KNM GROUP BERHAD

(Registration No: 200001018741 (521348-H))
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS
FOR THE THIRD QUARTER PERIOD ENDED 30 SEPTEMBER 2025 (Unaudited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative period to date	
	Unaudited 3-month ended 30.09.2025 RM'000	Unaudited 3-month ended 30.09.2024 RM'000 Restated	Unaudited 30.09.2025 RM'000	Unaudited 30.09.2024 RM'000 Restated
CONTINUING OPERATIONS				
Revenue	557	575	1,932	3,731
Operating loss	(515,737)	(61,248)	(569,184)	(86,543)
Finance costs	(27,028)	(25,679)	(78,862)	(74,892)
Interest income	8	(240)	35	296
Loss before tax	(542,757)	(87,167)	(648,011)	(161,139)
Tax expense	(42)	658	(48)	(116)
Loss from continuing operations	(542,799)	(86,509)	(648,059)	(161,255)
DISCONTINUED OPERATIONS				
Profit / (loss) from discontinued operations, net of tax	7,598	6,323	21,211	(5,944)
LOSS FOR THE PERIOD	(535,201)	(80,186)	(626,848)	(167,199)
Other comprehensive income / (expense), net of tax				
Foreign currency translation differences for foreign operations	(5,820)	528	93,158	133
Hedge of net investment in subsidiaries	5,773	(3,251)	(3,176)	(2,242)
Cash flow hedge	(14)	(2,139)	(418)	(5,287)
Other comprehensive income / (expense) for the period, net of tax	(61)	(4,862)	89,564	(7,396)
Total comprehensive income / (expense) for the period	(535,262)	(85,048)	(537,284)	(174,595)
Profit / (loss) attributable to:				
Owners of the Company	(451,778)	(77,171)	(536,601)	(156,377)
Non-controlling interests	(83,423)	(3,015)	(90,247)	(10,822)
	(535,201)	(80,186)	(626,848)	(167,199)
Total comprehensive income / (expense) attributable to:				
Owners of the Company	(451,871)	(84,565)	(448,092)	(165,790)
Non-controlling interests	(83,391)	(483)	(89,192)	(8,805)
Total comprehensive income / (expense) for the period	(535,262)	(85,048)	(537,284)	(174,595)
Profit / (loss) per share:				
- Basic (Sen)	(11.17)	(1.91)	(13.27)	(3.87)
- Diluted (Sen)	(11.17)	(1.91)	(13.27)	(3.87)

The notes set out on pages 5 to 28 form an integral part of and should be read in conjunction with this interim financial report.

KNM GROUP BERHAD

(Registration No: 200001018741 (521348-H))

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	Unaudited As at 30.09.2025 RM'000	Audited As at 31.12.2024 RM'000
Assets			
Non-current assets			
Property, plant and equipment		361,817	879,653
Right-of-use assets		1,410	2,082
Deferred tax assets		55	55
		363,282	881,790
Current assets			
Inventories		2,635	2,649
Current tax assets		315	399
Contract assets		5,884	6,430
Trade and other receivables		13,906	10,679
Cash and cash equivalents		6,694	23,892
		29,434	44,049
Assets classified as held for sale		1,887,762	1,852,132
		1,917,196	1,896,181
TOTAL ASSETS		2,280,478	2,777,971
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		2,125,969	2,125,969
Treasury shares		(4,215)	(4,215)
Reserves		(2,170,845)	(1,722,753)
		(49,091)	399,001
Non-controlling interests		(214,520)	(125,328)
Total equity		(263,611)	273,673
Non-current liabilities			
Long term payables		785	815
Long service leave liability		296	297
Lease liabilities		917	732
Loans and borrowings	B9	-	-
Deferred tax liabilities		7,301	6,806
		9,299	8,650
Current liabilities			
Trade and other payables		280,996	287,638
Contract liabilities		44,807	35,151
Lease liabilities		400	1,297
Loans and borrowings	B9	1,414,619	1,332,415
Current tax liabilities		803	806
		1,741,625	1,657,307
Liabilities classified as held for sale		793,165	838,341
		2,534,790	2,495,648
Total liabilities		2,544,089	2,504,298
TOTAL EQUITY AND LIABILITIES		2,280,478	2,777,971
Net asset per share attributable to equity holders of the parent (RM)		(0.01)	0.10

The notes set out on pages 5 to 28 form an integral part of and should be read in conjunction with this interim financial report.

KNM GROUP BERHAD

(Registration No: 200001018741 (521348-H))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER PERIOD ENDED 30 SEPTEMBER 2025 (Unaudited)

	Attributable to Equity Holders of the Parent								
	Non- distributable								
	Share Capital RM'000	Treasury Shares RM'000	Hedging Reserve RM'000	Translation Reserve RM'000	Revaluation Reserve RM'000	Accumulated Losses RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
As at 1 January 2025	2,125,969	(4,215)	1,510	(445,953)	138,962	(1,417,272)	399,001	(125,328)	273,673
Total comprehensive expense for the year	-	-	(418)	88,927	-	(536,601)	(448,092)	(89,192)	(537,284)
As at 30 September 2025 (Unaudited)	**2,125,969**	**(4,215)**	**1,092**	**(357,026)**	**138,962**	**(1,953,873)**	**(49,091)**	**(214,520)**	**(263,611)**

The notes set out on pages 5 to 28 form an integral part of and should be read in conjunction with this interim financial report.

KNM GROUP BERHAD

(Registration No: 200001018741 (521348-H))
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THIRD QUARTER PERIOD ENDED 30 SEPTEMBER 2025 (Unaudited)

	Cumultive period ended 30.09.2025 (Unaudited) RM'000	Cumultive period ended 30.09.2024 (Unaudited) RM'000
Cash flows from operating activities		
Loss before tax from continuing operations	(648,011)	(161,139)
Profit/(loss) before tax from discontinued operations	29,250	13,637
	(618,761)	(147,502)
Adjustments for:		
Amortisation of intangible assets	10,011	9,513
Depreciation of property, plant and equipment	29,445	34,437
Depreciation of right-of-use assets	11,306	12,030
Impairment loss on property, plant and equipment	497,578	-
Gain on disposal of property, plant and equipment	(1,055)	(202)
Interest expense	82,566	80,200
Interest income	(1,505)	(1,320)
Unrealised loss on foreign exchange	41,810	35,816
(Reversal) / provision for late delivery charges	(6,848)	2,614
Provision for warranty	396	6,160
Provision for legal compensation	-	1,384
Reversal of impairment loss on trade receivables	(268)	(1,158)
Operating profit before working capital changes	44,675	31,972
Changes in working capital:		
Inventories	14	9,108
Trade and other receivables	48,425	26,642
Trade and other payables	(347)	(9,601)
Cash generated in operations	92,767	58,121
Income taxes paid	(28,083)	(17,845)
Interest received	1,505	1,320
Interest paid	(336)	(638)
Net cash generated in operating activities	65,853	40,958
Cash flows from investing activities		
Acquisition of right-of-use assets	(594)	(2,478)
Acquisition of property, plant and equipment	(10,889)	(19,675)
Acquisition of other intangible assets	-	(1,273)
Change in pledged deposits	-	122
Proceeds from disposal of property, plant and equipment	-	83
Net cash used in investing activities	(11,483)	(23,221)
Cash flows from financing activities		
Interest paid	(2,045)	(3,310)
Lease interest paid	(2,393)	(5,509)
Net repayment of bill payables	(2,848)	(20,540)
Net repayment term loans, bond and revolving credits	(9,744)	(13,749)
Net repayment in hire purchase liabilities	-	17,046
Net repayment of lease liabilities	(711)	(11,006)
Net cash used in financing activities	(17,741)	(37,068)
Net increase / (decrease) in cash and cash equivalents	36,629	(19,331)
Cash and cash equivalents at beginning of year	185,121	174,427
Effect of foreign currency translation	103,736	52,867
Cash and cash equivalents at end of year	325,486	207,963
Continuing operations		
Cash and bank balances	3,401	3,132
Deposits with financial institutions	3,293	27,686
	6,694	30,818
Less: Bank overdrafts	(18,282)	(8,691)
	(11,588)	22,127
Discontinued operations		
Cash and bank balances	337,068	185,194
Deposits with financial institutions	6	642
	337,074	185,836
	325,486	207,963

The notes set out on pages 5 to 28 form an integral part of and should be read in conjunction with this interim financial report.

PART A: EXPLANATORY NOTES AS PER MFRS 134

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirement of MFRS 134: *Interim Financial Reporting*.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2024. These explanatory notes attached to the interim financial statements provide explanation of events and transactions that are significant for the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2024.

A2. Significant Accounting Policies

The audited financial statements of the Group for the financial year ended 31 December 2024 were prepared in accordance with MFRS. Except for certain differences, the requirements under IFRS and MFRS are similar. The significant accounting policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2024 except for the adoption of new MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025:

Amendments to MFRS 121	The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability

The Group plans to apply the abovementioned accounting standards, amendments and interpretations in the respective financial years when the abovementioned accounting standards, interpretation and amendments become effective, where applicable.

The initial adoption of the abovementioned accounting standards, amendments and interpretations is not expected to have any material financial impact to the current year and prior year financial statements of the Group.

A3. Auditors' report on preceding annual financial statements

The auditors have expressed a disclaimer of opinion as follows:

Basis for disclaimer of opinion

The auditors have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion after considering the implications of the following matters:

1. As disclosed in Note 1(b)* to the financial statements, the following events and conditions indicate that material uncertainties exist that may cast significant doubt on the Group's and the Company's ability to continue as going concerns:

    - The Group incurred net losses of RM162,002,000 for the financial year ended 31 December 2024 and as at that date, the current liabilities of the Group and of the Company exceeded their current assets by RM599,467,000 and RM149,768,000, respectively.

- The Company has been classified as a PN17 Company on 1 November 2022 and required to submit its regularisation plan to relevant regulatory authorities for approval before 30 April 2025. The Company had on 24 April 2025 submitted an application to Bursa Securities for a further extension of 6 months up to 31 October 2025 to submit its regularisation plan;

- The Group and the Company have defaulted various loans and borrowings amounting to RM1,332,329,000 and RM491,949,000 respectively;

- A subsidiary of the Company, KNM Process Systems Sdn. Bhd. ("KNMPS") had been served with winding-up petitions by their creditors ("Scheme Creditors"). On 15 December 2022, the High Court of Kuala Lumpur ("High Court") has granted the Company and KNMPS a Restraining Order ("RO") to allow the Company and KNMPS to negotiate and finalise the terms of the Scheme of Arrangement ("SOA") with its Scheme Creditors without the potential threat of any proceedings and actions being brought against the Company and KNMPS in the interim. The RO had expired on 20 February 2024 and an ad interim RO has been granted to the Company and KNMPS until 26 April 2024. On 26 April 2024, the Company and KNMPS had filed an application to the High Court to sanction a new SOA with its creditors and for a new RO. On 25 June 2024, the Company was granted an ad interim Restraining Order by the High Court pending disposal of the Company and KNMPS's application to the High Court for a 3-month RO and a Court Convened Creditors Meeting Order ("CO"). The Court fixed the hearing of the RO and CO for 21 January 2025 and the hearing of the RO and CO took place at the High Court on 21 January 2025, 23 January 2025 and 24 January 2025, respectively.

  The High Court delivered its decision on 12 March 2025 regarding the Company and KNMPS's application for the CO and RO. The Court granted the CO to summon, convene and hold meetings with the respective creditors of the Applicants, for the purpose of considering the scheme of arrangement. However, the RO was not granted. The Company and KNMPS have filed the appeal to the Court of Appeal against the RO decision of the High Court. On 26 March 2025, the Company and KNMPS, through its solicitors, made an application for an Erinford Order to be granted to restrain all proceedings and/or enforcements by all creditors pending the disposal of the appeal to the Court of Appeal and on 27 March 2025, the High Court granted the Company and KNMPS an ad interim RO pending appeal, until the Section 44 Courts of Judicature Act 1964 application to the Court of Appeal is disposed of.

Notwithstanding the above, the financial statements of the Group and of the Company have been prepared on a going concern basis. As disclosed in Note 14*, the Directors have entered into conditional sale, purchase and transfer agreement to dispose Deutsche KNM GmbH and received indicative offers to dispose FBM Hudson Italiana SpA and FBM Hudson FZE. The Directors are also exploring opportunities to monetise the Group's other overseas investments and non-core assets. As of the date of this report, other than the ongoing exercise to dispose its investments in Germany, Italy and the United Arab Emirates as disclosed in Note 14*, the remaining plans are still at its preliminary stages.

At the date of this report, the ability of the Group and the Company to continue as going concerns are highly dependent on the plans and factors as disclosed in Note 1(b)*. Accordingly, the financial statements of the Group and the Company may require adjustments relating to the recoverability and classification of recorded assets and to the classification and additional amounts of liabilities should the Group and the Company are unable to successfully implement or achieve the outcomes of the said plans.

In view of that the disposal of investment in Germany is subject to terms and conditions as disclosed in Note 14* and uncertainties involving the timing of disposal of other investments and non-core assets, we were not able to obtain sufficient appropriate audit evidence to determine whether the Group's use of going concern basis of accounting was appropriate.

2. As disclosed in Note 3.2* to the financial statements, the Group revalues its lands and buildings every 5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value. These assets are due for revaluation in the current financial year. We were not provided with the supporting documentation for the fair values of certain lands and buildings, with carrying amount of RM405,896,000, to determine the appropriateness of the fair value as the revaluation were not performed nor were we able to perform alternative audit procedures. As a result, we were unable to obtain sufficient appropriate audit evidence to determine the appropriateness of the carrying amount of these assets and to determine whether any adjustments were necessary in respect of the Group's property, plant and equipment and the elements making up the statement of profit or loss and other comprehensive income and changes in equity.

3. We were not provided with the fair value less cost of disposal or value in use of property, plant and equipment of the Group which have not been in use amounting to RM708,224,000 as disclosed in Note 3.6* to the financial statements (which include the lands and buildings amounted to RM405,896,000 as discussed in item 2 above) to determine the recoverable amount of the said property, plant and equipment nor were we able to perform alternative audit procedures. Accordingly, we were unable to ascertain whether any adjustments were necessary in respect of the Group's property, plant and equipment carrying amount and the elements making up the statement of profit or loss and other comprehensive income, changes in equity and cash flows.

4. The carrying amount of interests in subsidiaries of the Company and amount due from subsidiaries as at 31 December 2024 amounted to RM1,983,889,000 and RM459,883,000 respectively. As disclosed in Note 6* and Note 12.1* to the financial statements, we were not provided with the supporting documentation for the fair value less cost of disposal or value in use to determine the recoverable amount of the interests in subsidiaries and amounts due from subsidiaries nor were we able to perform alternative audit procedures. As a result, we were unable to obtain sufficient appropriate audit evidence to determine the carrying amount of interests in subsidiaries of the Company and amount due from subsidiaries and to determine whether any adjustments were necessary in respect of the Company's interests in subsidiaries and amount due from subsidiaries and the elements making up the statement of profit or loss and other comprehensive income, changes in equity and cash flows.

5. Certain subsidiaries have defaulted loans and borrowings supported by corporate guarantee issued by the Company during the financial year. As disclosed in Note 16.7*, we were not provided with the expected recoverable amount of the underlying securities nor were we able to perform alternative audit procedures. As a result, we were unable to obtain sufficient appropriate audit evidence to determine whether a provision for corporate guarantee is required for the Company and to determine whether any adjustments were necessary in respect of the provision for corporate guarantee and the elements making up the statement of profit or loss and other comprehensive income, changes in equity and cash flows.

6. Our independent auditors' report dated 30 April 2024 contains a disclaimer of opinion on the financial statements for the previous financial period ended 31 December 2023. Consequently, certain matters referred to in the aforementioned disclaimer of opinion are included in the opening balances for the financial year ended 31 December 2024 and we were unable to satisfy ourselves that any subsequent transactions affecting these opening balances do not contain material misstatements that affect the current year's financial statements. Accordingly, the possible effects of these matters render uncertainty on the comparability of the current year's figures with the comparative figures.

   * All references in Note A3 are referring to the notes in the Group's Audited Financial Statements for the financial year ended 31 December 2024.

A4. Seasonal and cyclical factors

The Group's business operation results were not materially affected by any major seasonal or cyclical factors.

A5. Unusual nature and amount of items affecting assets, liabilities, equity, net income or cash flows

There were no unusual nature and amount of items affecting assets, liabilities, equity, net income or cash flows for the current financial quarter and financial year to date.

A6. Material changes in estimates

There were no material changes in estimates of amounts reported in the current financial quarter.

A7. Debt and equity securities

There were no changes in debt and equity securities during the period under review.

A8. Dividend Paid

No dividend was paid during the current financial quarter under review.

A9. Discontinued operations

On 27 February 2025, the Company announced that the subsidiary KNM Process Systems Sdn Bhd entered into a conditional sale, purchase and transfer agreement with NGK Insulators, LTD for the proposed disposal of 1 share in Deutsche KNM GmbH ("DKNM"), representing 100% equity interest in DKNM for a disposal consideration of EUR270.00 million (“Proposed Disposal II”). DKNM is the holding company of Borsig GmbH. In the extraordinary general meeting of the Company on 6 November 2025, 93.74% of the members of the Company present or voting by proxy approved the Proposed Disposal II. With all the conditions precedent to the Proposed Disposal II being fulfilled, the Company intends to complete the same in late November 2025. On 26 November 2025, under the circumstances, the closing of Proposed Disposal II has not occurred and NGK requested more time for closing.

On 1 August 2025, the Company announced that KNM Europa BV (“KNME”) has on 9 July 2025 received a binding and irrevocable offer from two parties on a joint basis. The parties are:

(1) SymbEx GmbH ("SymbEx"), a company incorporated under the laws of Switzerland; and

(2) Terragarda GmbH ("Terragarda"), a company incorporated under the laws of Germany.

SymbEx and Terragarda are hereinafter collectively referred to as the "Purchasers". The Offer pertains to the proposed acquisition of the entire 100.00% of the equity interest in FBM Hudson Italiana SpA (“FBMHI”) and its wholly-owned subsidiary in the United Arab Emirates (collectively "FBMHI Group") from KNME.

On 17 September 2025, the Company announced that it received a letter dated 17 September 2025 from Terragarda revoking their Offer. Pursuant thereto, the Offer is deemed terminated on even date. The Company is currently evaluating other offers for the FBMHI Group.

Consequently, DKNM and FBMHI Group have been classified as discontinued operations in the accounts. As a result, the comparative figures have been restated to conform with current year’s presentation.

More details on the above matter are reflected on Note B8.

A10. Segment information

Segmental analysis of the revenue and result :-

Geographical segments:

	Revenue	Gross profit/ (loss)	EBITDA/ (LBITDA)
	RM'000	RM'000	RM'000
Cumulative period ended 30.09.2025			
Continuing operations:			
Asia & Oceania	1,932	(792)	(353,228)
Europe	-	-	(203,790)
Americas	-	-	2,394
	1,932	(792)	(554,624)
Discontinued operations:			
Europe	631,262	168,902	67,685
	633,194	168,110	(486,939)

	Revenue	Gross profit/ (loss)	EBITDA/ (LBITDA)
	RM'000	RM'000	RM'000
Cumulative period ended 30.09.2024*			
Continuing operations:			
Asia & Oceania	3,731	(12,180)	(83,359)
Europe	-	-	16,216
Americas	-	-	(3,711)
	3,731	(12,180)	(70,854)
Discontinued operations:			
Europe	853,259	176,874	58,211
	856,990	164,694	(12,643)

* The comparative figures have been restated to conform with current year’s presentation.

A11. Valuation of property, plant and equipment

Certain property, plant and equipment of the subsidiaries were impaired during the current financial quarter to reflect their fair values.

<u>The Proforma Financial Effects of the Turnaround Restructuring Plan</u>

			I	II
	Audited as at 31 December 2024	**Pro forma subsequent adjustments**	**After the Proposed Disposal of DKNM**	**After (I) and the Proposed Scheme of Arrangement**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Share capital	2,125,969	2,125,969	2,125,969	2,125,969
Treasury shares	(4,215)	(4,215)	(4,215)	(4,215)
Retained earnings / (Accumulated losses)	(1,417,272)	(1,845,907)	(1,940,732)	(1,594,578)
Revaluation reserve	138,962	137,411	127,620	127,620
Translation reserve	(445,953)	(445,953)	(139,895)	(139,895)
Other reserve	1,510	1,510	1,510	1,510
Shareholders' funds / NA	**399,001**	**(31,185)**	**170,257**	**516,411**
Non-controlling interests	(125,328)	(217,689)	(227,277)	(227,277)
Total equity	**273,673**	**(248,874)**	**(57,020)**	**289,134**
No. of KNMG Shares in issue ('000)	4,045,905	4,045,905	4,045,905	4,045,905
NA per KNMG Share (sen)	9.86	(0.77)	4.21	12.76
Total borrowings	1,332,415	1,332,415	1,332,415	3,345
Gearing (times)	3.34	(42.73)	7.83	0.01

At the extraordinary general meeting on 6 November 2025, the Company shared the above and the impairment losses of property, plant and equipment of RM497.58 million implemented in the current financial quarter is the first part of the adjustments in relation to the Group's Turnaround Restructuring Plan ("Turnaround Plan").

Save for the above, the valuation of property and plant of the Group has been brought forward without amendment from the financial statements for the financial year ended 31 December 2024.

The next revaluation of property and plant of the Group shall be conducted in the financial year ending 31 December 2029.

A12. Material events subsequent to the end of the interim year

On 08 April 2024, the Kuala Lumpur High Court dismissed the Restraining Order under Originating Summons No. WA-24NCC-643-11/2023 by both KNM Group Berhad and KNM Process Systems Sdn Bhd (collectively referred to as "the Applicants"). However, the High Court granted an ad interim Erinford Order until 26 April 2024.

On 26 April 2024, the Applicants filed a fresh Originating Summons No. WA-24NCC-201-04/2024 to the High Court of Kuala Lumpur under Sections 366 and 368 of the Companies Act ("CA") 2016 to sanction a new Proposed Scheme of Arrangement with its creditors and for a Restraining Order pursuant to Section 368(1) of the CA 2016.

Pursuant to Originating Summons No. WA-24NCC-201-04/2024, an automatic statutory moratorium under Section 368(1A) of the Companies (Amendment) Act 2024 was granted to the Applicants from the date of filing of the application on 26 April 2024 for a maximum of two months or until the High Court decides on the application.

On 25 June 2024, an ad interim Restraining Order was granted by the Kuala Lumpur High Court pending disposal of the Applicants application to the High Court for a 3 month Restraining Order and a Court Convened Creditors Meeting.

Upon the granting of the ad interim Restraining Order to the disposal of the Applicants application for a 3 month Restraining Order:–

(a) no order may be made, and no resolution may be passed, for the winding up of the Applicants;

(b) no receiver or receiver and manager may be appointed over any undertaking or property of the Applicants;

(c) no proceedings may be commenced or continued against the Applicants other than the proceedings under Section 366, 368c, 368d, 369a or 370 of the CA 2016 except with the leave of the Court and subject to any terms as the Court may impose;

(d) no execution, distress or other legal process may be commenced, continued or levied against any property of the Applicants except with the leave of the Court and subject to any terms as the Court may impose;

(e) no steps may be taken to enforce any security over any property of the Applicants, or to repossess any goods held by the Applicants under any chattels leasing agreement, hire purchase agreement or retention of title agreement, except with the leave of the Court and subject to any terms as the Court may impose; and

(f) no right of re-entry or forfeiture under any lease in respect of any premises occupied by the Applicants may be enforced except with the leave of the Court and subject to any terms as the Court may impose.

The hearing of the Restraining Order and Court Convened Creditors Meeting took place at the Kuala Lumpur High Court on 21 January 2025, 23 January 2025 and 24 January 2025, and the decision of the Court on the Applicant's application was scheduled for 3 March 2025, but subsequently rescheduled to 12 March 2025.

On 12 March 2025, the High Court delivered the decision on the Restraining Order and Court Convened Creditors Meeting application:

i. The Restraining Order was not granted; and
ii. The High Court granted the Court Convened Creditors Meeting to summon, convene and hold meetings with the creditors, for the purpose of considering the Scheme of Arrangements

On 17 March 2025, the Applicants filed a notice of application for an extension of the Restraining Order under Section 368(2) of the Companies Act 2016 (”Extension RO”) but subsequently withdrew it on 26 March 2025 and applied for an Erinford Order to stop all actions or enforcement by all creditors until their appeal to the Court of Appeal is decided.

On 27 March 2025, the Applicants have filed the appeal against the High Court’s decision on the Restraining Order. The High Court granted the Applicants an ad-interim Restraining Order, which will remain in effect until their application to the Court of Appeal is resolved.

On 16 May 2025, the Applicants filed an application for an extension until 12 August 2025 or such other date as may be prescribed by the court to convene and hold meetings with the creditors of the Applicants.

On 4 June 2025, the High Court has delivered its decision, allowing the Applicants’ extension application. Accordingly, the Court Convened Creditors Meeting Order shall remain in force until 12 August 2025.

On 9 June 2025, the Applicants have issued an Explanatory Statement, together with the Notice to schedule the Court Convened Creditors Meeting to be held on 11 August 2025 pursuant to the provisions of Section 366 of the Companies Act 2026 for the purpose of considering the Proposed Scheme of Arrangement, to the Scheme Creditors.

On 25 July 2025, the Applicants issued a notice of errata to the Explanatory Statement dated 9 June 2025 to the Scheme Creditors (“Notice of Errata”).

On 7 August 2025, the Applicants issued a second notice of errata to the Explanatory Statement dated 9 June 2025 to the Scheme Creditors (“Second Notice of Errata”).

On 11 August 2025, the Court Convened Meeting of the Applicants was conducted on even date, and the Proposed Scheme of Arrangement has been approved by the requisite majority of seventy-five (75) per centum of the respective class of creditors of each of the Applicants, under the Proposed Scheme of Arrangement, present and voting either in person or by proxy in the CCM (“Scheme Creditors”).

The Proposed Scheme of Arrangement will become binding on the Applicants and their Scheme Creditors upon an order of sanction being made by the High Court of Malaya and upon such order being lodged with the Companies Commission of Malaysia. The Applicants have instructed their solicitors to proceed with the filing of the application for sanction of the Proposed Scheme of Arrangement.

On 19 August 2025 the Company made an announcement pursuant to whereby the Company proposes to undertake a Regularisation Plan (“Proposed Regularisation Plan”) which shall comprise the following:

(i) Proposed Disposal II (please refer to Note B8 paragraph (b));

(ii) proposed reduction of the Company’s issued share capital pursuant to Section 116 of the Companies Act 2016; and

(iii) proposed consolidation of every four (4) existing ordinary shares in the Company into one (1) Share

The Proposed Regularisation Plan is subject inter alia to the approval by Bursa Malaysia Securities Berhad (“Bursa”) and the shareholders of the Company.

On 27 August 2025 the Company announced that it submitted the Proposed Regularisation Plan to Bursa for its approval.

On 18 September 2025, the Company announced that the Court of Appeal allowed the Applicants' application under Section 44 of the Courts of Judicature Act 1964 to restrain and stay all existing and future actions against the Applicants, pending the disposal of the Applicants' main appeal, which has been fixed for hearing on 11 May 2026.

On 30 September 2025, the Company announced that the Applicants have filed for sanction of the scheme of arrangement pursuant to Section 366 of the Companies Act 2016, as approved by the requisite majority of scheme creditors present and voting at the CCM held on 11 August 2025 ("Sanction Application") on 26 September 2025. The Court has scheduled its decision on the Applicants' Sanction Application for 18 December 2025.

On 3 October 2025, the Company announced that Bursa Securities, vide its letter dated 3 October 2025 rejected the Proposed Regularisation Plan. In the circumstances, the trading in the securities of KNM was suspended from 13 October 2025 onwards and the securities would be de-listed on 5 November 2025 unless an appeal against the rejection of the Proposed Regularisation Plan and de-listing was submitted to Bursa Securities on or before 2 November 2025.

The reason Bursa Securities gave for its rejection of the Proposed Regularisation Plan was that the "Company and its Principal Adviser had not demonstrated to the satisfaction of Bursa Securities on the ability of the Proposed Regularisation Plan to comply with Paragraphs 5.4 and 5.5 of PN17 of the Main Listing Requirements as there were concerns on the comprehensiveness of the Proposed Regularisation Plan in addressing the issues that caused the Company to trigger the Prescribed Criteria of PN17 and Paragaph 8.03A and to sustain and grow the business operations of the Company.

On 8 October 2025, the Company announced that an appeal against the de-listing decision had been submitted to Bursa Securities on 7 October 2025 ("Appeal"), and the High Court has granted the Applicants, the approval for the disposal of one (1) ordinary share in DKNM for a disposal consideration of EUR 270.00 million to NGK Insulators, LTD.

On 27 October 2025, the Company announced that, after careful deliberation, it resolved to withdraw the Appeal.

Following the withdrawal of the Appeal, the Company accepted and abided by the Bursa Securities' rejection of the Proposed Regularisation Plan. Accordingly, the securities of the Company was de-listed from the Official List of Bursa Securities with effect from 5 November 2025.

On 6 November 2025, in an extraordinary general meeting of the Company, 93% of the members of the Company present or voting by proxy approved the Proposed Disposal II. With all the conditions precedent to the Proposed Disposal II being fulfilled, the Company intends to complete the same in late November 2025.

Further development in relation to the Proposed Scheme of Arrangement and the Restraining Order will be announced in due course.

There were no other material events subsequent to the end of the last reporting period and up to the date of issuance of this report.

A13. Changes in the composition of the Group

There were no other changes in the composition of the Group since the last update in the Q1 2025 results.

A14. Capital commitments

	Contracted but not provided for RM'000
Property, plant and equipment	45,203

A15. Related party transactions

There is no significant related party transaction for the financial period to date.

PART B: ADDITIONAL INFORMATION

B1. Review of performance of 9-month ended 30 September 2025 against 30 September 2024

For the 9-month period ended 30 September 2025, the Group recorded a lower revenue of RM633.19 million compared to RM856.99 million year-on-year ("y-o-y") from its fabrication division worldwide. Gross profit increase to RM168.11 million from RM164.69 million y-o-y, representing an average gross profit margin of 26.55% and 19.22% respectively, mainly driven by stronger contribution from Europe segment.

The Group recorded an Loss Before Interest, Tax, Depreciation and Amortisation ("LBITDA") of RM486.94 million, compared to RM12.64 million y-o-y, mainly due to impairment loss of RM497.58 million recognised on the property, plant and equipment for the current financial period under review. As a result, the Group also recorded a higher Loss Before Tax ("LBT") of RM618.76 million, compared to RM147.50 million y-o-y. However, excluding this impairment loss, the Group would have recorded Earning Before Interest, Tax, Depreciation and Amortisation ("EBITDA") of RM10.64 million and LBT of RM121.18.

Asia & Oceania Segment

This segment remains affected by the Group's PN17 status and historical loan default events, leading to a slowdown in securing new orders. As a result, the revenue declined to RM1.93 million compared to RM3.73 million y-o-y in its fabrication business.

Nevertheless, the segment recorded a reduced gross loss of RM792 thousand compared to RM12.18 million y-o-y. but posted a higher LBITDA of RM353.23 million as compared to RM83.36 million in the previous year, primarily due to impairment loss of RM311.40 recognised on the property, plant and equipment. However, excluding this impairment loss, the segment would have recorded lower LBITDA of RM41.83 million. The Group is actively working to resolve its loan default events with the creditors through its Scheme of Arrangement ("SOA") with the ultimate goal of turning around its business operation.

Europe Segment

The key fabrication plants in Germany, namely BORSIG remain the main contributor to both the Europe segment and the Group overall. For the financial period under review, BORSIG accounted for 76.97% of the Group's consolidated revenue.

This segment recorded a lower revenue of RM631.26 million as compared to RM853.30 million y-o-y, as well as a reduced gross profit of RM168.90 million as compared to RM176.87 million y-o-y. It also recorded a LBITDA of RM136.11 million as compared to an EBITDA of RM74.43 million y-o-y, primarily due to impairment loss of RM186.18 recognised on the property, plant and equipment. However, excluding this impairment loss, the segment would have recorded EBITDA of RM50.07 million.

America Segment

This Segment had ceased operations in the previous financial period and recorded insignificant operating profit to the Group mainly arising from unrealised foreign exchange gain.

B2. Review of performance of the current quarter against the preceding quarter (3rd quarter 2025 versus 2nd quarter 2025)

The Group posted a lower revenue of RM165.85 million in current quarter as against RM213.24 million in the preceding quarter.

However, the Group recorded a higher gross profit of RM62.67 million in the current quarter as against RM48.96 million in the preceding quarter. The Group posted an LBITDA of RM490.44 million and LBT of RM534.26 million respectively in the current quarter as against LBITDA RM18.74 million and LBT RM63.43 million in the preceding quarter.

B3. Prospects

The Board anticipates that the outlook for the financial year will continue to remain challenging, given the global economic conditions and the various corporate actions still being executed to restructure the Group. Taking the impact of all these factors the uncertainties in the short term are at an elevated level.

The Malaysian economy expanded by 5.2% in the third quarter of 2025 (2Q 2025: 4.4%), driven by sustained domestic demand and higher net exports. Household spending was supported by positive labour market conditions, income-related policy measures, and cash assistance programmes. Investment activity was underpinned by continued capital expansion by both private and public sectors. On the external front, net exports registered higher growth as export growth outpaced import growth. *(Sources: Bank Negara Malaysia)*

Following the announcements on 27 February 2025 and 11 August 2025 regarding the Proposed Disposal of DKNM and the Proposed Scheme of Arrangement, the Group expects that the Proposed Disposal will unlock DKNM's value and generate significant cash flow flexibility. Combined with the Proposed Scheme of Arrangement, these will enable the Group to reduce its indebtedness and strengthen its financial position moving forward. The deleveraging process is also anticipated to enhance the Group's ability to secure additional financing for future capital investments and/or strategic acquisitions, while also improving the Group's bottom line by lowering its financing costs. Furthermore, with majority of debts settled, the Group will be relieved from the prolonged and burdensome legal disputes initiated by the creditors, resulting in saving on legal and solicitor fees, as well as time costs. On 11 August 2025, KNM had achieved a significant milestone by obtaining support from the requisite majority of seventy-five (75) per centum of the respective class of creditors for its Proposed Scheme of Arrangements. Although the Group had delisted from the Main Market of Bursa Securities on 5 November 2025 following the rejection of its Proposed Regularisation Plan, the Group remains committed in completing its Turnaround Plan as scheduled, which includes the Proposed Scheme of Arrangement and the Proposal Disposal of DKNM, with the ultimate goal of turning around its business operations.

Looking ahead, the Group will continue its existing process equipment manufacturing business following the divestment of DKNM. The Group will prioritise its efforts towards expanding its process equipment fabrication business in Malaysia, which it currently operates through its fabrication plants in Gebeng and Melaka. It is the intention of the Board to leverage on the expertise of its management in the process equipment business, which has been cultivated through the management's years of experience in the DKNM Group and its other process equipment businesses. With this, the Group has commenced tendering for process equipment projects, which may expand its order books moving forward in order to become KNM Group's core business. Meanwhile, the Group is continuously finding ways to speed up the monetisation process particularly the non-core assets and foreign investments to further raise funds for future business plans and working capital needs.

Barring any unforeseen circumstances, the Group aims for positive performance following the successful implementation of its business strategies.

B4. Profit forecast

Not applicable as no profit forecast was given.

B5. Tax expense

	3-month ended 30.09.2025 RM'000	3-month ended 30.09.2024 RM'000 Restated	Cumulative period ended 30.09.2025 RM'000	Cumulative period ended 30.09.2024 RM'000 Restated
Current	41	25	47	53
-Prior period	1	(683)	1	63
Deferred tax	-	-	-	-
	42	(658)	48	116

B6. Unquoted investments and properties

There were no significant investments or disposals in unquoted investments and properties for the current financial quarter and financial year to date.

B7. Quoted and marketable investments

There were no significant investments or disposals in quoted and marketable securities during the current financial quarter and financial year to date.

B8. Status of corporate proposals announced

a. On 19 January 2022, the Company announced the proposed listing of its indirect wholly-owned subsidiaries, FBM Hudson Italiana S.p.A. ("FBMHI") and FBM-KNM FZCO (collectively as the "FBM Group") on Catalist, the sponsor-supervised board of the Singapore Stock Exchange Securities Trading Limited ("SGX-ST") by way of an initial public offering ("IPO") (the "Proposed Flotation").

   Due to the challenging financial position of the FBM Group, the initial plan to list the FBM Group was aborted.

   On 26 May 2023, the Company announced the proposed disposal of the total equity of FBMHI. to British Midland FZE for an indicative sale consideration equal to Euro 12,000,000.00 (Twelve Million Only).

   On 7 September 2023, KNM Europa B.V. ("KNME") entered into a conditional Share Purchase Agreement ("SPA") with Petro MAT FZCO, a company incorporated under the laws of the United Arab Emirates ("Petro MAT" or the "Purchaser") to dispose its 100% equity interest in FBMHI ("Proposed Disposal") for a total cash consideration of EUR12,000,000 with the intercompany outstanding debt for an amount of EUR10,000,000 to be waived as agreed by the Purchaser, as announced by the Company on 8 September 2023 and 12 September 2023.

   Petro MAT was appointed by British Midland FZE to replace it as the Purchaser in this transaction.

The Company had also on 12 September 2023 and 13 September 2023 made announcements providing further information in relation to the Proposed Disposal.

On 9 November 2023, the Company announced that one of the conditions precedent in the SPA for the Proposed Disposal which is to obtain the Golden Power Clearance, was rejected by the Italian

Government, vide its letter dated 7 November 2023, which was received by the Company on 8 November 2023.

On 16 February 2024, the Company announced that the Company could not proceed with the completion of the Proposed Disposal to Petro MAT and therefore all parties mutually terminated the SPA.

The Company also had on 16 February 2024 announced that KNME had received two binding and irrevocable offers from the following parties on a joint basis:

(i) BM Carpenterie Oil & Gas S.R.L. ("BM Carpenterie"), registered at Companies' Registry of Milan with number MI-2693046, represented by its legal representative and sole director Mr Domenico Colloca (tax code CLLDNC82H02F537W), for the acquisition of the shares representing 60% share capital of FBMHI, at an indicative consideration of up to EUR 9,900,000.00 (Nine Million Nine Hundred Thousand); and

(ii) Officine Piccoli S.p.A. ("Officine Piccoli"), registered at Companies' Registry of Verona with number VR-173358, represented by its legal representative pro tempore Mr Pierluigi Piccoli (Tax Code PCCPLG66C28L7810), for the acquisition of the shares representing 40% share capital of FBMHI, at an indicative consideration of up to EUR 6,600,000.00 (Six Million Six Hundred Thousand Only);

On 27 March 2024, the Company announced that KNME had on 27 March 2024 entered into a Share Purchase Agreement with BM Carpenterie and Officine Piccoli, to dispose of its 100% equity in FBMHI comprising 746,501 ordinary shares for an aggregate cash consideration of EUR 16,500,000.00 ("Proposed Disposal").

Following the Proposed Disposal, BM Carpenterie shall acquire shares representing 60% of the share capital of FBMHI, while Officine Piccoli shall acquire shares representing the remaining 40% of the share capital of FBMHI.

On 6 June 2024, the Company announced that one of the conditions precedent for the Proposed Disposal was not fulfilled, as the Golden Power Clearance was rejected by the Italian Government, with its letter dated 4 June 2024.

On 2 July 2024, the Company announced that the Share Purchase Agreement entered by the KNME with BM Carpenterie and Officine Piccoli to dispose of its 100% equity interest in FBMHI expired on 30 June 2024.

On 1 August 2025, the Company announced that KNME has on 9 July 2025 received a binding and irrevocable offer from two parties on a joint basis. The parties are:

(1) SymbEx GmbH ("SymbEx"), a company incorporated under the laws of Switzerland; and

(2) Terragarda GmbH ("Terragarda"), a company incorporated under the laws of Germany.

SymbEx and Terragarda are hereinafter collectively referred to as the "Purchasers". The Offer pertains to the proposed acquisition of the entire 100.00% of the equity interest in FBMHI Group from KNME.

In response to the Offer, KNME granted the Purchasers a 60-day exclusive negotiation period to allow the Purchasers to conduct a thorough due diligence exercise and to facilitate the negotiation of a definitive Sale and Purchase Agreement ("**SPA**").

On 17 September 2025, the Company announced that it received a letter dated 17 September 2025 from Terragarda revoking their Offer. Pursuant thereto, the Offer is deemed terminated on even date.

The Company is currently evaluating other offers for the FBMHI Group.

b. On 24 May 2022, the Company announced a proposed disposal of its indirect wholly-owned subsidiary incorporated in Germany, Borsig GmbH to GPR Siebzigste Verwaltungsgesellschaft mbH for a consideration of EUR220.80 million (“Proposed Disposal”). After due consideration of all aspects of the Proposed Disposal, in the best interest of the Company and its stakeholders, the Company had decided not to further extend the Longstop Date of the Proposed Disposal and instead exercised its withdrawal right under the share sale and purchase agreement. Hence, the Proposed Disposal did not materialise.

On 16 December 2022, the Company announced the proposed listing of Borsig GmbH on main board of the Singapore Stock Exchange Securities Trading Limited (“SGX-ST”) by way of an initial public offer (“IPO”), with a view of achieving a market capitalisation of up to USD300 million or its Singapore Dollar equivalent and a placement of 49% of the enlarged capital comprising vendor and/or new shares.

On 27 February 2025, the Company announced that the subsidiary KNM Process Systems Sdn Bhd entered into a conditional sale, purchase and transfer agreement with NGK Insulators, LTD for the proposed disposal of 1 share in Deutsche KNM GmbH ("DKNM"), representing 100% equity interest in DKNM for a disposal consideration of EUR270.00 million (“Proposed Disposal II”). DKNM is the holding company of Borsig GmbH.

On 19 August 2025, the Company announced that the Company was proposing to undertake a regularisation plan (“Proposed Regularisation Plan”) which shall comprise the following:

(i) the Proposed Disposal II;
(ii) proposed reduction of KNM’s issued share capital pursuant to Section 116 of the Companies Act 2016; and
(iii) proposed consolidation of every four (4) existing ordinary shares in KNM (“KNM Share(s)”) into one (1) KNM Share,

For further details of the Proposed Regularisation Plan, please refer to the announcement made on 19 August 2025.

The application in relation to the Proposed Regularisation Plan was submitted to Bursa Malaysia Securities Berhad (“Bursa Securities”) on 26 August 2025; announcement of which was made on 27 August 2025.

On 3 October 2025, the Company announced that Bursa Securities, vide its letter dated 3 October 2025 rejected the Proposed Regularisation Plan. In the circumstances, the trading in the securities of KNM was suspended from 13 October 2025 onwards and the securities would be de-listed on 5 November 2025 unless an appeal against the rejection of the Proposed Regularisation Plan and de-listing was submitted to Bursa Securities on or before 2 November 2025.

The reason Bursa Securities gave for its rejection of the Proposed Regularisation Plan was that the "Company and its Principal Adviser had not demonstrated to the satisfaction of Bursa Securities on the ability of the Proposed Regularisation Plan to comply with Paragraphs 5.4 and 5.5 of PN17 of the Main Listing Requirements as there were concerns on the comprehensiveness of the Proposed Regularisation Plan in addressing the issues that caused the Company to trigger the Prescribed Criteria of PN17 and Paragraph 8.03A and to sustain and grow the business operations of the Company.

On 8 October 2025, the Company announced that an appeal against the de-listing decision had been submitted to Bursa Securities on 7 October 2025 ("Appeal").

On 27 October 2025, the Company announced that, after careful deliberation, it resolved to withdraw the Appeal.

Following the withdrawal of the Appeal, the Company accepted and abided by the Bursa Securities' rejection of the Proposed Regularisation Plan. Accordingly, the securities of the Company was de-listed from the Official List of Bursa Securities with effect from 5 November 2025.

On 6 November 2025, in an extraordinary general meeting of the Company, 93.74% of the members of the Company present or voting by proxy approved the Proposed Disposal II. With all the conditions precedent to the Proposed Disposal II being fulfilled, the Company intends to complete the same in late November 2025.

Meanwhile, KNM continues to pursue the various corporate exercises announced previously, including monetarising the investments in Thailand and United Kingdom. These corporate exercises are expected to generate significant cash flows to the Group to further enhance its financial health.

c. On 20 January 2023, on behalf of the Board of Directors of the Company, M&A Securities Sdn. Bhd. announced that the Company proposes to undertake a private placement of up to 367,642,100 new ordinary shares in the Company ("Placement Share(s)"), representing not more than 10% of the issued ordinary shares in the Company ("Private Placement"). Subsequently on 31 January 2023, the Company had announced that approval from Bursa Malaysia Securities Berhad had been obtained vide its letter dated 31 January 2023.

   On 19 April 2023, the Company had allotted 37,500,000 Placement Shares at an issue price of RM0.0500 per Placement Share ("Tranche 1 of the Private Placement"). The Tranche 1 of the Private Placement was completed on 20 April 2023 with the listing of and quotation for the said placement shares on the Main Market Bursa Securities.

   On 6 June 2023, the Company had allotted 330,142,100 Placement Shares at an issue price of RM0.0541 per Placement Share ("Tranche 2 of the Private Placement"). The Tranche 2 of the Private Placement was completed on 7 June 2023 with the listing of and quotation for the said placement shares on the Main Market Bursa Securities, marking the completion of the Private Placement.

As at 30 September 2025, the said proceed has been utilized as follows:

Proposed utilisation of proceeds	Expected timeframe for utilisation from completion of private placement	Proposed utilisation (based on actual amount raised)	Actual utilisation as of 30 Jun 2025	Balance available for utilisation
		RM'000	RM'000	RM'000
Working capital requirements	Within 6 months	16,292	16,292	-
Expenses for restructuring and formulation of the regularisation plan	Within 12 months	3,000	3,000	-
Expenses for the private placement	Immediate	444	444	-
Total		**19,736**	**19,736**	**-**

The Company will make the necessary announcements as and when there are material developments.

Save for the above, there is no other corporate proposal announced but not completed during the current financial quarter under review.

B9. Group borrowings and debt securities

The Group's borrowings as at the end of the financial period were as follows:

	As at 30.09.2025 RM'000
Short-term :	
Bank overdrafts	18,282
Term loan	830,984
Hire Purchase	85
Borrowings	565,268
	1,414,619

The above are also inclusive of borrowings in foreign currency of EUR82.02 million, USD51.98 million and THB3.96 billion.

The exchange rates used are 1 EUR = RM4.9385, 1 USD = RM4.2118, and 1 THB = RM0.1306.

The Group has defaulted various loans and borrowings to banks and financial institutions which amounting to RM1,381,942,000. These loans and borrowings are currently classified as current liabilities. Certain defaulted loans and borrowings were supported by corporate guarantee issued by the Company. The provision for corporate guarantee has not been provided for as expected recoverable amount of underlying securities could not be reasonably determined as the Directors are currently exploring opportunities to monetize these underlying assets.

The Company is in close communication with the banks and financial institutions on the Company's ongoing restructuring plans under the scheme of arrangement to address this event of default.

B10. Financial Instruments

The outstanding forward foreign currency exchange contracts as at the end of the financial period were as follows:-

Type of Derivative	Contract/Notional value RM'000	Loss on Fair value changes RM'000
Foreign Exchange Contracts		
-Less than 1 year	2,860	141
-Within 1-3 years	-	-
	2,860	141

Exposure to foreign currency fluctuation of underlying commitments is monitored on on-going and timely basis. The Company's objective to incept derivative instrument contract is mainly to hedge against foreign exchange exposure on transactions in currencies other than its own.

Forward foreign exchange contracts are entered into with licensed banks to hedge the Group's exposure to foreign exchange risk in respect of its export sales, import purchases and other obligations by establishing the basis rate at which a foreign currency asset or liability will be settled. These contracts are executed with credit-worthy/reputable financial institutions and as such, credit risk and liquidity risk in respect of non-performance by counterparties to these contracts is minimal.

The fair values of the forward foreign currency exchange contracts are subject to market risk and the fair values were derived from marking to available market quoted price as of the reporting year. The fair value of the forward contracts may change in accordance with the fluctuation of the exchange rate of the underlying currency resulting in gain or loss in fair value.

The cash requirement for these derivatives will be fulfilled by future contract and other proceeds on the respective maturity date.

B11. Loss for the Period

	3 months ended 30.09.2025 RM'000	3 months ended 30.09.2024 RM'000	Cumulative period ended 30.09.2025 RM'000	Cumulative period ended 30.09.2024 RM'000
(a)				
Loss for the period is arrived at after charging:				
Amortisation of intangible assets	3,410	2,761	10,011	9,513
Provision / (reversal) for late delivery charges	(649)	(37)	(6,848)	2,614
Provision / (reversal) of impairment loss on trade receivables	2,063	(2,827)	(268)	(1,158)
Provision / (reversal) for warranty	(245)	6,610	396	6,160
Provision for legal compensation	-	912	-	1,384
Impairment loss on property, plant and equipment	497,578	-	497,578	-
Unrealised loss of foreign exchange	9,494	45,241	41,810	35,816
And crediting:				
Interest income	(813)	(784)	(1,505)	(1,320)
(Gain) / loss on disposal of property, plant and equipment	(998)	17	(1,055)	(202)
(b)				
Interest expense	28,143	25,922	82,566	80,200
(c)				
Depreciation charge for the period is allocated as follow:				
Income statement	13,084	15,551	40,751	46,467
	551,067	93,366	663,436	179,474

B12. Material litigation

a. On 26 October 2022, a wholly-owned subsidiary, KNM Process Systems Sdn Bhd ("KNMPS") had been served with a Winding-up Petition issued by the Shah Alam High Court dated 23 September 2022 (the "Petition"), taken out by IPL Middle East DMCC (the "Petitioner") via its Advocates & Solicitors, Rahmat Lim & Partners.

Particulars of the Petition are disclosed in the announcement via Bursa Malaysia on 27 October 2022.

The hearing date for the Petition was initially fixed on 19 January 2023. However, due to the Restraining Order, it was fixed for case management on 21 August 2023, 11 October 2023 and further rescheduled to 30 May 2024, 28 June 2024, 4 September 2024, 11 October 2024, 20 January 2025, 27 January 2025 and 6 March 2025 in view of the Restraining Order application made on 26 April 2024 where an automatic moratorium under Section 368(1A) of the Companies (Amendment) Act 2024 is granted to the KNMPS from the date of filing of the application on 26 April 2024 for a maximum of two months or until the High Court decides on the application, whichever is earlier. On 25 June 2024, an ad interim Restraining Order was granted by the Kuala Lumpur High Court pending disposal of the Applicants application to the High Court for a 3 month Restraining Order and a Court Convened Creditors Meeting. On 12 March 2025, the High Court dismissed the Restraining Order application. However, on 27 March 2025, an ad interim Restraining Order was granted pending the disposal of KNMPS' motion under Section 44 of the Courts of Judicature Act 1964 in the Court of Appeal ("**the Motion**"). On 18 September 2025, the Court of Appeal granted the Motion. The next case management for this Petition is on 14 May 2026.

The Petition is not expected to have any material additional financial and operational impact to the Group as the Settlement Sum has been provided in the Group's financial statements for the period ended 30 June 2022.

KNMPS is seeking for the necessary legal advice to resolve and/or defend against this matter.

b. On 9 November 2022, KNMPS received a notification from its lawyer, Messrs Aceris Law LLC, that it has received a letter dated 8 November 2022 from Lukoil Uzbekistan Operating Company LLC ("LUOC")'s lawyer, Akin Gump LLP, informing that the amount payable to LUOC by KNMPS pursuant to the final arbitration award ('the Award") dated 29 September 2022 issued by the Arbitration Tribunal is USD1,865,334.57, subject to the additional post-award interest rate of 2.5% per annum starting to run 30 days from the issuance date of the Award. This marks the end of the dispute among the parties.

The Award is not expected to have any material additional financial losses to the Group for the financial year ending 30 June 2023 as KNMPS has already provided approximately USD1.87 million in relation to this Arbitration during the financial period ended 30 June 2022.

In view of the Restraining Orders granted by the High Court on 15 December 2022 and 21 November 2023 respectively as well as the Restraining Order application made on 26 April 2024, where an automatic moratorium under Section 368(1A) of the Companies (Amendment) Act 2024 is granted to KNMPS from the date of filing of the application on 26 April 2024 for a maximum of two months or until the High Court decides on the application, whichever is earlier, the ad interim Restraining Order that was granted by the Kuala Lumpur High Court on 25 June 2024 pending disposal of the KNMPS' application in the High Court for a 3 months Restraining Order and a Court Convened Creditors Meeting, and the ad interim Restraining Order pending the disposal of KNMPS' motion under Section 44 of Courts of Judicature Act 1964 before the Court of Appeal ("**the Motion**"), all proceedings/settlement payments have been put on hold until further notice.

c. On 9 December 2022, the company was served with the following winding up petitions:

(i) Winding up petition issued by the Shah Alam High Court dated 5 December 2022 taken out by Ann Joo Metals Sdn Bhd to claim the total outstanding debt of RM10,795,481.98, comprising RM9,841,364.12 for provision of goods and interest of RM954,117.86 as of 31 October 2022 with interest rates ranges from 8% to 18% per annum.

(ii) Winding up petition issued by the Shah Alam High Court dated 5 December 2022 taken out by Ann Joo Metal (Singapore)Pte Ltd to claim the total outstanding debt of USD1,215,048.46, comprising USD1,064,902.64 for provision of goods and interest of USD150,145.82 as of 31October 2022 with interest rates ranges from 8% to 18% per annum.

The Petitions were initially fixed to be heard at the Shah Alam High court on 9 March 2023, 12 November 2024, 13 November 2024, 5 July 2024, 19 March 2025 and 25 July 2025.

In view of the Restraining Orders granted by the High Court on 15 December 2022 and 21 November 2023 respectively as well as the Restraining Order application made on 26 April 2024, where an automatic moratorium under Section 368(1A) of the Companies (Amendment) Act 2024 is granted to KNMPS from the date of filing of the application on 26 April 2024 for a maximum of two months or until the High Court decides on the application, whichever is earlier, the ad interim Restraining Order that was granted by the Kuala Lumpur High Court on 25 June 2024 pending disposal of KNMPS' application in the High Court for a 3 months Restraining Order and a Court Convened Creditors Meeting, and the ad interim Restraining Order pending the disposal of KNMPS' motion under Section 44 of Courts of Judicature Act 1964 before the Court of Appeal ("**the Motion**"), all proceedings/settlement payments have been put on hold until further notice.

The next case management for both the Petitions are on 25 May 2026.

d. On 11 October 2023, the Company, Deutsche KNM GmbH, and Borsig GmbH ("Plaintiffs") has filed a writ action at the High Court of Malaya at Kuala Lumpur vide Civil Suit No. WA-22NCC-731-10/2023 against Flavio Porro ("1st Defendant") and Terence Tan Koon Ping ("2nd Defendant") (collectively referred to as "Defendants") for damages claim of EUR3,444,832. The claim made was based on conspiracy to injure, breach of duty of loyalty and fidelity, negligence, and breach of statutory duties in respect of the intended sale of Borsig GmbH to Vorsprung Industries GmbH which was later terminated in December 2022.

The parties have filed their pleadings which includes:

i. Plaintiffs' Statement of Claim dated 11 October 2023;
ii. 1st Defendant's Statement of Defence and Counterclaim dated 16 November 2023;
iii. 2nd Defendant's Statement of Defence dated 29 November 2023;
iv. Plaintiffs' Amended Reply to 2nd Defendant's Defence dated 05 January 2024;
v. Plaintiffs' Amended Reply to 1st Defendant's Statement of Defence and Counterclaim dated 08 January 2024.

The 2nd Defendant has filed an application to strike out the Plaintiffs' claim pursuant to Order 18 rule 19(1)(b) and/or (d) of the Rules of Court 2012 on 04 March 2024 ("Enclosure 16").

The Plaintiffs have filed an application for Security for Cost against the 1st Defendant pursuant to Order 23 Rule 1 of the Rules of Court 2012on 19 March 2024 ("Enclosure 22").

The hearing dates for Enclosure 22 vis a vis Security for Costs and Enclosure 16 vis a vis Striking out Application have been fixed on 5 July 2024 and 18 June 2024 respectively.

On 6 August 2024, the Court has dismissed both Enclosure 16 and Enclosure 22 (Security for Costs Application and Striking out Application).

In addition, the 2nd Defendant has filed an application to amend his Statement of Defence pursuant to Order 20 Rule 5 of the Rules of Court 2024 on 30 October 2024 ("Enclosure 59") with the hearing date has been fixed on 3 February 2025.

On 18 February 2025, the Court allowed the 2nd Defendant's application to amend his Statement of Defence. In doing so, the Court had also recognized the prejudice caused to the Plaintiffs by the delay caused by the amendment. Consequently, the Court awarded the Plaintiffs costs in the sum of RM3,000.00 to compensate for the prejudice and/or inconvenience caused. In light of the circumstances, the Plaintiffs will be afforded the opportunity to file its Amended Reply to Defence.

Furthermore, the Court has scheduled a case management on 27 March 2025 for parties to update the Court on the filing of the amended pleadings and to receive further directions.

After parties had attended case management on 27 March 2025 and 30 April 2025 respectively, the court had directed the parties to file its Pre-Trial Case Management Documents. Another case management has been scheduled on 30 May 2025 for parties to update court on the filling of the said documents.

Before the case management held on 30 May 2025, the parties have filed their respective Issues to be Tried and Agreed Facts. A subsequent case management was scheduled for 30 July 2025 for the parties to file their respective Witness Lists and the Common Bundle of Documents. The High Court has also scheduled the trial to take place from on 11 – 14 May 2026.

On 30 July 2025, the Court scheduled a further case management for 30 September 2025 to ensure compliance with its earlier directions. It is pertinent to note that the learned Judge, YA Tuan Atan Mustaffa Yussof Ahmad, who was previously presiding over the matter, has since been transferred to the High Court in Johor. A new judge, YA Puan Shobah Rajah, has been appointed to preside over the matter.

During the case management on 30 September 2025, YA Puan Shobah Rajah has fixed a physical case management on 3 December 2025 for parties to update the court regarding the status of the Pre-Trial Case Management Directions and to obtain further directions from the Court, if any.

e. On 27 October 2025, Bursa Malaysia Securities Berhad filed Originating Summons No.: WA-24NCC-615-10/2025 against, among others, KNM Group Berhad and KNM Process Systems Sdn Bhd for, inter alia, breach and/or non-compliance with the Main Market Listing Requirements in convening the Extraordinary General Meeting scheduled to be held on 30 October 2025 concerning the disposal of its wholly owned German subsidiary Deutsche KNM GmbH. On 29 October 2025, the Court directed the Defendants to file their respective Affidavits in Reply before the hearing date, which was initially fixed for 19 November 2025. The counsel for Bursa sought for an ad interim order against the Defendants which the Court declined to grant. On 13 November 2025, KNM's solicitors received an email from the Court informing that the Judge has been transferred to another court. As such, the hearing on 19 November 2025 could not proceed and was instead converted into a case management before the Registrar via Zoom for the purpose of fixing a new hearing date. The next hearing date is now fixed for 16 January 2026. However, if a Judge is still unavailable at that time, the matter will again be converted to a case management.

B13. Dividend payable

There was no dividend declared or recommended during quarter under review.

B14. Profit / (Loss) per share

<u>Basic profit / (loss) per ordinary share</u>	**Individual Quarter 30.09.2025**	**Individual Quarter 30.09.2024**	**Cumulative Quarter 30.09.2025**	**Cumulative Quarter 30.09.2024**
Net profit/ (loss) attributable to shareholders (RM'000)	(451,871)	(77,171)	(536,601)	(156,377)
Number of shares at the beginning of the year ('000)	4,045,905	4,045,905	4,045,905	4,045,905
Effects of treasury shares held ('000)	(1,841)	(1,841)	(1,841)	(1,841)
Weighted average number of ordinary shares ('000)	4,044,064	4,044,064	4,044,064	4,044,064
Basic profit/ (loss) per ordinary share (Sen)	(11.17)	(1.91)	(13.27)	(3.87)

<u>Diluted profit / (loss) earnings per ordinary shares</u>	**Individual Quarter 30.09.2025**	**Individual Quarter 30.09.2024**	**Cumulative Quarter 30.09.2025**	**Cumulative Quarter 30.09.2024**
Net profit/ (loss) attributable to shareholders (RM'000)	(451,871)	(77,171)	(536,601)	(156,377)
Weighted average number of ordinary shares ('000)	4,044,064	4,044,064	4,044,064	4,044,064
Weighted average number of shares ('000)	4,044,064	4,044,064	4,044,064	4,044,064
Diluted profit/ (loss) per ordinary share (Sen)	(11.17)	(1.91)	(13.27)	(3.87)

The calculation of diluted profit/(loss) per ordinary share was based on the profit or loss attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial periods after adjustment for the effects of dilutive potential ordinary shares in issue and issuable under the ESOS options granted on 16 November 2020 and 19 August 2021 at an exercise price of RM0.165 and RM0.19 respectively.

B15. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors on 3 December 2025.