implementation of appropriate systems to manage these risks.
- Reviewed the internal audit plan.
- Received and reviewed Internal Audit Reports with the internal auditors on findings, recommendation and remedial actions on the following:
 - (i) Sales & Marketing
 - (ii) Human Resources Management
 - (iii) General Safety and Security
 - (iv) Anti-Bribery and Anti-Corruption Policy and Practices
- Reviewed the appraisal or assessment of the performance of the internal audit functions.

4.0 Internal Audit

At present, the Group does not have an in-house internal audit department. However, the Board appointed JWC Consulting Sdn. Bhd. as the internal auditors for financial year 2025. The Committee and the Board recognize the importance of a structured risk management and a risk-based internal audit to establish and maintain a sound system of internal control.

During the financial year under review, the outsourced internal auditors conducted reviews based on an approved internal audit plan and the results of these reviews were tabled at the Audit Committee meetings.

The internal auditors have also carried out follow-up reviews to ensure that recommendations for improvement of the internal control systems were being implemented satisfactorily.

During the course of internal audits, the internal auditors have identified areas that required improvement. These areas were duly highlighted in the Internal Audit Reports along with internal audit recommendations. The Committee reviewed and acted on these recommendations.

In addition, the Audit Committee and the Senior Management work closely with both the internal and external auditors to review accounting and control issues to ensure significant issues are brought to the attention of the Board.

The expenditure incurred for the internal audit function for the financial year 2025 was RM26,000.

The Board of Directors and the Audit Committee relied on discussions with the Management and Executive Directors, in their review of the quarterly financial statements and on the input from the external and internal auditors to discharge their duties. The state of internal control is detailed in the Statement on Risk Management and Internal Control on pages 56 to 57.

5.0 Conflict of Interest

The Audit Committee reviewed the conflict of interest declaration forms submitted by Directors and Key Senior Management personnel.

Statement on Risk Management and Internal Control

The Malaysian Code on Corporate Governance requires public listed companies to maintain a sound system of risk management and internal control to safeguard shareholders' investments and company's assets. Under the provisions of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("MMLR"), paragraph 15.26(b), Directors of public listed companies are required to produce a statement on the state of the company's internal control in their Annual Report.

The Board of Directors ("Board") continues with its commitment to maintain sound systems of risk management and internal control throughout Elsoft Research Berhad and its subsidiaries ("Group") and in compliance with the Main Listing Requirements and the Statement of Risk Management and Internal Control (Guidelines for Directors of Listed Companies) ("SORMIC Guide 2025"), the Board is pleased to provide the following statement which outlines the nature and scope of risk management and internal control of the Group during the financial year in review. The disclosure in this statement does not extend to the Group's associate companies, whose risk management and internal control frameworks are managed independently. The Group safeguards its interests in such entities through representation on their respective boards and, where appropriate, participation in management or operational discussion meetings.

BOARD RESPONSIBILITY

The Board acknowledges the importance of sound risk management and internal control being embedded into the culture, processes and structures of the Group. The systems of internal control cover risk management and financial, organizational, operational, project and compliance controls. The Board affirms its overall responsibility for the Group's systems of internal control and for reviewing the effectiveness and efficiency of those systems to ensure their viability and robustness. It should be noted, however, that such systems are designed to manage, rather than eliminate, the risks of failure to achieve corporate objectives. Inherently, it can only provide reasonable and not absolute assurance against material misstatement or loss.

CONTROL STRUCTURE AND ENVIRONMENT

In furtherance to the Board's commitment to maintain sound systems of risk management and internal control, the Board continues to maintain and implement a structure and environment for the proper conduct of the Group's business operations as follows:

- The Board meets at least quarterly and has set a schedule of matters which is required to be brought to its attention for discussion, thus ensuring that it maintains full and effective supervision over appropriate controls. The Chief Executive Officer leads the presentation of board papers and provides explanations of pertinent issues. In addition, the Board is kept updated on the Group's activities and its operations on a regular basis,
- An organization structure with well-defined scopes of responsibility, clear lines of accountability, and levels of delegated authority,
- A process of hierarchical reporting which provides for a documented and auditable trail of accountability,
- A set of documented internal policies and procedures for operational and human resource management, which is subject to review and improvement. A documented delegation of authority with clear lines of accountability and responsibility serves as a tool of reference in identifying the approving authority for various transactions including matters that require Board's approval,
- Regular and relevant information provided by management, covering financial and operational performance and key business indicators, for effective monitoring and decision making,
- Regular visits to operating units by members of the Board and senior management.

RISK MANAGEMENT

The Group has established risk management practices to safeguard the Group's business interest from risk events that may impede the achievement of business strategy and provide assurance to the Groups' various stakeholders. The Group CEO and CFO have provided the Board with the assurance that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects, to ensure achievement of corporate objectives.

The main components of the Group's risk governance and structure consist of the Board, the Audit Committee and Senior Management and key personnel of the Group. The structure allows for strategic risk discussions to take place between the Board, the Audit Committee and the Senior Management on a periodical basis, where necessary. The summary of the accountabilities the risk governance structure are as follows:

Statement on Risk Management and Internal Control

RISK MANAGEMENT (Cont'd)

a. Board of Directors

- Overall risk oversight responsibility,
- Determines that the principal risks are identified, and appropriate as well as robust systems are implemented to manage these risks, through the Audit Committee and with the assistance of the Senior Management and Internal Auditors,
- Reviews the adequacy and the integrity of the Group's internal control systems and information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

b. Senior Management and key personnel of the Group

- Oversees the effective implementation of risk policies and guidelines, and cultivation of risk management culture within the organization,
- Reviews and monitors periodically the status of the Group's principal risks and their mitigation actions and updates the Audit Committee and the Board accordingly, where necessary.

Regular project-based discussions are conducted and attended by the Group's senior and middle management and key employees. This is part of the ongoing initiative to sustain risk awareness and risk management capabilities.

In essence, Risk Management is conducted through an ongoing process between the Board, the Management and employees in the Group. The Group believes that the risk management framework and guidelines adopted and implemented have strengthened the risk ownership and risk management culture amongst the employees.

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function and has engaged the services of an independent professional and consulting firm, JWC Consulting Sdn. Bhd., to provide much of the assurance it requires regarding the effectiveness as well as the adequacy and integrity of the Group's systems of internal control.

The internal audit adopts a risk-based approach in developing its audit plan which addresses the core business processes of the Group based on their risk profile. Scheduled internal audits are carried out by the internal auditors based on the audit plan presented to and approved by the Audit Committee.

The Audit Committee has full and direct access to the internal auditors and the Audit Committee receives reports on all internal audits performed. The Internal Auditors continue to independently and objectively monitor compliance with regard to policies and procedures, and the effectiveness of the internal controls systems. Significant findings and recommendations for improvement are highlighted to Management and the Audit Committee, with periodic follow-up of the implementation of action plans. The Management is responsible for ensuring that corrective actions were implemented accordingly.

Based on the internal auditors' reports for the financial year ended 31 December 2025, the Board has reasonable assurance that the Group's systems of internal control are generally adequate and appear to be working satisfactorily. A number of minor internal control weaknesses were identified during the financial year, all of which have been, or are being, addressed. None of the weaknesses have resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report.

The Board continues to review and implement measures to strengthen the internal control environment of the Group.

This statement is issued in accordance with a resolution of the Directors dated 8 April 2026.

REVIEW OF STATEMENT BY THE EXTERNAL AUDITORS

The external auditors have reviewed this Statement in accordance to Paragraph 15.23 of the MMLR of Bursa Securities. As set out in their terms of engagement, the limited assurance review was performed in accordance with 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 the Malaysian Institute of Accountants.

AAPG 3 does not require the external auditors to consider whether this 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.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement on Risk Management and Internal Control intended to be included in the Annual Report is not prepared, in all material aspects, in accordance with the disclosures required by Section 7 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Companies (SORMIC Guide 2025) to be set out, nor is factually inaccurate.

Share Buy-Back Statement

In Relation To The Proposed Renewal Of Authority For Share Buy- Back ("Statement")

1. INTRODUCTION

At the Twenty-Second Annual General Meeting ("AGM") held on 29 May 2025, our Board of Directors ("Board") had obtained the shareholders' approval for the renewal of the authority to enable the Company to purchase its own shares up to a maximum of 10% of its total number of issued shares ("Proposed Renewal of Authority for Share Buy-Back" or "Proposed Share Buy-Back"). The approval for the Proposed Renewal of Authority for Share Buy-Back shall lapse at the conclusion of the forthcoming Twenty-Third (23rd) AGM, which has been scheduled to be held on Friday, 22 May 2026 unless the approval is renewed.

On 8 April 2026, our Board had announced to Bursa Malaysia Securities Berhad ("Bursa Securities") that we proposed to seek our shareholders' approval for the Proposed Renewal of Authority for Share Buy-Back at our forthcoming 23rd AGM.

The Proposed Renewal of Authority for Share Buy-Back will allow Elsoft Research Berhad ("Elssoft" or "the Company") to purchase its own shares up to a maximum of 10% of its total number of issued shares from the open market.

The purpose of this Statement is to provide you with details and information on the Proposed Renewal of Authority for Share Buy-Back as well as to seek your approval for the ordinary resolution in relation to the Proposed Renewal of Authority for Share Buy-Back to be tabled at our 23rd AGM. The notice of the 23rd AGM and the form of proxy are set out in pages 137 and 143 respectively.

WE ADVISE YOU TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS STATEMENT BEFORE VOTING ON THE ORDINARY RESOLUTION IN RELATION TO THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK TO BE TABLED AT THE 23rd AGM.

IF YOU ARE IN ANY DOUBT AS TO THE COURSE OF ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKER, BANKER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISORS IMMEDIATELY.

2. DETAILS OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

Our Board proposed to seek approval from our shareholders for the Proposed Renewal of Authority for Share Buy-Back so that our Directors can exercise the power to purchase its own Shares in circumstances which the Directors consider would be in the best interest of the Company.

The Proposed Renewal of Authority for Share Buy-Back will be effective upon the passing of the resolution in our 23rd AGM and will continue to be in force until:-

- (a) the conclusion of our next AGM following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which our next AGM after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by our shareholders in general meeting;

whichever occurs first, but not so as to prejudice the completion of purchase(s) by our Company before the aforesaid expiry date and in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements") or any other relevant authority.

2.1 Maximum Number or Percentage of Shares to be Acquired

As at 31 March 2026 ("LPD"), the total issued share capital of our Company based on the Record of Depositors is RM57,832,248.00 comprising of 694,140,580 Shares (inclusive of 17,920,260 treasury shares). As an illustration, the maximum number of Shares which may be purchased by our Company will not be more than 69,414,058 Shares based on the issued share capital of our Company as at the LPD.

As at the LPD, our Company has outstanding options of 1,513,000 granted under the Employees' Share Option Scheme which was established on 1 April 2016 for a period of five (5) years and has been further extended for another five (5) years until 31 March 2026 ("Outstanding ESOS Options"). Should the issued share capital of our Company increase due to the exercise of the Outstanding ESOS Options, the maximum number of Shares that can be purchased is up to ten percent (10%) of the enlarged issued share capital of our Company at the time of purchase.

Share Buy-Back Statement

In Relation To The Proposed Renewal Of Authority For Share Buy- Back ("Statement")

2. DETAILS OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK (Cont'd)

2.2 Pricing

Pursuant to Chapter 12 of the Listing Requirements, Elsoft shall purchase its own Shares or resell its treasury shares (if applicable) only on the market of the Bursa Securities at a price not more than fifteen percent (15%) above the weighted average market price of ordinary shares in Elsoft ("Esoft Share(s)" or "Share(s)") for the five (5) market days immediately preceding the date of purchase.

The price for the resale of treasury shares shall:-

- (a) not be less than the weighted average market price for Elsoft Shares for five (5) market days immediately prior to the resale; or
- (b) be at a discounted price of not more than five percent (5%) to the weighted average market price for Elsoft Shares for five (5) market days immediately prior to the resale provided that:-
 - (i) the resale takes place not earlier than thirty (30) days from the date of the purchase; and
 - (ii) the resale price is not less than the cost of purchase of the Shares being resold or transferred.

2.3 Treatment of Shares Purchased pursuant to the Proposed Share Buy-Back ("Purchased Shares")

The Purchased Shares by our Company may be dealt by our Board in accordance with Section 127 of the Companies Act 2016 ("Act") in the following manners:-

- (a) cancel the Shares so purchased; or
- (b) retain the Shares so purchased as treasury shares; or
- (c) retain part of the Shares so purchased as treasury shares and cancel the remainder; or
- (d) distribute the treasury shares as share dividends to shareholders; or
- (e) resell the treasury shares on Bursa Securities; or
- (f) transfer the treasury shares, or any of the shares for the purposes of or under an employees' share scheme; or
- (g) transfer the treasury shares, or any of the shares as purchase consideration; or

in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

As at the date of this Statement, our Board has yet to decide on the treatment of the Purchased Shares and will take into consideration the effects of such treatment on our Company in arriving at its decision. An immediate announcement will be made to Bursa Securities upon each purchase, cancellation and/or resale of Shares pursuant to the Proposed Renewal of Authority for Share Buy-Back.

If such Purchased Shares were held as treasury shares, the rights attaching to them in relation to voting, dividends and participation in any other distribution or otherwise will be suspended. The treasury shares would not be taken into account in calculating the number or percentage of Shares or a class of Shares in our Company for any purposes including the determination of substantial shareholdings, take-overs, notices, the requisitioning of meetings, the quorum for meetings and the result of a vote on resolution(s) at meetings.

Share Buy-Back Statement

In Relation To The Proposed Renewal Of Authority For Share Buy- Back ("Statement")

2. DETAILS OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK (Cont'd)

2.4 Share Prices

The monthly highest and lowest closing market prices of the Shares traded on Bursa Securities for the past twelve (12) months up to the LPD are as follows:-

	Low RM	High RM
2025		
April	0.260	0.310
May	0.300	0.380
June	0.315	0.355
July	0.310	0.345
August	0.280	0.320
September	0.265	0.345
October	0.305	0.350
November	0.250	0.315
December	0.220	0.265
2026		
January	0.245	0.265
February	0.240	0.260
March	0.245	0.255
Last transacted market price on 31 March 2026 (being the latest practicable date prior to the printing of this Statement)		0.245

(Source: Bloomberg)

3. RATIONALE FOR THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The implementation of the Proposed Renewal of Authority for Share Buy-Back is envisaged to benefit our Company and its shareholders as follows:

- our Company is able to utilise its surplus financial resources more efficiently. If implemented, this may help to stabilize the supply and demand of the Shares traded on Bursa Securities and thereby support its fundamental value.
- the earnings per share ("EPS") and the return on equity of our Company is expected to improve as a result of a reduced share capital base.
- the Purchased Shares retained as treasury shares provide our Board with an option to resell the treasury shares at a higher price and increase the financial resources of our Company.
- the Purchased Shares retained as treasury shares can be distributed as share dividends to our shareholders as a reward.

Share Buy-Back Statement

In Relation To The Proposed Renewal Of Authority For Share Buy- Back (“Statement”)

4. POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

4.1 Potential Advantages

The potential advantages of the Proposed Renewal of Authority for Share Buy-Back are as follows:

- (a) The Proposed Renewal of Authority for Share Buy-Back would enable our Company to utilise its financial resources more efficiently especially where there is no immediate use and it may strengthen the EPS of Elsoft and its subsidiaries (“Elssoft Group” or the “Group”).
- (b) The Proposed Renewal of Authority for Share Buy-Back will also provide our Company with opportunities to increase its financial resources if the Purchased Shares which are retained as treasury shares are resold at prices higher than their cost of purchase.
- (c) In any event, the treasury shares may also be distributed as share dividends to the shareholders as a reward.
- (d) The Proposed Renewal of Authority for Share Buy-Back may also stabilise the supply and demand of Shares traded on Bursa Securities and reduce the volatility of our Company’s share prices. The stability of Shares price is important to maintain investors’ confidence and may also assist in facilitating future fund raising via the equity market.

4.2 Potential Disadvantages

The potential disadvantages of the Proposed Renewal of Authority for Share Buy-Back are as follows:

- (a) The Proposed Renewal of Authority for Share Buy-Back if implemented is expected to temporarily reduce the immediate financial resources of our Group.
- (b) The Proposed Renewal of Authority for Share Buy-Back may also result in our Group foregoing better investment opportunities which may emerge in the future and/or any income that may be derived from other alternative uses of such funds such as deposit in interest bearing instruments.
- (c) The Proposed Renewal of Authority for Share Buy-Back may also reduce the amount of resources available for distribution to the shareholders of our Company in the form of dividends as funds are utilised to purchase its own Shares.

Nevertheless, the Proposed Renewal of Authority for Share Buy-Back is not expected to have any potential material disadvantages to our Company and our shareholders, as it will be implemented only after careful consideration of the financial resources of our Group and its resultant impact. The Board is mindful of the interest of our Company and our shareholders and will be prudent with respect to the Proposed Renewal of Authority for Share Buy-Back exercise.

5. FUNDING

The maximum amount of funds to be allocated for the Proposed Renewal of Authority for Share Buy-Back shall not exceed the aggregate of retained profits of our Company. As at 31 December 2025, being the latest available audited financial statements, the audited accumulated retained profits of our Company were RM3,398,628.

Notwithstanding the above, our Board will ensure that there are sufficient retained profits at our Company level at any time for the purchase of its own Shares by our Company under the Proposed Renewal of Authority for Share Buy-Back. In addition, our Board will ensure that the maximum amount of funds to be utilised for the Proposed Renewal of Authority for Share Buy-Back shall not exceed the retained profits of our Company at the time of purchase and that the Proposed Renewal of Authority for Share Buy-Back will not result our Company being insolvent or its capital being impaired.

The Proposed Renewal of Authority for Share Buy-Back will be funded through internally generated funds and/or bank borrowings or a combination of both. The actual amount of borrowings will depend on the financial resources available at the time of purchase(s). The actual number of Elsoft Shares to be purchased and the timing of such purchases will depend on, amongst others, the market conditions, and sentiments of the stock market as well as the retained profits and the financial resources available to our Group.

Share Buy-Back Statement

In Relation To The Proposed Renewal Of Authority For Share Buy- Back ("Statement")

5. FUNDING (Cont'd)

In the event that our Company intends to purchase its own shares using bank borrowings, our Board shall ensure that our Company shall have sufficient funds to repay the bank borrowings and interest expense and that the repayment would have no material effect on the cash flow of our Company.

6. EFFECTS OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

The effects of the Proposed Renewal of Authority for Share Buy-Back on the share capital, earnings, net assets ("NA"), working capital, dividend and gearing of our Company and the Elsoft Group, whichever applicable, are set out below:-

6.1 Share Capital

The effects of the Proposed Renewal of Authority for Share Buy-Back on the total number of issued Shares of our Company will depend on whether the Purchased Shares are cancelled or retained as treasury shares.

Based on the total number of issued Shares of our Company as at the LPD and assuming that the maximum number of Elsoft Shares (of up to ten percent (10%) of the total number of issued shares) authorised under the Proposed Renewal of Authority for Share Buy-Back are purchased and cancelled, it will result in the total number of issued Shares of our Company being reduced as follows:-

	⁽ⁱ⁾ Minimum Scenario No. of Shares	⁽ⁱⁱ⁾ Maximum Scenario No. of Shares
Issued share capital as at the LPD	694,140,580	694,140,580
Shares to be issued upon full exercise of all Outstanding ESOS Options as at the LPD	-	1,513,000
	694,140,580	695,653,580
Assuming all the Purchased Shares pursuant to the Proposed Renewal of Authority for Share Buy-Back are cancelled ⁽ⁱⁱⁱ⁾	(69,414,058)	(69,565,358)
Resultant issued share capital after the Proposed Renewal of Authority for Share Buy-Back	624,726,522	626,088,222

Notes:-

- (i) Minimum scenario assumes that there is no exercise of Outstanding ESOS Options outstanding as at the LPD.
- (ii) Maximum scenario assumes that all Outstanding ESOS Options outstanding as at the LPD are exercised.
- (iii) Include the 17,920,260 Shares that have been purchased and held as treasury shares as at the LPD.

However, the Proposed Renewal of Authority for Share Buy-Back will not have any effect on the total number of issued shares of Elsoft if all of the Purchased Shares are to be retained as treasury shares.

The rights attached to them as to voting, dividends and participation in other distribution and otherwise are suspended. While these Elsoft Shares remain as treasury shares, the said treasury shares shall not be taken into account in calculating the number or percentage of Elsoft Shares or of a class of shares in our Company for any purpose including substantial shareholdings, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on a resolution at a meeting.

Share Buy-Back Statement

In Relation To The Proposed Renewal Of Authority For Share Buy- Back ("Statement")

6. EFFECTS OF THE PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK (Cont'd)

6.2 Earnings

The effects of the Proposed Renewal of Authority for Share Buy-Back on the earnings of our Group would depend on the purchase price, the number of Shares purchased and the effective funding cost or loss in the interest income to our Company or opportunity cost in relation to other investment opportunities. The effective reduction in the issued share capital of our Company pursuant to the Proposed Renewal of Authority for Share Buy-Back will, generally, all else being equal, have a positive impact on our Group's EPS.

6.3 NA

The consolidated NA of our Company may increase or decrease depending on the number of Purchased Shares, the purchase prices of the Shares, the effective cost of funding and the treatment of the Purchased Shares pursuant to the Proposed Renewal of Authority for Share Buy-Back.

The Proposed Renewal of Authority for Share Buy-Back will reduce the NA per Share if the purchase price exceeds the NA per Share at the time of purchase. However, the NA per Share will increase if the purchase price is less than the NA per Share at the time of purchase.

6.4 Working Capital

The Proposed Renewal of Authority for Share Buy-Back would reduce the funds available for working capital purposes of our Group, the quantum of which would depend on the purchase price, the actual number of Purchased Shares and any associated costs incurred in making the purchase. However, if the Purchased Shares held as treasury shares are subsequently resold on Bursa Securities, the working capital of our Group will increase if our Company realises gain from the resale.

6.5 Dividends

The Proposed Renewal of Authority for Share Buy-Back is not expected to have any impact on the dividend payment as our Board will take into consideration of our Group's profit, cash flow and the capital commitments before proposing any dividend payment. However, our Board will have the option of distributing the treasury shares as share dividends to the shareholders of our Company.

6.6 Gearing

The Proposed Renewal of Authority for Share Buy-Back is not expected to have any effect on the gearing of our Group.

Share Buy-Back Statement

In Relation To The Proposed Renewal Of Authority For Share Buy- Back ("Statement")

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Based on the Registers of Directors' Shareholdings and Substantial Shareholders as at the LPD and assuming that the Proposed Renewal of Authority for Share Buy-Back is implemented up to the maximum of 10% of the total number of issued shares and that the Purchased Shares are from the shareholders other than the Directors and Substantial Shareholders of Elsoft, its effects on the shareholdings of the Directors and Substantial Shareholders of Elsoft are illustrated as follows:-

	⁽ⁱ⁾ Before the Proposed Renewal of Authority for Share Buy-Back						After the Proposed Renewal of Authority for Share Buy-Back							
	As at the LPD			⁽ⁱⁱ⁾ Minimum Scenario			⁽ⁱⁱⁱ⁾ Maximum Scenario							
	Direct	Indirect		Direct	Indirect		Direct	Indirect		Direct	Indirect			
No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%
Directors and Substantial Shareholders														
Tan Cheik Eaik	163,109,440	24.12	-	-	-	163,109,440	26.11	-	-	-	163,109,440	26.05	-	-
Koay Kim Chiew	74,020,060	10.95	-	-	-	74,020,060	11.85	-	-	-	74,308,060	11.87	-	-
Tan Ah Lek	63,434,498	9.38	^(iv) 370,000	0.05	-	63,434,498	10.15	^(iv) 370,000	0.06	-	63,434,498	10.13	370,000	0.06
Directors														
Ooi Toon Kit	2,454,000	0.36	-	-	-	2,454,000	0.39	-	-	-	2,454,000	0.39	-	-
Dato' Agatha Foo Tet Sin	150,000	0.02	-	-	-	150,000	0.02	-	-	-	150,000	0.02	-	-
Lee Soo Ghee	100,000	0.01	-	-	-	100,000	0.02	-	-	-	100,000	0.02	-	-
Ir. Academician Emeritus Professor Tan Sri Dato' Seri Dr. Chuah Hean Teik	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Substantial Shareholder														
Tan Ai Jiew	61,616,600	9.11	-	-	-	61,616,600	9.86	-	-	-	61,616,600	9.84	-	-

Notes:-

- (i) Exclude the 17,920,260 Shares that have been purchased and held as treasury shares as at the LPD.
- (ii) Minimum scenario assumes that there is no exercise of Outstanding ESOS Options outstanding as at the LPD.
- (iii) Maximum scenario assumes that all Outstanding ESOS Options outstanding as at the LPD are exercised.
- (iv) Deemed interested through the shareholdings of his children pursuant to Section 59 (1)(c) of the Act.

Share Buy-Back Statement

In Relation To The Proposed Renewal Of Authority For Share Buy- Back (“Statement”)

8. PUBLIC SHAREHOLDING SPREAD

Our Board is mindful of the requirement that the Proposed Renewal of Authority for Share Buy-Back must not result in the number of Elsoft Shares, which are in the hands of the public falling below 25% of the issued share capital of our Company.

The effects of the Proposed Renewal of Authority for Share Buy-Back on the public shareholding spread of Elsoft as at the LPD assuming that the Proposed Renewal of Authority for Share Buy-Back is implemented in full and all the Purchased Shares were cancelled (assuming all the Outstanding ESOS Options have yet to be exercised) are illustrated as below:-

	No. of Shares	Shareholding Spread
Total number of issued shares as at the LPD	694,140,580	39.62%
Assuming full implementation of the Proposed Renewal of Authority for Share Buy-Back at 10% of the issued Shares of Elsoft and the said Purchased Shares are cancelled	<u>(69,414,058)</u>	
Total number of issued Shares after the Proposed Renewal of Authority for Share Buy-Back	<u>624,726,522</u>	34.64%

The Proposed Renewal of Authority for Share Buy-Back will be carried out in accordance with the prevailing laws at the time of the purchase including compliance with 25% public shareholding spread as required under Paragraph 8.02(1) of the Listing Requirements.

Our Board will endeavour to ensure that our Company complies with the public shareholding spread requirements and shall not buy back our own shares if the purchase would result in the public shareholding spread requirements not being met.

9. APPROVAL REQUIRED FOR THE PROPOSED SHARE BUY-BACK

The Proposed Renewal of Authority for Share Buy-Back is conditional upon the approval of the shareholders of our Company being obtained at the AGM to be convened.

Save for the approval of the shareholders of Elsoft, there are no other approvals required for the Proposed Renewal of Authority for Share Buy-Back.

Share Buy-Back Statement

In Relation To The Proposed Renewal Of Authority For Share Buy- Back ("Statement")

10. SHARES PURCHASED IN THE PAST TWELVE (12) MONTHS

There was no share buy-back, resale or cancellation of treasury shares during the past 12 months and up to the LPD. The total number of shares bought back and held as treasury shares to date is 17,920,260.

11. IMPLICATIONS OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS, 2016 ("CODE")

Pursuant to the Code, a person, and any person acting in concert with him, will be required to make a mandatory offer for the remaining Shares not already owned by him/them if his/their stake in our Company is/are increased to beyond 33% or if his/their shareholding is/are between 33% and 50% and increases by another 2% in any 6-month period. However, an exemption may be granted by the Securities Commission.

Our Company does not intend to undertake the Proposed Renewal of Authority for Share Buy-Back such that it will trigger any obligation to undertake a mandatory offer pursuant to the Code. However, in the event an obligation to undertake a mandatory offer is to arise with respect to any party resulting from the Proposed Renewal of Authority for Share Buy-Back, the relevant parties shall make the necessary application to the Securities Commission for a waiver to undertake a mandatory offer pursuant to the Code.

12. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save for the inadvertent increase in the percentage of the shareholding and/or voting rights of our shareholders as a consequence of the Proposed Renewal of Authority for Share Buy-Back, none of our Directors and Major Shareholders or persons connected to them has any interest, direct or indirect, in the Proposed Renewal of Authority for Share Buy-Back.

13. DIRECTORS' STATEMENT AND RECOMMENDATION

Our Board, after having considered all aspects of the Proposed Renewal of Authority for Share Buy-Back, is of the opinion that the Proposed Renewal of Authority for Share Buy-Back is in the best interest of our Company.

Accordingly, our Board recommends that you vote in favour of the ordinary resolution pertaining to the Proposed Renewal of Authority for Share Buy-Back to be tabled at our 23rd AGM.

14. RESPONSIBILITY STATEMENT

The Board has seen and approved the contents of this Statement, and they collectively and individually, accept full responsibility for the accuracy of the information given in this Statement. They confirm that after making all reasonable enquires and to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement in this Statement false or misleading.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal office hours (except for Saturday, Sunday and public holidays) from the date of this Statement up to and including the date of the 23rd AGM, at the registered office of our Company at 39, Irving Road, 10400 Georgetown, Penang: -

- (a) Constitution of our Company; and
- (b) the audited consolidated financial statements of Elsoft for the past two (2) financial years ended ("FYE") 31 December 2024 and 2025.

16. BURSA SECURITIES

Bursa Securities has not perused the contents of this Statement in relation to the Proposed Renewal of Authority for Share Buy-Back prior to the issuance of this Statement as the said contents fall under the category of Exempt Circulars pursuant to Practice Note 18 of the Main Market Listing Requirements of Bursa Securities.

Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

This Statement is issued in accordance with a Board of Directors' Resolution dated 8 April 2026.

Additional Compliance Information

1. Audit Fees

The audit fees charged by the external auditors for the financial year ended 31 December 2025 amounted to RM30,000 for the Company and RM93,280 for the Group.

2. Non-Audit Fees

The amount of non-audit fees paid or payable to the external auditors or a firm or corporation affiliated to the auditors' firm by the Company and the Group for the financial year ended 31 December 2025 were as follows:

	Group (RM)	Company (RM)
Non-audit fees payable to the external auditors	5,000	5,000
Non-audit fees paid or payable to an affiliated firm of the external auditors for tax advisory services	15,840	3,800
Total	20,840	8,800

3. Material Contracts Involving Directors and Major Shareholders

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests either still subsisting as at 31 December 2025 or entered into since the end of the previous financial year.

4. Recurrent Related Party Transactions of a Revenue or Trading Nature

The Company does not have any recurrent related party transaction of a revenue or trading nature during the financial year.

5. Employees' Share Option Scheme

The shareholders of the Company had via its Extraordinary General Meeting held on 26 November 2015, amongst others, approved the Establishment of an Employees' Share Option Scheme ("ESOS") of up to 10% of the issued and paid-up share capital of the Company at any point of time during the duration of the ESOS Scheme. The implementation of the ESOS was effective from 1 April 2016.

The movement of ESOS granted, adjusted, exercised and outstanding are set out below:-

	Number of ESOS as at 31 December 2025				Balance as at 31 December 2025
	Balance as at 1 January 2025	Addition	Exercised	Retracted	
Directors	288,000	-	-	-	288,000
Employees	1,315,000	-	-	(90,000)	1,225,000
Total	1,603,000	-	-	(90,000)	1,513,000

Pursuant to the Company's ESOS, not more than 50% of the options available under scheme shall be allotted, in aggregate, to Directors and Senior Management.

Since the commencement of the scheme, 1% of the options available under the scheme have been granted to Directors and senior management.

Additional Compliance Information

5. Employees' Share Option Scheme (Cont'd)

The table below sets out the ESOS granted to Non-Executive Directors:

	Number of ESOS as at 31 December 2025			Balance as at 31 December 2025
	Balance as at 1 January 2025	Addition	Exercised	
Dato' Dr Chong Eng Keat @ Teoh Eng Keat	-	-	-	-
Ooi Toon Kit	-	-	-	-
Tan Ah Lek	-	-	-	-
Dato' Agatha Foo Tet Sin	-	-	-	-
Lee Soo Ghee	-	-	-	-
Ir. Academician Emeritus Professor Tan Sri Dato' Seri Dr. Chuah Hean Teik	-	-	-	-
Total	-	-	-	-

6. Utilisation of proceeds

- (i) The Land Disposal was completed on 4 November 2022 for a total cash consideration of RM38,000,000. The status of utilisation of proceeds of RM38,000,000 is as follows:

Details of use	Amount RM'000	Actual utilisation as at 31 December 2025 RM'000	Reallocation RM'000	Unutilised disposals proceeds RM'000	Original timeframe for the utilisation proceeds	Revised timeframe for the utilisation proceeds	Percentage utilized %
Expansion of the Group's business and/or production facility	14,740	500	-	14,240	Within 24 months	24 months up to 3 Nov 2026	3.4%
General working capital	13,130	13,160	30	-	Within 24 months	-	100%
Special Dividend	6,790	6,760	(30)	-	Within 24 months	-	100%
Estimated expenses in relation to the Proposed Disposal	3,340	3,340	-	-	Within 24 months	-	100%
	38,000	23,760	-	14,240			62.5%

Additional Compliance Information

6. Utilisation of proceeds (Cont'd)

- (ii) The Disposal of Subsidiary, Xyrius Solutions Sdn Bhd, was completed on 17 December 2024 for a total cash consideration of RM7,320,000. The status of utilisation of proceeds of RM7,320,000 is as follows:

Details of use	Amount RM'000	Actual utilisation as at 31 December 2025 RM'000	Reallocation RM'000	Unutilised disposals proceeds RM'000	Original timeframe for the utilisation proceeds	Percentage utilized %
General working capital	7,220	7,239	19	-	Within 24 months	100%
Estimated expenses relating to the Disposal of Subsidiary	100	81	(19)	-	Within 24 months	100%
	7,320	7,320	-	-		100%

7. 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

Total Income	Remarks	Group	
		2025 (RM)	2024 (RM)
Revenue		8,427,460	13,887,125
Share of profit of associates		595,822	331,870
Dividend income		1,170,885	1,833,634
Interest/Finance income		247,535	224,955
Other income	Rental	2,836,300	2,758,590
Other income	Scrap sales	2,181	35,502
Other income	Net fair value gain on other investment	6,461,429	1,055,486
Other income	Realised gain on disposal of other investment	-	10,349
Other income	Realised gain/ (loss) in foreign exchange	(52,667)	209,192
Other income	Unrealised gain/ (loss) in foreign exchange	(287,278)	(293,034)
Total		19,401,667	20,053,669
Total Assets		118,614,167	113,827,937

Additional Compliance Information

7. Disclosure Of Financial Data For Shariah Screening (Cont'd)

(b) Business Activities

Shariah Non-Compliant Activities	Remarks	Group	
		2025 (RM)	2024 (RM)
Interest income		247,535	224,288
Dividend income received from conventional instruments		114,912	1,296,076
Total		362,447	1,520,364

(c) Component of Financial Position

(i) Cash Component

Islamic Account/Instruments	Remarks	Group	
		2025 (RM)	2024 (RM)
Unit trust funds		73,293,747	67,336,239
Other cash equivalents (please specify in the remarks column)	Investment in Quoted Shares	4,801,313	210,800
Cash and bank balances (exclude cash in hand)		11,247	41,734
Total Cash		78,106,307	67,588,773

Conventional Account/Instruments	Remarks	Group	
		2025 (RM)	2024 (RM)
Unit trust funds		562,492	5,038,953
Cash and bank balances (exclude cash in hand)		3,230,965	2,482,669
Other cash equivalents (please specify in the remarks column)	Cash in hand	25,820	26,835
Deposits with licensed bank		1,544,132	1,646,812
Total Cash		5,363,409	9,195,269

(ii) Debt Component

Islamic Financing	Remarks	Group	
		2025 (RM)	2024 (RM)
Current	No debt component	N/A	N/A
Non-Current	No debt component	N/A	N/A
Total Financing		N/A	N/A

Additional Compliance Information

7. Disclosure Of Financial Data For Shariah Screening (Cont'd)

(c) Component of Financial Position (Cont'd)

(ii) Debt Component (Cont'd)

Conventional Borrowing	Remarks	Group	
		2025 (RM)	2024 (RM)
Current	No debt component	N/A	N/A
Non-Current	No debt component	N/A	N/A
Total Debt		N/A	N/A

Directors' Report

DIRECTORS' REPORT

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 31 December 2025.

PRINCIPAL ACTIVITIES

The Company is principally involved in research, design and development of test, burn-in and application specific embedded system. The principal activities of the subsidiaries are mainly designing and production of test, burn-in and embedded test equipment and its related modules for electronic industry. Further details of the subsidiaries are disclosed in Note 9 to the financial statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year	<u>5,050,017</u>	<u>1,405,929</u>
Attributable to:		
Owners of the parent	<u>5,050,017</u>	<u>1,405,929</u>

DIVIDENDS

The dividends paid, declared or proposed by the Company since the end of the previous financial year were as follows:

	RM
In respect of the financial year ended 31 December 2025:	
First interim single tier dividend of RM0.005 per ordinary share, declared on 21 November 2025 and paid on 16 January 2026	<u>3,381,262</u>

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

RESERVES AND PROVISIONS

All material transfers to or from reserves or provisions during the financial year have been disclosed in the financial statements.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued ordinary shares of the Company during the financial year apart from the issue of options pursuant to the ESOS.

The ESOS of the Company came into effect on 1 April 2016. The ESOS shall be in force for a period of five (5) years until 31 March 2021. The Directors had approved to extend the ESOS for another period of five (5) years commencing from 1 April 2021 until 31 March 2026 on the same terms and conditions as mentioned in the By-Laws.

Directors' Report

OPTIONS GRANTED OVER UNISSUED SHARES (CONT'D)

The main features of the ESOS are as follows:

- The total number of new ordinary shares which are available to be issued under the ESOS shall not exceed ten percent (10%) of the total issued and fully paid-up share capital of the Company (excluding treasury shares) at any time throughout the duration of the ESOS.
- Any employee (including Executive Directors) of the Group shall be eligible to participate in the ESOS if, as at the date of offer, the employee is at least 18 years of age and is a full time employee.
- Any Director of the Company or any company in the Group who has been appointed to the Board shall be eligible to participate in the ESOS if, as at the date of offer, the director is at least 18 years of age.
- The exercise price shall be determined based on the weighted average market price of shares for the 5 market days immediately preceding the date of offer with a discount of not more than 10% or at the par value of the shares, whichever is higher.
- The options granted are exercisable on a time proportion basis over the duration of the ESOS. The employee's entitlement to the options is vested as soon as they become exercisable.
- The new shares to be allotted and issued upon exercise of any options granted under the scheme will, upon allotment and issuance, rank pari passu in all respects with the existing shares and paid-up shares in the Company, save and except that the new shares so allotted and issued will not be entitled to any right, dividend, allotment and/or distribution declared, made or paid, the entitlement date of which precedes the date of exercise of the options.

Details of the options over ordinary shares of the Company are as follows:

	[----- Number of options over ordinary shares -----]			
	Outstanding as at 1-1-2025	Retracted*	Outstanding as at 31-12-2025	Exercisable as at 31-12-2025
Grant date				
2 June 2016	767,000	0	767,000	767,000
10 April 2018	836,000	(90,000)	746,000	746,000
	<u>1,603,000</u>	<u>(90,000)</u>	<u>1,513,000</u>	<u>1,513,000</u>

* Due to resignation

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Tan Cheik Eaik *
Koay Kim Chiew *

Tan Ah Lek *

Ooi Toon Kit

Dato' Agatha Foo Tet Sin

Lee Soo Ghee

Ir. Academician Emeritus Professor Tan Sri Dato' Seri Dr. Chuah Hean Teik

Dato' Dr Chong Eng Keat @ Teoh Eng Keat

(Retired on 29 May 2025)

* These Directors of the Company are also the Directors of certain subsidiaries of the Company.

Directors' Report

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and options over ordinary share in the Company and of its related corporations during the financial year ended 31 December 2025 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	[----- Number of ordinary shares -----]			Balance as at 31-12-2025/ date of retirement
	Balance as at 1-1-2025	Bought	Sold	
Shares in the Company				
Direct interests:				
Tan Cheik Eaik	159,389,440	3,720,000	0	163,109,440
Koay Kim Chiew	74,020,060	0	0	74,020,060
Tan Ah Lek	63,434,498	0	0	63,434,498
Ooi Toon Kit	2,454,000	0	0	2,454,000
Dato' Agatha Foo Tet Sin	150,000	0	0	150,000
Lee Soo Ghee	0	100,000	0	100,000
Dato' Dr Chong Eng Keat @ Teoh Eng Keat	3,524,500	0	0	3,524,500
Indirect interests:				
Tan Ah Lek #	370,000	0	0	370,000

Deemed interest by virtue of Section 59(11)(c) of the Companies Act 2016 held through children.

	[----- Number of options over ordinary shares -----]			Balance as at 31-12-2025
	Balance as at 1-1-2025	Granted	Exercised	
Share options in the Company:				
Koay Kim Chiew	288,000	0	0	288,000

Share options in the Company:

Koay Kim Chiew	288,000	0	0	288,000
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By virtue of his interests in the ordinary shares of the Company, Tan Cheik Eaik is deemed to be interested in the ordinary shares of all the subsidiaries to the extent that the Company has an interest.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares and options over ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received and receivable by the Directors) 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 other than certain Directors who received remuneration from the subsidiary as Directors of the subsidiary mentioned in Note 29 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the share options granted pursuant to the ESOS disclosed above.

Directors' Report

TREASURY SHARES

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting ("AGM") held on 29 May 2025, renewed the approval for the Company to repurchase its own shares.

As at 31 December 2025, the Company held a total of 17,920,260 ordinary shares as treasury shares out of its 694,140,580 issued and fully paid ordinary shares. Such shares are held at a total cost of RM8,532,305.

DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2025 were as follows:

	Group RM	Company RM
Fees	266,000	266,000
Salaries and other emoluments	413,544	0
Defined contribution plan	76,296	0
Social security contributions	2,511	0
	758,351	266,000

INDEMNITY AND INSURANCE FOR OFFICERS, DIRECTORS AND AUDITORS

There were no indemnity given to or insurance effected for the officers, Directors and auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that there were no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

Directors' Report

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT (CONT'D)

- (d) In the opinion of the Directors:
- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) On 1 January 2026, AGS Automation (Malaysia) Sdn. Bhd., a wholly-owned subsidiary of the Company had commenced members' voluntary winding up pursuant to Section 439(1)(b) of the Companies Act, 2026.
- (b) On 2 April 2026, a subsidiary of the Company has entered into a sale and purchase agreement with a third party in relation to the proposed disposal of a unit of shop-office measuring approximately 98 square meters located in Mukim 12, Daerah Barat Daya, Negeri Pulau Pinang for a total consideration of RM410,000.00.

As at the date of this report, the disposal has not been completed.

- (c) Ongoing geopolitical tensions in the Middle East have contributed to elevated energy prices, intermittent global supply chain disruptions, and increased volatility in global currency movements. These factors may, if prolonged, place indirect pressure on input costs and consumer sentiment.

Given that the geopolitical situation in the Middle East remains uncertain, and as at the date of this report, the Group has not experienced any material adverse impact on its operations or financial position arising directly from these developments. Nevertheless, the Group will continue to monitor developments and assess the potential operational and financial implications of the conflict.

SUBSIDIARIES

Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2025 %	2024 %	
Elsoft Systems Sdn. Bhd.	Malaysia	100	100	Design and production of test, burn-in and embedded test equipment and its related modules for electronic industry
Siangtronics Technology Sdn. Bhd.	Malaysia	100	100	Dormant
AGS Automation (Malaysia) Sdn. Bhd.	Malaysia	100	100	Dormant

Directors' Report

AUDITORS

The auditors, BDO PLT (201906000013 (LLP0018825-LCA) & AF 0206), have expressed their willingness to continue in office.

AUDITORS' REMUNERATION

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2025 were as follows:

	Group RM	Company RM
Statutory audit	93,280	30,000
Other services	5,000	5,000
	98,280	35,000

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

Tan Cheik Eaik
Director

Koay Kim Chiew
Director

Penang
8 April 2026

Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 82 to 132 have been drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards, and the provisions 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 at 31 December 2025 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Tan Cheik Eaik
Director

Koay Kim Chiew
Director

Penang
8 April 2026

Statutory Declaration

I, Tan Cheik Eaik (I/C No.: 650412-02-5189), being the Director primarily responsible for the financial management of Elsoft Research Berhad, do solemnly and sincerely declare that the financial statements set out on pages 82 to 132 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed at
Georgetown in the State of Penang this 8 April 2026

Tan Cheik Eaik

Before me,

Commissioner for Oaths

Independent Auditors' Report

To The Members Of Elsoft Research Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Elsoft Research Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended and notes to the financial statements, including material accounting policy information, as set out on pages 82 to 132.

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 31 December 2025, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), 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 ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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, in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters of the Group

Impairment of trade receivables

Gross trade receivables of the Group as at 31 December 2025 were RM4,713,228 as disclosed in Note 12 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

Audit response

Our audit procedures included the following:

- (i) Assessed the probability of default using historical data and forward-looking information adjustment applied by the Group;
- (ii) Assessed the correlation coefficient between the macroeconomic indicators used by the Group and historical credit losses to determine the appropriateness of the forward-looking information used by the Group; and
- (iii) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

We have determined that there are no key audit matters to communicate in our report in respect to the audit of the financial statements of the Company.

Independent Auditors' Report

To The Members Of Elsoft Research Berhad

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information 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 other information and, in doing so, consider whether the other information 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 this other information, 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 MFRSs, 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 ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) 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.

Independent Auditors' Report

To The Members Of Elsoft Research Berhad

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (Cont'd)

- (e) 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 achieves fair presentation.
- (f) 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

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.

BDO PLT
201906000013 (LLP0018825-LCA) & AF 0206
Chartered Accountants

Goh Chee Beng
03535/11/2026 J
Chartered Accountant

Penang
8 April 2026

Statements Of Financial Position

As At 31 December 2025

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	15,121,995	15,522,266	560	1,053
Right-of-use asset	6	2,442,167	2,506,009	0	0
Investment property	7	97,419	101,697	0	0
Intangible asset	8	0	0	0	0
Investments in subsidiaries	9	0	0	30,549,876	30,549,876
Investments in associates	10	10,498,599	9,997,556	4,470,000	4,626,255
Goodwill on consolidation	11	0	0	0	0
Trade and other receivables	12	986,731	1,154,996	0	1,154,996
		29,146,911	29,282,524	35,020,436	36,332,180
Current assets					
Inventories	13	2,376,806	2,657,676	0	0
Trade and other receivables	12	3,620,734	4,926,951	2,400,000	288,749
Current tax assets		0	176,744	2,055	1,349
Other investments	14	78,657,552	72,585,992	19,130,602	18,404,056
Cash and bank balances	15	4,812,164	4,198,050	118,815	287,793
		89,467,256	84,545,413	21,651,472	18,981,947
TOTAL ASSETS		118,614,167	113,827,937	56,671,908	55,314,127
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	16(a)	57,832,248	57,832,248	57,832,248	57,832,248
Treasury shares	16(b)	(8,532,305)	(8,532,305)	(8,532,305)	(8,532,305)
Reserves	17	61,277,133	59,703,157	3,737,303	5,712,636
TOTAL EQUITY		110,577,076	109,003,100	53,037,246	55,012,579
LIABILITIES					
Non-current liability					
Deferred tax liabilities	18	812,800	1,052,000	0	0
Current liabilities					
Trade and other payables	19	5,275,388	2,288,857	3,634,662	301,548
Provision	20	653,470	860,340	0	0
Contract liabilities	21	1,110,837	623,640	0	0
Current tax liability		184,596	0	0	0
		7,224,291	3,772,837	3,634,662	301,548
TOTAL LIABILITIES		8,037,091	4,824,837	3,634,662	301,548
TOTAL EQUITY AND LIABILITIES		118,614,167	113,827,937	56,671,908	55,314,127

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

Statements Of Profit Or Loss And Other Comprehensive Income

For The Financial Year Ended 31 December 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Revenue	22	8,427,460	13,887,125	0	0
Cost of sales		(9,358,013)	(11,646,762)	0	0
Gross (loss)/profit		(930,553)	2,240,363	0	0
Other income	23	10,718,330	6,328,493	3,434,622	9,288,943
Other expenses	23	(339,945)	(493,819)	0	0
Loss on disposal of a subsidiary	9(d)	0	(1,744,443)	0	(1,980,000)
Administrative expenses		(3,104,839)	(3,993,522)	(584,454)	(532,059)
Net (loss)/gain on impairment losses on trade and other receivables		(1,428,745)	137,550	(1,443,745)	0
Share of profit of associates, net of tax	10(f)	595,822	331,870	0	0
Profit before tax		5,510,070	2,806,492	1,406,423	6,776,884
Tax expense	26	(460,053)	(599,120)	(494)	(13,916)
Profit for the financial year		5,050,017	2,207,372	1,405,929	6,762,968
Other comprehensive loss					
Item that may be reclassified subsequently to profit or loss					
Share of other comprehensive loss of associates	10(f)	(94,779)	(50,680)	0	0
Total comprehensive income		4,955,238	2,156,692	1,405,929	6,762,968
Profit for the financial year attributable to:					
Owners of the parent		5,050,017	2,207,372	1,405,929	6,762,968
Total comprehensive income attributable to:					
Owners of the parent		4,955,238	2,156,692	1,405,929	6,762,968
Earnings per ordinary share attributable to equity holders of the Company (sen):					
Basic	27(a)	0.73	0.32		
Diluted	27(b)	0.73	0.32		

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

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2025

Group	Note	Share capital RM	Treasury shares RM	Share options reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2024		57,832,248	(1,417,514)	410,824	77,584,743	134,410,301
Profit for the financial year		0	0	0	2,207,372	2,207,372
Other comprehensive loss, net of tax		0	0	0	(50,680)	(50,680)
Total comprehensive income		0	0	0	2,156,692	2,156,692
Transactions with owners						
Repurchase of treasury shares	16(b)	0	(7,114,791)	0	0	(7,114,791)
Transfer of share options reserve to retained earnings upon lapse of ESOS		0	0	(44,399)	44,399	0
Dividends paid	28	0	0	0	(20,449,102)	(20,449,102)
Total transactions with owners		0	(7,114,791)	(44,399)	(20,404,703)	(27,563,893)
Balance as at 31 December 2024		57,832,248	(8,532,305)	366,425	59,336,732	109,003,100

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2025

Group	Note	Share capital RM	Treasury shares RM	Share options reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2025		57,832,248	(8,532,305)	366,425	59,336,732	109,003,100
Profit for the financial year		0	0	0	5,050,017	5,050,017
Other comprehensive loss, net of tax		0	0	0	(94,779)	(94,779)
Total comprehensive income		0	0	0	4,955,238	4,955,238
Transactions with owners						
Transfer of share options reserve to retained earnings upon lapse of ESOS	28	0	0	(27,750)	27,750	0
Dividends payable		0	0	0	(3,381,262)	(3,381,262)
Total transactions with owners		0	0	(27,750)	(3,353,512)	(3,381,262)
Balance as at 31 December 2025		57,832,248	(8,532,305)	338,675	60,938,458	110,577,076

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2025

Company	Note	Share capital RM	Treasury shares RM	Share options reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2024		57,832,248	(1,417,514)	410,824	18,987,946	75,813,504
Profit for the financial year		0	0	0	6,762,968	6,762,968
Other comprehensive income, net of tax		0	0	0	0	0
Total comprehensive income		0	0	0	6,762,968	6,762,968
Transactions with owners						
Repurchase of treasury shares	16(b)	0	(7,114,791)	0	0	(7,114,791)
Transfer of share options reserve to retained earnings upon lapse of ESOS		0	0	(44,399)	44,399	0
Dividends paid	28	0	0	0	(20,449,102)	(20,449,102)
Total transactions with owners		0	(7,114,791)	(44,399)	(20,404,703)	(27,563,893)
Balance as at 31 December 2024		57,832,248	(8,532,305)	366,425	5,346,211	55,012,579

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2025

Company	Note	Share capital RM	Treasury shares RM	Share options reserve RM	Retained earnings RM	Total equity RM
Balance as at 1 January 2025		57,832,248	(8,532,305)	366,425	5,346,211	55,012,579
Profit for the financial year		0	0	0	1,405,929	1,405,929
Other comprehensive income, net of tax		0	0	0	0	0
Total comprehensive income		0	0	0	1,405,929	1,405,929
Transactions with owners						
Transfer of share options reserve to retained earnings upon lapse of ESOS	28	0	0	(27,750)	27,750	0
Dividends payable		0	0	0	(3,381,262)	(3,381,262)
Total transactions with owners		0	0	(27,750)	(3,353,512)	(3,381,262)
Balance as at 31 December 2025		57,832,248	(8,532,305)	338,675	3,398,628	53,037,246

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



Statements Of Cash Flows

For The Financial Year Ended 31 December 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		5,510,070	2,806,492	1,406,423	6,776,884
Adjustments for:					
Amortisation of intangible asset	8	0	179,275	0	0
Depreciation of:					
- investment property	7	4,278	4,279	0	0
- property, plant and equipment	5	626,245	675,743	475	5,437
- right-of-use asset	6	63,842	63,842	0	0
Dividend income from:					
- subsidiaries	23	0	0	(2,525,000)	(7,200,000)
- an associate	23	0	0	0	(1,089,000)
- other investments	23	(1,170,885)	(1,833,634)	(132,538)	(370,711)
Net fair value gain on other investments	23	(6,461,429)	(1,055,486)	(777,084)	(626,748)
Loss on disposal of a subsidiary	9(d)	0	1,744,443	0	1,980,000
Net (gain)/losses on impairment losses on:					
- trade receivables	12(h)	(15,000)	(137,550)	0	0
- other receivables	12(i)	1,443,745	0	1,443,745	0
Interest income	23	(247,535)	(224,955)	0	(2,484)
Inventories written down/ (written back)	13(c)	458,634	(468,000)	0	0
Provision for repair and other services	20	252,824	400,641	0	0
Property, plant and equipment written off	5	31	0	18	0
Reversal of provision for repair and other services	20	(411,455)	(419,864)	0	0
Share of profit of associates	10(f)	(595,822)	(331,870)	0	0
Impairment loss on investment of an associate		0	0	156,255	0
Bad debt written off on third party		0	137,550	0	0
Unrealised loss on foreign exchange	23	287,278	293,034	0	0
Operating (loss)/profit before working capital changes		(255,179)	1,833,940	(427,706)	(526,622)
(Increase)/Decrease in inventories		(177,764)	707,561	0	0
Decrease/(Increase) in trade and other receivables		15,019	(3,854,676)	0	(1,443,745)
Decrease in trade and other payables		(390,586)	(292,684)	(48,148)	(17,610)
Decrease in provisions	20	(48,239)	(86,154)	0	0
Increase in contract liabilities		487,197	20,172	0	0
Cash used in operations		(369,552)	(1,671,841)	(475,854)	(1,987,977)
Tax paid		(573,978)	(778,626)	(1,200)	(13,679)
Tax refunded		236,065	33,986	0	2,606
Net cash used in operating activities		(707,465)	(2,416,481)	(477,054)	(1,999,050)

Statements Of Cash Flows

For The Financial Year Ended 31 December 2025

		Group		Company	
	Note	2025 RM	2024 RM	2025 RM	2024 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Dividend received from:					
- a subsidiary		0	0	125,000	7,200,000
- an associate		0	1,089,000	0	1,089,000
- other investments		12,546	12,156	12,546	12,156
Interest received		247,535	224,955	0	2,484
Sales of other investments		1,487,786	18,682,560	170,530	14,132,007
Proceeds from disposal of a subsidiary	9(d)	0	5,394,377	0	7,320,000
Purchase of property, plant and equipment	5	(226,005)	(216,450)	0	0
Acquisition of an associate	10(d)	0	(156,255)	0	(156,255)
Net cash from investing activities		<u>1,521,862</u>	<u>25,030,343</u>	<u>308,076</u>	<u>29,599,392</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Change in deposit with a licensed bank with maturity period more than three (3) months		(2,760)	(117,471)	0	0
Repurchase of treasury shares	16(b)	0	(7,114,791)	0	(7,114,791)
Dividends paid		0	(20,449,102)	0	(20,449,102)
Net cash used in financing activities		<u>(2,760)</u>	<u>(27,681,364)</u>	<u>0</u>	<u>(27,563,893)</u>
Net changes in cash and cash equivalents		811,637	(5,067,502)	(168,978)	36,449
Effects of exchange rate changes on cash and cash equivalents		(200,283)	(308,692)	0	0
Cash and cash equivalents at beginning of the financial year		4,080,579	9,456,773	287,793	251,344
Cash and cash equivalents at end of the financial year	15(c)	<u>4,691,933</u>	<u>4,080,579</u>	<u>118,815</u>	<u>287,793</u>

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

Notes To The Financial Statements

31 December 2025

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at 39, Irving Road, 10400 Georgetown, Penang.

The principal place of business of the Company is located at Plot 85B, Lintang Bayan Lepas 9, Bayan Lepas Industrial Park, Phase 4, 11900 Bayan Lepas, Penang.

The consolidated financial statements for the financial year ended 31 December 2025 comprise the financial statements of the Company and its subsidiaries and the interests of the Group in associates. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 8 April 2026.

2. PRINCIPAL ACTIVITIES

The Company is principally involved in research, design and development of test, burn-in and application specific embedded system. The principal activities of the subsidiaries are mainly designing and production of test, burn-in and embedded test equipment and its related modules for electronic industry. Further details of the subsidiaries are disclosed in Note 9 to the financial statements.

There have been no significant changes in the nature of the activities of the Company and its subsidiaries during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs and Amendments to MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 4.1 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

4.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025

Adoption of the above Amendments to the Standards did not have any material effect on the financial performance or position of the Group and of the Company during the financial year.

Notes To The Financial Statements

31 December 2025

4. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)

4.2 New MFRSs and Amendments to MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2026

Title	Effective Date
Amendments to MFRS 9 and MFRS 7 <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
<i>Annual Improvements to MFRS Accounting Standards - Volume 11</i>	1 January 2026
Amendments to MFRS 9 and MFRS 7 <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendment to MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendment to MFRS 121 <i>Translation to a Hyperinflationary Presentation Currency</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments to the Standards, since the effects would only be observable for the future financial years.

Notes To The Financial Statements

31 December 2025

5. PROPERTY, PLANT AND EQUIPMENT

Group	Balance as at 1.1.2025 RM	Additions RM	Written-off RM	Depreciation charge for the financial year RM	Balance as at 31.12.2025 RM
Carrying amount					
Factory building	13,380,227	0	0	(308,565)	13,071,662
Industrial and research and development equipment	45,832	1,555	(24)	(36,113)	11,250
Motor vehicles	2	0	0	0	2
Furniture and fittings, office and other equipment	421,067	224,450	(7)	(136,532)	508,978
Electrical installation and renovation	256,104	0	0	(49,904)	206,200
Solar panel	1,419,034	0	0	(95,131)	1,323,903
	<u>15,522,266</u>	<u>226,005</u>	<u>(31)</u>	<u>(626,245)</u>	<u>15,121,995</u>

Group	[----- Balance as at 31.12.2025 -----]			Carrying amount RM
	Cost RM	Accumulated depreciation RM		
Factory building	17,428,253	(4,356,591)		13,071,662
Industrial and research and development equipment	994,502	(983,252)		11,250
Motor vehicles	250,609	(250,607)		2
Furniture and fittings, office and other equipment	1,755,458	(1,246,480)		508,978
Electrical installation and renovation	762,458	(556,258)		206,200
Solar panel	1,902,615	(578,712)		1,323,903
	<u>23,093,895</u>	<u>(7,971,900)</u>		<u>15,121,995</u>

Notes To The Financial Statements

31 December 2025

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Balance as at 1.1.2024 RM	Disposal of subsidiary (Note 9(d)) RM	Additions RM	Depreciation charge for the financial year RM	Balance as at 31.12.2024 RM
Carrying amount					
Factory building	13,688,792	0	0	(308,565)	13,380,227
Industrial and research and development equipment	107,489	0	5,960	(67,617)	45,832
Motor vehicles	2	0	0	0	2
Furniture and fittings, office and other equipment	429,799	(37,875)	172,064	(142,921)	421,067
Electrical installation and renovation	339,157	(64,150)	36,948	(55,851)	256,104
Plant and machinery, tools and equipment	31,197	(27,016)	1,478	(5,659)	0
Solar panel	1,514,164	0	0	(95,130)	1,419,034
	<u>16,110,600</u>	<u>(129,041)</u>	<u>216,450</u>	<u>(675,743)</u>	<u>15,522,266</u>
[----- Balance as at 31.12.2024 -----]					
Group	Cost RM	Accumulated depreciation RM	Carrying amount RM		
Factory building	17,428,253	(4,048,026)	13,380,227		
Industrial and research and development equipment	1,194,807	(1,148,975)	45,832		
Motor vehicles	250,609	(250,607)	2		
Furniture and fittings, office and other equipment	1,548,461	(1,127,394)	421,067		
Electrical installation and renovation	762,458	(506,354)	256,104		
Plant and machinery, tools and equipment	0	0	0		
Solar panel	<u>1,902,615</u>	<u>(483,581)</u>	<u>1,419,034</u>		
	<u>23,087,203</u>	<u>(7,564,937)</u>	<u>15,522,266</u>		

Notes To The Financial Statements

31 December 2025

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Balance as at 1.1.2025 RM	Written-off RM	Depreciation charge for the financial year RM	Balance as at 31.12.2025 RM
Carrying amount				
Industrial and research and development equipment	37	(18)	0	19
Furniture and fittings, office and other equipment	1,003	0	(475)	528
Electrical installation and renovation	13	0	0	13
	<u>1,053</u>	<u>(18)</u>	<u>(475)</u>	<u>560</u>

Company	Cost RM	Accumulated depreciation RM	Carrying amount RM
Industrial and research and development equipment	397,977	(397,958)	19
Furniture and fittings, office and other equipment	449,403	(448,875)	528
Electrical installation and renovation	260,011	(259,998)	13
	<u>1,107,391</u>	<u>(1,106,831)</u>	<u>560</u>

Notes To The Financial Statements

31 December 2025

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Balance as at 1.1.2024 RM	Depreciation charge for the financial year RM	Balance as at 31.12.2024 RM
Carrying amount			
Industrial and research and development equipment	37	0	37
Furniture and fittings, office and other equipment	6,440	(5,437)	1,003
Electrical installation and renovation	13	0	13
	6,490	(5,437)	1,053
[----- Balance as at 31.12.2024 -----]			
Company	Cost RM	Accumulated depreciation RM	Carrying amount RM
Industrial and research and development equipment	487,197	(487,160)	37
Furniture and fittings, office and other equipment	455,903	(454,900)	1,003
Electrical installation and renovation	260,011	(259,998)	13
	1,203,111	(1,202,058)	1,053

Notes To The Financial Statements

31 December 2025

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (a) All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. After initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.
- (b) Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

Factory building	2%
Industrial and research and development equipment	10% - 35%
Motor vehicles	20%
Furniture and fittings, office and other equipment	8% - 35%
Electrical installation and renovation	10%
Plant and machinery, tools and equipment	10%
Solar panel	5%

6. RIGHT-OF-USE ASSET

The Group as lessee

Right-of-use asset

	Balance as at 1.1.2025 RM	Depreciation RM	Balance as at 31.12.2025 RM
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Carrying amount

Leasehold land	<u>2,506,009</u>	<u>(63,842)</u>	<u>2,442,167</u>
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	Balance as at 1.1.2024 RM	Depreciation RM	Balance as at 31.12.2024 RM
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Carrying amount

Leasehold land	<u>2,569,851</u>	<u>(63,842)</u>	<u>2,506,009</u>
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Notes To The Financial Statements

31 December 2025

6. RIGHT-OF-USE ASSET (CONT'D)

The Group as lessee (Cont'd)

- (a) The right-of-use asset comprise of leasehold land in the location which the Group operates and it is stated at cost less accumulated depreciation and any accumulated impairment losses.

The right-of-use asset is depreciated on a straight-line basis over the earlier of the estimated useful live of the right-of-use asset or the end of the lease term. The remaining lease term of the right-of-use asset is as follows:

Leasehold land 39 years (2024: 40 years)

- (b) The following are amounts recognised in profit or loss:

	Group	
	2025 RM	2024 RM
Depreciation charge of right-of-use asset (included in administrative expenses)	<u>63,842</u>	<u>63,842</u>

The Group as lessor

- (a) The Group has entered into operating lease agreements on certain properties for terms of between one (1) to three (3) years (2024: one (1) to two (2) years) and renewable at the end of the lease period subject to an increase clause. The monthly rental consists of a fixed base rent.
- (b) The Group has aggregate future minimum lease receivables as at the end of each reporting period as follows:

	Group	
	2025 RM	2024 RM
Future minimum lease receivables:		
Less than one (1) year	2,083,780	1,961,500
One (1) to two (2) years	1,678,560	304,700
Two (2) to three (3) years	<u>932,000</u>	<u>0</u>
	<u>4,694,340</u>	<u>2,266,200</u>

Notes To The Financial Statements

31 December 2025

7. INVESTMENT PROPERTY

Group	Balance as at 1.1.2025 RM	Depreciation charge for the financial year RM	Balance as at 31.12.2025 RM
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Carrying amount

Building	101,697	(4,278)	97,419
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[----- Balance as at 31.12.2025 -----]			
	Cost RM	Accumulated depreciation RM	Carrying amount RM

Building	213,930	(116,511)	97,419
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Group	Balance as at 1.1.2024 RM	Depreciation charge for the financial year RM	Balance as at 31.12.2024 RM
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Carrying amount

Building	105,976	(4,279)	101,697
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[----- Balance as at 31.12.2024 -----]			
	Cost RM	Accumulated depreciation RM	Carrying amount RM

Building	213,930	(112,233)	101,697
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- (a) Investment property is property which is held to earn rental yields or for capital appreciation or for both and is not occupied by the Group.

Investment property is initially measured at cost, including transaction costs. After initial recognition, investment property is stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost or valuation of the investment property to its residual value on a straight line basis over its estimated useful life at an annual rate of 2%.

At the end of each reporting period, the carrying amount of investment property is assessed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount.

- (b) The fair value of investment property for disclosure purposes, which is at Level 3 fair value is estimated at approximately RM0.4 million (2024: RM0.4 million). The fair value was determined based on Directors' estimation using the market comparison method by reference to market evidence of transaction prices of similar properties and recent experience in the location and category of the properties being valued. The significant unobservable input into this valuation method is price per square foot of comparable properties. The estimated fair value would increase if the historical sales transaction prices were higher and vice versa.

Notes To The Financial Statements

31 December 2025

7. INVESTMENT PROPERTY (CONT'D)

- (c) Rental income generated from rental of investment property of the Group during the financial year amounted to RM19,200 (2024: RM19,000).
- (d) Direct operating expenses from investment property which generated rental income to the Group during the financial year amounted to RM5,254 (2024: RM6,058).

8. INTANGIBLE ASSET [2024 ONLY]

Group	Balance as at 1.1.2024 RM	Disposal of subsidiary (Note 9(d)) RM	Amortisation charge for the financial year RM	Balance as at 31.12.2024 RM
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Carrying amount

Technology know-how	1,688,170	(1,508,895)	(179,275)	0
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[————— Balance as at 31.12.2024 —————]			
	Cost RM	Accumulated amortisation RM	Carrying amount RM

Technology know-how	0	0	0
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- (a) Technology know-how acquired in a business combination are stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Technology know-how represents the knowledge, expertise, research development information, technical data, and design related to the customisation of automated machines and solutions that the subsidiary accumulated and possesses.

- (b) Amortisation is calculated to write off the cost of the asset to its residual value on a straight line basis over its estimated useful life. The principal amortisation period is as follows:

Technology know-how 10 years

The residual value, useful life and amortisation method are reviewed at the end of each reporting period.

- (c) The following are amounts recognised in profit or loss:

	Group 2024 RM
Depreciation charge of intangible asset (included in administrative expenses)	179,275

Notes To The Financial Statements

31 December 2025

9. INVESTMENTS IN SUBSIDIARIES

	Company	
	2025 RM	2024 RM
Unquoted shares, at cost	31,864,845	31,864,845
Equity contribution in a subsidiary in respect of ESOS	3,625,739	3,625,739
Less: Impairment losses	(4,940,708)	(4,940,708)
	30,549,876	30,549,876

- (a) Investments in subsidiaries, which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.
- (b) Details of the subsidiaries, which are all incorporated in Malaysia, are as follows:

Name of company	Effective interest in equity		Principal activities
	2025 %	2024 %	
Elsoft Systems Sdn. Bhd.*	100	100	Design and production of test, burn-in and embedded test equipment and its related modules for electronic industry
Siangtronics Technology Sdn. Bhd.*	100	100	Dormant
AGS Automation (Malaysia) Sdn. Bhd.*	100	100	Dormant

* The principal place of business is in Malaysia.

- (c) The Company reviews the investments in subsidiaries for impairment when there is an indication of impairment. Recoverable amounts of the investments in subsidiaries are assessed by reference to the fair value less cost to sell of the underlying assets of the respective subsidiaries.
- (d) Disposal of a subsidiary

On 10 December 2024, the Company had entered into a share sale agreement with Ang Aik Beng and Tan Hui len @ Tan Kui Yen to dispose its equity interest in Xyrius Solutions Sdn. Bhd. ("Xyrius") for a cash consideration of RM7,320,000. The disposal was completed on 17 December 2024. Pursuant to the disposal, Xyrius ceased to be subsidiary of the Company.

Notes To The Financial Statements

31 December 2025

9. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(d) Disposal of a subsidiary (Cont'd)

The financial effects of the disposal at the date of disposal are as follows:

	Group RM	Company RM
Property, plant and equipment (Note 5)	129,041	0
Technology know-how (Note 8)	1,508,895	0
Investment in a subsidiary	0	9,300,000
Goodwill on consolidation (Note 11)	5,931,259	0
Trade and other receivables	7,571	0
Inventories	239,211	0
Current tax assets	104,421	0
Cash and bank balances	1,925,623	0
Contract liabilities	(381,500)	0
Trade and other payables	(31,243)	0
Deferred tax liabilities (Note 18)	(368,835)	0
Carrying amount of net assets disposed off	9,064,443	9,300,000
Loss on disposal of a subsidiary	(1,744,443)	(1,980,000)
Proceeds from disposal	7,320,000	7,320,000
Less: Cash and bank balances of a subsidiary disposed off	(1,925,623)	0
Net cash inflows from disposal of a subsidiary	5,394,377	7,320,000

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10. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
At cost:				
Unquoted ordinary shares	12,426,255	12,426,255	12,426,255	12,426,255
Less: Impairment losses	0	0	(7,956,255)	(7,800,000)
	12,426,255	12,426,255	4,470,000	4,626,255
Redeemable cumulative preference shares *	4,200,000	4,200,000	4,200,000	4,200,000
Less: Impairment losses	(4,200,000)	(4,200,000)	(4,200,000)	(4,200,000)
	0	0	0	0
Share of post acquisition reserves, net of dividends received	(183,425)	(684,468)	0	0
Less: Impairment losses	(1,744,231)	(1,744,231)	0	0
	10,498,599	9,997,556	4,470,000	4,626,255

* The Group and the Company held 38.5% in the Redeemable Cumulative Preference Shares ("RCPS").

- Investments in associates are measured at cost less impairment losses in the separate financial statements of the Company and accounted for using equity method in the consolidated financial statements.
- The financial statements of the associates are conterminous with those of the Group. In applying the equity method of accounting, the most recent available financial statements of the associates have been used.
- The details of the associates, which are incorporated in Malaysia, are as follows:

Name of company	Effective interest in equity		Principal activities
	2025 %	2024 %	
Leso Corporation Sdn. Bhd.#	30.00	30.00	Investment holding
Butterfly House (PG) Sdn. Bhd.*#	30.91	30.91	Operate a butterfly farm
Ento Feed Sdn. Bhd.*#	31.25	31.25	Breeding of black soldier flies for protein production, waste management and environmental protection

* Not audited by BDO PLT or BDO member firms.

The principal place of business is in Malaysia.

- In the previous financial year, the Company acquired the equity interest in Ento Feed Sdn. Bhd. ("EFSB"), representing approximately 31.25% equity interest in EFSB for a purchase consideration of RM156,255.

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10. INVESTMENTS IN ASSOCIATES (CONT'D)

(e) The summarised financial information of the associates are as follows:

2025	Leso Corporation Sdn. Bhd. RM	Butterfly House (PG) Sdn. Bhd. RM	Ento Feed Sdn. Bhd. RM	Total RM
Assets and liabilities				
Non-current assets	9,928,085	29,771,205	1,963,348	41,662,638
Current assets	30,220,519	8,061,249	288,231	38,569,999
Non-current liabilities	(35,204)	(26,689,981)	(3,109,555)	(29,834,740)
Current liabilities	(5,118,067)	(8,818,554)	(392,636)	(14,329,257)
Net assets	<u>34,995,333</u>	<u>2,323,919</u>	<u>(1,250,612)</u>	<u>36,068,640</u>
Results				
Revenue	23,922,410	14,085,393	18,030	38,025,833
Profit/(Loss) for the financial year	1,986,073	1,129,170	(1,029,118)	2,086,125
Total comprehensive income/(loss)	<u>1,670,144</u>	<u>1,129,170</u>	<u>(1,029,118)</u>	<u>1,770,196</u>
Cash flows from operating activities	2,159,662	2,311,436	1,503,964	5,975,062
Cash flows used in investing activities	(6,256,790)	(194,366)	(2,272,283)	(8,723,439)
Cash flows (used in)/from financing activities	(147,456)	1,105,166	(21,962)	935,748
Net (decrease)/increase in cash and cash equivalents	<u>(4,244,584)</u>	<u>3,222,236</u>	<u>(790,281)</u>	<u>(1,812,629)</u>
2024	Leso Corporation Sdn. Bhd. RM	Butterfly House (PG) Sdn. Bhd. RM	Ento Feed Sdn. Bhd. RM	Total RM
Assets and liabilities				
Non-current assets	3,268,819	34,897,183	169,104	38,335,106
Current assets	34,645,825	3,813,333	2,629,732	41,088,890
Non-current liabilities	(35,204)	(29,315,684)	(3,138,789)	(32,489,677)
Current liabilities	(4,554,253)	(8,200,083)	(229,745)	(12,984,081)
Net assets	<u>33,325,187</u>	<u>1,194,749</u>	<u>(569,698)</u>	<u>33,950,238</u>
Results				
Revenue	23,139,064	12,949,986	0	36,089,050
Profit/(Loss) for the financial year	1,627,083	(214,149)	(697,575)	715,359
Total comprehensive income/(loss)	<u>1,458,151</u>	<u>(214,149)</u>	<u>(697,575)</u>	<u>546,427</u>

Notes To The Financial Statements

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10. INVESTMENTS IN ASSOCIATES (CONT'D)

(e) The summarised financial information of the associates are as follows: (Cont'd)

2024 (Cont'd)	Leso Corporation Sdn. Bhd. RM	Butterfly House (PG) Sdn. Bhd. RM	Ento Feed Sdn. Bhd. RM	Total RM
Cash flows (used in)/from operating activities	(546,871)	2,064,895	(2,453,854)	(935,830)
Cash flows from/(used in) investing activities	18,726,649	(505,382)	(178,004)	18,043,263
Cash flows (used in)/from financing activities	<u>(3,749,628)</u>	<u>(2,445,925)</u>	<u>3,619,372</u>	<u>(2,576,181)</u>
Net increase/(decrease) in cash and cash equivalents	<u>14,430,150</u>	<u>(886,412)</u>	<u>987,514</u>	<u>14,531,252</u>

(f) The reconciliation of net assets of the associates to the carrying amount of the investments in associates are as follows:

As at 31 December 2025	Leso Corporation Sdn. Bhd. RM	Butterfly House (PG) Sdn. Bhd. RM	Ento Feed Sdn. Bhd. RM	Total RM
Share of net assets of the Group/ Company	10,498,599	1,744,231	0	12,242,830
Less:				
Impairment losses	<u>0</u>	<u>(1,744,231)</u>	<u>0</u>	<u>(1,744,231)</u>
Carrying amount in the statements of financial position	<u>10,498,599</u>	<u>0</u>	<u>0</u>	<u>10,498,599</u>
Share of profit of the Group/ Company	595,822	0	0	595,822
Share of other comprehensive loss of the Group/Company	<u>(94,779)</u>	<u>0</u>	<u>0</u>	<u>(94,779)</u>
Share of total comprehensive income of the Group/Company	<u>501,043</u>	<u>0</u>	<u>0</u>	<u>501,043</u>

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10. INVESTMENTS IN ASSOCIATES (CONT'D)

- (f) The reconciliation of net assets of the associates to the carrying amount of the investments in associates are as follows: (Cont'd)

As at 31 December 2024	Leso Corporation Sdn. Bhd. RM	Butterfly House (PG) Sdn. Bhd. RM	Ento Feed Sdn. Bhd. RM	Total RM
Share of net assets of the Group/ Company	9,997,556	1,744,231	0	11,741,787
Less:				
Impairment losses	0	(1,744,231)	0	(1,744,231)
Carrying amount in the statements of financial position	<u>9,997,556</u>	<u>0</u>	<u>0</u>	<u>9,997,556</u>
Share of profit/(loss) of the Group/ Company	488,125	0	(156,255)	331,870
Share of other comprehensive loss of the Group/Company	(50,680)	0	0	(50,680)
Share of total comprehensive income/(loss) of the Group/ Company	<u>437,445</u>	<u>0</u>	<u>(156,255)</u>	<u>281,190</u>
Other information				
Dividend received	<u>1,089,000</u>	<u>0</u>	<u>0</u>	<u>1,089,000</u>

- (g) Unrecognised share of profit/loss of an associate, Butterfly House (PG) Sdn. Bhd. amounted to profit of RM349,026 (2024: loss of RM66,194) in the current financial year and share of losses amounted to RM1,025,655 (2024: RM1,374,681) cumulatively. The Group stopped recognising its share of losses since there is no further obligation in respect of those losses using the equity method of accounting.
- (h) Unrecognised share of loss of an associate, Ento Feed Sdn. Bhd. amounted to loss of RM321,599 (2024: loss of RM61,737) in the current financial year and share of losses amounted to RM383,336 cumulatively. The Group stopped recognising its share of losses since there is no further obligation in respect of those losses using the equity method of accounting.

11. GOODWILL ON CONSOLIDATION [2024 ONLY]

	Group 2024 RM
At cost	
Balance as at 1 January	5,931,259
Disposal of a subsidiary (Note 9(d))	<u>(5,931,259)</u>
Balance as at 31 December	<u>0</u>

- (a) Goodwill was initially measured at cost. Subsequent to initial recognition, goodwill was measured at cost less accumulated impairment losses, if any.

Notes To The Financial Statements

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11. GOODWILL ON CONSOLIDATION [2024 ONLY] (CONT'D)

- (b) Goodwill was attributable to the subsidiary, Xyrius Solutions Sdn. Bhd. ("Xyrius"), representing a separate cash-generating unit ("CGU").

On 17 December 2024, the Company has completed the disposal of Xyrius and Xyrius ceased to be the subsidiary of the Company.

12. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Non-current				
Trade receivables				
Third party	986,731	0	0	0
Other receivable				
Amount owing by an associate	1,443,745	1,154,996	1,443,745	1,154,996
Less: Impairment losses	(1,443,745)	0	(1,443,745)	0
Total other receivable	0	1,154,996	0	1,154,996
Total non-current receivables	986,731	1,154,996	0	1,154,996
Current				
Trade receivables				
Third parties	3,726,497	4,654,399	0	0
Less: Impairment losses	(419,039)	(434,039)	0	0
Total trade receivables	3,307,458	4,220,360	0	0
Other receivables				
Third parties	52,361	51,078	0	0
Amounts owing by a subsidiary	0	0	2,400,000	0
Amounts owing by associates	728,000	1,016,749	728,000	1,016,749
Less: Impairment losses	(728,000)	(728,000)	(728,000)	(728,000)
Deposits	177,600	177,600	0	0
Total other receivables	229,961	517,427	2,400,000	288,749
Total current receivables	3,537,419	4,737,787	2,400,000	288,749
Prepayments	83,315	189,164	0	0
	3,620,734	4,926,951	2,400,000	288,749
Total trade and other receivables	4,607,465	6,081,947	2,400,000	1,443,745

Notes To The Financial Statements

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12. TRADE AND OTHER RECEIVABLES (CONT'D)

- (a) Total receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables of the Group are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 90 days (2024: 30 to 90 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.
- (c) Non-current trade receivable of the Group are discounted at amortised rate at 7.00% per annum based on repayment term extended to customers and are not expected to be recoverable within the next twelve (12) months.

Included in current portion of trade receivables of the Group are amount outstanding of RM2,076,759 which bears interest at 7.00% per annum.

- (d) The non-trade portion of amount owing by a subsidiary is interest free, unsecured and repayable within next twelve (12) months or upon demand in cash and cash equivalents.
- (e) In the previous financial year, the non-trade portion of amounts owing by associates are interest free, unsecured and payable within next twelve (12) months or upon demand in cash and cash equivalents, except for an amount of RM1,443,745 which bears interests at 8% per annum, and an amount of RM1,154,996 which is not payable within next twelve (12) months.

The non-trade portion of amounts owing by associates are interest free, unsecured and payable within next twelve (12) months or upon demand in cash and cash equivalents, except for an amount of RM1,443,745 which is not payable within next twelve (12) months.

- (f) Currency exposure profile of total receivables, net prepayments are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Ringgit Malaysia	4,047,706	4,663,266	2,400,000	1,443,745
United States Dollar	476,444	1,229,517	0	0
	4,524,150	5,892,783	2,400,000	1,443,745

- (g) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the twelve (12) months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group are exposed to credit risk.

The Group uses an allowance matrix to measure the expected credit loss ("ECL") of trade receivables from individual customers. Expected loss rates are calculated using the roll rate method based on the common credit risk characteristics - industry and geographic region.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information (Global Gross Domestic Product ("GDP")) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying amount of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables, and the appropriate forward-looking information.

Notes To The Financial Statements

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12. TRADE AND OTHER RECEIVABLES (CONT'D)

(g) (Cont'd)

Lifetime expected loss provision for trade receivables of the Group as at 31 December 2025 and 31 December 2024 are as follows:

Group	Gross carrying amount RM	Impairment losses RM	Total RM
As at 31 December 2025			
Current	4,279,197	(9,978)	4,269,219
Past due			
More than 30 days	35,233	(11,210)	24,023
More than 90 days	8,798	(7,851)	947
Credit impaired			
- Individually impaired	390,000	(390,000)	0
	4,713,228	(419,039)	4,294,189
As at 31 December 2024			
Current	2,757,481	(110)	2,757,371
Past due			
More than 30 days	1,095,959	(601)	1,095,358
More than 90 days	410,959	(43,328)	367,631
Credit impaired			
- Individually impaired	390,000	(390,000)	0
	4,654,399	(434,039)	4,220,360

Trade receivables are not secured by any collateral or credit enhancement.

During the financial year, the Group did not renegotiate the terms of any trade receivables.

Notes To The Financial Statements

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12. TRADE AND OTHER RECEIVABLES (CONT'D)

(h) Movements in impairment loss for trade receivables of the Group are as follows:

Group	Lifetime ECL allowance RM	Credit impaired RM	Total RM
Balance as at 1 January 2025	44,039	390,000	434,039
Reversal of impairment loss	<u>(15,000)</u>	<u>0</u>	<u>(15,000)</u>
Balance as at 31 December 2025	<u>29,039</u>	<u>390,000</u>	<u>419,039</u>
Balance as at 1 January 2024	44,039	527,550	571,589
Reversal of impairment loss	<u>0</u>	<u>(137,550)</u>	<u>(137,550)</u>
Balance as at 31 December 2024	<u>44,039</u>	<u>390,000</u>	<u>434,039</u>

Trade receivables that are credit-impaired at the financial year end relate to trade receivables who are in significant financial difficulties and have defaulted on payments. The Group considers trade receivables to be in default when the trade receivables are more than twelve (12) months past due.

(i) Impairment for other receivables, amounts owing by a subsidiary and associates are recognised based on the general approach within MFRS 9 *Financial Instruments* using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve (12) month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group defined significant increase in credit risk as amount past due more than six (6) months.

The probability of non-payment by other receivables and inter-company balances are adjusted by forward-looking information (Global GDP) and multiplied by the amount of the expected loss arising from default to determine the twelve (12)-month or lifetime expected credit loss for other receivables and inter-company balances.

Movements in impairment losses for other receivables of the Group and of the Company are as follows:

	Group and Company	
	2025 RM	2024 RM
Lifetime ECL - Credit impaired		
Balance as at 1 January	728,000	728,000
Charge for the financial year	<u>1,443,745</u>	<u>0</u>
Balance as at 31 December	<u>2,171,745</u>	<u>728,000</u>

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12. TRADE AND OTHER RECEIVABLES (CONT'D)

(i) (Cont'd)

Other receivables that are credit-impaired at the financial year end relate to other receivables who are in significant financial difficulties and have defaulted on payments. The Group considers other receivables to be in default when the other receivables are more than twelve (12) months past due.

(j) Information on financial risks of trade and other receivables is disclosed in Note 30 to the financial statements.

13. INVENTORIES

	Group	
	2025 RM	2024 RM
At cost		
Raw materials	2,059,459	2,095,825
Work-in-progress	1,187,981	973,851
	3,247,440	3,069,676
Less: Allowance for slow-moving inventories		
Raw materials	(454,000)	(254,000)
Work-in-progress	(416,634)	(158,000)
	(870,634)	(412,000)
	2,376,806	2,657,676

- (a) Inventories are stated at the lower of cost and net realisable value.
- (b) Cost is determined using the weighted average method. Cost comprises all costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition.
- (c) During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group amounted to RM1,823,817 (2024: RM3,324,828).

In the previous financial year, the Group had reversed inventories written down of RM468,000 upon usage of such inventories.

During the financial year, the Group has written down inventories by RM458,634, which was recognised in statements of profit or loss and other comprehensive income.

Notes To The Financial Statements

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14. OTHER INVESTMENTS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Financial assets at fair value through profit or loss				
- unit trusts and bond funds	73,856,239	72,375,192	18,916,977	18,193,256
- quoted shares in Malaysia	213,625	210,800	213,625	210,800
- quoted shares in Singapore	4,587,688	0	0	0
	78,657,552	72,585,992	19,130,602	18,404,056

- (a) Other investments classified as financial assets at fair value through profit or loss are measured at fair value.
- (b) Unit trusts, bond funds and quoted shares in Malaysia and Singapore of the Group and of the Company are categorised as Level 1 in the fair value hierarchy based on the degree to which the fair value is observable.
- (c) Level 1 fair value measurement are those derived from quoted prices (unadjusted) in active market for identical assets and liabilities.
- (d) There were no transfer between levels in the fair value hierarchy during the financial year.
- (e) Sensitivity analysis for other investments are not disclosed as it is immaterial to the Group and the Company.
- (f) Currency exposure profile of other investments are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Ringgit Malaysia	74,069,864	72,585,992	19,130,602	18,404,056
Singapore Dollar	4,587,688	0	0	0
	78,657,552	72,585,992	19,130,602	18,404,056

15. CASH AND BANK BALANCES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Cash and bank balances	3,268,032	2,551,238	118,815	287,793
Deposits with licensed banks	1,544,132	1,646,812	0	0
	4,812,164	4,198,050	118,815	287,793

- (a) Cash and bank balances are classified as financial assets measured at amortised cost.
- (b) The effective interest rate of deposits with licensed banks is ranging from 2.35% to 3.99% (2024: 2.35% to 5.30%) per annum with remaining maturity periods of 32 days to 365 days (2024: 27 days to 365 days).

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15. CASH AND BANK BALANCES (CONT'D)

- (c) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Cash and bank balances	3,268,032	2,551,238	118,815	287,793
Deposits with licensed banks	1,544,132	1,646,812	0	0
	4,812,164	4,198,050	118,815	287,793
Less:				
Deposit with a licensed bank with maturity period more than three (3) months	(120,231)	(117,471)	0	0
	4,691,933	4,080,579	118,815	287,793

- (d) No expected credit losses were recognised arising from cash and bank balances because of the probability of default by these licensed banks were negligible.
- (e) The currency exposure of cash and bank balances are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Ringgit Malaysia	2,495,944	2,589,409	118,815	287,793
United States Dollar	1,606,628	1,593,511	0	0
Singapore Dollar	700,531	5,000	0	0
Others	9,061	10,130	0	0
	4,812,164	4,198,050	118,815	287,793

- (f) Information on financial risks of cash and bank balances are disclosed in Note 30 to the financial statements.

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16. SHARE CAPITAL AND TREASURY SHARES

(a) Share capital

	Group and Company			
	2025		2024	
	Number of ordinary shares	Amount RM	Number of ordinary shares	Amount RM

Issued and fully paid with no par value

Balance as at 31 December	<u>694,140,580</u>	<u>57,832,248</u>	<u>694,140,580</u>	<u>57,832,248</u>
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Owners of the parent (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

(b) Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the Annual General Meeting ("AGM") held on 29 May 2025, renewed the approval for the Company to repurchase its own shares.

	Group and Company			
	2025		2024	
	Number of shares	Amount RM	Number of shares	Amount RM

Treasury shares

Balance as at 1 January	<u>(17,920,260)</u>	<u>(8,532,305)</u>	<u>(1,715,960)</u>	<u>(1,417,514)</u>
Repurchase of treasury shares	<u>0</u>	<u>0</u>	<u>(16,204,300)</u>	<u>(7,114,791)</u>
Balance as at 31 December	<u>(17,920,260)</u>	<u>(8,532,305)</u>	<u>(17,920,260)</u>	<u>(8,532,305)</u>

- (i) When the Company repurchases its own shares, the shares repurchased would be accounted for using the treasury stock method.

Where the treasury stock method is applied, the shares repurchased and held as treasury shares shall be measured and carried at the cost of repurchase on initial recognition and subsequently. It shall not be revalued for subsequent changes in the fair value or market price of the shares.

The carrying amount of the treasury shares shall be offset against equity in the statements of financial position.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company. If such shares are issued by resale, any difference between the sale consideration and the carrying amount is shown as a movement in equity.

Notes To The Financial Statements

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16. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

(b) Treasury shares (Cont'd)

- (ii) In the previous financial year, the Company repurchased 16,204,300 of its issued ordinary shares from the open market of Bursa Malaysia Securities Berhad at an average price of RM0.44 per share. The total consideration paid for the repurchased shares was RM7,114,791. The shares repurchased are being held as treasury shares in accordance with Section 127(4)(b) of the Companies Act 2016 in Malaysia.

As at 31 December 2025, of the total 694,140,580 (2024: 694,140,580) issued and fully paid ordinary shares 17,920,260 (2024: 17,920,260) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after the set-off against the treasury shares is 676,220,320 (2024: 676,220,320) ordinary shares.

Treasury shares have no rights to voting, dividends or participation in other distribution.

17. RESERVES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Share options reserve	338,675	366,425	338,675	366,425
Retained earnings	60,938,458	59,336,732	3,398,628	5,346,211
	61,277,133	59,703,157	3,737,303	5,712,636

Share options reserve represents the effect of equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on the grant date of share options. Whenever options are exercised, an amount from the share options reserve is transferred to share capital. Whenever the share options expire, an amount from the share options reserve is transferred to retained earnings.

18. DEFERRED TAX LIABILITIES

	Group	
	2025 RM	2024 RM
Balance as at 1 January	1,052,000	1,421,761
Disposal of a subsidiary (Note 9(d))	0	(368,835)
Recognised in profit or loss (Note 26)	(239,200)	(926)
Balance as at 31 December	812,800	1,052,000

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18. DEFERRED TAX LIABILITIES (CONT'D)

The components and movements of deferred tax liabilities during the financial year are as follows:

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Technology know-how RM	Total RM
Balance as at 1 January 2025	1,052,000	0	1,052,000
Recognised in profit or loss	(239,200)	0	(239,200)
Balance as at 31 December 2025	<u>812,800</u>	<u>0</u>	<u>812,800</u>
Balance as at 1 January 2024	1,016,600	405,161	1,421,761
Disposal of a subsidiary (Note 9(d))	(6,700)	(362,135)	(368,835)
Recognised in profit or loss	42,100	(43,026)	(926)
Balance as at 31 December 2024	<u>1,052,000</u>	<u>0</u>	<u>1,052,000</u>

The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

	Group	
	2025 RM	2024 RM
Unabsorbed capital allowances	72,719	72,719
Unutilised tax losses: expiring by 31 December 2028	<u>284,462</u>	<u>284,462</u>
	<u>357,181</u>	<u>357,181</u>

Deferred tax assets of certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profit of the subsidiaries will be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the local tax authority.

Unutilised tax losses can be carried forward up to 10 consecutive years of assessment immediately following the year of assessment under the tax legislation of Inland Revenue Board.

Notes To The Financial Statements

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19. TRADE AND OTHER PAYABLES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Trade payables				
Third parties	88,342	301,024	0	0
Other payables				
Third parties	199,703	248,252	0	18,798
Dividend payable	3,381,262	0	3,381,262	0
Accruals	1,013,781	1,124,349	253,400	282,750
Deposits received	592,300	615,232	0	0
	5,275,388	2,288,857	3,634,662	301,548

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 to 120 days (2024: 30 to 120 days).
- (c) The currency exposure profiles of trade and other payables of the Group and of the Company are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Ringgit Malaysia	5,216,197	2,168,436	3,634,662	301,548
Singapore Dollar	48,728	1,422	0	0
United States Dollar	9,779	118,999	0	0
Others	684	0	0	0
	5,275,388	2,288,857	3,634,662	301,548

- (d) Maturity profile of trade and other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year.
- (e) Information on financial risks of trade and other payables is disclosed in Note 30 to the financial statements.

20. PROVISION

	Group	
	2025 RM	2024 RM
Current		
Provision for repair and other services	653,470	860,340

The Group makes a provision for repair work and replacement of electronic components at end of the reporting period based on the management's expectation of the level of repairs.

Notes To The Financial Statements

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20. PROVISION (CONT'D)

Movements during the financial year in the amount recognised in the statements of financial position in respect of the provision for repair and other services are as follows:

	2025 RM	Group 2024 RM
Balance as at 1 January	860,340	965,717
Provision made during the financial year	252,824	400,641
Utilisation of provision during the financial year	(48,239)	(86,154)
Provision reversed during the financial year	(411,455)	(419,864)
Balance as at 31 December	<u>653,470</u>	<u>860,340</u>

21. CONTRACT LIABILITIES

	2025 RM	Group 2024 RM
Deferred revenue	<u>1,110,837</u>	<u>623,640</u>

- (a) Contract liabilities arise from unsatisfied performance obligations when the Group issues billing to customers. Contract liabilities are recognised as revenue upon satisfaction of performance obligation.

Contract liabilities have increased by RM487,197 (2024: decreased by RM361,328) as a result of increase in overall contract activity.

- (b) The amount of RM29,140 (2024: RM534,468) recognised in contract liabilities at the beginning of the respective financial years have been recognised as revenue for the financial years ended 31 December 2025 and 31 December 2024.
- (c) Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied at the end of the reporting period, are as follows:

	2025 RM	Group 2024 RM
31 December 2026	1,110,837	0
31 December 2025	<u>0</u>	<u>623,640</u>

Notes To The Financial Statements

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22. REVENUE

	Group	
	2025 RM	2024 RM

Revenue from contracts with customers

Sale of goods/Services rendered	<u>8,427,460</u>	<u>13,887,125</u>
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Sale of goods and services rendered

Disaggregation of revenue from contracts with customers by geographical location is disclosed in Note 31 to the financial statements.

Revenue from sale of goods and services rendered is recognised at a point in time when the goods have been transferred or the services have been rendered to the customers and coincide with the delivery of goods and services and acceptance by customers.

There is no right of return and warranty provided to the customers on the sale of goods and services rendered.

There is no significant financing component in the revenue arising from sale of goods and services rendered as the sales or services are made on the normal credit terms not exceeding twelve (12) months.

23. OTHER INCOME AND OTHER EXPENSES

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM

Other income

Dividend income from:

- subsidiaries	0	0	2,525,000	7,200,000
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- an associate	0	0	0	1,089,000
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- other investments	1,170,885	1,833,634	132,538	370,711
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Fair value gain on other investments	6,461,429	1,256,271	777,084	626,748
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Interest income	247,535	224,955	0	2,484
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Other income	2,181	45,851	0	0
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Rental income	2,836,300	2,758,590	0	0
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Realised gain on foreign exchange	0	209,192	0	0
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	<u>10,718,330</u>	<u>6,328,493</u>	<u>3,434,622</u>	<u>9,288,943</u>
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Other expenses

Fair value loss on other investments	0	200,785	0	0
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Realised loss on foreign exchange	52,667	0	0	0
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Unrealised loss on foreign exchange	287,278	293,034	0	0
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	<u>339,945</u>	<u>493,819</u>	<u>0</u>	<u>0</u>
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Notes To The Financial Statements

31 December 2025

23. OTHER INCOME AND OTHER EXPENSES (CONT'D)

(a) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(b) Dividend income

Dividend income is recognised when the right to receive payment is established.

(c) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

24. EMPLOYEE BENEFITS

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Research and development staff:				
<u>Directors</u>				
- remuneration	413,544	401,703	0	0
- defined contribution plan	76,296	76,326	0	0
- social security contributions	2,511	2,435	0	0
	492,351	480,464	0	0
<u>Other staff</u>				
- salaries, wages and bonus	4,096,285	4,209,460	0	0
- defined contribution plan	515,767	538,785	0	0
- social security contributions	33,413	31,250	0	0
	5,137,816	5,259,959	0	0
Non-research and development staff:				
<u>Directors</u>				
- fee	266,000	292,000	266,000	292,000
<u>Other staff</u>				
- salaries, wages and bonus	3,330,452	3,474,917	0	0
- defined contribution plan	393,495	428,645	0	0
- social security contributions	44,795	44,833	0	0
	4,034,742	4,240,395	266,000	292,000
Total employee benefits	9,172,558	9,500,354	266,000	292,000

Notes To The Financial Statements

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25. EMPLOYEES' SHARE OPTION SCHEME ("ESOS")

The ESOS of the Company came into effect on 1 April 2016. The ESOS shall be in force for a period of five (5) years until 31 March 2021. The Directors had approved to extend the ESOS for another period of five (5) years commencing from 1 April 2021 until 31 March 2026 on the same terms and conditions as mentioned in the By-Laws.

The main features of the ESOS are as follows:

- (a) The total number of new ordinary shares which are available to be issued under the ESOS shall not exceed ten percent (10%) of the total issued and fully paid-up share capital of the Company (excluding treasury shares) at any time throughout the duration of the ESOS.
- (b) Any employee (including Executive Directors) of the Group shall be eligible to participate in the ESOS if, as at the date of offer, the employee is at least 18 years of age and is a full time employee.
- (c) Any Director of the Company or any company in the Group who has been appointed to the Board shall be eligible to participate in the ESOS if, as at the date of offer, the director is at least 18 years of age.
- (d) The exercise price shall be determined based on the weighted average market price of shares for the 5 market days immediately preceding the date of offer with a discount of not more than 10% or at the par value of the shares, whichever is higher.
- (e) The options granted are exercisable on a time proportion basis over the duration of the ESOS. The employee's entitlement to the options is vested as soon as they become exercisable.
- (f) The new shares to be allotted and issued upon exercise of any options granted under the scheme will, upon allotment and issuance, rank pari passu in all respects with the existing shares and paid-up shares in the Company, save and except that the new shares so allotted and issued will not be entitled to any right, dividend, allotment and/or distribution declared, made or paid, the entitlement date of which precedes the date of exercise of the options.

Notes To The Financial Statements

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25. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONT'D)

The details of the options over ordinary shares of the Company are as follows:

Grant date	Number of options over ordinary shares			
	Outstanding as at 1.1.2025	Retracted*	Outstanding as at 31.12.2025	Exercisable as at 31.12.2025
2 June 2016	767,000	0	767,000	767,000
10 April 2018	836,000	(90,000)	746,000	746,000
	<u>1,603,000</u>	<u>(90,000)</u>	<u>1,513,000</u>	<u>1,513,000</u>
Weighted average exercise price (RM)	<u>0.68</u>	<u>0.92</u>	<u>0.66</u>	<u>0.66</u>
Weighted average remaining contractual life (months)	<u>15</u>			<u>3</u>

* Due to resignation

Grant date	Number of options over ordinary shares			
	Outstanding as at 1.1.2024	Retracted*	Outstanding as at 31.12.2024	Exercisable as at 31.12.2024
2 June 2016	767,000	0	767,000	767,000
10 April 2018	980,000	(144,000)	836,000	836,000
	<u>1,747,000</u>	<u>(144,000)</u>	<u>1,603,000</u>	<u>1,603,000</u>
Weighted average exercise price (RM)	<u>0.70</u>	<u>0.92</u>	<u>0.68</u>	<u>0.68</u>
Weighted average remaining contractual life (months)	<u>27</u>			<u>15</u>

* Due to resignation



Notes To The Financial Statements

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25. EMPLOYEES' SHARE OPTION SCHEME ("ESOS") (CONT'D)

The details of share options outstanding at the end of the reporting period are as follows:

Grant date	Weighted average exercise price		Exercise period
	2025 RM	2024 RM	
2 June 2016	0.415	0.415	02.06.2016 - 31.03.2026 *
10 April 2018	0.915	0.915	04.10.2018 - 31.03.2026 *

* The Company resolved to extend the duration of the exercisable of unexercised ESOS shares, expiring on 31 March 2021 for another 5 years to 31 March 2026 in accordance with the provisions of the ESOS By-Laws.

The fair value of share options was estimated by the Group using the Black-Scholes-Merton option pricing model, taking into account the terms and conditions upon which the options were granted. The risk-free rate is based on Malaysian Government Securities ("MGSs"). The fair values of share options measured at grant date and the assumptions used are as follows:

	10 April 2018	2 June 2016
Fair value of share options (RM)	0.74	0.51
Average share price at grant date (RM)	2.40	1.52
Exercise price (RM)	2.20	1.50
Expected volatility (%)	44.38	41.68
Expected life (years)	2.98	4.83
Risk free rate (%)	3.82	3.77
Expected dividend yield (%)	3.51	2.53

Notes To The Financial Statements

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26. TAX EXPENSE

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Current tax expense based on profit for the financial year:				
Current year	738,900	612,600	0	0
(Over)/Underprovision of tax in prior years	(39,647)	(12,554)	494	13,916
	699,253	600,046	494	13,916
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	(43,000)	96,974	0	0
Overprovision of deferred tax in prior years	(196,200)	(97,900)	0	0
	(239,200)	(926)	0	0
Tax expense	460,053	599,120	494	13,916

The Malaysian income tax is calculated at the statutory tax rate of twenty-four percent (24%) (2024: 24%) of the estimated taxable profits for the fiscal year.

The numerical reconciliations between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Profit before tax	5,510,070	2,806,492	1,406,423	6,776,884
Taxation at Malaysian statutory tax rate of 24% (2024: 24%)	1,322,417	673,558	337,542	1,626,452
Tax effects in respect of:				
- non-deductible expenses	158,387	493,047	0	0
- non-taxable income	(641,907)	(233,382)	(337,542)	(1,626,452)
- tax exempt income under pioneer status	0	(144,000)	0	0
- share of profit in associates	(142,997)	(79,649)	0	0
	695,900	709,574	0	0
(Over)/Underprovision of tax in prior years	(39,647)	(12,554)	494	13,916
Overprovision of deferred tax in prior years	(196,200)	(97,900)	0	0
Tax expense for the financial year	460,053	599,120	494	13,916

A subsidiary of the Company has been granted pioneer status for its promoted principal activities which exempt 100% of its statutory income for a period of 5 years commencing from 2 January 2015 to 1 January 2020 and subsequently extended for another period of five (5) years beginning on 2 January 2020 to 1 January 2025.

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27. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year has been calculated by dividing profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial year (adjusted for treasury shares).

	Group	
	2025 RM	2024 RM
Profit for the financial year attributable to equity holders of the parent	<u>5,050,017</u>	<u>2,207,372</u>
Weighted average number of ordinary shares in issue	<u>694,140,580</u>	<u>693,245,533</u>
Basic earnings per ordinary share (sen)	<u>0.73</u>	<u>0.32</u>

(b) Diluted

Diluted earnings per ordinary share for the financial year has been calculated by dividing profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares in issue (adjusted for treasury shares) during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Group	
	2025 RM	2024 RM
Profit for the financial year attributable to equity holders of the parent	<u>5,050,017</u>	<u>2,207,372</u>
Weighted average number of ordinary shares in issue applicable to basic earnings per ordinary share	<u>694,140,580</u>	<u>693,245,533</u>
Effect of dilution due to ESOS	<u>0</u>	<u>103,900</u>
Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share	<u>694,140,580</u>	<u>693,349,433</u>
Diluted earnings per ordinary share (sen)	<u>0.73</u>	<u>0.32</u>

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28. DIVIDENDS

	Group and Company			
	2025		2024	
	Dividend per share RM	Amount of dividend RM	Dividend per share RM	Amount of dividend RM
In respect of financial year ended 2023:				
Second interim single tier dividend paid	0	0	0.010	6,924,446
In respect of financial year ended 2024:				
First interim single tier dividend paid	0	0	0.020	13,524,656
In respect of financial year ended 2025:				
First interim single tier dividend payable	0.005	3,381,262	0	0
	<u>0.005</u>	<u>3,381,262</u>	<u>0.030</u>	<u>20,449,102</u>

29. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other parties.

The Group and the Company have controlling related party relationship with its direct subsidiaries and associates.

(b) In addition to the related parties information detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group	
	2025 RM	2024 RM
An associate:		
Rental income	<u>72,000</u>	<u>72,000</u>

	Company	
	2025 RM	2024 RM
Subsidiaries:		
Dividend income	<u>2,525,000</u>	<u>7,200,000</u>
An associate:		
Dividend income	<u>0</u>	<u>1,089,000</u>

The related party transactions described above were carried out on negotiated terms and conditions and mutually agreed with the related parties.

Notes To The Financial Statements

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29. RELATED PARTY DISCLOSURES (CONT'D)

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group and of the Company.

The remuneration of Directors and other key management personnel of the Group and of the Company during the financial year are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Directors				
Fees	266,000	292,000	266,000	292,000
Salaries and other emoluments	413,544	401,703	0	0
Defined contribution plan	76,296	76,326	0	0
Social security contributions	2,511	2,435	0	0
	758,351	772,464	266,000	292,000
Other key management personnel				
Salaries and other emoluments	1,165,971	1,168,663	0	0
Defined contribution plan	160,392	161,059	0	0
Social security contributions	5,445	4,868	0	0
	1,331,808	1,334,590	0	0

30. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as a going concern whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2025 and 31 December 2024.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debts. The Group includes within net debt, trade and other payables, provisions, less cash and bank balances. Capital includes equity attributable to owners of the parent.

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30. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Capital management (Cont'd)

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Trade and other payables (Note 19)	5,275,388	2,288,857	3,634,662	301,548
Provision (Note 20)	653,470	860,340	0	0
Less:				
- Cash and bank balances (Note 15)	(4,812,164)	(4,198,050)	(118,815)	(287,793)
Net debt/(cash)	1,116,694	(1,048,853)	3,515,847	13,755
Total capital	110,577,076	109,003,100	53,037,246	55,012,579
Net debt/(cash)	1,116,694	(1,048,853)	3,515,847	13,755
Total capital plus net debts/(cash)	111,693,770	107,954,247	56,553,093	55,026,334
Gearing ratio (%)	1.00%	*	6.22%	0.02%

* Gearing ratio was not presented as the Group was in net cash position.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity of more than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 31 December 2025.

The Group is not subject to any other externally imposed capital requirements.

(b) Financial risk management

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange and the unpredictability of the financial markets.

The Group is exposed mainly to credit risk, foreign currency risk, liquidity and cash flow risk and interest rate risk. Information on the management of the related exposures is detailed below.

(i) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are creditworthy debtors with good payment records with the Group. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The terms of the Group with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of one (1) month, extending up to three (3) months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. For other financial assets (including other investments and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

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30. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the country profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of the reporting period are as follows:

	Group			
	2025		2024	
	RM	% of total	RM	% of total
By country:				
Malaysia	775,995	18%	3,829,060	91%
Asia (exclude Malaysia)	3,518,194	82%	391,300	9%
	4,294,189	100%	4,220,360	100%

At the end of the reporting period, approximately 71% (2024: 83%) of the Group's trade receivables were due from one (1) (2024: two (2)) major customers who are multi-industry conglomerates.

Exposure of credit risk

At the end of the reporting period, the maximum exposures to credit risk of the Group are represented by the carrying amounts of each class of financial assets recognised in the statements of financial position.

(ii) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States Dollar ("USD") and Singapore Dollar ("SGD"). Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other than the Group's functional currency.

The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes. The policy of the Group is to minimise the exposure in foreign currency risk by matching foreign currency income against foreign currency cost.

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30. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Foreign currency risk (Cont'd)

The following table demonstrates the sensitivity of the profit net of tax of the Group to a reasonably possible change in the USD and SGD exchange rate against Ringgit Malaysia, with all other variables held constant.

	Group	
	2025 RM Increase/ (Decrease)	2024 RM Increase/ (Decrease)
Profit after tax		
USD/RM		
- Strengthen by 3%	47,271	61,652
- Weaken by 3%	(47,271)	(61,652)
SGD/RM		
- Strengthen by 3%	119,460	82
- Weaken by 3%	(119,460)	(82)

There is no foreign currency risk exposure to the equity, hence the effect of the change in the foreign currency is not explained. Sensitivity analysis of other foreign currencies is not disclosed as it is not material to the Group.

(iii) Liquidity and cash flow risk

Liquidity risk arises from the Group's and the Company's management of working capital. It is the risk that the Group and the Company would encounter difficulty in meeting their financial obligations when due.

The Group and the Company monitor and maintain a level of cash and cash equivalents deemed adequate by management to finance the Group's and the Company's operations and to mitigate the effects of fluctuations in cash flows.

(iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates. The exposure to market risk of the Group and of the Company for changes in interest rates relates primarily to the trade receivable, amount owing by an associate and deposits with licensed banks of the Group and of the Company.

Notes To The Financial Statements

31 December 2025

30. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management (Cont'd)

(iv) Interest rate risk (Cont'd)

The following table sets out the carrying amounts and the weighted average effective interest rates ("WAEIR") as at the end of the reporting period and the remaining maturities of the financial instruments of the Group and of the Company that are exposed to interest rate risk:

Group	Note	WAEIR per annum %	Within one (1) year RM	One (1) to two (2) years RM	Two (2) to five (5) years RM	Total RM
2025						
Fixed rates						
Deposits with licensed banks	15	3.64	1,544,132	0	0	1,544,132
Trade receivable	12	7.00	2,076,759	986,731	0	3,063,490
2024						
Fixed rates						
Amount owing by an associate	12	8.00	288,749	288,749	866,247	1,443,745
Deposits with licensed banks	15	4.28	1,646,812	0	0	1,646,812
Company						
2024						
Fixed rates						
Amount owing by an associate	12	8.00	288,749	288,749	866,247	1,443,745

No sensitivity analysis for fixed rate instruments of the Group and of the Company was prepared as the change in market interest rate at the end of the reporting period would not affect profit or loss.

Notes To The Financial Statements

31 December 2025

31. OPERATING SEGMENTS

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment, namely research, design and development of test, burn-in and application specific embedded system.

(a) Geographical information

The manufacturing facilities and sales offices of the Group are primarily based in Malaysia.

In presenting information on the basis of geographical areas, segment revenue is based on the geographical location from which the sale transactions originated.

All the assets and liabilities of the Group are derived from Malaysia. Hence, no additional disclosure is made on geographical breakdown details of the segment assets of the Group.

Revenue information based on the geographical location of customers is as follows:

	2025 RM	Group 2024 RM
Malaysia	6,432,270	9,654,682
Asia (exclude Malaysia)	1,429,484	3,619,895
United States	565,706	612,548
	<u>8,427,460</u>	<u>13,887,125</u>

(b) Major customers

The following are major customers with revenue equal or more than ten percent (10%) of the Group's revenue:

	2025 RM	Group 2024 RM
Customer A	1,049,970	6,518,704
Customer B	4,176,000	0
Customer C	*	1,800,000
	<u>5,225,970</u>	<u>8,318,704</u>

* Less than 10%

Notes To The Financial Statements

31 December 2025

32. SIGNIFICANT EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

- (a) On 1 January 2026, AGS Automation (Malaysia) Sdn. Bhd., a wholly-owned subsidiary of the Company had commenced members' voluntary winding up pursuant to Section 439(1)(b) of the Companies Act, 2026.
- (b) On 2 April 2026, a subsidiary of the Company has entered into a sale and purchase agreement with a third party in relation to the proposed disposal of a unit of shop-office measuring approximately 98 square meters located in Mukim 12, Daerah Barat Daya, Negeri Pulau Pinang for a total consideration of RM410,000.00.

As at the date of this report, the disposal has not been completed.

- (c) Ongoing geopolitical tensions in the Middle East have contributed to elevated energy prices, intermittent global supply chain disruptions, and increased volatility in global currency movements. These factors may, if prolonged, place indirect pressure on input costs and consumer sentiment.

Given that the geopolitical situation in the Middle East remains uncertain, and as at the date of this report, the Group has not experienced any material adverse impact on its operations or financial position arising directly from these developments. Nevertheless, the Group will continue to monitor developments and assess the potential operational and financial implications of the conflict.

33. STATUTORY DISCLOSURE

Pursuant to Section 249(4)(e) of Companies Act 2016, details of auditors' remuneration payable by the Group and by the Company during the financial year were as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Statutory audit				
- BDO PLT	93,280	91,800	30,000	26,500
Non-audit related services				
- BDO PLT	5,000	4,500	5,000	4,500
	98,280	96,300	35,000	31,000

Statistics Of Shareholdings

SHARE CAPITAL AS AT 31st MARCH, 2026

Number of issued shares	:	694,140,580
Class of share	:	Ordinary Shares
Voting right	:	One vote for one ordinary share

DISTRIBUTION OF SHAREHOLDERS AS AT 31st MARCH, 2026

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
Less than 100	125	2.63	5,079	0.00
100 – 1,000	933	19.63	461,570	0.07
1,001 – 10,000	1,991	41.88	11,032,905	1.63
10,001 – 100,000	1,433	30.14	50,076,420	7.41
100,001 – Less than 5%	268	5.64	266,846,260	39.46
Above 5%	4	0.08	347,798,086	51.43
	4,754	100.00	*676,220,320	100.00

* Excluding of 17,920,260 treasury shares

TOP THIRTY SHAREHOLDERS AS AT 31st MARCH, 2026

Name	Shareholdings	%
1 TAN CHEIK EAIK	158,790,400	23.48
2 KOAY KIM CHIEW	74,020,060	10.95
3 TAN AI JIEW	61,616,600	9.11
4 TAN AH LEK	53,371,026	7.89
5 CHAN HONG HENG	29,739,600	4.40
6 TAY CHENG KOON	17,393,000	2.57
7 LAU KHENG KEAT	12,910,000	1.91
8 TAN CHEIK KOOI	12,534,360	1.85
9 LAU KHENG TEONG	12,460,000	1.84
10 TAN WOEI SHEN	9,297,000	1.37
11 TAN AH LEK	9,051,472	1.34
12 HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAY CHENG KOON	9,021,800	1.33
13 TAN WOEI YANG	9,000,000	1.33
14 TAN XING PEI	9,000,000	1.33
15 TAN XING YING	9,000,000	1.33
16 CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	6,852,328	1.01
17 LAU KHENG TAT	5,148,000	0.76
18 RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR OOI KENG THYE	4,810,500	0.71

Statistics Of Shareholdings

TOP THIRTY SHAREHOLDERS AS AT 31st MARCH, 2026 (CONT'D)

Name	Shareholdings	%
19 TAN CHEIK EAIK	4,319,040	0.64
20 YAP WING CHUN	3,859,000	0.57
21 IFAST NOMINEES (TEMPATAN) SDN BHD CHONG ENG KEAT @ TEOH ENG KEAT	3,524,500	0.52
22 ANG HOOI ENG	2,963,900	0.44
23 LIN, CHIN-HSIUNG	2,640,000	0.39
24 BUTTERFISH SDN BHD	2,550,000	0.38
25 UOB KAY HIAN NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR HUANG, YU-HSIANG	2,520,000	0.37
26 OOI TOON KIT	2,454,000	0.36
27 KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR CHUA CHIN KUAN	2,290,800	0.34
28 HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHAN KOK SAN	2,000,000	0.30
29 T.O.LIM HOLDINGS SDN BHD	1,686,000	0.25
30 PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG AH BENG (E-BBB)	1,599,600	0.24
Total	536,422,986	79.31

DIRECTORS' SHAREHOLDINGS AS AT 31st MARCH, 2026

Name	Direct Shareholdings	%	Indirect Shareholdings	%
1 Tan Cheik Eaik	163,109,440	24.12	-	-
2 Koay Kim Chiew	74,020,060	10.95	-	-
3 Tan Ah Lek	63,434,498	9.38	370,000*	0.05
4 Ooi Toon Kit	2,454,000	0.36	-	-
5 Dato' Agatha Foo Tet Sin	150,000	0.02	-	-
6 Lee Soo Ghee	100,000	0.01	-	-
7 Ir. Academician Emeritus Professor Tan Sri Dato' Seri Dr. Chuah Hean Teik	-	-	-	-

* Deemed interest held through the shareholdings of his/her children pursuant to Section 59 (11)(c) of the Companies Act 2016

Statistics Of Shareholdings

SUBSTANTIAL SHAREHOLDERS (EXCLUDING BARE TRUSTEES) ACCORDING TO THE REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 31st MARCH, 2026

	Name	Direct Shareholdings	%	Indirect Shareholdings	%
1	Tan Cheik Eaik	163,109,440	24.12	-	-
2	Koay Kim Chiew	74,020,060	10.95	-	-
3	Tan Ah Lek	63,434,498	9.38	370,000*	0.05
4	Tan Ai Jiew	61,616,600	9.11	-	-

* Deemed interest held through the shareholdings of his/her children pursuant to Section 59 (11)(c) of the Companies Act 2016

List of Landed Properties

Name of Registered Owner/ Title Identification	Approximate Age of Building/ Tenure/ Date of Expiry of Lease	Description/ Existing Use	Land Area/ Built Up Area(sq ft)	Restriction in Interest/ Encumbrances	Prices Paid/ Date of Transaction/ Date of Issuance of Certificate of Fitness	Audited Net Book Value as at 31.12.2025
Siangtronics Technology Sdn. Bhd. 303-4-20, Krystal Point, Jalan Sultan Azlan Shah MK12, Penang erected on part of the land held under No. GM1333, No. Lot 12033 Tempat Sungai Nibong Mukim 12, Daerah Barat Daya, Penang.	25 years/ Freehold building/ Not applicable	Office lot/ Office	Not applicable/ 1,049	Nil	RM213,930/ 10.01.1997/ 02.10.1998	RM97,419
Elsoft Systems Sdn. Bhd. Plot 85(B), Medan Bayan Lepas, Technoplex, Bayan Lepas Industrial Zone Phase 4, Bayan Lepas, 11900 Penang erected on the leasehold land held under No. Lot 85(b) Daerah Barat Daya, Mukim 12, Penang.	20 years/ Leasehold land 60 years/ 60 years from the date of alienation/ 11.9.2065	2-storey factory building/ Manufacturing plant, office and warehouse	184,945/ 50,000	(a) The land cannot be transferred, charged, leased or sub-leased, rented or encumbered in whatever manner without a written approval from the State Authority (b) The land cannot be subdivided or partitioned (c) The land and any building erected cannot be used for other usage other than approved by the Penang Development Corporation and State Authority	RM10,499,352/ 05.11.2004/ 12.12.2006	RM7,321,287
	12 years/ Leasehold land 60 years/ 60 years from the date of alienation/ 11.9.2065	2-storey factory building/ Manufacturing plant, office and warehouse	184,945/ 92,000		RM10,517,100/ 31.12.2013/ 29.04.2014	RM7,995,954

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Twenty-Third (“23rd”) Annual General Meeting (“AGM”) of Elsoft Research Berhad (“the Company”) will be held at the Conference Hall of the Company, Plot 85B, Lintang Bayan Lepas 9, Bayan Lepas Industrial Park, Phase 4, 11900 Pulau Pinang on Friday, 22 May 2026 at 10.00 a.m. for the transaction of the following business:

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2025 together with the Reports of the Directors and Auditors thereon. **Ordinary Resolution 1**
2. To approve the payment of Directors’ fees of not exceeding RM350,000.00 to the Non-Executive Directors for the financial year ending 31 December 2026. **Ordinary Resolution 2**
3. To re-elect the following Directors who retire by rotation pursuant to Article 18.3 of the Company’s Constitution and being eligible, have offered themselves for re-election: -
 - (i) Mr. Ooi Toon Kit **Ordinary Resolution 3**
 - (ii) Mr. Lee Soo Ghee **Ordinary Resolution 4**
4. To re-appoint Messrs. BDO PLT as Auditors of the Company until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions, with or without modification, as Ordinary Resolutions:

5. AUTHORITY UNDER SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016 FOR THE DIRECTORS TO ISSUE SHARES

“THAT, subject always to the Companies Act, 2016 (“the Act”), the Constitution of the Company and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby authorized, pursuant to Sections 75 and 76 of the Act, to allot and issue shares in the Company at any time until the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deemed fit, provided that the aggregate of the shares to be issued does not exceed 10% of the total number of issued shares of the Company and that the Directors are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares to be issued.

THAT the existing shareholders’ right of pre-emption under Article 13.2 of the Company’s Constitution shall not apply to the allotment and issuance of new shares pursuant to this mandate.” **Ordinary Resolution 5**

Notice of Annual General Meeting

6. PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

“THAT, subject always to the Companies Act 2016, the provisions of the Company’s Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other applicable laws, rules, regulations and guidelines for the time being in force, the Directors of the Company be and are hereby authorized to make purchase(s) of such amount of ordinary shares in the Company through Bursa Securities subject to the following:

- (a) The aggregate of the shares which may be purchased and/or held by the Company shall not exceed 10% of the total number of issued shares of the Company (“Shares”);
- (b) The maximum fund to be allocated by the Company for the purpose of purchasing the Shares shall not exceed the aggregate of the retained profits of the Company. As of 31 December 2025, the audited retained profits of the Company was RM3,398,628.
- (c) The authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and will continue to be in force until:
 - (i) the conclusion of the next annual general meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within which the next annual general meeting of the Company after that date is required by law to be held; or
 - (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the Main Market Listing Requirements of Bursa Securities or any other relevant authority; and

- (d) upon completion of the purchase(s) of the Shares by the Company, the Directors of the Company be and are hereby authorized to deal with the Shares in the following manner:
 - (i) cancel the Shares so purchased; or
 - (ii) retain the Shares so purchased as treasury shares; or
 - (iii) retain part of the Shares so purchased as treasury shares and cancel the remainder; or
 - (iv) distribute the treasury shares as share dividends to shareholders; or
 - (v) resell the treasury shares on Bursa Securities; or
 - (vi) transfer the treasury shares, or any of the shares for the purposes of or under an employees’ share scheme; or
 - (vii) transfer the treasury shares, or any of the shares as purchase consideration; or

in any other manner as prescribed by the Act, rules, regulations and guidelines pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorized to take all steps as are necessary or expedient to implement or to effect the purchase(s) of the Shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto.”

Ordinary Resolution 6

Notice of Annual General Meeting

7. CONTINUATION IN OFFICE AS AN INDEPENDENT NON-EXECUTIVE DIRECTOR

“THAT Dato’ Agatha Foo Tet Sin, who will attain a cumulative term of nine (9) years as an Independent Non-Executive Director of the Company on 29 December 2026, be retained and shall continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next annual general meeting.”

Ordinary Resolution 7

8. To transact any other business of which due notice shall have been given in accordance with the Company’s Constitution and the Companies Act, 2016.

BY ORDER OF THE BOARD,

OOI YOONG YOONG (SSM PC NO. 202008002042/MAICSA 7020753)

SECRETARY
PENANG
22 April 2026

Notes: -

Appointment of Proxy

1. A member may appoint any person to be his proxy save that the proxy must be of full age. There is no restriction as to the qualification of the proxy.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized 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 authorized.
5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, 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 Authorized Nominee may appoint in respect of each omnibus account it holds.
7. For a proxy to be valid, the instrument appointing a proxy must be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting:
 - (a) In hard copy form
The Proxy Form must be deposited at the office of the Share Registrar of the Company, Securities Services (Holdings) Sdn. Bhd. situated at Suite 18.05, MWE Plaza, No. 8 Lebuhr Farquhar, 10200 Penang, Malaysia.
 - (b) By electronic means via email
The Proxy Form must be received via email at info@sshsb.com.my. The member is required to deposit the original executed Proxy Form at the Share Registrar Office before the day of meeting or the proxy is to bring the original executed Proxy Form on the day of meeting for verification purpose.
8. Last date and time for lodging the Proxy Form is **Wednesday, 20 May 2026 at 10.00 a.m.**

Notice of Annual General Meeting

General Meeting Record of Depositors

9. Only a depositor whose name appears on the Record of Depositors of the Company as at 15 May 2026 shall be entitled to attend this Annual General Meeting or appoint proxies to attend, speak and/or vote on his/her behalf.

Ordinary Business

10. Ordinary Resolution 1 – Proposed payment of Directors’ fees of not exceeding RM350,000.00 to the Non-Executive Directors for the financial year ending 31 December 2026

The proposed Ordinary Resolution 1 is to facilitate the payment of Directors’ fees on current year basis. In the event, the Directors’ fees proposed is insufficient, the Board will seek the approval from the shareholders at the next annual general meeting for additional fees to meet the shortfall.

11. Ordinary Resolutions 2 and 3 – Re-elect of Directors

Article 18.3 of the Company’s Constitution states that one-third (1/3) of the Directors shall retire from office and shall be eligible for re-election at each Annual General Meeting. Each Director shall retire from office at least once in every three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

In accordance with this provision, the Nomination Committee reviewed the Directors due for retirement at the forthcoming Annual General Meeting. As part of this process, the Committee carried out the fit and proper assessment and was satisfied that the retiring Directors continue to meet the criteria to serve on the Board.

Mr. Lee Soo Ghee, the Independent Non-Executive Director of the Company, has met the independence criteria as prescribed under Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”) and remains independent in exercising his judgement and carry out his role as independent director.

The Board approved the Nomination Committee’s recommendation for the re-election of the retiring Directors namely Mr. Ooi Toon Kit and Mr. Lee Soo Ghee (“Retiring Directors”) pursuant to Article 18.3 of the Company’s Constitution at the forthcoming Annual General Meeting of the Company.

Both Retiring Directors have indicated their intention to seek reelection and, consistent with good governance practice, abstained from deliberation and decision on their respective eligibility to stand for reelection at the relevant Nomination Committee and Board meetings.

12. Ordinary Resolution 4 – To re-appoint Messrs. BDO PLT as Auditors of the Company until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration

The Audit Committee has assessed the suitability and independence of the external auditors and recommended the re-appointment of Messrs. BDO PLT as external auditors of the Company until the next Annual General Meeting of the Company. The Board has in turn at its meeting held on 8 April 2026, reviewed the recommendation of the Audit Committee and recommended the same to be tabled to the shareholders for approval at the forthcoming Annual General Meeting of the Company. The Board and the Audit Committee collectively agreed that Messrs. BDO PLT have met the relevant criteria prescribed by Paragraph 15.21 of the MMLR.

Special Business

13. Ordinary Resolution 5 – Authority under Sections 75 and 76 of the Companies Act, 2016 for the Directors to issue shares

The proposed Ordinary Resolution 5, if passed, will give authority to the Board of Directors to issue and allot ordinary shares in the Company at any time in their absolute discretion and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the expiration of the period within which the next annual general meeting is required by law to be held or revoked/varied by resolution passed by the shareholders in general meeting whichever is the earlier.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last annual general meeting which will lapse at the conclusion of the 23rd Annual General Meeting.

This renewed general mandate will provide flexibility to the Company for any possible fund-raising activities, including but not limited to placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

Notice of Annual General Meeting

Special Business (Cont'd)

14. Ordinary Resolution 6 – Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 6, if passed, will give the authority to the Company to purchase its own shares up to 10% of the total number of issued shares of the Company. This authority, unless renewed or revoked or varied by the shareholders of the Company in general meeting, will expire at the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting after that date is required by the law to be held, whichever occurs first.

Detail information on the Proposed Renewal of Share Buy-Back Authority are set out in pages 58 to 66 of the 2025 Annual Report.

15. Ordinary Resolution 7 – Continuation in Office as an Independent Non-Executive Director

The proposed Ordinary Resolution 7, if passed, will allow Dato' Agatha Foo Tet Sin, who will attain a cumulative term of nine (9) years as an Independent Non-Executive Director of the Company on 29 December 2026, to be retained and continue to serve as an Independent Non-Executive Director of the Company until the conclusion of the next annual general meeting.

The Board of Directors, through the Nomination Committee, (wherein Dato' Agatha Foo Tet Sin had abstained from deliberation and decision at the relevant Nomination Committee and Board meetings) has conducted the annual performance evaluation and assessment of Dato' Agatha Foo Tet Sin and recommended that she continues to serve as an Independent Non-Executive Director of the Company based on the following justifications:

- (a) She continues to meet the independence criteria as prescribed under Chapter 1 of the MMLR.
- (b) She has performed her duties diligently and consistently demonstrated independence of judgment, integrity, and professionalism in the deliberations and decision-making of the Board and its Committees. She provides valuable insights and constructive challenge to management.
- (c) Her length of service on the Board has not compromised her independence, nor has it interfered with her ability to discharge her responsibilities objectively as an Independent Non-Executive Director.
- (d) Her expertise, experience, and cumulative knowledge of the Group's business and operations continue to be highly relevant and beneficial to the Board, enhancing the overall skills, diversity, and effectiveness of the Board.

16. Voting at 23rd AGM

Pursuant to Paragraph 8.31A of MMLR, all resolutions set out in the Notice of 23rd AGM will be put to vote on a poll.

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ELSOFT RESEARCH BERHAD

Registration No. 200301015084 (617504-K)

PROXY FORM

CDS account no.:

*I/We

(Full name as per NRIC/Passport/Certificate of Incorporation in capital letters)

NRIC/Passport/Registration No. _____ Tel No. _____

of

(Full address)

being member(s) of ELSOFT RESEARCH BERHAD, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address, telephone no. and email address			

*and/or failing him/her

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address, telephone no. and email address			

or failing whom, the Chairman of the meeting, as * my/our proxy to vote for * me/us on * my/our behalf at the Twenty-Third Annual General Meeting of the Company to be held at the Conference Hall of the Company, Plot 85B, Lintang Bayan Lepas 9, Bayan Lepas Industrial Park, Phase 4, 11900 Pulau Pinang on Friday, 22 May 2026 at 10.00 a.m. and at any adjournment thereof, on the following resolutions referred to in the Notice of Twenty-Third Annual General Meeting.

No.	Resolutions	Ordinary	For	Against
1.	To approve the payment of Directors' fees of not exceeding RM350,000.00 to the Non-Executive Directors for the financial year ending 31 December 2026.	Resolution 1		
2.	To re-elect Mr. Ooi Toon Kit as Director of the Company.	Resolution 2		
3.	To re-elect Mr. Lee Soo Ghee as Director of the Company.	Resolution 3		
4.	To re-appoint Messrs. BDO PLT as Auditors of the Company and to authorize the Directors to fix their remuneration.	Resolution 4		
5.	Authority under Sections 75 and 76 of the Companies Act, 2016 for the Directors to issue shares.	Resolution 5		
6.	Proposed Renewal of Share Buy-Back Authority.	Resolution 6		
7.	Continuation in office as an Independent Non-Executive Director - Dato' Agatha Foo Tet Sin.	Resolution 7		

Please indicate with an "X" in the appropriate space provided above on how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy may vote as he thinks fit.

Signed this day of 2026

Number of shares held

Signature(s) of member(s)/
Common Seal

* Strike out whichever is not desired.

Notes :-

1. A member may appoint any person to be his proxy save that the proxy must be of full age. There is no restriction as to the qualification of the proxy.
2. A member of the Company entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies to attend and vote at the same meeting. A proxy appointed to attend and vote at the meeting shall have the same rights as the member to speak at the meeting.
3. Where a member appoints more than one (1) proxy, the appointments shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorized 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 authorized.
5. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member of the Company is an exempt authorized nominee as defined under the Securities Industry (Central Depositories) Act 1991, 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 Authorized Nominee may appoint in respect of each omnibus account it holds.
7. For a proxy to be valid, the instrument appointing a proxy must be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting:
 - (a) In hard copy form
The Proxy Form must be deposited at the office of the Share Registrar of the Company, Securities Services (Holdings) Sdn. Bhd. situated at Suite 18.05, MWE Plaza, No. 8 Lebu Farquhar, 10200 Penang, Malaysia.
 - (b) By electronic means via email
The Proxy Form must be received via email at info@sshshb.com.my. The member is required to deposit the original executed Proxy Form at the Share Registrar Office before the day of meeting or the proxy is to bring the original executed Proxy Form on the day of meeting for verification purpose.
8. Last date and time for lodging the Proxy Form is **Wednesday, 20 May 2026 at 10.00 a.m.**
9. Only a depositor whose name appears on the Record of Depositors of the Company as at **15 May 2026** shall be entitled to attend this Annual General Meeting or appoint proxies to attend, speak and/or vote on his/her behalf.

Personal Data Privacy

By submitting the duly executed Proxy Form, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the AGM, and any adjournment thereof.

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TO : SECURITIES SERVICES (HOLDINGS) SDN BHD

The Share Registrar of

ELSOFT RESEARCH BERHAD

Registration No. 200301015084 (617504-K)
(Incorporated in Malaysia)

**Suite 18.05, MWE Plaza
No.8 Lebu Farquhar
10200 George Town
Pulau Pinang, Malaysia**

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ELSOFT RESEARCH BERHAD

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