

CFO'S STATEMENT

BUILDING FINANCIAL RESILIENCE

FOR SUSTAINABLE GROWTH

Against a backdrop of industry-wide headwinds, decisive actions to exit selected lower-margin contracts and realign assets have strengthened our portfolio, improved cash resilience and positioned the Group with a clearer financial pathway for future growth.



AHMAD FAZRIL FAUZI
Chief Financial Officer

FY2025 was a year shaped by a combination of external headwinds that weighed on performance across our industry. Rising regulatory and compliance costs, a sustained softening in client spending, and continued pressure on contract economics created a challenging backdrop, and our businesses felt those pressures alongside the rest of the sector.

In response, we took necessary actions to strengthen the quality of our revenue base and align our asset values with current market realities. We exited contracts where margins no longer met our return requirements and undertook a comprehensive reassessment of asset values at year end. These steps weighed on our reported results. However, they also leave us with a higher quality portfolio, a stronger cash position and a clearer financial roadmap for the years ahead.

Ultimately, our headline results do not fully reflect the underlying strengths of the business, including the technology-enabled capabilities we have built, our broader international footprint and the more focused operating base created through the rationalisation actions taken during the year. Together, these leave us better placed to respond to future growth opportunities and drive improved performance over time.

GROUP FINANCIAL HIGHLIGHTS

We recorded revenue of RM2,861.0 million in FY2025, 6.2% lower than the RM3,049.8 million recorded in FY2024. This drop reflected the impact of more cautious client spending which led to lower activity levels, deferment and revision of project plans, and reduced work orders, as well as the strengthening of the Malaysian Ringgit against operating currencies in Singapore, Taiwan and the Middle East, diluting the translated contribution from new contract wins in those markets.

Our portfolio optimisation initiatives were another contributing factor, leading to a smaller revenue base. However, these actions were essential to improve the overall quality and sustainability of our earnings base and sharpen focus on higher-value opportunities.

The drop in revenue, combined with margin erosion from sustained cost pressures across manpower, materials and direct project costs, were the primary drivers of our reported loss of RM412.9 million for FY2025, compared with a net profit of RM45.2 million in FY2024. The result was further impacted by one-off, non-recurring impairment charges, including impairment of goodwill, non-current assets, receivables and contract assets balances following a comprehensive and disciplined assessment of asset values and recoverability, incorporating current market conditions, contract performance and forward-looking cash flow projections in line with applicable accounting standards.

The charges comprised impairment of goodwill of RM151.1 million, impairment of other non-current assets, including tangible assets, leased assets and intangible assets, of RM73.6 million, and impairment of receivables and contract assets of RM34.8 million. These are non-cash accounting adjustments and do not impact the Group's immediate cash flow or operational capability.



We remain focused on strengthening the quality of our portfolio and building a financial platform that supports sustainable growth.

The asset review took into account higher regulatory compliance costs, persistent external cost pressures, limited recoverability of certain cost increases under existing contracts and revised expectations for margin recovery across parts of the contract portfolio. In selected cases, competitive pricing dynamics at renewal also weighed on our assessment of recoverable value. This led to revised expectations around future margins and updated cash flow projections, providing us with a clearer view of our prospects and key areas of focus as a business.

FINANCIAL POSITION AND CASH FLOWS

Set against our reported loss for the year, our cash and liquidity position remained a key source of resilience. Cash, bank balances, deposits and short-term investments rose to RM851.2 million supported by improved net operating cash flow by RM101.7 million to RM292.6 million in FY2025. The divergence between the reported loss and operating cash flow was largely attributable to the non-cash impairment charges recognised during the year, as well as improvements in working capital management, particularly in receivables collection and cost discipline. Net cash used in investing activities decreased by RM59.6 million compared with the prior year, reflecting a more cautious approach to capital spending, and net cash flow from financing activities remained broadly in line with prior year levels.

Our net assets decreased by 31.6% from RM1.55 billion to RM1.06 billion, reflecting the combined effect of the year's loss, adverse movements in the foreign currency translation reserve as the Malaysian Ringgit strengthened, and the non-recurring impairments recognised during the year. Net assets per share declined from RM1.85 to RM1.26.

Taken as a whole, our financial position remains supported by materially stronger cash generation, a manageable leverage profile and continued operational activity across our core markets. Our gearing ratio increased from 0.28x to 0.37x, not as a result of additional borrowings, which in fact declined during the year, but due to the reduction in equity following the loss and foreign currency movements. The ratio remains manageable and provides us with flexibility to support operations and near-term strategic priorities.

In view of the year's result and our focus on preserving financial flexibility, the Board has determined that no dividend will be declared for FY2025.

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SEGMENTAL HIGHLIGHTS

Healthcare Solutions

Healthcare Solutions generated revenue of RM1,587.5 million in FY2025, 1.5% below the prior year. The decline was driven mainly by the termination of a contract in Malaysia and the translation effect of a stronger Malaysian Ringgit on contributions from Singapore and Taiwan, which moderated the benefit of high renewal rates and new contract wins across both markets.

The segment recorded a net loss of RM68.1 million, compared with a net profit of RM58.0 million in FY2024. This reflected sustained margin pressure from higher regulatory compliance costs, particularly minimum wage-related increases across Malaysia, Singapore and Taiwan. In a number of existing contracts, the recovery of these additional costs remained limited, resulting in lower forward margin expectations and contributing to impairments in goodwill and other non-current assets recognised during the year.

Notwithstanding the financial outcome, we maintained our full presence across all 10 restructured government hospitals in Singapore and continued to support more than 80 healthcare institutions in Taiwan. The priority now is to improve margin recovery through contract repricing, stronger cost pass-through mechanisms and operational efficiency measures, in line with our broader focus on improving earnings quality.



We will continue translating operational opportunities into sustainable financial outcomes for our stakeholders.

Infrastructure Services

Infrastructure Services' revenue of RM852.5 million in FY2025 was 12.6% below the prior year, reflecting reduced work orders for highway and road maintenance activities and the timing of work programmes under existing contracts.

The segment recorded a net loss of RM30.0 million, compared with a net profit of RM42.2 million in FY2024. Profitability was affected by lower revenue, which reduced operating leverage, margin pressure on ongoing contracts arising from the escalation of contract costs, and impairment of receivables recognised during the year. The segment also recorded an adjustment following a comprehensive review of deferred cost positions, as part as ongoing efforts to ensure carrying values remain appropriate and reflective of current contract performance and cost expectations.

Our long-term concession arrangements continue to provide continuity within our portfolio, and the discipline applied to cost management and contract execution in this segment supports our broader working capital and cash generation objectives.

Property and Facility Solutions

Property and Facility Solutions grew its revenue by 0.8% to RM342.7 million in FY2025. Growth was driven primarily by new contracts in Saudi Arabia and the UAE, partially offset by project completions and timing differences of the replacement projects in Malaysia.

During the year, we secured integrated facilities management contracts in new verticals, representing our entry into more complex, multi-site industrial environments. Revenue contribution was limited in FY2025 as mobilisation commenced progressively from the second half of the year, with associated start-up costs incurred ahead of revenue coming through.

The segment recorded a net loss of RM23.3 million, compared with a net profit of RM4.8 million in FY2024, reflecting mobilisation costs on newly secured contracts, increased operational requirements from certain clients and impairment of long-outstanding receivables. As these contracts move towards steadier operating levels through FY2026, their revenue contribution and profitability is expected to build progressively. Our presence in industrial and corporate environments, supported by our technology-led differentiation, also opens access to higher-value scopes of work that should support margin growth moving forward.

Asset Consultancy

Asset Consultancy's revenue fell 42.0% to RM73.7 million in FY2025, primarily as a function of project timing rather than a weakening of our market position. The primary driver was the deferment of client development plans for energy efficiency projects, compounded by slower-than-expected progress on consultancy projects in East Malaysia due to delays in mobilisation and project scheduling.

The segment recorded a net loss of RM52.3 million, compared with a net profit of RM12.6 million in FY2024. Profitability was affected by lower margins on ongoing contracts, reflecting persistent cost pressures, delays in project execution and pending client confirmations on certain contractual matters that affected margin recovery, together with one-off impairment charges on goodwill, other non-current assets, receivables and contract assets.

Notwithstanding these outcomes, Opus Consultants grew its order book by 38% during the year through infrastructure and sustainability-related contract awards, a clear signal of continued market demand for our capabilities. Alongside our priority of securing work with defined scope and sustainable margin profiles, this provides a stronger basis for improved performance in FY2026.



We approach the coming year with greater clarity, strengthened financial oversight and a clear focus on value creation.

OUTLOOK

Our operating environment is expected to remain challenging in FY2026, with cost pressures and cautious client spending likely to persist. Amid these conditions, structural demand for our core services remains resilient, supported by ongoing infrastructure, healthcare and facilities-related spending priorities in Malaysia, Singapore, Saudi Arabia and the UAE, as well as longer-term development programmes in the GCC nations.

Moving forward, we will prioritise contracts supported by firm arrangements, clear execution plans and sustainable margin profiles, with well-defined scope and pricing discipline established prior to mobilisation. Projects will be assessed against defined margin thresholds, and participation in lower-margin opportunities will be considered selectively and only where there is a clear strategic justification.

On costs, we are transitioning towards a more proactive and data-driven management model, one focused not solely on reducing expenditure but on allocating spend more selectively to support operational effectiveness and long-term value creation while eliminating inefficiencies. Operational processes will continue to be streamlined, supplier and subcontractor terms renegotiated to align with project economics, and technology-enabled solutions deployed to enhance cost visibility and strengthen project performance monitoring. Strengthened project-level cost tracking will allow us to identify and address potential margin erosion at an earlier stage of execution and improve margin resilience across our core service segments.

Cash generation and working capital efficiency will remain central to our financial strategy. We will direct efforts towards strengthening receivables management through improved billing processes, timely milestone documentation, and more structured collection efforts, and towards better aligning supplier payment terms and billing cycles with cash inflows. Capital expenditure will be managed prudently, with a clear focus on returns, payback discipline, and alignment with our overall cash flow position.

We enter FY2026 with a stronger platform from which to improve performance over time. Having weathered the storm of the past year, we look to the future with greater focus, less financial baggage and a differentiated proposition that positions us to thrive as the asset and facilities management landscape evolves. Our task now is to convert this robust promise into sustainable financial returns for our business and shareholders.

AHMAD FAZIL FAUZI
Chief Financial Officer