



PAPPAJACK BERHAD

Registration No. 202001042414 (1398735-V)
(Incorporated in Malaysia under the Companies Act 2016)

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No.11B, Jalan TK1/11A, Taman Kinrara
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ANNUAL REPORT 2025

ANNUAL REPORT

2025

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Chong Chee Fire

*Independent Non-Executive
Chairman*

Law Book Ching

Executive Director

Cheong Woon Yaw

*Independent Non-Executive
Director*

Lim Boon Hua

*Managing Director/Chief
Executive Officer*

Koo Woon Kan

*Independent Non-Executive
Director*

Mah Ying Ying

*Independent Non-Executive
Director*

AUDIT COMMITTEE

Chairman

Cheong Woon Yaw

Member

Koo Woon Kan
Mah Ying Ying

REMUNERATION COMMITTEE

Chairman

Koo Woon Kan

Member

Cheong Woon Yaw
Mah Ying Ying

NOMINATION COMMITTEE

Chairman

Koo Woon Kan

Member

Cheong Woon Yaw
Mah Ying Ying

RISK MANAGEMENT COMMITTEE

Chairman

Cheong Woon Yaw

Member

Koo Woon Kan
Mah Ying Ying

COMPANY SECRETARY

Wong Youn Kim (MAICSA 7018778)
CCM PC No. 201908000410

REGISTERED OFFICE

Unit 11.07, Amcorp Tower
Amcorp Trade Centre
18, Jalan Persiaran Barat
46050 Petaling Jaya Selangor
Telephone No. : (6017) 622 9303
Email address : synergyprofgroup@gmail.com

HEAD OFFICE/PRINCIPAL PLACE OF BUSINESS

11B, Jalan TK1/11A
Taman Kinrara, Seksyen 1
47180 Puchong
Selangor
Telephone No. : (603) 8080 4884
Email Address : enquiry@pappajack.com.my
Website : http://pappajack.com.my/

AUDITORS AND REPORTING ACCOUNTANTS

Baker Tilly Monteiro Heng PLT
Baker Tilly Tower, Level 10,
Tower 1, Avenue 5
Bangsar South City
59200 Kuala Lumpur
Telephone No. : (603) 2297 1000
Facsimile No. : (603) 2282 9980

SHARE REGISTRAR AND ISSUING HOUSE

Tricor Investor & Issuing
House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone No. : (603) 2783 9299
Facsimile No. : (603) 2783 9222
Email address :
is.enquiry@my.vistra.com

STOCK EXCHANGE LISTING

Main Market of Bursa Securities
Stock Name : PPJACK
Stock Code : 0242

PRINCIPAL BANKER

Malayan Banking Berhad
No. 29 & 31, Jalan Puteri 1/4
Bandar Puteri Puchong
47100 Puchong, Selangor

RHB Bank Berhad
Level 6, Tower 3, RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur

WEBSITE

www.pappajack.com.my

CORPORATE STRUCTURE



PAPAJACK BERHAD

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Pappajack Holdings Berhad



Note: Dormant Companies

DIRECTORS' PROFILE



CHONG CHEE FIRE
Independent Non-Executive Chairman



Mr. Chong Chee Fire (“Mr. Chong”), a Malaysian male aged 71, is our Independent Non-Executive Chairman. He was appointed to the Board on 3 May 2021.

He obtained a Master of Business Administration from the University of Bradford, United Kingdom, in 1982. He became a Fellow of the Association of Chartered Certified Accountants in 1989 and has been a member of the Malaysian Institute of Accountants since 2002.

Mr. Chong has over 30 years of experience in the banking and financial services industry, having held various senior positions throughout his career.

He began his career in May 1983 as an Inspector in the Internal Audit and Inspection Department of Overseas Union Bank (OUB), Malaysia, a foreign bank, and later rose to the position of Assistant Vice President before leaving in December 1990.

From 1991 to 1996, he served as a Director of PT OCBC Sikap Securities in Jakarta, a subsidiary of Overseas-Chinese Corporation Bank Limited (OCBC Bank). In December 1996, he was redesignated as Chief Executive Officer (CEO) of PT OCBC, a position he held until October 1999.

After leaving PT OCBC, he was appointed as an Executive Director (Operations) of Hwang DBS Securities (Johor Bahru) Sdn. Bhd. from November 1999 to March 2001. In April 2001, he joined Pheim Unit Trusts Berhad (PUTB) as Chief Operating Officer (COO) and was later redesignated as CEO in January 2002. He resigned from PUTB in October 2003.

Since January 2004, he has been the founding Partner of CF Associates PLT, a Chartered Accountants and Business Advisory practice.

Currently, Mr. Chong serves on the boards of several private limited companies in Malaysia. Apart from his directorship in the Company, he does not hold any other directorships in public companies or listed issuers.

He has no family relationship with any Director or major shareholder of the Company and has no conflict of interest, including any interest in a competing business with the Company or its subsidiaries. He has not been convicted of any offence within the past five (5) years (other than traffic offences, if any) and has not been subjected to any public sanction or penalty imposed by any regulatory body during the financial year ended 31 December 2025.

He attended all five (5) Board Meetings held during the financial year ended 31 December 2025.

DIRECTORS' PROFILE

(Cont'd)



LIM BOON HUA

Managing Director, Chief Executive Officer



Mr. Lim Boon Hua (“Mr. Lim”), a Malaysian male aged 50, is our Managing Director, Chief Executive Officer, and a substantial shareholder. He was appointed to the Board on 22 December 2020.

Mr. Lim began his career in 1994 as a Human Resource Supervisor at Goh Ah Lek Plastering Sdn. Bhd. In 1995, he independently provided outsourced foreign labour management services to the same company. Between 1998 and 2020, he ventured into various businesses, including the supply of domestic maids and manpower, the food and beverage industry, and the pawnbroking business.

In June 2013, Mr. Lim, together with his sister, Lim Siew Fang (our Promoter and substantial shareholder), co-founded Pajak Gadai Pappajack Sdn. Bhd., marking their entry into the pawnbroking industry. The company obtained its pawnbroking license in 2014 and commenced operations in the same year. Under his leadership, the business has continuously expanded through the establishment of multiple new outlets.

Mr. Lim was appointed as Managing Director of Pajak Gadai Pappajack Sdn. Bhd. in June 2013 and later assumed the role of Managing Director of Pappajack Holdings Berhad in February 2019.

As a key director within the Pappajack Group, Mr. Lim has played a pivotal role in providing business and management guidance while offering strategic direction to the Group’s key management. He has been instrumental in formulating the business strategies and growth plans of the Group and is expected to continue leading its strategic direction moving forward.

In addition to his role at Pappajack Berhad, Mr. Lim also serves on the board of several private limited companies in Malaysia, Singapore, and Indonesia for personal investment purposes.

Mr. Lim does not have any conflict of interest or potential conflict of interest, including any competing business interests with Pappajack Berhad or its subsidiaries. He has not been convicted of any offence within the past five (5) years (other than traffic offences, if any) and has not been subject to any public sanction or penalty imposed by any regulatory body during the financial year ended 31 December 2025.

He attended all five (5) Board Meetings held during the financial year ended 31 December 2025.

DIRECTORS' PROFILE

(Cont'd)



LAW BOOK CHING

Executive Director



Mr. Law Book Ching ("Mr. Law"), a Malaysian male aged 57, is our Executive Director and substantial shareholder. He was appointed to the Board on 22 December 2020. He is responsible for the development and implementation of strategic plans for our Group, with a focus on business expansion, competitive market analysis, and corporate communications.

He began his career in October 1987 as a Production Leader at Panasonic Appliances Air-Conditioning Malaysia Sdn. Bhd., where he was primarily responsible for supervising the production team. In February 2003, he left Panasonic Appliances Air-Conditioning Malaysia Sdn. Bhd as the Head of Production.

Thereafter, he joined Consistent Reach Sdn. Bhd., a company engaged in the supply of manpower services in March 2003, as its Managing Director and shareholder. In this role, he was primarily responsible for overseeing the company's operations. Additionally, he has invested in various businesses, including cleaning services, provision of contract labour, property investment, and property development. In 2013, he expanded his business ventures internationally by investing in Phewvongsean Leasing Co., Ltd., a company based in Laos. However, the business has since been scaled down.

In June 2018, Mr. Law was appointed as a Director of Pajak Gadai Consistent Reach Sdn. Bhd. and Pajak Gadai TSE Sdn. Bhd. He was later appointed as a Director of Pappajack Holdings Berhad in October 2020. He also serves as a board member of several private limited companies in Malaysia and Laos for personal investment purposes.

Mr. Law does not have any family relationship with any other directors or major shareholders of the company. He does not have any conflict of interest or potential conflict of interest, including any competing business interests with Pappajack Berhad or its subsidiaries. He has not been convicted of any offence within the past five (5) years (other than traffic offences, if any) and has not been subject to any public sanction or penalty imposed by any regulatory body during the financial year ended 31 December 2025.

He attended all five (5) Board Meetings held during the financial year ended 31 December 2025.

DIRECTORS' PROFILE

(Cont'd)



KOO WOON KAN

Independent Non-Executive Director



Ms. Koo Woon Kan ("Ms. Koo"), a Malaysian female aged 50, is our Independent Non-Executive Director. She was appointed to the Board on 3 May 2021. She currently serves as the Chairman of the Remuneration Committee and Nomination Committee, as well as a member of the Audit Committee and Risk Management Committee.

Previously, she chaired the Audit Committee and Risk Management Committee while also serving as a member of the Remuneration Committee and Nomination Committee. As part of the Board's restructuring on 23 August 2024, she was appointed as Chairman of the Remuneration Committee and Nomination Committee, while continuing her role as a key member of the Audit Committee and Risk Management Committee.

Ms. Koo obtained the Association of Chartered Certified Accountants (ACCA) qualification in 1999 and has been a member of the Malaysian Institute of Accountants since 2019.

She has over 20 years of experience in accounting, finance, and financial services, having held various leadership roles throughout her career.

She began her career in November 1999 as an Assistant Accountant with Guardian Security Consultants Sdn. Bhd., a subsidiary of HLI-Hume Management Co. Sdn. Bhd., and remained in this role until February 2001. From February 2001 to June 2006, she continued her career as an Internal Auditor at HLI-Hume, where she was later promoted to Senior Internal Auditor before leaving in July 2006.

Between July 2006 and January 2008, she worked as an Accountant at First Mobile Group Sdn. Bhd.. After taking a brief career break from February 2008 to July 2008, she joined Puma Sports Goods Sdn. Bhd. in October 2008 as Head of the Accounts Department, a role she held until June 2009. From July 2009 to May 2011, she served as a Senior Accountant at Scope International (M) Sdn. Bhd. Subsequently, she founded Eco Circle Sdn. Bhd. (May 2011), Rightway Management Sdn. Bhd. (October 2016), and Rightway Corporate Advisory Sdn. Bhd. (October 2022), companies engaged in property investment, trading activities, accounting, and corporate secretarial services.

Since December 2014, she has also served as the Financial Controller of Chi Yuan Industrial (M) Sdn. Bhd., a company involved in the manufacturing of polyethylene terephthalate (PET) and polyvinyl chloride (PVC).

She currently serves as the Senior Independent Non-Executive Director of Richtech Digital Berhad and is an Independent Non-Executive Director of Farmiera Berhad, both of which are listed on the ACE Market of Bursa Malaysia Securities Berhad. Furthermore, she holds several directorships across various private limited companies.

She has no family relationship with any Director or major shareholder of the Company. She has no conflict of interest, including any interest in a competing business with the Company or its subsidiaries. She has not been convicted of any offence within the past five (5) years (other than traffic offences, if any) and has not been subjected to any public sanction or penalty imposed by any regulatory body during the financial year ended 31 December 2025.

Ms. Koo attended all five (5) Board Meetings held during the financial year ended 31 December 2025.

DIRECTORS' PROFILE

(Cont'd)



CHEONG WOON YAW

Independent Non-Executive Director



Mr. Cheong Woon Yaw (“Mr. Cheong”), a Malaysian male aged 52, is our Independent Non-Executive Director. He was appointed to the Board on 27 December 2021 and was redesignated as Chairman of the Audit Committee and Risk Management Committee on 23 August 2024. He also serves as a member of the Nomination Committee and Remuneration Committee of the Company.

He obtained a Diploma in Management Accounting and Accounting from the London Chamber of Commerce and Industry Examinations Board in 1994. He completed his ACCA qualification in December 2000 and was admitted as a member of ACCA in January 2002.

Mr. Cheong began his career in August 1997 as an Audit Assistant at Ernst & Young, where he was later promoted to Senior Auditor before leaving in May 2003. He subsequently held various finance leadership roles across multiple industries, including:

- Finance Manager at Informatics Resource Corporation Sdn. Bhd. (May 2003 – February 2004)
- Finance Manager at T.S. Law Holding Sdn. Bhd. (February 2004 – May 2005)
- Entrepreneur in Sales & Marketing of Health Products (June 2005 – May 2007)
- Finance Manager at Mangosteen Beverage (Malaysia) Sdn. Bhd. (May 2007 – June 2010), later Regional Finance Manager (June 2010 – March 2013)
- Senior Finance Manager at Avon Cosmetics (Malaysia) Sdn. Bhd. (March 2013 – November 2013)
- Senior Finance Manager at Mindvalley Lab Sdn. Bhd. (November 2013 – January 2016)
- Finance Director at J. Walter Thompson Sdn. Bhd. (February 2016 – June 2020)
- Technical Adviser, later promoted to Chief Financial Officer, at Multi Venture Networks Sdn. Bhd. (June 2020 – May 2023)
- Regional Finance Director at Asea Redox Malaysia Sdn. Bhd. (June 2023 – present)

Save for his directorship in the Company, Mr. Cheong does not hold any other directorships in public companies or listed issuers.

He has no family relationship with any Director or major shareholder of the Company. He has no conflict of interest, including any interest in a competing business with the Company or its subsidiaries. Additionally, he has not been convicted of any offence within the past five (5) years (other than traffic offences, if any), nor has he been subjected to any public sanction or penalty imposed by any regulatory body during the financial year ended 31 December 2025.

Mr. Cheong attended all five (5) Board Meetings held during the financial year ended 31 December 2025.

DIRECTORS' PROFILE

(Cont'd)



MAH YING YING

Independent Non-Executive Director



Mah Ying Ying ("Ms. Mah"), a Malaysian female aged 50, is our Independent Non-Executive Director. She was appointed to the Board on 13 September 2024. She is a member of the Audit Committee, Nomination Committee, Remuneration Committee, and Risk Management Committee of the Company.

Ms. Mah graduated with a London Chamber of Commerce and Industry Diploma in Accounting and Computing in 1996 from Systematic Computer Centre. She has been admitted as a member of the Association of Chartered Certified Accountants and the Malaysian Institute of Accountants since 2004.

She began her career as an Account Assistant at Business Administration Sdn. Bhd. from June 1996 to March 2001, where she was responsible for preparing full sets of accounts for clients and liaising closely with them to gain a better understanding of their accounting systems.

In April 2001, she joined Yee Choon Kong & Co as an Audit Junior in the Audit Assurance department. During her tenure, she managed team members in conducting audits for clients across various industries, developed comprehensive audit strategies, and executed audit fieldwork to meet audit objectives. She was later promoted to Audit Senior before leaving the firm in November 2004.

She then joined Esota Electronics Sdn Bhd in December 2004 as an Accountant, overseeing the company's financial operations, maintaining accounting records, preparing annual budgets and forecasts, and managing tax-related matters.

In August 2006, Ms. Mah moved to YL Lew & Associates as an Audit Manager, where she led a team in performing various audit assignments until September 2011. Later that year, she joined SJ Grant Thornton as an Audit Assistant Manager, where she was responsible for leading audit teams, conducting analytical reviews of clients' financial statements, and preparing audit reports. She remained with the firm until May 2014.

In May 2014, she rejoined YL Lew & Associates as an Audit Manager, where her role was expanded to include reviewing tax-related matters for clients. She held this position until February 2022.

She is currently serving as an Audit Manager at Messrs. CHSS Chartered Accountants, a position she has held since March 2022, where she leads and manages audit teams, oversees audit assignments, and prepares tax computations and tax planning for clients.

She currently serves as an Independent Non-Executive Director of Mestron Holdings Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad and One Gasmaster Holding Berhad, a company listed on the Ace Market of Bursa Malaysia Securities Berhad.

Ms. Mah has no family relationship with any Director or major shareholder of the Company. She has no conflict of interest, including any interest in a competing business with the Company or its subsidiaries. Additionally, she has not been convicted of any offence within the past five (5) years (other than traffic offences, if any), nor has she been subjected to any public sanction or penalty imposed by any regulatory body during the financial year ended 31 December 2025.

Since her appointment, she attended all five (5) Board Meetings held during the financial year ended 31 December 2025.

KEY MANAGEMENT PROFILE

(Cont'd)

LIM CHEE HSIUNG

Chief Operating Officer



Lim Chee Hsiung, a Malaysian male aged 48, is our Chief Operating Officer and has been with our Group since September 2020. He obtained his Bachelor of Economics from Universiti Kebangsaan Malaysia in April 2002.

He began his career as a Sales and Audit Executive with Pan-West (Malaysia) Sdn. Bhd. in June 2002. After leaving Pan-West (Malaysia) Sdn. Bhd. in August 2003, he joined Orix Auto Leasing Malaysia Sdn. Bhd. from September 2003 to March 2007 as a Senior Marketing Executive.

From April 2007 to August 2020, he was the General Manager of Mashita Jaya Sdn. Bhd. (a company owned by Lim Boon Hua, our Promoter, substantial shareholder and Managing Director/Chief Executive Officer). In 2016, while still being attached to Mashita Jaya Sdn. Bhd., he was seconded to assist Lim Boon Hua in overseeing the business and operations of Pajak Gadai PPJ Sdn. Bhd. as its Chief of Operating Officer. He assisted Lim Boon Hua in the expansion of the outlets of our Group.

In September 2020, he was formally appointed as the Chief Operating Officer of Pappajack Holdings Berhad and responsible to oversee the day-to-day business and operations of our Group including the implementation of our Group's policies, both at the management and outlet levels.

He does not hold any directorship in public companies and listed issuers.

Mr. Lim does not have any family relationship with any other directors or major shareholders of the Company, and he does not have any conflict of interest or potential conflict of interest, including any interest in any competing business with Pappajack Berhad or its subsidiaries. He has no conviction for any offences within the past five years (other than traffic offences, if any), and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year ended 31 December 2025.

KEY MANAGEMENT PROFILE

(Cont'd)

WONG KOON WAI

Chief Financial Officer



Wong Koon Wai is our Chief Financial Officer, a Malaysian male aged 51. He obtained his Bachelor Degree in Business (Accountancy) from the Royal Melbourne Institute of Technology (RMIT) in December 1999. He has been a member of CPA Australia and the Malaysian Institute of Accountants since 2008.

He began his career as an Audit Assistant in July 2000. In May 2003, he joined Crowe Malaysia PLT, where he advanced to the position of Senior Manager before leaving in June 2011. During his tenure with audit firms, he led engagements involving audits of publicly listed companies, transactional services, and fundraising exercises, both locally and internationally. Subsequently, in July 2011, he joined a private company engaged in manufacturing sheet piles and pipe piles, rooftop and decking solutions, and shoring solutions for construction projects, as its Group Financial Controller. In this role, he was responsible for overseeing the finance and accounting functions of the group's operations in Malaysia, Singapore, China, Vietnam, and Indonesia.

He subsequently joined the Malaysian Institute of Accountants in October 2012 as director, overseeing professional standards and practices within the Malaysian accounting profession. In November 2014, he transitioned to an information technology start-up, where he served as Chief Operating Officer until September 2018. In this capacity, he was primarily responsible for planning, directing, and coordinating the company's operational policies, initiatives, and strategic objectives. Following this, he pursued entrepreneurial ventures as an investor until July 2020, before joining our Group as Chief Financial Officer in August 2020.

He is an Independent Non-Executive Director of HLT Global Berhad and EVD Berhad, both listed on the ACE Market of Bursa Securities. He also serves as a Non-Independent Non-Executive Director of RichTech Digital Berhad, which is listed on the ACE Market. Additionally, he sits on the board of Golden Plus Holdings Berhad, a public limited liability company, as well as several other private companies in Malaysia.

Mr. Wong does not have any family relationship with any other directors or major shareholders of the Company, and he does not have any conflict of interest or potential conflict of interest, including any interest in any competing business with Pappajack Berhad or its subsidiaries. He has no conviction for any offences within the past five years (other than traffic offences, if any), and has not been imposed with any public sanction.

CHAIRMAN'S STATEMENT

DEAR FELLOW SHAREHOLDERS,

AN ECONOMY THAT DELIVERED

The year 2025 was one of measured resilience for the global economy, and Malaysia stood out as one of the region's more consistent performers. Against a backdrop of persistent geopolitical tensions, evolving US trade and tariff policies under the Trump 2.0 administration, and uneven global growth, Malaysia's Gross Domestic Product expanded at an accelerating pace - 4.4% in the first half, rising to 5.2% in the third quarter, and closing the year with a robust 6.3% in the fourth quarter, the strongest quarterly expansion since the fourth quarter of 2025. For the full year, Malaysia emerged as one of Southeast Asia's most consistent growth stories.

This performance was broad-based. Domestic consumption remained healthy, labour market conditions stayed favourable, investment inflows were sustained, and the Ringgit held its ground among Asia's better-performing currencies. The Government's MADANI Economy Framework, alongside targeted fiscal measures and continued infrastructure investment, provided a constructive policy environment for businesses and households alike. Looking forward, the 13th Malaysia Plan charts an ambitious trajectory through 2026-2030, emphasising digitalisation, value creation, and equitable growth -- a policy direction that reinforces the structural case for a growing, increasingly productive Malaysian economy.

For Pappajack, this macroeconomic backdrop is directly meaningful. When the economy moves, when businesses are active, when cash cycles are turning -- demand for the kind of quick, efficient financing we provide grows with it.

A SECTOR THAT FLOURISHES WITH GROWTH, NOT AGAINST IT

There is a widely held but, in our view, mistaken perception that pawnbroking is a distress-driven business -- one that thrives only when households are under economic pressure. Our experience tells a fundamentally different story, and it is one worth articulating clearly.

Pappajack's customers are, in the main, individuals and micro traders who hold gold assets and who choose pawnbroking as a deliberate, rational financing tool. A hawker stocking inventory ahead of a festive season, a market trader bridging a short-term cash gap between receivables and payables, a small contractor managing working capital across project cycles, a micro-entrepreneur seizing a time-sensitive trading opportunity -- these are people with assets, with enterprise, and with a clear-eyed appreciation of the speed, convenience, and simplicity that a pawn loan offers. They are not pawning out of desperation. They are converting an idle asset into productive capital, quickly and without the friction, waiting time, or documentation burden of formal credit channels.



CHAIRMAN'S STATEMENT

(Cont'd)

Pawnbroking, properly understood, is therefore a pro-growth, pro-enterprise service. It thrives when business is brisk and opportunities are moving faster than formal credit can respond. When the economy is healthy and active -- as Malaysia's was in 2025 -- customers with gold assets are more likely to be cycling that capital purposefully, rolling over pawn tickets to fund working capital needs or redeeming and re-pledging as business conditions evolve. This is the dynamic that drives transaction volume and portfolio activity in a pawnbroking business, and it is a dynamic that is positively correlated with economic momentum, not inversely so.



Our customers are asset-holders and entrepreneurs -- people who choose pawnbroking for its speed and simplicity as a financing tool, not because they have no other option.



The strong gold price environment in 2025 further supported this dynamic. In Ringgit terms, gold prices rose approximately 49.5% over the year, driven by geopolitical uncertainty, central bank accumulation, and shifting monetary policy expectations globally. Higher gold prices elevated collateral values, enabling larger pawn loan disbursements and generating more active redemption and re-pledging cycles. It is worth noting, however, that the foundation of our earnings is not the gold price itself -- it is the regulated service charge model under the Pawnbrokers Act 1972, which provides a stable, recurring income stream that is not directly exposed to short-term commodity price swings. The fully secured nature of our loan book and our disciplined approach to collateral valuation underpin the resilience of this model across market cycles.

A YEAR OF STRATEGIC MOMENTUM

Against this favourable backdrop, Pappajack made meaningful progress in FY2025 -- on both the financial and strategic fronts. Our management team, led by Group Chief Executive Officer Jack Lim, executed with discipline, translating market conditions into consistent topline growth and improved profitability. Gross profit margins expanded during the year, reflecting improved operational efficiency and a more productive business mix. The Board maintained a quarterly dividend programme throughout FY2025, consistent with our commitment to delivering regular and sustainable returns to shareholders. Full details of the Group's financial performance are set out in the Management Discussion and Analysis section of this Annual Report.

Our conventional pawnshop network grew to 53 outlets by year-end, spanning Selangor, Kuala Lumpur, Pulau Pinang, Johor, Perak, Pahang, Malacca, Kedah and Negeri Sembilan. This includes two outlets acquired in the Northern region during the first half of the year -- a transaction that reflects our ongoing strategy of disciplined, targeted network expansion. Scale matters in this business: it broadens our customer reach, deepens brand recognition, and creates operational leverage that smaller, independent operators cannot replicate.

The most significant strategic development of FY2025 was the launch of our Ar-Rahnu (Islamic pawnbroking) segment. By the end of the year, we had established six Ar-Rahnu outlets, marking our entry into a complementary, Shariah-compliant market that serves a distinct and growing segment of Malaysian consumers. Malaysia's Islamic finance ecosystem is mature and well-supported by regulatory infrastructure, and we see meaningful long-term growth potential in this segment. It is also a natural extension of our inclusive growth agenda -- extending accessible, fast financing to communities that may prefer or require Shariah-compliant alternatives.

OUTLOOK: EXPANDING OUR REACH, UPHOLDING OUR STANDARDS

Entering 2026, we are cautiously optimistic. Malaysia's economic trajectory remains broadly positive, consumer activity is firm, and the structural case for accessible, asset-backed financing continues to strengthen as the micro-enterprise and informal economy segments grow. Gold prices remain elevated in both US dollar and Ringgit terms, though we remain watchful of the global forces -- monetary policy shifts, geopolitical developments, and trade policy uncertainty -- that could influence commodity markets and, in turn, collateral values.

Our strategic priorities for 2026 are clear. We will continue to expand our branch network in a disciplined and capital-efficient manner, targeting locations where customer demand and competitive dynamics support a strong return on investment. We will invest in scaling the Ar-Rahnu segment into a meaningful earnings contributor. We will continue investing in technology, digital systems, and staff capability to improve customer experience and operational productivity. And we will maintain the compliance, governance, and risk management standards that define our identity as Malaysia's pioneering listed pawnbroker -- including our obligations under the Pawnbrokers Act 1972, our Know Your Customer requirements, and our anti-money laundering framework as prescribed by Bank Negara Malaysia.

CHAIRMAN'S STATEMENT

(Cont'd)

We will not chase growth at the expense of quality. Our loan portfolio will remain prudently managed, our collateral valuation processes rigorous, and our customer relationships grounded in trust and transparency. These are not merely aspirations -- they are the operating principles upon which Pappajack has built its reputation and upon which sustainable value creation depends.

APPRECIATION

On behalf of the Board of Directors, I extend my sincere gratitude to our management team and every member of staff across our 53 conventional outlets and 6 Ar-Rahnu branches. Your professionalism, dedication, and commitment to serving our customers with integrity is the foundation of everything we achieve.

To our customers: thank you for your continued trust and patronage. You are the reason we exist. To our regulators -- the Ministry of Local Government Development (KPKT) -- we remain fully committed to operating in compliance with all applicable regulations and guidelines, and we appreciate your continued stewardship of this sector.

And to our shareholders: we are building a business designed to endure and to grow. We look forward to continuing this journey with you, and to delivering the sustained value you deserve.

Chong Chee Fire
Chairman

MANAGEMENT DISCUSSION & ANALYSIS

OUR BUSINESS AT A GLANCE

Who we are and how we create value

Pappajack Berhad (“Pappajack” or “the Company”) is an investment holding company listed on the Main Market of Bursa Malaysia Securities Berhad. Through our subsidiaries (collectively referred to as “the Group”), we operate one of the largest independent pawnbroking networks in Peninsular Malaysia, providing accessible, collateral-based short-term financing to individuals and small businesses, together with complementary gold trading operations.

Our business sits at the intersection of financial inclusion, gold-backed lending and retail operations. Through our dual-model network of conventional and Shariah-compliant (Ar-Rahnu) pawnbroking outlets, we offer quick, convenient financing alternatives for customers who may be underserved by traditional banking channels, whilst simultaneously operating a disciplined, collateral-driven loan book that remains fully secured against gold items. The financial year ended 31 December 2025 (“FY2025” or “FY25”) represents the Group’s first full year of operations as a Main Market issuer following our transfer from the ACE Market on 22 November 2024.

Business Model

Our operations are organised around two mutually reinforcing revenue streams that together form an integrated gold-backed lending and trading model:

Segment	How we earn	FY25 revenue share
Pawnbroking Interest Charges	Interest income earned on short-term, gold-collateralised loans extended to pawners through our conventional and Ar-Rahnu outlets. Contract tenures are short (typically six months, renewable) and the portfolio turns over rapidly.	40.0%
Sale of Unredeemed or Bid Pledges	Sale to scrap collectors and institutional buyers of gold pledges that have not been redeemed or renewed by customers at maturity. Revenue is anchored to prevailing market gold prices at the time of sale.	60.0%

Our Network

As at 31 December 2025, the Group operated a total of 59 licensed pawnbroking outlets across Peninsular Malaysia, an expansion of 37.2% from 43 outlets a year earlier. Our network comprised:

- 53 conventional pawnbroking outlets licensed by the Kementerian Perumahan dan Kerajaan Tempatan (“KPKT”) under the Pawnbrokers Act 1972; and
- 6 Ar-Rahnu outlets offering Shariah-compliant pawnbroking services — a new business line successfully launched during FY2025.

FY2025 at a Glance

Our year in six numbers

Revenue RM133.7m ▲ +13.4% YoY	Profit After Tax RM28.0m ▲ +16.7% YoY	Earnings Per Share 3.65 sen ▲ +17.0% YoY
Gross Profit Margin 42.5% ▲ +3.9 ppt	Outlet Network 59 ▲ +16 outlets	Dividend Declared 1.75 sen ▲ +0.75 sen vs FY24

MANAGEMENT DISCUSSION & ANALYSIS

(Cont'd)

Key Achievements in FY2025

- Completed our first full financial year as a Main Market-listed issuer, reinforcing our institutional profile and broadening access to capital.
- Grew our pledged loan book by RM92.7 million (+35.7%) to RM352.3 million, supported by strong underlying customer demand and favourable gold price dynamics.
- Expanded our outlet network from 43 to 59 through a combination of organic openings and strategic acquisitions of two operating outlets in Northern Malaysia.
- Successfully launched Ar-Rahnu as a new Shariah-compliant business line, opening 6 outlets during the year.
- Commenced the Group's inaugural share buy-back programme pursuant to shareholder authority, acquiring treasury shares totalling RM1.14 million.
- Declared total dividends of 1.75 sen per share in respect of FY2025 (FY2024: 1.00 sen), representing a dividend payout ratio of 48.0%.

STRATEGIC REVIEW

Our roadmap and how we delivered in FY2025

The Group's long-term strategy is anchored on five pillars that together create a defensible and scalable gold-backed financial services franchise in Peninsular Malaysia. The table below outlines our strategic priorities, the progress delivered during the year under review, and the forward agenda for FY2026.

Strategic Pillar	FY2025 Delivery	FY2026 Forward Agenda
Network Expansion	Grew footprint from 43 to 59 outlets (+37.2%). Completed acquisition of two operating outlets in Kedah and acquired six private companies earmarked as vehicles for future branch roll-out.	Continue disciplined expansion targeting under-served catchments in Peninsular Malaysia, with priority given to locations that meet our minimum return-on-capital threshold.
Product Diversification (Ar-Rahnu)	Launched Ar-Rahnu as a new business line, opening 6 Shariah-compliant outlets before year end.	Scale Ar-Rahnu network and deepen Islamic financing expertise to capture the structural growth in Malaysia's Shariah-compliant financial services market.
Loan Book Growth & Quality	Trade receivables increased by 35.7% to RM352.3 million. Maintained our high pledge redemption and renewal rate, demonstrating credit quality.	Continue selective deployment of capital into the pledged loan book while maintaining conservative loan-to-value margins and rigorous pledge assessment standards.
Operational Excellence & Technology	Invested in outlet infrastructure and systems upgrades; strengthened anti-money laundering ("AMLA") controls and internal audit cadence.	Accelerate digital enablement of customer onboarding, pledge management and MIS reporting; roll out group-wide risk and compliance platform.
Capital Management & Shareholder Returns	Declared four interim dividends totalling 1.75 sen per share (FY24: 1.00 sen). Initiated inaugural share buy-back programme (RM1.14m). Raised revolving credit facilities to fund loan book growth, with debt/equity at 0.42x (within 0.50x covenant).	Maintain progressive dividend track record. Continue active capital management, including ongoing share buy-back execution where market conditions support. Preserve balance-sheet headroom to fund growth.

MANAGEMENT DISCUSSION & ANALYSIS

(Cont'd)

FINANCIAL REVIEW

Results of operations for FY2025

The Group achieved another year of broad-based financial progress in FY2025, with revenue, gross profit, operating profit, profit before tax and profit after tax all recording double-digit growth. This performance was underpinned by a larger pledged loan book, favourable gold price dynamics, margin expansion in our auction segment, and disciplined operating cost management, partially offset by higher finance costs associated with the drawdown of revolving credit facilities to fund loan book growth.

Income Statement Summary

RM'000	FY2025	FY2024	Change	% Change
Revenue	133,745	117,948	+15,797	+13.4%
Cost of sales	(76,919)	(72,389)	(4,530)	+6.3%
Gross profit	56,826	45,559	+11,267	+24.7%
Other income	525	253	+272	+107.5%
Administrative expenses	(11,728)	(10,590)	(1,138)	+10.7%
Operating profit	45,623	35,222	+10,401	+29.5%
Net finance costs	(5,143)	(1,639)	(3,504)	+213.8%
Profit before tax	40,480	33,583	+6,897	+20.5%
Income tax expense	(12,460)	(9,582)	(2,878)	+30.0%
Profit after tax	28,020	24,001	+4,019	+16.7%
Basic & diluted EPS (sen)	3.65	3.12	+0.53	+17.0%

Revenue (+13.4%)

Group revenue rose by RM15.8 million to RM133.7 million, driven primarily by the continuing growth of our pawnbroking interest charges segment. Revenue from pawnbroking interest charges (inclusive of administrative fees) increased by 24.9% to RM53.5 million, reflecting: (i) a materially larger pledged loan book as we expanded our outlet network and deployed incremental capital; (ii) higher average loan amounts granted per pledge against the backdrop of rising gold prices; and (iii) sustained underlying demand for short-term collateral-based financing. Revenue from the sale of unredeemed or bid pledges grew by 6.8% to RM80.2 million, supported by higher realised prices on auctioned gold.

Gross Profit & Margin (+24.7% / +3.9 ppt)

Gross profit increased by RM11.3 million to RM56.8 million, with the gross profit margin expanding by 3.9 percentage points to 42.5%. Margin expansion was driven overwhelmingly by our auction segment, where the gross profit margin rose from 17.4% to 20.5% as a result of favourable gold price realisations. Our pawnbroking segment continued to deliver a consistently strong margin of 75.5%, broadly in line with prior year.

Operating Profit (+29.5%)

Operating profit (before finance costs) rose to RM45.6 million. Operating leverage was positive: gross profit growth of 24.7% was supported by controlled operating cost inflation, with administrative expenses rising by 10.7% to RM11.7 million, below revenue growth. The step-up in administrative costs reflects the operating cost associated with newly opened and newly acquired outlets. Depreciation rose in line with our expanded outlet base.

Finance Costs (+213.8%)

Net finance costs rose from RM1.6 million to RM5.1 million, primarily reflecting the higher level of revolving credit drawdown used to fund loan book expansion. This is a structural feature of a growing gold-backed lending business and is managed against highly liquid gold-secured receivables. Notwithstanding the step-up in financing expense, net interest cover (operating profit to net finance costs) remained comfortable at 8.9 times.

MANAGEMENT DISCUSSION & ANALYSIS

(Cont'd)

Profit After Tax & EPS (+16.7% / +17.0%)

Profit after tax reached RM28.0 million, with basic and diluted earnings per share rising to 3.65 sen. The effective tax rate was 30.8% (FY2024: 28.5%), marginally above the Malaysian statutory rate, primarily reflecting certain non-deductible expenses.

Segmental Performance

The Group reports two operating segments, consistent with MFRS 8 Operating Segments and how results are reviewed by the Managing Director as chief operating decision maker. The segmental performance table below draws on the notes to the audited financial statements.

RM'000	Pawnbroking Interest	Sale of Unredeemed/ Bid Pledges	Total FY25	Total FY24
Revenue	53,545	80,200	133,745	117,948
Segment gross profit	40,417	16,409	56,826	45,559
Segment GP margin	75.5%	20.5%	42.5%	38.6%
Share of GP (FY25)	71.1%	28.9%	100.0%	–
Share of GP (FY24)	71.4%	28.6%	–	100.0%

Pawnbroking Interest Charges

The pawnbroking interest charges segment recorded revenue of RM53.5 million (FY2024: RM42.9 million) and segment gross profit of RM40.4 million (FY2024: RM32.5 million), corresponding to growth of 24.9% and 24.3% respectively. Segment gross profit margin remained robust at 75.5%, reflecting the resilient underlying yield of our pledged loan portfolio, combined with continued strong pledge redemption and renewal rates. This segment remains the strategic core of our franchise — it generates a recurring interest-bearing asset base, strong customer retention through repeat pledges, and stable high-margin returns.

Sale of Unredeemed or Bid Pledges

Revenue from the sale of unredeemed or bid pledges grew by 6.8% to RM80.2 million, with segment gross profit rising by 25.9% to RM16.4 million. Segment gross profit margin expanded by 3.1 percentage points to 20.5%, reflecting favourable gold price realisations at the time of auction. Although pledge redemption rates remain high — which limits volume flowing into this segment — the elevated gold price environment meant that the residual pledges that did proceed to sale commanded stronger pricing. Two major customers accounted for approximately RM46.9 million of the segment's revenue in FY2025; the Group continues to progressively broaden its pool of qualified gold buyers to reduce concentration risk.

MANAGEMENT DISCUSSION & ANALYSIS

(Cont'd)

FINANCIAL POSITION & CASH FLOWS

Balance sheet strength and capital resources

Balance Sheet Overview

RM'000	31 Dec 2025	31 Dec 2024	Change
Property, plant & equipment	27,820	16,353	+70.1%
Goodwill	3,809	–	n/m
Investment property	1,250	1,269	-1.5%
Total non-current assets	32,879	17,622	+86.6%
Trade and other receivables (pledged loans)	355,296	263,278	+35.0%
Inventories	4,151	5,139	-19.2%
Cash and bank balances	22,392	18,409	+21.6%
Current tax assets	1,319	783	+68.5%
Total current assets	383,158	287,609	+33.2%
TOTAL ASSETS	416,037	305,231	+36.3%
Share capital	211,699	211,699	–
Treasury shares	(1,135)	–	n/m
Reorganisation deficit	(11,518)	(11,518)	–
Reserves & retained earnings	78,983	62,155	+27.1%
TOTAL EQUITY	278,029	262,336	+6.0%
Loans and borrowings (non-current)	16,061	8,925	+79.9%
Loans and borrowings (current)	119,470	32,501	+267.6%
Other liabilities	2,477	1,470	+68.5%
TOTAL LIABILITIES	138,008	42,896	+221.7%

Assets

Total assets grew by 36.3% to RM416.0 million, with the expansion predominantly reflected in our pledged loan book. Trade and other receivables (substantively comprising gold-secured pawn loans) rose by RM92.0 million, or 35.0%, to RM355.3 million. This reflects the combined effect of: (a) a larger outlet network generating more pledge-based loan originations; (b) higher average loan amounts extended per pledge in response to elevated gold prices; and (c) customer retention through renewal of existing pledges.

Non-current assets increased to RM32.9 million, reflecting RM3.8 million of goodwill arising from the acquisition of eight subsidiaries during the year and an RM11.5 million increase in property, plant and equipment associated with new outlet fit-outs (including right-of-use assets), refurbishments, and outlet equipment upgrades.

Liabilities and Funding

The RM95.1 million increase in total liabilities to RM138.0 million reflects the deliberate drawdown of additional revolving credit facilities to fund the growth of our pledged loan book. Total borrowings rose to RM135.5 million (FY2024: RM41.4 million). This is consistent with our strategy of matching short-tenor, gold-secured receivables against short-tenor committed bank facilities, which is the most capital-efficient way to fund the business at our stage of growth. The Group's debt-to-equity ratio stood at 0.42 times, remaining comfortably within the 0.5x covenanted threshold maintained with our principal banker.

MANAGEMENT DISCUSSION & ANALYSIS

(Cont'd)

Equity

Shareholders' equity strengthened to RM278.0 million as retained earnings grew by RM16.5 million, representing profit for the year of RM28.0 million less dividends paid of RM11.5 million. The Group commenced its inaugural share buy-back programme, resulting in treasury shares of RM1.1 million, and recorded an increase of RM0.3 million in the share-based payment reserve from options granted under the existing employee share option scheme.

Cash Flow Summary

RM'000	FY2025	FY2024
Operating profit before working-capital changes	50,517	39,324
Working capital – growth in pledged loan book	(85,728)	(47,523)
Working capital – other movements	770	944
Interest received	87	153
Income taxes paid	(11,668)	(10,903)
Net cash used in operating activities	(46,022)	(18,005)
Net cash used in investing activities	(15,971)	(1,706)
Net cash from / (used in) financing activities	65,976	(11,662)
Net increase / (decrease) in cash and cash equivalents	3,983	(31,373)
Cash and cash equivalents at year end	22,392	18,409

The Group generated strong operating cashflows before working-capital movements of RM50.5 million (FY2024: RM39.3 million), a 28.5% increase that mirrors our underlying earnings momentum. In line with our deliberate growth strategy, RM85.7 million of operating cash was redeployed into the pledged loan book. Investing activities of RM16.0 million comprised RM10.8 million in net cash outflows for subsidiary acquisitions and RM5.2 million in capital expenditure for new outlet build-outs and existing outlet refurbishments. Financing activities generated net inflows of RM66.0 million, primarily from the drawdown of revolving credit facilities, after deducting dividend payments of RM11.5 million, lease payments of RM2.5 million, the share buy-back of RM1.1 million, interest paid of RM5.2 million, and term loan repayments.

Closing cash and cash equivalents stood at RM22.4 million, representing a 21.6% increase year-on-year, with additional undrawn committed facilities available to support continued organic and inorganic growth.

Key Financial Ratios

Ratio	FY2025	FY2024	Observation
Gross profit margin	42.5%	38.6%	Margin expansion driven by auction segment
Operating profit margin	34.1%	29.9%	Strong operating leverage
Net profit margin	21.0%	20.3%	Stable profitability
Return on equity (average)	10.4%	9.5%	Improving returns on capital
Return on assets	6.7%	7.9%	Temporarily diluted by balance-sheet expansion
Net assets per share (RM)	0.36	0.34	Progressive book value growth
Debt-to-equity ratio	0.42x	0.12x	Within 0.50x bank covenant
Current ratio	3.14x	8.47x	Reflects deliberate short-term funding structure
Dividend payout ratio	48.0%	32.0%	Progressive shareholder returns

MANAGEMENT DISCUSSION & ANALYSIS

(Cont'd)

CAPITAL MANAGEMENT & SHAREHOLDER RETURNS

How we allocate capital across growth, debt and dividends

The Group's approach to capital management is designed to balance three objectives: (i) preserving balance-sheet resilience; (ii) deploying capital efficiently into the highest-returning uses (principally our pledged loan book and outlet expansion); and (iii) returning surplus capital to shareholders through dividends and share buy-backs.

Funding Architecture

Our funding structure is built around two complementary layers:

1. Equity base of RM278.0 million, which provides a permanent, cost-efficient capital foundation and supports our balance-sheet gearing capacity; and
2. Revolving credit facilities and term loans totalling RM117.4 million, deployed specifically to fund the growth of our short-tenor, gold-secured pledged loan book. These facilities are well-matched in tenor to the underlying assets they finance.

The Board reviews the Group's funding structure at each board meeting and retains flexibility to raise additional equity, debt or hybrid capital as appropriate to support the Group's growth ambitions.

Dividends

While the Company has not adopted a formal dividend policy, the Board seeks to reward shareholders with progressive dividend distributions that are consistent with the Group's financial performance, cash flow position, capital expenditure requirements, and strategic plans. In respect of FY2025, the Board declared four single-tier interim dividends totalling 1.75 sen per ordinary share:

Dividend	Amount	Total Distribution (RM)	Declaration Date	Payment Date
First interim	0.50 sen	3,841,000	27 May 2025	24 Jun 2025
Second interim	0.50 sen	3,841,000	25 Aug 2025	26 Sep 2025
Third interim	0.50 sen	3,841,000	24 Nov 2025	23 Dec 2025
Fourth interim	0.25 sen	1,920,500	27 Feb 2026	31 Mar 2026
Total	1.75 sen	13,443,500	-	-

The aggregate FY2025 distribution of 1.75 sen per share represents a dividend payout ratio of approximately 48.0% of profit after tax (FY2024: 32.0%). This reflects a more progressive dividend posture, balancing reinvestment into the Group's growth opportunities with an expanded return of capital to shareholders.

Share Buy-back Programme

At the Annual General Meeting during the financial year, shareholders renewed the authority granted to the Board to buy back ordinary shares representing up to 10% of the Company's issued share capital. Pursuant to this authority, the Company executed its inaugural share buy-back during FY2025, acquiring ordinary shares at a total consideration of RM1,135,230, which are held as treasury shares as at the reporting date. The Board will continue to exercise this authority prudently, taking into account prevailing market conditions, trading liquidity and the Company's capital position.

MANAGEMENT DISCUSSION & ANALYSIS

(Cont'd)

RISK MANAGEMENT

Our principal risks and how we mitigate them

The Group operates in a regulated industry involving cash, valuable collateral and commodity price risk. The Board, through the Audit and Risk Management Committee, maintains oversight of the Group's risk management framework. The principal risks we monitor, together with the mitigating actions in place, are summarised below.

Risk Area	Description	Mitigation
Regulatory & Licensing	Our pawnbroking operations are licensed by the KPKT under the Pawnbrokers Act 1972, and Ar-Rahnu outlets are subject to separate licensing requirements. Non-compliance, legislative changes or failure to renew licences may restrict operations or increase operating costs.	Dedicated compliance function; ongoing engagement with regulators; standard operating procedures across the outlet network; internal audit reviews; proactive monitoring of legislative changes.
Commodity Price (Gold)	Pledge values and realisations on unredeemed pledges are directly influenced by gold price movements. A sharp or sustained downward move could compress margins and depress customer redemption rates.	Conservative loan-to-value margins on pledge assessments; dynamic revaluation of collateral; diversified pool of scrap collectors and institutional gold buyers; short loan tenors that enable periodic repricing.
Liquidity & Funding	Our business requires substantial working capital to extend pawn loans. Access to, and the cost of, committed bank facilities is critical to our ability to grow and operate.	Diversified banking relationships and multiple committed revolving credit facilities; ongoing cashflow forecasting; maintenance of undrawn headroom; debt-to-equity covenant compliance (0.49x vs 0.50x limit).
Credit & Counterparty	A portion of revenue in our auction segment is concentrated with two major customers. Loss of either could adversely affect auction timing or pricing. Credit risk on pawn loans themselves is mitigated by full gold collateralisation.	Progressive broadening of the qualified buyer pool; regular counterparty credit assessment; back-up buyer relationships; transaction-level monitoring.
Operational & People	The quality of pledge assessments, customer service and cash handling depends on the skill, reliability and integrity of our outlet personnel. Outlet-level fraud, handling errors or theft represent operational risks.	Robust recruitment procedures; ongoing training and certification; performance-linked remuneration; segregation of duties at outlet level; surprise audits and stock-takes; CCTV and vault infrastructure; whistleblowing policy.
AML & Illicit Transactions	Risk of our services being used for money laundering, terrorism financing or transactions involving stolen valuables.	KYC and customer identification procedures at every transaction; transaction monitoring; staff training on AML; independent internal control advisory reviews; cooperation with law enforcement authorities.
Cybersecurity & IT	As digital customer and back-office systems scale, the Group is exposed to data security, system availability and cyber intrusion risks.	IT security policies and perimeter controls; regular patching and vulnerability scanning; staff awareness programmes; data backup and business continuity arrangements.
Macroeconomic & Market	Demand for pawnbroking services is influenced by macroeconomic conditions, cost-of-living pressures, interest rates and consumer sentiment.	Counter-cyclical demand characteristics of pawnbroking; diversified geographic spread across Peninsular Malaysia; scalable cost structure that can flex with activity levels.

MANAGEMENT DISCUSSION & ANALYSIS

(Cont'd)

OUTLOOK

What we expect in FY2026 and beyond

The outlook for the Malaysian pawnbroking industry and for the Group remains constructive. Short-term micro-lending secured by gold collateral continues to serve a structurally underserved customer base that is not fully addressed by traditional banking institutions. Growing public acceptance of pawnbroking as a legitimate financial service, combined with the expanding Ar-Rahnu ecosystem in Malaysia, provides the industry with multiple avenues for continued growth.

Industry Backdrop

Gold prices — the single most important exogenous variable influencing our business — continued to trend upwards during FY2025, reaching fresh all-time highs in Malaysian ringgit terms during the fourth quarter. Looking ahead, we expect gold prices to remain elevated in the near to medium term, supported by persistent global macroeconomic and geopolitical uncertainty, continued central-bank gold accumulation, sustained inflationary pressures, and the asset's entrenched role as a safe-haven store of value. We do not attempt to forecast gold prices and our business strategy is designed to perform in a range of gold price scenarios; however, a supportive gold-price environment amplifies the earnings power of both of our operating segments.

On the demand side, Malaysian consumers continue to look for accessible short-term financing alternatives. The Malaysian Government's continuing focus on financial inclusion and on the development of Shariah-compliant financial services is consistent with the expansion of regulated pawnbroking and Ar-Rahnu networks.

Strategic Priorities for FY2026

Against this backdrop, the Group's strategic priorities for FY2026 are as follows:

1. Continue disciplined network expansion — targeting selective new outlet openings and acquisitions in catchments that meet our minimum return-on-capital threshold. We intend to leverage the six dormant subsidiaries acquired during FY2025 as licensing vehicles to accelerate new branch roll-out.
2. Scale the Ar-Rahnu network — building on the foundation laid during FY2025, we plan to continue expanding our Ar-Rahnu outlet footprint and deepening our Shariah-compliant financing capability.
3. Grow the pledged loan book prudently — maintaining conservative loan-to-value margins, rigorous pledge assessment standards, and a disciplined matching of committed funding facilities against receivables.
4. Invest in technology and operational excellence — advancing the digital enablement of customer onboarding, pledge management, and management information systems, and continuing to strengthen our compliance and internal control frameworks.
5. Continue active capital management — maintaining a progressive dividend track record, exercising the share buy-back authority prudently where appropriate, and preserving balance-sheet flexibility to support future growth.

MANAGEMENT DISCUSSION & ANALYSIS

(Cont'd)

Known Trends, Events and Uncertainties

Save as disclosed elsewhere in this Annual Report, the Directors are not currently aware of any trends, events or uncertainties — other than those typical of the operating environment described in the Risk Management section above — that are expected to have a material effect on the Group's operations, performance, financial condition or liquidity. We will continue to monitor macroeconomic, regulatory and gold-market developments, and will communicate any material changes to the market through Bursa Malaysia announcements and the Company's investor relations channels.

Forward-Looking Statements

This Management Discussion and Analysis contains forward-looking statements regarding the Group's strategy, financial position, prospects and outlook. Such statements are based on the Directors' and management's current expectations and reasonable assumptions, and are subject to a range of risks, uncertainties and other factors — including those described in the Risk Management section — that may cause actual results, performance or achievements to differ materially from the views expressed or implied. Shareholders and investors are advised to treat these statements with appropriate caution, to consider the principal risks set out in this Annual Report, and to make their own assessment of the Group's prospects. The Group does not undertake any obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by applicable laws or by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

SUSTAINABILITY STATEMENT

About This Report

CHARTING PAPPAJACK BERHAD'S PATH TO SUSTAINABILITY

Our Journey at a Glance

This Sustainability Statement presents Pappajack Berhad's economic, environmental, social and governance ("EESG") priorities, initiatives, performance and commitments for the financial year ended 31 December 2025. It reflects the Group's commitment to integrating sustainability into its strategy, operations and decision-making while creating long-term value for stakeholders.

The Statement outlines the Group's sustainability governance structure, comprising the Board, Management and relevant functional personnel, and describes how sustainability matters are overseen, monitored and embedded in day-to-day operations.

During the year, the Group continued to focus on its most significant sustainability matters: managing regulatory compliance and changes, ethics and integrity, and security and loss prevention. These priorities remain central to responsible business conduct, operational resilience and stakeholder confidence.

Outlet security remained a key operational priority, supported by 24-hour CCTV surveillance, central monitoring systems and jeweller's block insurance coverage. Across FY2022 to FY2025, the Group reported zero incidents of burglary, theft or robbery at its pawnbroking outlets.

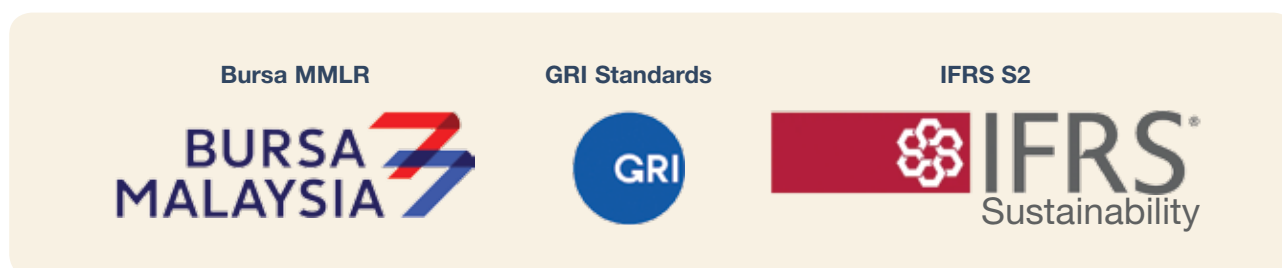
Reporting Scope, Frequency and Boundaries

This Sustainability Statement covers the Group's Malaysian pawnbroking operations for the period from 1 January 2025 to 31 December 2025 and is published annually following the Group's financial year.

The reporting boundary comprises Pappajack Berhad ("Pappajack" or "the Company") as the investment holding entity and its operating subsidiaries, which manage the Group's 53 conventional pawnshops under the Kementerian Perumahan dan Kerajaan Tempatan ("KPKT") and 6 Ar-Rahnu pawnshops (Shariah-compliant).

Reporting Frameworks and Standards

This Sustainability Statement has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and with reference to Bursa Malaysia's Sustainability Reporting Guide and Toolkits (3rd Edition), the GRI Standards and IFRS S2, where relevant.



Data Validation and Assurance

This Sustainability Statement has not undergone external assurance. Information and performance data presented in this Statement have been compiled from internal records and reviewed for accuracy.

SUSTAINABILITY STATEMENT

(Cont'd)

Responding to the Statement

Pappajack welcomes stakeholder feedback to support the continuous improvement of its sustainability reporting and practices. Enquiries may be directed to:

Pappajack Berhad

Head Office : 11B, Jalan TK1/11A, Taman Kinrara Seksyen 1, 47180 Puchong, Selangor
 Tel : (603) 8080 4884
 Email : enquiry@pappajack.com.my

Business Model and Operating Context

Pappajack Berhad is an investment holding company whose subsidiaries principally provide licensed pawnbroking services across Malaysia. Each outlet operates under the regulatory framework, Pawnbrokers Act 1972 for conventional pawnshop and Shariah rulings for Ar-Rahnu pawnshop, making licence stewardship, customer verification, ethics, anti-money laundering controls and secure custody of pledged items central to long-term value creation.

As at 31 December 2025, the Group operated 59 outlets. The Group’s revenue model comprises pawnbroking interest charges and the sale of unredeemed or bid pledges, supported by disciplined gold-price management, liquidity oversight, customer trust and strong internal controls.

Sustainability Governance, Stakeholder Engagement and Material Topics

The Board retains overall responsibility for sustainability direction and oversight. The Group’s corporate governance structure is supported by the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee. In FY2024, the Group also conducted an annual enterprise risk assessment, reinforcing the link between sustainability management, risk oversight and business continuity.

Pappajack’s sustainability priorities reflect the realities of a regulated service business: compliance, ethics, customer protection, workforce management, local sourcing, community support and measured control of a relatively light environmental footprint. These remain relevant focus areas for FY2025.

Governance for Scale, Trust and Reporting Readiness

Pappajack Berhad has put in place a sustainability governance structure that embeds accountability across the Board, Management and Functional Personnel. This is important for a distributed business model that operated 59 outlets at year-end, where consistent execution, customer trust, regulatory discipline and secure branch operations are fundamental to long-term value creation.

The Group’s top material sustainability matters include managing regulatory compliance and changes, ethics and integrity, and security and loss prevention. Sustainability- and climate-related risks are also integrated into the Group’s risk register. Following the transfer to Bursa Malaysia’s Main Market, this governance structure also provides a practical foundation for more disciplined oversight of the National Sustainability Reporting Framework (NSRF), including data quality, internal controls, reporting boundaries and disclosure readiness.

VALUE-ADDED GOVERNANCE HIGHLIGHTS

- A governance structure scaled to a growing branch network and customer-facing operations.
- Clear alignment to the Group’s most significant material matters and risk-management priorities.
- Enhanced oversight of NSRF implementation with stronger focus on data discipline, internal controls and assurance readiness.

SUSTAINABILITY STATEMENT

(Cont'd)



BOARD

- Holds ultimate accountability for sustainability strategy, governance, policies and disclosures.
- Provides leadership on the integration of sustainability into business decisions and oversight of material matters.
- Oversees management's identification and management of sustainability-related risks and opportunities, including NSRF readiness.
- Reviews significant judgments, internal controls, reporting boundaries, disclosure readiness and report approval.



MANAGEMENT

- Translates Board direction into implementation plans, governance processes and operating priorities.
- Coordinates cross-functional execution of sustainability initiatives, data collection, validation and reporting timelines.
- Integrates sustainability- and climate-related risks into the risk register and decision-making processes.
- Reviews disclosure quality and escalates progress, key issues and recommendations to the Board.



FUNCTIONAL PERSONNEL

- Implement sustainability initiatives, controls and operating practices at outlet and corporate levels.
- Own, collect and validate relevant sustainability data, while maintaining supporting records and evidence trails.
- Identify incidents, risks, opportunities and process improvements within their respective functions.
- Contribute to NSRF and assurance readiness through accurate, timely and traceable reporting.

Oversight of NSRF Implementation

To strengthen readiness under Malaysia's phased NSRF adoption, the Group applies its existing sustainability governance structure across four interrelated oversight areas. This provides a clear operating model for management action, Board oversight and progressively stronger disclosure quality.

1. Governance and accountability

- Keep Board oversight and Management accountability for sustainability-related decisions visible and documented.
- Assign clear owners for each material matter, key metric and reporting workstream.
- Integrate sustainability governance into standing management and Board reporting rhythms.

2. Materiality, risk and financial linkage

- Refresh material sustainability-related risks and opportunities as business conditions evolve.
- Link risks and opportunities to branch operations, customer trust, revenue resilience, cost exposure and capital decisions.
- Track significant judgments and assumptions used in sustainability-related financial disclosures.

3. Data, systems and internal controls

- Define reporting boundaries, methodologies, assumptions and source owners for each disclosed metric.
- Maintain supporting evidence trails and review protocols to improve data reliability and traceability.
- Escalate control gaps, restatements or methodological changes promptly for management review.

4. Disclosure, capability and assurance readiness

- Plan adoption in line with the applicable NSRF phase and available transition reliefs.
- Build capability across finance, operations, compliance and data owners to support IFRS S1 & S2 aligned reporting.
- Improve readiness for future assurance over sustainability information, including GHG metrics where applicable.

SUSTAINABILITY STATEMENT

(Cont'd)



Stakeholder Engagement

Meaningful stakeholder engagement is fundamental to Pappajack Berhad’s ability to operate responsibly, sustain growth and respond to evolving economic, regulatory, social and governance expectations. As a listed pawnbroking group, the Company adopts structured two-way engagement channels that enable stakeholders to share feedback, raise concerns and communicate priorities that can affect business continuity, customer trust, talent retention, market confidence and community goodwill.

During FY2025, Pappajack engaged key internal and external stakeholder groups through channels that operate on a throughout-the-year, quarterly, bi-annual, annual and as-required basis. The matrix below summarises the principal stakeholder groups, their key areas of interest and the Group’s responses.





Engagement cadence legend

[T] Throughout ongoing and continuous	[Q] Quarterly every quarter	[BA] Bi-annually twice per year	[A] Annually once per year	[AR] As required triggered by need or event
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Stakeholder	Key sustainability topics	Why this stakeholder matters	Primary engagement channels	Key areas of interest	Pappajack’s response
 Customers	<ul style="list-style-type: none"> • Security and loss prevention • Ethics and integrity • Cyber security and data privacy • Regulatory compliance 	<ul style="list-style-type: none"> • Principal source of revenue and repeat engagement • Customer trust and satisfaction affect business longevity and market reputation 	<ul style="list-style-type: none"> [T] Corporate website and digital touchpoints [AR] Media releases and service notices [AR] Targeted customer communications [T] Frontline engagement at outlets 	<ul style="list-style-type: none"> • Quick access to pledge-backed financing • Safety and security of pledged items • Fair valuation and gold price transparency • Personal data protection and service responsiveness 	<ul style="list-style-type: none"> • Maintain clear identification and transaction records through pawn tickets and internal controls • Safeguard pledged items through security measures and insurance coverage • Communicate service conditions, funding availability and customer assurance clearly
 Government and Regulators	<ul style="list-style-type: none"> • Managing regulatory compliance and changes • Ethics and integrity • Risk management • Cyber security and data privacy 	<ul style="list-style-type: none"> • Provide the legal licence to operate and set regulatory requirements • Ongoing compliance is critical to business continuity and good standing 	<ul style="list-style-type: none"> [T] Proactive consultations and information exchange [T] Regulatory reporting and statutory submissions [AR] Inspections, examinations and licence-related engagements 	<ul style="list-style-type: none"> • Compliance with laws, guidelines and licence conditions • Timely implementation of regulatory changes • Accuracy, transparency and governance discipline 	<ul style="list-style-type: none"> • Maintain disciplined compliance monitoring and timely reporting • Track regulatory developments and implement required changes promptly • Reinforce internal controls, governance and responsible business conduct

SUSTAINABILITY STATEMENT

(Cont'd)

Stakeholder	Key sustainability topics	Why this stakeholder matters	Primary engagement channels	Key areas of interest	Pappajack's response
 Shareholders and Investors	<ul style="list-style-type: none"> Business resilience Governance and ethics Managing regulatory compliance Security and loss prevention 	<ul style="list-style-type: none"> Influence access to capital and investor confidence Assess long-term value creation, resilience and management credibility 	<ul style="list-style-type: none"> [A] Annual Report including Sustainability Statement [A] Annual General Meeting and Extraordinary General Meetings [Q] Quarterly financial results announcements [AR] Corporate announcements and investor communications 	<ul style="list-style-type: none"> Financial performance, strategy and outlook Returns, resilience and opportunity management Governance quality and sustainability integration 	<ul style="list-style-type: none"> Deliver transparent and timely disclosures through formal reporting platforms Provide access to the Board and senior management at key engagement moments Communicate strategic priorities and value creation plans with clearer sustainability linkage
 Funders/Lenders	<ul style="list-style-type: none"> Regulatory compliance Ethics and integrity Security and loss prevention Business continuity 	<ul style="list-style-type: none"> Support liquidity, growth and outlet expansion through access to financial resources Can affect financing flexibility, cost of capital and strategic execution 	<ul style="list-style-type: none"> [A] Annual Report including Sustainability Statement [AR] Lender review meetings and covenant communications [Q] Quarterly results announcements [AR] Corporate announcements and financing-related engagements 	<ul style="list-style-type: none"> Financial health, cash flow and covenant compliance Borrowing costs, risk management and business continuity Governance, reputation and sustainability discipline 	<ul style="list-style-type: none"> Maintain covenant compliance and disciplined financial management Provide regular updates on corporate developments and funding strategy Demonstrate resilience, prudent risk management and transparent stewardship
 Employees	<ul style="list-style-type: none"> Labour practices and standards Employment diversity and equal opportunity Development and training Health and safety 	<ul style="list-style-type: none"> Core workforce that drives operations, customer experience and control effectiveness Employee capability, engagement and retention are essential to sustainable growth 	<ul style="list-style-type: none"> [T] Employee communications and feedback channels [BA] Engagement and dialogue sessions [A] Performance reviews [T] Training, awareness and development programmes 	<ul style="list-style-type: none"> Business performance and job security Well-being, health and safety, compensation and benefits Training, development, workplace culture and inclusion 	<ul style="list-style-type: none"> Provide a safe, respectful and supportive working environment Invest in skills development and merit-based performance management Strengthen two-way communication between management and employees
 Community	<ul style="list-style-type: none"> Community investment Local procurement Resource and waste management Inclusive growth 	<ul style="list-style-type: none"> Local communities influence the Group's social licence to operate and public trust Community perception can positively or negatively affect reputation and goodwill 	<ul style="list-style-type: none"> [T] Community engagements and dialogues [BA] Corporate Social Responsibility programmes [AR] Targeted donations, outreach and partnership activities 	<ul style="list-style-type: none"> Community support and financial assistance Local employment and economic participation Responsible corporate citizenship and social contribution 	<ul style="list-style-type: none"> Channel support to meaningful community programmes and targeted outreach Promote local procurement and local employment where feasible Maintain respectful community relationships and visible corporate citizenship

SUSTAINABILITY STATEMENT

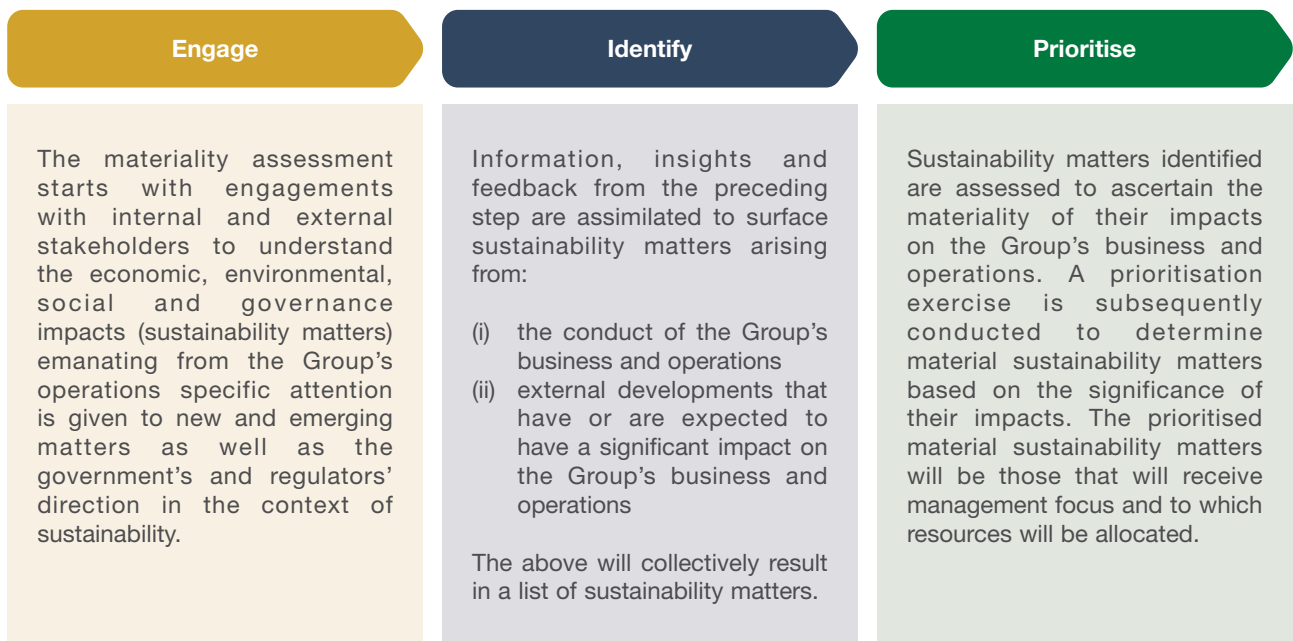
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Materiality Assessment

The Group conducts a materiality assessment each financial year to identify the economic, environmental, social, and governance impacts arising from its operations, collectively referred to as sustainability matters. These matters are then evaluated based on their relative materiality to enable the Group to prioritise management actions effectively. This process supports the prudent allocation of the Group’s resources and management attention towards sustainability matters with the most significant impacts.

To support completeness and robustness, sustainability matters identified in prior assessments are reviewed for continuing relevance, while new and emerging matters identified during the current year are also taken into consideration. The assessment also incorporates feedback gathered through stakeholder engagement to ensure that the Group’s material sustainability matters remain balanced, inclusive and reflective of stakeholder expectations.

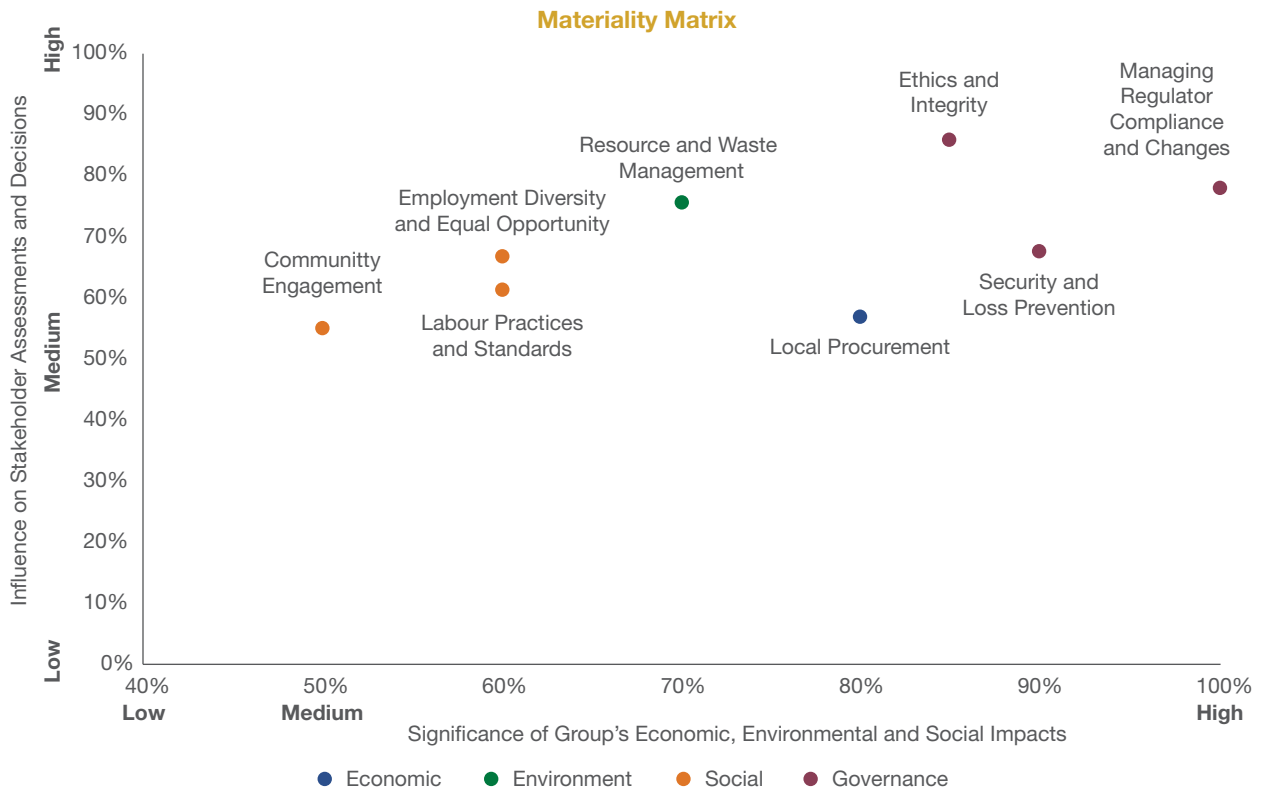
The Group’s materiality assessment follows a three-step approach of Engage, Identify and Prioritise, guided by Bursa Malaysia’s Sustainability Reporting Guide and Toolkits (3rd Edition), including the Toolkits on Stakeholder Engagement and Materiality Assessment.



SUSTAINABILITY STATEMENT

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8 sustainability material matters were identified in the current year’s materiality assessment, their relative significance and respective EESG category are depicted in the materiality matrix below.



The top three material sustainability matters, namely Managing Regulatory Compliance and Changes, Ethics and Integrity, and Security and Loss Prevention, are regarded as “significantly material” as they have the most substantial impact on Pappajack Group’s long-term business value creation and stakeholders’ interests.

SUSTAINABILITY STATEMENT

(Cont'd)

Climate-Related Risks and Opportunities (CRRO) and Scenario Analysis

The Group assessed the resilience of its strategy and business model to climate-related changes, developments and uncertainties across its licensed pawnbroking operations in Malaysia as at the FY2025 reporting date. Consistent with IFRS S2, the assessment considered climate-related risks and opportunities that could reasonably be expected to affect the Group's cash flows, access to finance or cost of capital over the current, short-term, medium-term and long-term horizons. Given Pappajack's branch-based financial services model rather than a heavy-emitting industrial profile, the scenario analysis was designed using an approach commensurate with the Group's circumstances and focused on the most relevant exposures, namely indirect transition risks, electricity and service-cost pass-through, insurance adequacy, business interruption, collateral protection and customer-demand resilience.

The scenario analysis was refreshed during the FY2025 reporting period for inclusion in this Sustainability Statement. The scope covered the Group's licensed pawnbroking operations in Malaysia, including branch operations, storage arrangements and relevant head-office oversight. The analysis used a diverse range of NGFS Phase 5 GCAM 6.0 Malaysia pathways, namely Below 2°C, NDCs, Net Zero 2050, Delayed Transition and Fragmented World, to test different transition conditions, and combined these with a qualitative assessment of Malaysia-specific physical exposures such as flooding, storms, heat, local outages and transport disruption. Among the pathways considered, Net Zero 2050 and Below 2°C were used as reference pathways aligned with the latest international agreement on climate change. These scenarios were considered relevant because they capture the principal channels through which climate-related developments could affect Pappajack's strategy and business model.

Key assumptions used in the analysis included tighter climate-related disclosure, governance and assurance expectations in Malaysia; potential carbon-cost pass-through into electricity tariffs and outsourced services; policy-rate movements signalled by the NGFS pathways; Malaysia-specific weather volatility, flood exposure and infrastructure disruption risk; continued reliance on grid electricity for branch cooling, lighting and operations; and gradual adoption of energy-efficiency, monitoring, storage-protection and resilience measures where commercially practical. FY2025 greenhouse gas emissions used as baseline context were Scope 1 emissions of 23.36 tCO₂e and Scope 2 emissions of 466.95 tCO₂e. Because purchased electricity is currently the principal emissions-related cost exposure in the Group's operating model, the carbon-cost sensitivity figures in the table are based on Scope 2 emissions.

Assessment of Climate Resilience as at the FY2025 Reporting Date

Based on the analysis performed, the Group considers its current strategy and business model to be resilient under the scenarios assessed, provided that climate-related risks continue to be managed through phased operational and capital responses rather than a fundamental redesign of the business model. The assessment does not indicate that Pappajack's core pawnbroking model becomes unviable across the assessed horizons; however, it does indicate that branch siting, outlet continuity, insurance structure, electricity efficiency, secure storage and disclosure readiness become progressively more important determinants of cost discipline, customer confidence and franchise value, especially in the medium and long term.

Significant areas of uncertainty in the resilience assessment include the future pace and form of Malaysian carbon-pricing and electricity-tariff pass-through, the timing and severity of acute weather events at specific outlets, the long-term pricing and availability of insurance, the evolution of infrastructure reliability and local recovery capability, and the pace at which commercially practical lower-emission electricity and resilience solutions become available. Because the Group's physical-risk assessment is currently qualitative rather than based on branch-level catastrophe modelling, the location-specific magnitude and timing of losses remain subject to uncertainty.

The Group's capacity to adjust or adapt is supported by the relative flexibility of a branch-based operating model: outlets can be prioritised for flood readiness, monitored centrally, retrofitted, relocated or selected with stronger resilience criteria over time; storage arrangements and recovery procedures can be strengthened; and utility, procurement and disclosure controls can be improved progressively. Based on the current assessment, the most relevant responses are expected to be manageable through ongoing operating expenditure and selective capital expenditure for branch hardening, backup systems, storage safeguards, monitoring, data governance and efficiency measures. Current and planned investment in these measures is expected to strengthen both operational resilience and strategic resilience over the short, medium and long term.

SUSTAINABILITY STATEMENT

(Cont'd)

Climate-Related Risks, Opportunities and Indicative Financial Effects Considered in the Scenario Analysis

Time horizon : 2025 (Current)	
Scenario analysis <ul style="list-style-type: none"> Carbon pricing: USD44.15/tCO₂ under Below 2°C; USD28.25/tCO₂ under NDCs; USD83.36/tCO₂ under Net Zero 2050; USD0/tCO₂ under Delayed Transition and Fragmented World. Policy-rate signal: about -0.29% to 0.00% across scenarios. 	Transition risks and the Group's response <ul style="list-style-type: none"> Policy and legal: Malaysia's NSRF adopts ISSB-based sustainability reporting as the baseline, increasing expectations for governance, climate metrics and reliable disclosure by listed issuers. Market and cost: Although Pappajack is not a heavy direct emitter, electricity tariffs, service-provider costs and future carbon-cost pass-through may still affect branch OPEX. Based on FY2025 Scope 2 emissions of 466.95 tCO₂e, the implied carbon-cost sensitivity is about USD13.2k to USD38.9k at the 2025 scenario levels. Group response: Strengthen emissions data, utility controls and climate-governance processes.
Physical risks and the Group's response <ul style="list-style-type: none"> Acute: Flooding, storms and local outages may disrupt branch access, opening hours, cash movement and pledged-item handling. Chronic: Rising temperatures and more intense rainfall may gradually increase cooling demand, maintenance cost and local disruption frequency. Group response: Pappajack already maintains CCTV, central monitoring, disaster-recovery procedures and jeweller's block insurance that covers natural-disaster-related loss or damage. The Group should continue outlet-level flood readiness and continuity planning. 	Climate-related opportunities <ul style="list-style-type: none"> Resource efficiency: Better branch energy and water controls can reduce avoidable operating cost. Resilience: Stronger flood preparedness and storage protection can improve insurer, lender and investor confidence. Market positioning: Reliable climate disclosure can strengthen the Group's standing as a well-governed listed issuer.
Financial impact <ul style="list-style-type: none"> Revenue: Low exposure, as the Group's online app allows customers to arrange repayments remotely during weather-related disruptions, reducing the impact of temporary access limitations on branch operations. OPEX: Moderate exposure from utilities, insurance, repairs and compliance preparation. CAPEX: Selective spending may be required for branch hardening, backup systems and monitoring improvements. 	

SUSTAINABILITY STATEMENT

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Time horizon : 2030 (Short-term)	
Scenario analysis	Transition risks and the Group's response
<ul style="list-style-type: none"> Carbon pricing: USD436.60/tCO₂ under Below 2°C; USD63.37/tCO₂ under NDCs; USD687.74/tCO₂ under Net Zero 2050; USD0/tCO₂ under Delayed Transition and Fragmented World. Policy-rate signal: about -0.15% to 0.20% across scenarios. 	<ul style="list-style-type: none"> Policy and legal: By 2030, tighter disclosure, assurance and climate-risk integration expectations are likely to be more embedded in Malaysia's listed-company landscape. Market and cost: At FY2025 Scope 2 emissions of 466.95 tCO₂e, the implied carbon-cost sensitivity increases to about USD29.6k under NDCs, USD203.9k under Below 2°C and USD321.1k under Net Zero 2050. Group response: Improve branch energy efficiency, consider renewable-electricity options where practical, and integrate climate considerations into outlet expansion and procurement decisions.
Physical risks and the Group's response	Climate-related opportunities
<ul style="list-style-type: none"> Acute: Flood-related disruption to outlets, logistics and staff mobility may become more frequent and costly. Chronic: Greater weather volatility can increase maintenance, transport and insurance pressure across a wider outlet network. Group response: Strengthen outlet flood mapping, business continuity, storage safeguards and natural-disaster insurance adequacy reviews, particularly as insured values grow with branch expansion. 	<ul style="list-style-type: none"> Resource efficiency: Lower electricity and water losses improve branch cost efficiency. Business resilience: Climate-ready branches can reduce interruption losses and support customer trust. Data quality: Better climate metrics can support financing dialogue and improve preparedness for future assurance needs.
Financial impact	
<ul style="list-style-type: none"> Revenue: Moderate exposure if outlet closures or lower footfall occur during severe-weather periods. OPEX: Moderate exposure from utilities, transport, maintenance, insurance and compliance. CAPEX: Moderate need for flood-resilience upgrades, backup systems and site-improvement works. 	

SUSTAINABILITY STATEMENT

(Cont'd)

Time horizon : 2040 (Medium-term)	
Scenario analysis	Transition risks and the Group's response
<ul style="list-style-type: none"> Carbon pricing: USD1,600.87/tCO₂ under Below 2°C; USD374.03/tCO₂ under NDCs; USD1,125.97/tCO₂ under Delayed Transition; USD2,832.04/tCO₂ under Net Zero 2050; USD43.30/tCO₂ under Fragmented World. Policy-rate signal: about 0.06% to 0.92% across scenarios. 	<ul style="list-style-type: none"> Policy and legal: Indirect transition costs may become more material through electricity, outsourced services, fit-out materials, logistics and insurance repricing. Market and cost: At FY2025 Scope 2 emissions of 466.95 tCO₂e, the indicative carbon-cost sensitivity rises to about USD174.7k under NDCs, USD747.5k under Below 2°C and over USD1.32 million under Net Zero 2050. Group response: Prioritise gradual efficiency improvement and avoid late, high-cost adjustment.
Physical risks and the Group's response	Climate-related opportunities
<ul style="list-style-type: none"> Acute: Severe weather may continue to disrupt outlet access, auction activities, storage logistics and asset transport. Chronic: Long-term exposure depends on whether new outlets are located and designed with stronger climate resilience in mind. Group response: Embed climate resilience into branch selection, fit-out standards, storage design and continuity planning. 	<ul style="list-style-type: none"> Resilience-led growth: A stronger branch portfolio can reduce downtime and protect pledged-item security. Cost discipline: Efficient outlets and better operating controls can moderate long-run OPEX pressure. Strategic credibility: Strong climate-risk integration can improve market confidence in the Group's governance and capital allocation.
Financial impact	
<ul style="list-style-type: none"> Revenue: Moderate to high sensitivity if branch reliability becomes a stronger competitive differentiator. OPEX: Moderate to high exposure from insurance, outsourced services, repairs and utilities. CAPEX: Higher requirement for relocation, retrofitting and resilience upgrades at vulnerable sites. 	

SUSTAINABILITY STATEMENT

(Cont'd)

Time horizon : 2050 (Long-term)	
Scenario analysis	Transition risks and the Group's response
<ul style="list-style-type: none"> Carbon pricing: USD3,415.97/tCO₂ under Below 2°C; USD678.93/tCO₂ under NDCs; USD3,012.43/tCO₂ under Delayed Transition; USD10,087.00/tCO₂ under Net Zero 2050; USD57.84/tCO₂ under Fragmented World. Policy-rate signal: about 0.22% to 0.88% across scenarios. 	<ul style="list-style-type: none"> Policy and legal: In a stricter low-carbon economy, branch buildings, outsourced services, electricity procurement and disclosure systems are likely to face structurally higher expectations. Market and cost: At FY2025 Scope 2 emissions of 466.95 tCO₂e, the indicative carbon-cost sensitivity reaches about USD317.0k under NDCs and about USD1.60 million under Below 2°C, with much higher exposure under Net Zero 2050. Group response: Maintain a long-run pathway of gradual efficiency, resilience investment and stronger data governance.
Physical risks and the Group's response	Climate-related opportunities
<ul style="list-style-type: none"> Acute: Severe events may still cause episodic business interruption and localised losses. Chronic: By 2050, branch-network resilience, collateral protection, insurance structure and recovery capability become strategic issues in a more climate-volatile environment. Group response: Continue enhancing resilient site design, secure storage, recovery arrangements and network planning. 	<ul style="list-style-type: none"> Resilience and trust: A highly reliable outlet network can strengthen customer confidence and franchise value. Operational efficiency: Low-emission, efficient outlets can protect long-term profitability. Market context: Strong gold-price conditions may support collateral values, although volatility must still be managed prudently.
Financial impact	
<ul style="list-style-type: none"> Revenue: High strategic effect as long-term earnings depend on branch continuity, customer trust and network resilience. OPEX: High long-run pressure possible from insurance, energy, maintenance and service-provider costs. CAPEX: Strategic expenditure may be required for relocation, retrofits, resilient storage and data-recovery capability. 	

Sources: IFRS S2 Climate-related Disclosures (paragraph 22 and paragraphs B1-B18); NGFS Phase 5 GCAM 6.0 Malaysia scenario; Securities Commission Malaysia/NSRF; World Bank and Bank Negara Malaysia flood-risk study; World Gold Council 2024 report.

SUSTAINABILITY STATEMENT

(Cont'd)

EESG Disclosures

Economic | Local Procurement

Why It Matters

Local procurement is material because it supports domestic value creation, reduces supply-chain friction and helps the Group maintain dependable access to the goods and services needed for daily operations and outlet expansion.

Our Approach

The Group's approach remains straightforward: source locally where possible and build practical operating relationships with domestic suppliers. For a Malaysian pawnbroking business, this is a sensible approach because most operating inputs and supporting services are not internationally complex.

Our Progress

In FY2025, spending on local suppliers remained at 100%, consistent with FY2024. This reflects the Group's continued reliance on domestic suppliers and service providers, supporting operational continuity and local economic participation.

Metric	FY2024	FY2025	Remark
Spending on local suppliers	100%	100%	Strong continuity of domestic sourcing

Way Forward

Moving forward, PAPPAJACK BERHAD remains committed to enhancing supplier management through proportionate due diligence, ongoing service quality monitoring, and periodic vendor evaluations. These efforts are intended to strengthen supply chain governance, support consistent operational standards, and reinforce the Group's commitment to responsible and sustainable business practices.

Environmental | Resource and Waste Management

Why It Matters

Although Pappajack operates in a relatively low-impact service sector, resource use still matters because electricity, water and paper consumption across a growing outlet network affect operating efficiency, cost discipline and the credibility of the Group's environmental narrative.

Our Approach

The Group's stated approach is to manage electricity and water consumption responsibly, reduce unnecessary paper usage and align basic carbon-management efforts with the scale of its business. In a pawnbroking context, this is appropriately practical rather than overly complex: disciplined utility use, awareness-building and outlet-level housekeeping remain the main levers.

Our Progress

Metric	FY2024	FY2025	Remark
Water used (ML)	4.803	5.268	Domestic-use profile remains low but should still be monitored
Total waste generated (t)	3.15	4.01	No waste diversion was recorded in FY2025

At Pappajack, responsible business growth is supported by disciplined resource management. While the Group operates in a sector with relatively low direct environmental impact, it remains committed to protecting environmental integrity, improving operating discipline and contributing meaningfully to broader climate action. Its environmental approach is grounded in practical action: responsible use of electricity and water, tighter paper consumption control, and progressively stronger visibility over emissions arising from operations. During FY2024, employees also participated in the Environmental Protection Project organised by the Earth Warriors Association.

SUSTAINABILITY STATEMENT

(Cont'd)

Electricity and Energy Consumption

Metric	FY2022	FY2023	FY2024	FY2025
Number of outlets and offices	30	37	43	59
Electricity consumption (kWh)	317,531	378,192	477,733	603,292
Electricity consumption per outlet (kWh)	10,584	10,221	11,110	10,225
Revenue (RM)	69,962,964	109,418,831	117,948,190	133,745,346
Electricity intensity (kWh per RM revenue)	0.005	0.003	0.004	0.005
Energy consumption (Megawatt)	317.53	378.19	477.73	603.29

Electricity intensity remained broadly stable, reflecting the Group's efforts to balance network expansion with disciplined energy use and closer management of its operational footprint.

Water Consumption

Metric	FY2022	FY2023	FY2024	FY2025
Number of outlets and offices	30	37	43	59
Water consumption (m3)	2,000	3,395	4,803	5,268
Water intensity (m3 per outlet)	66.67	91.76	111.70	89.29

Water use across the Group remains limited to domestic and housekeeping purposes, such as drinking and washing, as our operations do not materially depend on water-intensive processes. Water consumption in FY2024 was higher due to leakage incidents at four outlets. These issues have since been rectified, underscoring the need for closer maintenance follow-up as the Group continues to expand its outlet network. No leakage incidents were recorded in FY2025.

Waste Generation

Metric	FY2022	FY2023	FY2024	FY2025
Number of outlets and offices	30	37	43	59
Non-hazardous waste (kg)	2,626	3,373	3,150	4,001
Hazardous waste (kg)	Nil	Nil	Nil	Nil
Total waste (kg)	2,626	3,373	3,150	4,001
Total waste per outlet (kg)	87.53	91.16	73.26	67.81

Given the nature of Pappajack's business, paper remains the Group's principal non-hazardous waste stream. The reduction in total waste per outlet since FY2023 indicates improved consumption discipline across the network, even as the Group continues to operate a larger number of outlets and offices. The absence of hazardous waste continues to reflect the relatively low environmental burden of the business model.

Scope 1 GHG Emissions

Metric	FY2025
Scope 1 indirect GHG emissions (tCO ₂ -eq)	23.36
Scope 1 intensity (tCO ₂ -eq per RM million revenue)	0.17

SUSTAINABILITY STATEMENT

(Cont'd)

Scope 2 GHG Emissions

Metric	FY2022	FY2023	FY2024	FY2025
Scope 2 indirect GHG emissions (tCO ₂ -eq)	245.77	293.19	369.77	466.95
Scope 2 Emission intensity (tCO ₂ -eq per RM million revenue)	3.51	2.68	3.13	3.49

Note:

Scope 1 direct GHG emissions arise from fuel combustion in vehicles owned or controlled by the Group. In accordance with the GHG Protocol, the Group applied the relevant DEFRA/UK Government greenhouse gas conversion factors for "other vehicles" based on the applicable fuel and vehicle category.

Scope 2 indirect GHG emissions arise from the generation of purchased electricity consumed by the Group. In line with the GHG Protocol Scope 2 Guidance, the Group has applied the location-based method using the Peninsular Malaysia grid emission factor published by the Energy Commission. The latest non-provisional factor available at the reporting date was the 2022 grid emission factor of 0.774 Gg CO₂e/GWh (equivalent to 0.774 kg CO₂e/kWh).

FY2024 marks the commencement of formal Scope 2 emissions reporting by the Group. This is an important step in deepening Pappajack's sustainability maturity, strengthening data visibility and enabling better target-setting in the years ahead. By enhancing the quality of our operational data, we improve our ability to identify practical efficiency opportunities while supporting more transparent communication with stakeholders.

Way Forward

Moving forward, PAPPAJACK BERHAD remains committed to improving resource efficiency across its operations through periodic monitoring of energy and water usage, paper consumption, and outlet housekeeping practices. Consistent with the NSRF's direction towards more robust sustainability-related disclosures, the Group will continue to strengthen its environmental data monitoring and reporting processes to provide clearer, more decision-useful insights on resource management, while supporting operational resilience and sustainable business growth.

Social | Employment Diversity and Equal Opportunity

Why It Matters

Diversity and equal opportunity matter because the Group's service quality, outlet discipline and succession resilience depend on a stable and capable workforce. In a customer-facing, branch-based business, inclusive and fair employment practices also support morale and consistency in execution.

Our Approach

Pappajack's approach is grounded in fair treatment, non-discrimination and broad access to employment opportunities. The FY2024 disclosures framed diversity as part of a respectful workplace culture, while board composition and workforce statistics provide a basic starting point for monitoring representation.

Our Progress

In FY2025, the Group's workforce remained predominantly female in executive and non-executive roles, while management positions remained male-dominated. The Board continued to comprise 67% male and 33% female directors, with an even age split between the 30-50 and above-50 age groups. These data points provide an important basis for monitoring workforce composition and leadership diversity over time.

Workforce by Employment Category

Category	FY2022	FY2023	FY2024	FY2025
Management	4	4	4	4
Executive	45	48	52	56
Non-Executive	69	84	98	141
Total employees	118	136	154	201

SUSTAINABILITY STATEMENT

(Cont'd)

Gender Diversity by Employee Category

Category	FY2022 Male	FY2022 Female	FY2023 Male	FY2023 Female	FY2024 Male	FY2024 Female	FY2025 Male	FY2025 Female
Management	4	0	4	0	4	0	4	0
Executive	8	37	8	40	9	44	6	50
Non-Executive	3	66	2	82	3	94	3	138
Total	15	103	14	122	16	138	13	188

Age Diversity by Employee Category

Category	Below 30	30 to 50	Above 50
FY2025 Management	0	2	2
FY2025 Executive	21	25	10
FY2025 Non-Executive	82	52	7
FY2024 Management	0	3	1
FY2024 Executive	19	24	9
FY2024 Non-Executive	62	30	6
FY2023 Management	0	3	1
FY2023 Executive	19	22	7
FY2023 Non-Executive	53	27	4
FY2022 Management	0	3	1
FY2022 Executive	19	20	6
FY2022 Non-Executive	43	21	4

Board Diversity

Metric	FY2024	FY2025
Male directors (%)	67	67
Female directors (%)	33	33
Under 30 (%)	0	0
Between 30-50 (%)	50	50
Above 50 (%)	50	50

Employee Turnover by Category

Category	FY2024	FY2025
Management	0	0
Executive	1	6
Non-Executive	22	38
Total	23	44

Way Forward

Moving forward, PAPPAJACK BERHAD remains committed to monitoring workforce composition, recruitment outcomes, and succession planning as part of its efforts to advance inclusive talent development and organisational resilience. Through a balanced and forward-looking people strategy, the Group seeks to nurture a strong talent pipeline, reinforce leadership sustainability, and create long-term value for the business and its stakeholders.

SUSTAINABILITY STATEMENT

(Cont'd)

Social | Labour Practices and Standards

Why It Matters

Labour practices and standards are material because branch-based operations depend on consistent training, ethical people management, stable staffing and respect for worker rights. These are essential to both compliance and service reliability.

Our Approach

The Group's approach is anchored in direct employment, fair benefits, targeted training and regular monitoring of workforce trends. This supports a workforce-management model grounded in stable employment and baseline human-rights safeguards.

Our Progress

In FY2025, the Group reported 0% contractors or temporary staff, indicating continued reliance on directly managed employment. Tracked training hours totalled 106 hours across management, executive and non-executive categories, while total turnover reached 44 cases, comprising 6 executive and 38 non-executive departures. No substantiated human-rights complaints were recorded during the year.

Metric	FY2024	FY2025	Remark
Training hours provided	-	106	-
Employee turnover	23	44	Higher turnover in FY2025 warrants closer review of attrition drivers
Contract/temporary staff	0%	0%	Permanent staffing profile maintained
Human-rights complaints	0	0	No substantiated cases recorded

Because Pappajack operates a business that handles cash, valuables and frequent public interaction, workplace safety remains an essential part of operational discipline. The Group continues to emphasize safe working practices, awareness and training across its workforce.

Health and Safety Indicators

Metric	FY2022	FY2023	FY2024	FY2025
Work-related fatalities	0	0	0	0
Employees trained on health and safety	N/A	N/A	46	106
Health and safety training coverage (%)	N/A	N/A	30	53
Human-rights complaints	N/A	N/A	0	0
Training hours provided	N/A	N/A	N/A	106

No work-related fatalities were recorded during FY2025. During the year, 56 employees received health and safety training, representing 28% of the total workforce. As the Group continues to grow, broader training coverage across front-line and outlet employees will remain important to service continuity, security awareness and operational confidence.

Way Forward

The Group will continue to enhance its people-management disclosures by undertaking deeper analysis of training, turnover and retention trends. This will enable us to better demonstrate its commitment to human capital development, workforce stability and continuous improvement, while supporting sustainable business growth and reinforcing its corporate reputation.

SUSTAINABILITY STATEMENT

(Cont'd)

Social | Community Engagement

Why It Matters

Community engagement matters because it demonstrates how the Group translates business success into broader social value, particularly in the communities where its outlets operate. It also supports stakeholder trust and reinforces the Group’s role as a responsible corporate citizen.

Our Approach

Pappajack’s community approach is practical and locality-based. Rather than relying on large flagship programmes, the Group appears to support a range of smaller contributions across community safety, schools, charitable causes and local events. This suits the profile of a retail-like service business with multiple local touchpoints.

Our Progress

In FY2025, community-investment spending totalled RM157,773.40 across 17 recorded beneficiary or recipient entries. Contributions included support for community safety, education, charitable causes and other forms of local assistance. Although FY2025 spending was lower than FY2024, the pattern of support reflects continued commitment to targeted community contributions.

Community investment by theme

Theme	Amount (RM)
Community safety	25,000.00
Education	33,800.00
Community & charity	44,473.40
Other community support	54,500.00
Total	157,773.40

Metric	FY2024	FY2025
Community investment	RM218,996	RM157,773.40
Recorded recipient/beneficiary entries	Not separately disclosed	17
Contribution Classification	Sports, religious and welfare causes	Education; community safety; charity; other local support



Our employees have participated the “Environmental Protection Project” organized by the Earth Warriors Association in September 2025.

SUSTAINABILITY STATEMENT

(Cont'd)

Way Forward

The Group remains committed to directing its community contributions towards initiatives that are relevant to local needs, generate meaningful value for society, and reinforce the Group's role as a responsible corporate citizen. By aligning its community investments with stakeholder expectations and sustainable development priorities, the Group seeks to strengthen trust, elevate brand value, and create lasting benefits for the communities it serves.

Governance | Ethics and Integrity

Why It Matters

Ethics and integrity are fundamental in a pawnbroking business because the Group handles cash transactions, pledged assets, customer identification and regulated activities. Any lapse in conduct could quickly damage trust, regulatory standing and brand credibility.

Our Approach

The Group's ethics and integrity framework is supported by its Code of Conduct, Anti-Bribery and Anti-Corruption Policy, Anti-Money Laundering Policy and Whistle Blowing Policy. These measures provide the foundation for ethical conduct, regulatory compliance and accountability across the Group.

Our Progress

In FY2025, the Group made further progress in strengthening its integrity framework by translating policy commitments into measurable governance actions. Anti-corruption training reached 80% of employees in each tracked category, while 80% of operations underwent corruption-risk assessments. No confirmed corruption incidents were recorded during the financial year, underscoring the Group's continued commitment to ethical conduct, sound governance and compliance.

These outcomes reflect the Group's continued emphasis on ethical conduct, sound governance and compliance across its operations.

Metric	FY2022	FY2023	FY2024	FY2025
Employees trained on anti-bribery/anti-corruption	22	33	37	54
Corruption-risk assessment coverage	0	0	0	80
Confirmed incidents of corruption	0	0	0	0

Way Forward

Moving forward, PAPPAJACK BERHAD remains committed to reinforcing policy awareness, refresher training, and compliance monitoring across its outlet network and support functions. By embedding strong compliance practices and a culture of responsibility throughout the organisation, the Group seeks to enhance operational discipline, safeguard stakeholder trust, and support long-term sustainable growth.

SUSTAINABILITY STATEMENT

(Cont'd)

Governance | Security and Loss Prevention

Why It Matters

Security and loss prevention are highly material because pledged assets are central to the business model and customer trust depends on the Group's ability to safeguard those assets from theft, burglary, damage and mishandling.

Our Approach

The Group's control framework combines CCTV coverage, central monitoring and alarm systems, reinforced vaults, jeweller's block insurance and routine maintenance. Together, these measures support the safeguarding of customer pledges, outlet assets and business continuity.

Our Progress

Pappajack safeguards its outlets, customer pledges and operating assets through a layered security framework designed to deter intrusion, minimise loss events and preserve customer confidence. Core controls include 24-hour CCTV surveillance across all outlets, routine maintenance to keep monitoring equipment fully operational, and a Central Monitoring System comprising security alarm and anti-theft functions.

This control environment is reinforced by in-built vaults enclosed with reinforced concrete walls of at least nine inches in thickness, further secured with automatic door locks. Collectively, these measures have supported a strong security record, with zero reported cases of burglary, theft or robbery across the Group's pawnbroking outlets over FY2022 to FY2024.

Outlet surveillance coverage

Metric	FY2022	FY2023	FY2024	FY2025
Number of outlets	30	37	43	59
Number of CCTVs	413	564	638	824
CCTV per outlet	13.8	15.2	14.8	14.0

Surveillance coverage expanded in line with outlet growth, while average CCTV coverage per outlet remained broadly stable. During FY2025, there was no incident of malfunction or major breakdown involving CCTV systems; over the last three financial years, only one incident was recorded in FY2023 and it was promptly resolved.

As an additional layer of protection, Pappajack maintains jeweller's block insurance across all operating pawnbroking outlets. The policy covers stocks and merchandise used in the conduct of the pawnbroking business, outlet properties, and unredeemed pledges while in transit to public auctions, scrap collectors or watch purchasers. This coverage strengthens business continuity and gives customers added assurance that pledged assets are protected.

Jeweller's block insurance coverage

Metric	FY2022	FY2023	FY2024	FY2025
Number of outlets	30	37	43	59
Average sum insured (RM'000)	5,669	6,639	6,971	5,337
Total sum insured (RM'000)	170,081	244,639	299,742	314,908

Insurance coverage increased from RM299.7 million in FY2024 to RM314.9 million in FY2025, while average sum insured per outlet decreased from RM6.9 million to RM5.3 million. Over FY2022 to FY2025, the Group reported no material claims under its jeweller's block insurance policies, reflecting the effectiveness of the controls in place and the continued emphasis on outlet security discipline.

SUSTAINABILITY STATEMENT

(Cont'd)

Way Forward

Moving forward, we remain committed to strengthening outlet-level security oversight through periodic assessments of CCTV systems, alarm functionality, vault conditions, incident reporting, and insurance adequacy. These ongoing measures are intended to enhance risk management, protect business continuity, and support the Group's broader commitment to sound governance and operational excellence.

Governance | Managing Regulatory Compliance and Changes

Why It Matters

Regulatory compliance is one of the most critical sustainability matters for the Group because the ability to operate depends on licensed status, adherence to the Pawnbrokers Act 1972 and continued confidence among regulators, customers, investors and other stakeholders.

Our Approach

The Group's approach combines Board oversight, risk management, internal controls, enterprise risk assessment and a policy framework covering ethics, AML and whistleblowing. This is the right architecture for a regulated service business, especially one that continues to expand its outlet footprint.

Our Progress

For FY2025, the Group recorded zero cases of violations of international laws, local Malaysian laws or material lawsuit cases. Based on matters reported during the financial year, the Group did not encounter significant legal or regulatory non-compliance events requiring disclosure under this material matter. This outcome indicates that the Group's core compliance controls remained in place during the reporting period and underscores the importance of sustaining disciplined oversight, awareness and accountability across the organisation.

Compliance matter	FY2025 status
Violations of international and local Malaysian laws, and material lawsuit cases	0

Way Forward

The Group will continue to strengthen compliance monitoring through disciplined tracking of licence renewals, inspection outcomes, policy reviews, training completion and corrective actions.

SUSTAINABILITY STATEMENT

(Cont'd)

GRI Disclosure Table

Statement of use	Pappajack Berhad has reported the information cited in this GRI content index for the period 1 January 2025 to 31 December 2025 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION
GRI 2: General Disclosures 2021	2-1 Organizational details	AR3; AR79-80
	2-5 External assurance	AR25
	2-9 Governance structure and composition	AR3-10; AR26-28; AR47-53
	2-10 Nomination and selection of the highest governance body	AR52; https://pappajack.com.my/wp-content/uploads/2022/04/Pappajack-Board-Charter-20220426.pdf
	2-11 Chair of the highest governance body	AR3-5; AR47-48
	2-12 Role of the highest governance body in overseeing the management of impacts	AR26-28; AR47-49
	2-13 Delegation of responsibility for managing impacts	AR26-28; AR47-49
	2-14 Role of the highest governance body in sustainability reporting	AR26-28; AR49
	2-18 Evaluation of the performance of the highest governance body	AR52-53
	2-19 Remuneration policies	AR54-55; https://pappajack.com.my/wp-content/uploads/2022/04/Pappajack-TOR-Remuneration-Committee-20220426.pdf
	2-20 Process to determine remuneration	AR54-55; https://pappajack.com.my/wp-content/uploads/2022/04/Pappajack-TOR-Remuneration-Committee-20220426.pdf
	2-26 Mechanisms for seeking advice and raising concerns	AR25; AR49; https://pappajack.com.my/wp-content/uploads/2022/04/WhistleBlowingPolicy-20220428.pdf
	2-27 Compliance with laws and regulations	AR45
2-29 Approach to stakeholder engagement	AR28-29	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	AR30
	3-2 List of material topics	AR31
	3-3 Management of material topics	AR28-45
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	AR37

SUSTAINABILITY STATEMENT

(Cont'd)

GRI STANDARD	DISCLOSURE	LOCATION
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	AR43
	205-3 Confirmed incidents of corruption and actions taken	AR43
GRI 302: Energy 2016	302-1 Energy consumption within the organization	AR38
GRI 303: Water and Effluents 2018	303-3 Water withdrawal	AR38-39
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	AR38
	305-2 Energy indirect (Scope 2) GHG emissions	AR39
GRI 306: Waste 2020	306-3 Waste generated	AR37-38
	306-4 Waste diverted from disposal	AR37
	306-5 Waste directed to disposal	AR37-38
GRI 403: Occupational Health and Safety 2018	403-5 Worker training on occupational health and safety	AR41
	403-9 Work-related injuries	AR49
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	AR39-40
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	AR48

SUSTAINABILITY STATEMENT

(Cont'd)

Prescribed Table from Bursa Malaysia CSI Platform

Pappajack Berhad
 BMLR Transition Period
 Date & Time: 2026-04-29_21:57:03
 FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Ethics and Integrity	Confirmed incidents of corruption and action taken	Number	0	0	No assurance
Ethics and Integrity	Percentage of operations assessed for corruption-related risks	Percentage	80	-	No assurance
Ethics and Integrity	Anti-Corruption Training by Employee Category: Management	Percentage	80	-	No assurance
Ethics and Integrity	Anti-Corruption Training by Employee Category: Executive	Percentage	80	-	No assurance
Ethics and Integrity	Anti-Corruption Training by Employee Category: Non-Executive	Percentage	80	-	No assurance
Security and Loss Prevention	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	No assurance
Local Procurement	Proportion of spending on local suppliers	Number	100	-	No assurance
Resource and Waste Management	Total Energy Consumption	MWh	603,292	-	No assurance
Resource and Waste Management	Scope 1 emissions in tonnes of CO ₂ e used	tCO ₂ e	23,36	-	No assurance
Resource and Waste Management	Scope 2 emissions in tonnes of CO ₂ e	tCO ₂ e	466,95	-	No assurance
Resource and Waste Management	Total volume of water used	Megalitre	5,268	-	No assurance
Employment Diversity and Equal Opportunity	Gender of Management Employees: Male	Percentage	100	-	No assurance
Employment Diversity and Equal Opportunity	Gender of Management Employees: Female	Percentage	0	-	No assurance
Employment Diversity and Equal Opportunity	Gender of Executive Employees: Male	Percentage	11	-	No assurance

SUSTAINABILITY STATEMENT

(Cont'd)

Date & Time: 2026-04-29_21:57:03
FYE 31/12/2025

Pappajack Berhad
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Employment Diversity and Equal Opportunity	Gender of Executive Employees: Female	Percentage	89	-	No assurance
Employment Diversity and Equal Opportunity	Gender of Non-Executive Employees: Male	Percentage	2	-	No assurance
Employment Diversity and Equal Opportunity	Gender of Non-Executive Employees: Female	Percentage	98	-	No assurance
Employment Diversity and Equal Opportunity	Age Group of Management Employees: Under 30	Percentage	0	-	No assurance
Employment Diversity and Equal Opportunity	Age Group of Management Employees: 30-50	Percentage	50	-	No assurance
Employment Diversity and Equal Opportunity	Age Group of Management Employees: Above 50	Percentage	50	-	No assurance
Employment Diversity and Equal Opportunity	Age Group of Executive Employees: Under 30	Percentage	38	-	No assurance
Employment Diversity and Equal Opportunity	Age Group of Executive Employees: 30-50	Percentage	44	-	No assurance
Employment Diversity and Equal Opportunity	Age Group of Executive Employees: Above 50	Percentage	18	-	No assurance
Employment Diversity and Equal Opportunity	Age Group of Non-Executive Employees: Under 30	Percentage	58	-	No assurance
Employment Diversity and Equal Opportunity	Age Group of Non-Executive Employees: 30-50	Percentage	37	-	No assurance
Employment Diversity and Equal Opportunity	Age Group of Non-Executive Employees: Above 50	Percentage	5	-	No assurance
Labour Practices and Standards	Work-related fatalities	Number	0	-	No assurance
Labour Practices and Standards	Lost time incident rate ("LTIR")	Rate	0	-	No assurance
Footnote Sustainability Matter	This row has been added.				

This report was generated on the Bursa Malaysia CSI Platform on 2026-04-29_21:57:03

Page 2 of 4

SUSTAINABILITY STATEMENT

(Cont'd)

Date & Time: 2026-04-29_21:57:03
FYE 31/12/2025

Pappajack Berhad
BMLR Transition Period

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Labour Practices and Standards	Employees trained on health and safety	Number	106	-	No assurance
Labour Practices and Standards	Number of substantiated complaints concerning human rights violations	Number	0	0	No assurance
Labour Practices and Standards	Total Hours of Training by Employee Category: Management	Hours	8	-	No assurance
Labour Practices and Standards	Total Hours of Training by Employee Category: Executive	Hours	52	-	No assurance
Labour Practices and Standards	Total Hours of Training by Employee Category: Non-Executive	Hours	54	-	No assurance
Labour Practices and Standards	Total Number of Employee Turnover by Employee Category: Management	Number	0	-	No assurance
Labour Practices and Standards	Total Number of Employee Turnover by Employee Category: Executive	Number	6	-	No assurance
Labour Practices and Standards	Total Number of Employee Turnover by Employee Category: Non-Executive	Number	38	-	No assurance
Labour Practices and Standards	Percentage of employees that are contractors or temporary staff	Percentage	0	-	No assurance
Labour Practices and Standards	Percentage of Directors by age group Board of Directors - < 30	Percentage	* 0	-	No assurance
Footnote Sustainability Matter	This row has been added.				
Footnote 2025	add on percentage of directors by gender and age group				
Labour Practices and Standards	Percentage of Directors by age group - Board of Directors - 30 - 50	Percentage	* 50	-	No assurance
Footnote Sustainability Matter	This row has been added.				

SUSTAINABILITY STATEMENT

(Cont'd)

Pappajack Berhad

BMLR Transition Period

Date & Time: 2026-04-29_21:57:03
FYE 31/12/2025

Sustainability Matter	Metric	Measurement Unit	2025	Target	Assurance
Footnote 2025	add on percentage of directors by gender and age group				
Labour Practices and Standards	Percentage of Directors by age group - Board of Directors - >50	Percentage	* 50	-	No assurance
Footnote Sustainability Matter	This row has been added.				
Footnote 2025	add on percentage of directors by gender and age group				
Labour Practices and Standards	Percentage of Directors by gender - Board of Directors - Male	Percentage	* 67	-	No assurance
Footnote Sustainability Matter	This row has been added.				
Footnote 2025	add on percentage of directors by gender and age group				
Labour Practices and Standards	Percentage of Directors by gender - Board of Directors - Female	Percentage	* 33	-	No assurance
Footnote Sustainability Matter	This row has been added.				
Footnote 2025	add on percentage of directors by gender and age group				
Community Engagement	Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	15,773.40	-	No assurance
Community Engagement	Total number of beneficiaries of the investment in communities	Number	17	-	No assurance

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Pappajack Berhad (“Pappajack” or “the Company”) recognises the importance of practising good corporate governance and is committed to ensuring good corporate governance practices are implemented and maintained throughout the Company and its subsidiaries (“Group”) to build sustainable business growth, safeguard the interest of shareholders, enhance shareholders’ value and protect stakeholders’ interest.

The Board is pleased to present this Corporate Governance Overview Statement (“CG Overview Statement”) to provide shareholders and investors with an overview of the Company’s corporate governance practices during the financial year ended 31 December 2025 (“FY 2025”) with reference to the following three (3) key principles set out in the Malaysian Code on Corporate Governance (“MCCG”):

Principle A: Board Leadership and Effectiveness

Principle B: Effective Audit and Risk Management; and

Principle C: Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

This CG Statement is presented in compliance with Paragraph 15.25 of the Main Market Listing Requirements (“MMLR” or “Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and shall be read together with the Corporate Governance Report (“CG Report”) which provides a detailed explanation of the Company’s application of the practices as set out in the MCCG during the financial year under review. The CG Report is available on the Company’s website at www.pappajack.com.my, as well as via an announcement on the website of Bursa Securities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board is responsible for leading and overseeing the strategic direction, corporate governance, risk management and sustainability efforts of the Group. It plays a pivotal role in guiding Management and ensuring that the Group’s affairs are conducted ethically and in accordance with applicable laws and regulations, while striving to protect and enhance long-term shareholder value.

The Board has adopted a Board Charter, which outlines the principal roles and responsibilities of the Board, Chairman, individual Directors, and Board Committees. The Charter also sets out matters reserved for the Board’s collective decision-making, such as approval of strategic plans, major capital expenditures, corporate proposals, quarterly and annual financial results, and related party transactions.

The Board discharges its responsibilities, among others, through:

- Reviewing and approving the Group’s strategic plan and direction.
- Overseeing the conduct of the Group’s business and evaluating whether it is properly managed.
- Ensuring effective risk management and internal control frameworks are in place.
- Succession planning, including appointing and evaluating key senior management.
- Reviewing the adequacy and integrity of the Group’s financial reporting and internal control systems.
- Promoting sustainability as part of business strategy.

The Board Charter is reviewed periodically to ensure it remains relevant and is aligned with applicable regulations and best practices. It is available on the Company’s website at www.pappajack.com.my.

To assist the Board in the discharge of its fiduciary duties, four (4) Board Committees have been established, namely:

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Risk Management Committee

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. BOARD RESPONSIBILITIES *cont'd*

Each Committee operates within its Terms of Reference (“TOR”) that clearly defines its functions, responsibilities, powers, composition, and meeting procedures. The TORs are reviewed periodically and published on the Company’s website.

The Board Committees are entrusted with specific responsibilities to oversee and deliberate matters within their scope and provide sound recommendations to the Board for collective decision-making. However, the ultimate responsibility for decision-making lies with the Board.

Separation of positions of the Chairman and Managing Director/Chief Executive Officer

The Board recognises the importance of having a clear division of power and responsibilities between the roles of the Chairman of the Board and Managing Director/Chief Executive Officer to ensure that there is equilibrium of power and authority in managing and directing the Group. The roles of the Chairman of the Board and the Managing Director/Chief Executive Officer are distinct and separate to engender accountability and facilitate a clear division of responsibilities to ensure there is a balance of power and authority in the Group. This segregation of roles also facilitates a healthy open exchange of views between the Board and Management in their deliberation of businesses, strategies and key activities of the Group.

The Chairman is responsible for ensuring the integrity and effectiveness of the governance process of the Board, acts as a facilitator at the meetings and ensures that Board proceedings are in compliance with good conduct and best practices. The Board delegates to the Managing Director/Chief Executive Officer and the management, to oversee the day-to-day management of the Group’s business operations and implementation of policies and strategies adopted by the Board to achieve the Group’s objective of creating long-term value for its shareholders.

Access to Information and Advice

All Directors have unrestricted access to all information pertaining to the Group’s business and affairs and have full access to management, Company Secretary and External Auditors for information needed to carry out their duties and responsibilities. This is to enable them to carry out their duties effectively and diligently. As and when necessary, Directors may, whether as a full Board or in their individual capacity, seek independent professional advice, including the internal and external auditors, at the Company’s expense to enable the Directors to discharge their duties with adequate knowledge on the matters being deliberated.

Prior to each Board and Board Committee meeting, a formal meeting calendar is circulated in advance. Meeting materials, including the agenda, minutes of previous meetings, financial and operational reports, and relevant board papers, are provided to the Directors within a reasonable timeframe before the meeting to facilitate informed discussion and effective deliberation. The deliberations and decisions at Board and Board Committee meetings are documented in the minutes, which are circulated and confirmed at the subsequent meeting.

Company Secretary

The Board is supported by a qualified and competent Company Secretary, who plays a key advisory role in ensuring the Board and its Committees operate in accordance with applicable laws, regulations, and best governance practices.

The Company Secretary is a Fellow member of the Malaysian Institute of Chartered Secretaries and Administrators (“MAICSA”) and is qualified to act as a Company Secretary under Section 235 of the Companies Act 2016. She possesses extensive experience in corporate secretarial practices and regularly attends relevant training to keep abreast of legal and regulatory developments.

She is also responsible for ensuring that the Company’s Constitution, procedures, policies and regulations are complied with. Also ensuring that, all obligations required by the regulatory and under the MMLR are fulfilled in a timely manner. The Board is regularly updated and advised by the Company Secretary on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretary is suitably qualified and capable of carrying out the duties as required. The Board is satisfied with the service and support rendered by the Company Secretary in discharging her functions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

I. BOARD RESPONSIBILITIES *cont'd*

Code of Conduct, Whistle Blowing Policy, Anti Bribery and Corruption Policy, and Anti-Money Laundering Policy

The Board had adopted the Code of Conduct to promote the corporate culture which engenders ethical conduct that permeates throughout the Group.

The Board had formalised a Whistleblowing Policy as the Board is committed to the highest standard of integrity, openness and accountability in the conduct of its businesses and operations. It aspires to conduct its affairs in an ethical, responsible and transparent manner. The whistleblowing policy provides an avenue for all Directors and employees of the Group to disclose any improper conduct and to provide protection for those who report such allegations.

The Company adopts a “zero tolerance” policy against all forms of bribery and corruption and is committed to conducting business professionally and upholding high standards of ethics and integrity. In this regard, the Company has adopted the Anti-Bribery and Anti-Corruption Policy to ensure compliance with and adherence to all applicable laws including, amongst others, the Malaysian Anti-Corruption Act 2009 and any of its amendments that may be made by the relevant authority from time to time. The Anti-Bribery and Corruption Policy will be reviewed and updated as and when necessary to ensure its relevance and effectiveness.

The Board had formalised an Anti-Money Laundering Policy which is to prevent the use of Pappajack’s products and services for money laundering (which includes handling of criminal proceeds) or terrorists financing (referred to collectively as “money laundering”) purposes. The Anti-Money Laundering Policy sets out Pappajack general guidance in consonance with the policy of the Bank Negara Malaysia (“BNM”) to combat money laundering and terrorist financing activities, as embodied in the Anti-Money Laundering and Anti-Terrorism Financing Act 2001.

The Code of Conduct, Whistle Blowing Policy, Anti Bribery and Corruption Policy, and Anti-Money Laundering Policy are available on the Company’s website.

Sustainability Governance

The Board is cognisant of the importance of business sustainability. The Board has the overall responsibility of overseeing the Group’s sustainability matters, its direction and performance. The impact on economic, environmental and social aspects are always taken into consideration by the Board when developing and implementing any strategies, business plans, major plans of action and risk management of the Group. The Sustainability Statement of the Group which provides an overview of the sustainability performance for the financial year ended 31 December 2025, is set out on pages 25 to 51 the Annual Report 2025.

II. BOARD COMPOSITION

As at the date of this report, the Board comprises six (6) Directors i.e. one (1) Independent Non-Executive Chairman, three (3) Independent Non-Executive Directors, and two (2) Executive Directors. This composition complies with Paragraph 15.02 of the MMLR, which requires at least two (2) or one-third (1/3) of the Board members (whichever is higher) to be Independent Directors. It also aligns with the Practice 5.2 of MCCG, which encourages the Board to comprise a majority of Independent Directors.

The Board also meets Practice 5.9 of the MCCG, which recommends having at least 30% women representation. As at the date of this Statement, two (2) female Directors serve on the Board, representing 33% of its composition.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

The Nomination Committee reviews the size and composition of the Board periodically to ensure a balanced and effective mix of skills, experience, diversity and independence. No single individual or group dominates the Board's decision-making process. The Independent Directors are independent of Management and major shareholders and are free from any relationship that could interfere with the exercise of independent judgement.

Based on the outcome of the annual Board evaluation, the Board is of the view that its current size and composition are appropriate and effective, and possess a balanced mix of qualifications, industry knowledge and functional expertise necessary for the effective oversight of the Group's operations.

Tenure of Independent Non-Executive Directors

The Independent Non-Executive Directors of the Company remain independent of management and continue to provide effective oversight and objective judgement, thereby ensuring a robust system of checks and balances in the Board's deliberations and decision-making processes.

The Board is mindful of Practice 5.3 of the MCCG, which recommends that the tenure of an Independent Non-Executive Director should not exceed a cumulative term of nine (9) years. While the Company has not adopted a formal policy to limit the tenure of its Independent Non-Executive Directors to nine (9) years, the Board recognises the importance of preserving independence and will provide justification and seek annual shareholders' approval via a two-tier voting process at a general meeting should it decide to retain any INED beyond the nine-year threshold.

As at the date of this Statement, none of the four (4) Independent Non-Executive Directors on the Board has served beyond a cumulative term of nine (9) years.

Following the annual evaluation conducted during the financial year under review, the Board is satisfied with the independence, objectivity, and commitment demonstrated by all Independent Non-Executive Directors, and is of the view that they continue to act in the best interests of the Company.

Nomination Committee

The Board has established a Nomination Committee ("NC") to provide support and guidance in matters pertaining to the appointment of new Directors, Board composition, Directors' training programmes, and the performance evaluation of the Board, Board Committees, and individual Directors. The NC's full duties and responsibilities are set out in its Terms of Reference, which is available on the Company's website.

The NC comprises exclusively Independent Non-Executive Directors and is chaired by Ms. Koo Woon Kan. The composition of the NC and the meeting attendance of each member during the financial year ended 31 December 2025 are as follows:

Name	Designation in NC	Meeting Attendance
Ms. Koo Woon Kan <i>(Independent Non-Executive Director)</i>	Chairman	1/1
Mr. Cheong Woon Yaw <i>(Independent Non-Executive Director)</i>	Member	1/1
Ms. Mah Ying Ying <i>(Independent Non-Executive Director)</i>	Member	1/1

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

Nomination Committee *cont'd*

During the financial year, the NC carried out the following activities in discharging its responsibilities:

- (a) Reviewed and assessed the performance and effectiveness of the Board and Board Committees as a whole.
- (b) Evaluated the term of office and performance of the AC and each of its members.
- (c) Assessed the independence of the Independent Directors based on criteria prescribed under the Listing Requirements.
- (d) Reviewed and recommended the re-election of Directors retiring at the Annual General Meeting.
- (e) Evaluated and recommended to the Board the appointment of new Directors based on their competency, characters, time commitment, knowledge, experience, and skills.

Appointment of Directors

The NC is entrusted with the responsibility to identify, evaluate, and recommend suitable candidates for appointment to the Board, either to fill casual vacancies or to support the evolving needs of the Group. In selecting a candidate, the NC considers various factors, including character, integrity, competence, experience, time commitment, and diversity, as well as the number of directorships held. For Independent Non-Executive Directors, the NC also assesses the candidate's independence in accordance with the criteria prescribed under the Listing Requirements of Bursa Malaysia Securities Berhad.

In assessing a candidate's suitability, the NC also refers to the Company's Directors' Fit and Proper Policy, which outlines the key criteria relating to integrity, competence, experience, and time commitment. The NC is also committed to promoting diversity in the Board composition, including gender, age, ethnicity, and professional background, to ensure a balanced and effective Board.

Suitable candidates are identified through recommendations from Directors, Management, shareholders, or independent search firms where appropriate. The appointed individual will stand for re-election at the next AGM in accordance with the Company's Constitution.

The process for appointment of new Board members includes identification of suitable candidates, conduct of background checks where applicable, assessment of the candidate's suitability by the NC, and recommendation to the Board for approval. All appointments are subject to the approval of the Board.

Re-election of Directors

In accordance with the Company's Constitution, one-third (1/3) or the number nearest to one-third (1/3) of the Directors shall retire from office at each Annual General Meeting ("AGM"), with all Directors required to retire from office at least once every three (3) years. Retiring Directors are eligible for re-election. All retiring Directors will abstain from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board meeting.

When considering whether to recommend a Director for re-election, the NC evaluates various factors, including:

- the Director's contributions to the Board and continued ability to continue to contribute effectively;
- attendance at Board and committee meetings;
- whether the Director continues to possess the necessary attributes, competencies and qualifications; and
- for Independent Directors, the assessment of their independence

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

Re-election of Directors *cont'd*

Based on the annual assessment conducted, the NC was satisfied with the performance and continued contribution of the Directors who are standing for re-election. Accordingly, the NC recommended their re-election to the Board. The Board, having considered the NC's recommendation, supports the re-election of the eligible Directors at the forthcoming Fifth AGM of the Company, in accordance with the Company's Constitution.

Board Assessment and Annual Evaluation

For the financial year ended 31 December 2025, the Board, through the NC, conducted its annual performance evaluation to assess the effectiveness of the Board as a whole, its Committees, and the performance of individual Directors, including an assessment of the independence of the Independent Non-Executive Directors. The evaluation was carried out using customised questionnaires, guided by the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad.

The NC also reviewed the term of office and performance of the Audit Committee and its members and concluded that the Audit Committee had discharged its functions and responsibilities effectively.

The results of the evaluation were deliberated by the NC and reported to the Board. The NC concluded that the Board and its Committees continue to operate effectively, with the appropriate mix of skills, experience, and strong working dynamics.

Time commitment

The Directors are mindful of the time commitment required to discharge their duties effectively, including attendance at Board, Board Committee and other relevant meetings. A meeting calendar is circulated and agreed upon prior to the start of each financial year to facilitate Directors' planning.

The Board met five (5) times during the financial year ended 31 December 2025. All Directors complied with the minimum attendance requirements under the Listing Requirements of Bursa Securities. The Board is satisfied with the time commitment demonstrated by each Director in discharging their responsibilities. Details of Directors' attendance at Board meetings during the year are set out below:

Name of Directors	Attendance	Percentage of attendance (%)
Chong Chee Fire <i>(Independent Non-Executive Chairman)</i>	5/5	100%
Lim Boon Hua <i>(Managing Director/Chief Executive Officer)</i>	5/5	100%
Law Book Ching <i>(Executive Director)</i>	5/5	100%
Koo Woon Kan <i>(Independent Non-Executive Director)</i>	5/5	100%
Cheong Woon Yaw <i>(Independent Non-Executive Director)</i>	5/5	100%
Mah Ying Ying <i>(Independent Non-Executive Director)</i>	5/5	100%

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

II. BOARD COMPOSITION *cont'd*

Directors' Training

The Board recognises the importance of continuous professional development for its Directors in order to discharge their duties effectively. All Directors are encouraged to attend relevant training programmes to broaden their perspectives and keep abreast of industry trends, regulatory changes, and corporate governance developments.

The Directors are also aware of the need to undertake ongoing training from time to time to stay updated on current developments, including new statutory and regulatory requirements as well as updates to financial reporting standards.

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

Name of Directors	Seminars/ Conferences/Training Programmes Attended	Date
Chong Chee Fire	Latest Updates in 2025 on Employers' Tax Statutory Obligation- Including tax implication on employee related expenses	13 March 2025
	Updates in Anti Money Laundering and Anti-Terrorism Financing Landscape	20 September 2025
Lim Boon Hua	Update on the beneficial ownership reporting framework 2025 – assessing SSM's revised guideline, case studies and illustrations on BO	14 November 2025
Law Book Ching	Update on the beneficial ownership reporting framework 2025 – assessing SSM's revised guideline, case studies and illustrations on BO	14 November 2025
Koo Woon Kan	E-invoicing Mastery 2025: 5 Modules (April-June)	24 April 2025
	MIA Webinar Series: Sustainability-Related Risks and Opportunities	16 July 2025
	SST: Group I Other Service Providers	30 July 2025
	Understanding Labour Laws: What You Need to Know	31 July 2025
	Withholding Tax Webinar	1 August 2025
	Application To Strike Off Company Under Section 550 Of The Companies Act 2016	1 December 2025
Cheong Woon Yaw	Withholding Tax and the Tax Implications of Cross-Border Transactions	19 May 2025
	Drafting Hr Policies and Employee Handbook	21-22 May 2025
	ACCA Members Briefing - Stamp Duty Developments & Risks	22 August 2025
	AI-Powered Personal Branding & Presentations with Canva	30 September 2025
	AI-Powered Personal Branding & Presentations with Others Don't	27 October 2025
	Data Protection Officer (Dpo) Certificate Programme	1-2 December 2025
Mah Ying Ying	2025 Budget Seminar	17 February 2025
	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	7 – 8 May 2025
	2026 Budget Seminar	3 November 2025

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS *cont'd*

III. DIRECTORS' REMUNERATION

The Remuneration Committee ("RC") comprises exclusively Independent Non-Executive Directors and is chaired by Ms. Koo Woon Kan. The composition of the RC and the meeting attendance of each member during the financial year ended 31 December 2025 are as follows:

Name	Designation in RC	Meeting Attendance
Ms. Koo Woon Kan <i>(Independent Non-Executive Director)</i>	Chairman	1/1
Mr. Cheong Woon Yaw <i>(Independent Non-Executive Director)</i>	Member	1/1
Ms. Mah Ying Ying <i>(Independent Non-Executive Director)</i>	Member	1/1

The RC is responsible for reviewing and recommending to the Board the remuneration packages of Executive Directors and Senior Management to ensure that they are aligned with the Group's performance, individual responsibilities, and prevailing market benchmarks. The RC also reviews fees and benefits payable to Non-Executive Directors.

The Company is committed to setting remuneration at levels that are sufficient to attract, retain, and motivate Directors and Senior Management of the calibre required to drive the Group's success. In determining appropriate remuneration, the RC considers various factors including the scope of responsibility, workload, skills and experience, as well as the Group's financial performance.

In accordance with Section 230(1) of the Companies Act 2016, fees and any benefits payable to Directors of a listed company and its subsidiaries must be approved at a general meeting of shareholders.

The details of the Directors' remuneration for the financial year ended 31 December 2025 are as follows:

Name of Director	Fee RM'000	Salaries RM'000	Allowance RM'000	Bonus RM'000	Benefits- in-kind RM'000	Statutory Contribution RM'000	Share based Payment RM'000	Total RM'000
Executive Directors								
Lim Boon Hua	180	390	240	200	23.9	109.2	-	1,143.1
Law Book Ching	39.9	190.3	-	70	-	35.3	-	335.5
Non-Executive Directors								
Chong Chee Fire	60	-	3	-	-	-	13.2	76.2
Koo Woon Kan	42	-	3	-	-	-	11	56
Cheong Woon Yaw	42	-	3	-	-	-	11	56
Mah Ying Ying	39	-	3	-	-	-	-	42

The details of the remuneration of the top Senior Management (including salary, bonus, benefit in kind and other emoluments) in each successive bands of RM50,000.00 during the financial year ended 31 December 2025 are as follows:-:

Range of Remuneration (RM)	Designation of Top Senior Management
200,001 – 250,000	Chief Financial Officer
500,001 - 550,000	Chief Operating Officer

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit Committee

The Board is committed to maintaining the integrity of financial reporting. To support the Board in fulfilling its statutory and fiduciary responsibilities, the Audit Committee (“AC”) is tasked with providing advice and assistance in areas including the Company’s internal and external audit functions, risk management, compliance systems and practices, financial systems, accounting, control systems, and other matters that could have a significant impact on the financial condition or operations of the business. Additionally, the AC ensures that the Company’s financial statements are in compliance with the relevant financial reporting standards in Malaysia.

The AC comprises exclusively Independent Non-Executive Directors and the details of the composition of the AC are as follows:

Name	Designation in AC
Mr. Cheong Woon Yaw <i>(Independent Non-Executive Director)</i>	Chairman
Ms. Koo Woon Kan <i>(Independent Non-Executive Director)</i>	Member
Ms. Mah Ying Ying <i>(Independent Non-Executive Director)</i>	Member

The Chairman of the AC is not the Chairman of the Board, thereby preserving the objectivity and independence of the Board’s review of the AC findings and recommendations. None of the AC members were former key audit partners of the Group’s current external auditors. In line with best practices, the TOR of the AC stipulate a mandatory cooling-off period of at least three (3) years before a former key audit partner may be appointed as a member of the AC.

The AC has unrestricted access to the Executive Directors, Senior Management, External Auditors, and Internal Auditors to facilitate the discharge of its duties effectively. The composition of the AC is reviewed annually to ensure it remains independent and effective, and is aligned with the principles set out in the MCCG. All AC members are financially literate and possess an adequate understanding of the Group’s business operations. They have also undertaken continuous professional development to stay current with developments in accounting standards, practices, and regulations.

For the financial year ended 31 December 2025, the Board is satisfied, based on the performance evaluation of the AC, that the AC Chairman and its members have carried out their responsibilities effectively.

The AC also reviews the independence, suitability, and appointment or re-appointment of the External Auditors on an annual basis, guided by the outcome of the External Auditors Assessment.

II. Risk Management and Internal Control Framework

The Board acknowledges its overall responsibility for maintaining a sound risk management and internal control system to safeguard shareholders’ investments and the Group’s assets. This responsibility includes identifying, evaluating, and managing material risks that could affect the achievement of the Group’s business objectives.

The Group has in place an Enterprise Risk Management (ERM) Framework, which provides a structured and consistent approach for the identification, assessment, monitoring, and mitigation of key risks across all business units. The Risk Management Committee (“RMC”), established by the Board, oversees the effectiveness of the ERM framework and ensures that risk management is embedded into the Group’s decision-making and operational processes.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT *cont'd*

II. Risk Management and Internal Control Framework *cont'd*

The AC complements this oversight by evaluating the adequacy and effectiveness of the internal control system and risk management practices through its review of internal audit reports, external audit findings, and management's responses.

The Group's Internal Audit Function, which is outsourced to an independent professional firm and reports directly to the AC, performs independent reviews of key business processes to assess compliance with internal policies, procedures, and regulatory requirements. The internal audit activities are carried out based on a risk-based internal audit plan that is reviewed and approved by the AC. The outsourced internal auditors have unrestricted access to all relevant documents, records, and personnel to enable them to discharge their responsibilities effectively.

The Board has received assurance from the Managing Director/Chief Executive Officer and the Chief Financial Officer that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects during the financial year under review.

The Group's overall risk management and internal control practices are further elaborated in the Statement on Risk Management and Internal Control on pages 67 to 74 of this Annual Report.

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

I. Engagement with Stakeholders

The Company is committed to ensuring that shareholders and investors are kept informed of key corporate developments, financial performance, Annual General Meeting matters, and other relevant updates. This is achieved through timely disclosures via announcements to Bursa Malaysia Securities Berhad and updates on the Company's corporate website at www.pappajack.com.my.

The Board recognises that fostering a constructive and effective relationship with shareholders and investors is fundamental to enhancing shareholder value. In this regard, the Board places importance on transparent, timely, and accurate communication of material information. The Board remains accountable to shareholders and other stakeholders for the overall performance and operations of the Group and endeavours to uphold high standards of disclosure and corporate reporting.

II. Conduct of General Meetings

The Annual General Meeting ("AGM") serves as the primary platform for dialogue and engagement between the Board and shareholders. It provides an opportunity for the Board to present the Company's performance and progress, while allowing shareholders to raise questions and provide feedback on the Company's operations. All Directors and key members of Management are present at the AGM to respond to queries from shareholders.

In line with Practice 13.1 of the Malaysian Code on Corporate Governance (MCCG), the notice convening the Fourth AGM was issued at least 28 days prior to the meeting. This ensures shareholders have adequate time to review the proposed resolutions, and to make the necessary arrangements for participation and voting.

The minutes of the Fourth AGM were also published on the Company's website to promote transparency and facilitate wider shareholder access to the proceedings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(Cont'd)

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

As part of its commitment to corporate governance, the Board of Directors is responsible for ensuring the integrity and accuracy of the financial statements for each financial year. In accordance with the Companies Act 2016, the Directors are required to prepare financial statements that give a true and fair view of the state of affairs of the Company and the Group at the end of the financial year, as well as the results and cash flows for that period.

For the financial year ended 31 December 2025, the Directors are satisfied that the financial statements have been prepared in accordance with appropriate accounting policies, which have been consistently and prudently applied. The Directors have ensured that all relevant approved accounting standards have been followed in the preparation of these financial statements, upholding transparency and accountability in the Group's financial reporting.

COMPLIANCE STATEMENT

The Board is committed to ensuring that the Group adheres to the principles and practices set forth in the MCCG. The Board will continuously review and enhance its procedures to ensure ongoing compliance with the Code and to uphold the highest standards of corporate governance.

This CG Overview Statement was approved by the Board on 24 April 2026.

STATEMENT OF DIRECTORS' RESPONSIBILITY

In Relation To The Audited Financial Statements

The Directors are required by the Companies Act 2016 to prepare the financial statements for each financial year in accordance with the applicable Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS"), and the requirements of the Companies Act 2016 in Malaysia.

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

In preparing the financial statements, the Directors ensured that the Management has:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis;

The Directors are responsible for ensuring that the Group and the Company maintain accounting records that accurately disclose the financial position of the Group and Company, enabling the financial statements to comply with the Companies Act 2016.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Group and the Company, and to detect and prevent fraud and other irregularities.

AUDIT COMMITTEE REPORT

For the Financial Year Ended 31 December 2025

Pursuant to Paragraph 15.15 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Board of Directors of Pappajack Berhad is pleased to present the Audit Committee (“AC”) Report for the financial year ended 31 December 2025 (“FY 2025”)

The primary objective of the AC is to assist the Board in fulfilling its oversight responsibilities in the areas of financial reporting, corporate governance, risk management, and the internal control system. In discharging its duties, the AC is guided by its Terms of Reference (“TOR”), which clearly sets out its functions, authority, and responsibilities. The TOR is available on the Company’s website for reference.

COMPOSITION AND MEETINGS

The composition of the AC complies with the requirements of the MMLR and the practices outlined in the Malaysian Code on Corporate Governance (“MCCG”). As at FY 2025, the Committee comprised three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the Committee is not the Chairman of the Board, in line with best governance practices.

Mr. Cheong Woon Yaw, the current Chairman, is a member of the Association of Chartered Certified Accountants. Two (2) members of the Committee are also members of the Malaysian Institute of Accountants, thereby meeting the financial literacy requirements under the MMLR.

During the financial year under review, a total of five (5) meetings were held. The details of attendance are set out below:

Name	Designation	Meeting Attendance
Mr. Cheong Woon Yaw <i>(Independent Non-Executive Director)</i>	Chairman	5/5
Ms. Koo Woon Kan <i>(Independent Non-Executive Director)</i>	Member	5/5
Ms. Mah Ying Ying <i>(Independent Non-Executive Director)</i>	Member	5/5

The Chief Financial Officer and Chief Operating Officer attended all AC meetings by invitation. Representatives of the External Auditors and internal audit service providers were also invited to attend the meetings to facilitate direct communication on matters under the purview of the Committee or on issues which, in their professional opinion, warranted the attention of the AC.

The Chairman of the AC provided a summary report to the Board after each meeting, highlighting key matters discussed and the Committee’s recommendations for the Board’s consideration. All deliberations of the AC were properly minuted, and the minutes were circulated to the Board members for notation after being reviewed and approved at the subsequent AC meeting.

TERMS OF OFFICE AND PERFORMANCE

The Nomination Committee has assessed the term of office and performance of the AC and each of its members for FY 2025 and was satisfied that each of them has discharged their duties effectively in accordance with the AC’s TOR. The results of the AC performance assessment for FY 2025 was reported to the Board.

AUDIT COMMITTEE REPORT

For the Financial Year Ended 31 December 2025

(Cont'd)

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE AUDIT COMMITTEE

The summary of activities undertaken by the AC in the discharge of its duties and responsibilities for the financial year ended 31 December 2025 includes the following:

1. Financial Reporting

- (a) Reviewed the audited financial statements of the Company prior to submission to the Board for their perusal and approval. This was to ensure compliance of the financial statements with the provisions of the Companies Act 2016 and the applicable approved accounting standards as per the Malaysian Accounting Standards Board.
- (b) Reviewed the unaudited financial results before recommending them for the Board's approval. Focusing particularly on:-
 - Any changes in accounting policies;
 - Significant adjustment arising from audit; and
 - Compliance with accounting standards and other legal requirements

2. External Audit

- (a) Reviewed and approved the external audit plan presented by the External Auditors, which outlines the audit scope, audit process, and areas of emphasis.
- (b) Reviewed the external audit review memorandum and audit planning memorandum and the response from the management.
- (c) Reviewed the audit and non-audit fees and recommended to the Board for approval.
- (d) Carried out an annual assessment on the performance, suitability, capabilities, and independence of the External Auditors before recommending to the Board for approval on the re-appointment of External Auditors.
- (e) Conducted one (1) private meeting with the External Auditors without the presence of Executive Directors and Management to provide the External Auditors with an avenue to express any concerns they may have.

3. Internal Audit

- (a) Reviewed the internal audit plan presented by the Internal Auditors.
- (b) Reviewed the reports from the internal auditors and assessed the internal auditors' findings, the management's responses, and the necessary recommendations.
- (c) Reviewed and discussed the effective implementation of the action plans taken by the management in response to audit findings and weaknesses identified during the audit review.
- (d) Monitored the follow-up Audit Report on the internal audit findings and the implementation status based on the internal auditors' recommendations.
- (e) Reviewed and assessed the competency of the internal audit function.

4. Risk Management and Internal Control

- (a) Reviewed the risk assessment results to ascertain the significant risks of the Group and ensure implementation of appropriate risk management processes that can effectively identify, analyse, evaluate, monitor, and mitigate the significant risks impacting the Group.
- (b) Reviewed the adequacy and effectiveness of governance, risk management, and compliance processes.

AUDIT COMMITTEE REPORT

For the Financial Year Ended 31 December 2025

(Cont'd)

SUMMARY OF ACTIVITIES UNDERTAKEN BY THE AUDIT COMMITTEE *cont'd*

5. Related Party Transactions/Conflict of Interest Situations

- (a) Reviewed and took note of all related party transactions reported for the FY2025 to ensure that the transactions were at arm's length basis and on normal commercial terms.
- (b) Reviewed any potential conflict of interest situations that may arise within the Company and the Group including any transaction, procedure, or course of conduct that raises questions of Management integrity.

6. Other Matters

- (a) Reviewed the proposed dividend payout taking into consideration the cash flow requirements before recommending for Board's approval.
- (b) Reviewed and recommended the Audit Committee Report and Statement on Risk Management and Internal Control for the Board's approval before inclusion in the Annual Report.

INTERNAL AUDIT FUNCTION

The AC recognises the importance of an adequately resourced and independent internal audit function in supporting a systematic and disciplined approach to evaluating and enhancing the effectiveness of the Group's risk management, internal control, and governance systems. The internal audit function provides reasonable assurance that these systems and processes are operating effectively and in alignment with the Group's objectives.

To maintain independence and objectivity, Pappajack has outsourced its internal audit function to a professional services firm, Eco Asia Governance Advisory Sdn. Bhd. ("Eco Asia"). Eco Asia is engaged to assist the AC in carrying out independent assessments of the adequacy, efficiency, and effectiveness of the Group's risk management and internal control systems.

Eco Asia is led by Ms. Janeeta Salim ("Ms. Janeeta"), a Bachelor of Accountancy holder and an Associate Member of the Institute of Internal Auditors, Malaysia. Ms. Janeeta brings over 15 years of professional experience in internal audit, risk management, corporate governance, business performance management, and sustainability management.

The number of staff deployed for the internal audit review ranged from 3 to 4 staff per visit. As a corporate member of the Institute of Internal Auditors Malaysia, Eco Asia is adequately staffed with over 12 qualified personnel who possess the relevant skills and experience to deliver effective internal audit services. The outsourced internal audit function operates independently and is free from any relationships or conflicts of interest that could impair its objectivity. The internal audit function reports directly to the AC, while administrative matters are overseen by the Group's Chief Financial Officer.

Internal audit activities undertaken by Eco Asia are guided by the International Professional Practices Framework ("IPPF") issued by the Institute of Internal Auditors, ensuring that audit practices are aligned with global standards.

During the financial year under review, Eco Asia has undertaken the following activities:

- a) Developed a risk-based internal audit plan for AC's approval.
- b) Conducted internal audit reviews in accordance with the internal audit plan that is approved by the AC.
- c) Presented results of internal audit reviews together with recommendations for improvement and management's responses to the internal audit results during quarterly AC meetings.
- d) Reviewed the adequacy and effectiveness of the system of internal control in managing risks that may impede the Group from achieving its business objectives.

The total costs incurred by the Company for the outsourced internal audit function of the Group for FY 2025 amounted to RM55,500 (2024:RM90,000).

This Audit Committee Report was approved by the Board on 24 April 2026.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the Financial Year Ended 31 December 2025

INTRODUCTION AND REGULATORY BASIS

This Statement on Risk Management and Internal Control (“Statement” or “SORMIC”) is prepared pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“Main LR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), read together with Main Market Practise Note 9 (“PN9”). It is also prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Companies (“SORMIC Guide 2025”) issued by The Institute of Internal Auditors Malaysia (“IIAM”) and endorsed by Bursa Malaysia, as well as the relevant practices set out under Malaysian Code on Corporate Governance 2021 (“MCCG”) Principle B Part II – Effective Audit and Risk Management.

The purpose of this Statement is to provide shareholders and stakeholders with meaningful insight into the state of Pappajack Berhad’s (“Pappajack” or “the Company”) risk management and internal control systems, and the extent of the Board’s oversight and governance of those systems during the financial year ended 31 December 2025.

Unless otherwise stated, this Statement applies to the Company and its subsidiaries (collectively referred to as “the Group”). The Group does not have any associates or joint ventures during the financial year under review.

The risk management and internal control processes described in this Statement have been in place throughout the financial year under review and up to the date of approval of this Statement.

BOARD RESPONSIBILITY

The Board firmly believes that maintaining a robust risk management and internal control system is an integral part of the Group’s business and serves as a fundamental pillar of good corporate governance. The Board understands its ultimate responsibility and is dedicated to upholding a robust risk management and internal control framework across the Group.

In demonstrating such commitment, the Board actively integrates risk management into the Group’s core function and processes. The Board defines the risk appetite and risk tolerance of the Group, regularly reviews and assesses the effectiveness of the Group’s risk management and internal control systems in ensuring that risks are managed within acceptable levels, and ensures that a risk-aware culture is embedded throughout the organisation. This safeguards the protection of shareholders’ investments and the Group’s assets.

In line with the MCCG 2021 and SORMIC Guide 2025, the Board has delegated the responsibility of overseeing the Group’s risk management and internal control to the Audit Committee (“AC”) and Risk Management Committee (“RMC”). The AC and RMC assist the Board in discharging its governance responsibilities by overseeing the adequacy and effectiveness of the Group’s risk management and internal control systems, and ensures compliance with the applicable regulatory requirements.

Notwithstanding the above, the Board is aware that the systems of risk management and internal control can only provide reasonable and not absolute assurance against material misstatement, loss or contingencies in view of its inherent limitations. These limitations include the possibility of human error or poor judgment, intentional circumvention or management override of established controls, and unforeseeable events outside the scope of anticipated risks. The systems are designed to manage risk to a reasonable level rather than to eliminate the risks that impede the achievement of the Group’s business objectives.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the Financial Year Ended 31 December 2025
(Cont'd)

RISK APPETITE AND TOLERANCE

The Board has defined the Group's risk appetite as the level and type of risk that Pappajack is willing to accept in pursuing its strategic objectives and business goals. Risk appetite is dynamic in nature and is reviewed periodically to reflect changes in the business environment, regulatory landscape, and the Group's strategic priorities.

The Group's risk appetite is guided by the following principles:

- The Group maintains a low tolerance for risks relating to regulatory non-compliance, fraud, financial misreporting, anti-money laundering violations and reputational harm, given the nature of its pawnbroking business, which is governed under the Pawnbrokers Act 1972 and the oversight of Kementerian Perumahan dan Kerajaan Tempatan ("KPKT").
- The Group accepts moderate risk in operational areas such as personnel management and technology adoption, where appropriate controls and mitigation measures are in place.
- The Group maintains a conservative risk appetite with respect to liquidity and capital management, ensuring that sufficient cash capital is available to support pawn loan disbursements and daily operational requirements.
- The Group has a low tolerance for risks associated with gold price volatility by maintaining appropriate loan margins and hedging measures, and regularly reviewing pledge valuations.
- The Group has zero tolerance for bribery, corruption, unlawful or suspicious transactions, and any form of financial crime, as reflected in its Anti-Bribery and Corruption Policy and Anti-Money Laundering Policy.

The Board, through the AC and RMC, review the Group's risk appetite and tolerance levels at least annually and ensures that strategic decisions and resource allocation align with the approved risk appetite. Risk appetite statements have been communicated to Senior Management and cascaded to all operating units within the Group.

The Group monitors its risk exposure against the approved risk appetite through the use of key risk indicators ("KRIs"), including liquidity ratios, pawn loan concentration metrics and regulatory compliance indicators, which are regularly reported to the Risk Management Committee and the Board.

RISK MANAGEMENT FRAMEWORK

The Board possesses a comprehensive understanding of the Group's key business risks. In acknowledging the risk-return dynamic, the Board employs a strategic approach that balances these factors to optimise decision-making, ultimately driving the successful achievement of the Group's business objectives. The Group's risk management framework remains an integral part of the Group's structure, business processes, culture and philosophy to risk taking, especially in the assessment, mitigation and monitoring of inherent and emerging risks.

The Enterprise Risk Management ("ERM") framework was adopted to guide the risk management practices of the Group. Within the framework, structured processes were established for the identification, assessment, communication, monitoring as well as continual review of risks and effectiveness of risk mitigation strategies and controls implemented. Risk management governance, guidelines, processes and control responsibilities are set out in the ERM framework. The framework is a prerequisite to ensuring that risk management is integrated in the Group's business operations to facilitate the achievement of business objectives, safeguard business assets as well as create financial sustainability.

The Group's ERM framework is in line with the standards on risk management as promulgated by ISO 31000:2018 Risk Management – Guidelines. The framework sets out key elements for effective risk management, encompassing Risk Identification, Risk Assessment, Risk Management/Treatment of Risk, Risk Governance Structure, and Risk Reporting Process.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the Financial Year Ended 31 December 2025
(Cont'd)

RISK MANAGEMENT FRAMEWORK *cont'd*

The ERM framework adopted aims to:

- Provide fundamentals and principles of risk and risk management that are to be applied in all situations and throughout all facets of the Group;
- Allow the Group to proactively manage its risks in a systematic and structured manner and to continually refine and reduce its risk exposures;
- Set out the process for identifying, assessing, responding, monitoring and reporting of risks and controls;
- Ensure appropriate strategies are in place to mitigate risks and maximise opportunities;
- Embed the risk management process and ensure it is an integral part of the Group's processes at the strategic and operational level;
- Facilitate the creation of a risk awareness culture at the group, entity, strategic and operational levels; and
- Give comfort and credibility on the risk management process and usher management towards the treatment, monitoring, reporting and review of key risks as well as to consider new and emerging risks, including ESG and sustainability-related risks, on an ongoing basis.

Risk Governance Structure

Under Pappajack's ERM framework, risk governance and oversight are undertaken by the Board, Risk Management Committee ("RMC") and Executive Management, in line with the IIA's Three Lines Model. The Board is responsible for setting the strategic direction for risk management, including roles and responsibilities relating to risk management as well as risk reporting structures and protocols of the Group.

The Board's risk oversight role is assisted by the RMC, inter-alia determining the Group's risk appetite and tolerance, monitoring the implementation of risk management policies, reviewing risk management structures, frameworks and practices, ascertaining the risk exposures of the Group and ensuring adequate infrastructure and resources are in place for effective risk management, while Executive Management is responsible for enforcing the implementation of risk management practices throughout the Group.

Risk Management Process

The risk management process implemented within the Group continues to define, highlight, report and manage the key business and operational risks faced by the Group. During FY 2025, the Group conducted its annual Enterprise Risk Assessment ("ERA") to review and update the Group's risk profiles. Results of the ERA and the risk profiles were presented to the RMC and subsequently brought to the attention of the Board. Periodic reporting to both the RMC and the Board on risk management activities undertaken by management keeps the RMC and the Board informed and updated on all aspects of risk of the business. The Group remains committed to risk management excellence and continuously refines its application of risk management practices.

Key risks that the Group is exposed to which may have a material impact on the Group's operations, financial condition and liquidity can be generally grouped into business economics, regulatory compliance, reliance on key personnel and gold price volatility.

Details of the Group's key risks are as follows:

Unlawful and Suspicious Pawn Transactions and Transactions of Stolen Gold or Luxury Watches

There is no assurance that the measures taken for prevention of unlawful dealings can fully eliminate transactions of stolen gold or luxury watches in Pappajack's pawnbroking outlets in the event the Group's pawnbroking services are being used as a medium for money laundering or terrorist financing purposes. Pledges of the Group may be confiscated by the police if transactions of stolen gold or luxury watches are identified or detected. The Group continues to enhance its Anti-Money Laundering framework and due diligence procedures to address this risk.

Regulatory Requirements for Pawnbroking Business

The Group's business operations are governed under the regulations of the Pawnbrokers Act 1972, which comes under the jurisdiction of Kementerian Perumahan dan Kerajaan Tempatan ("KPKT"), also known as the Ministry of Housing and Local Government of Malaysia. Any changes in legislation, regulations and/or policies imposed by KPKT may restrict the Group's operations or lead to higher operating costs. In the event that such increase in operating costs cannot be passed down to customers, the Group will have to absorb such incremental cost, and this may adversely affect the Group's business operations and profitability.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the Financial Year Ended 31 December 2025
(Cont'd)

RISK MANAGEMENT FRAMEWORK *cont'd*

Details of the Group's key risks are as follows: *cont'd*

Reliance on Cash Capital to Grow Business Operations

The Group relies on its cash capital to fund all operating costs and expenses as well as for the provision of pawn loans to customers (including the issuance of new pawn loans for growth). In the event the Group is unable to obtain and maintain adequate cash capital, the Group's business operations may be affected as the Group may be forced to reduce pawn financing to customers.

Liquidity Risk

The Group's pawnbroking business is exposed to liquidity risk in circumstances where the Group receives increased demand for new pawn loans from customers. Decrease in pawn loan repayment from customers as well as delay in the sale of unredeemed or bid pledges to scrap collectors or watch purchasers may aggressively deplete the Group's internally generated funds and subsequently impact its ability in maintaining sufficient liquidity and funds to meet daily cash requirements. Furthermore, the Group may have a mismatch in timing for the generation of sufficient cash flow through the repayment of pawn loans from customers and the sale of unredeemed or bid pledges to repay bank borrowings.

Dependent on Skilled, Reliable and Trustworthy Outlet Personnel for the Provision of Pawnbroking Services

Extensive knowledge and experience in personnel providing pawnbroking services is a key factor for the continuous growth and success of the Group's pawnbroking business. In addition, the Group's ability to provide quality customer service is largely dependent on the performance of its human capital. In the event the Group's personnel are unable to execute their responsibilities satisfactorily or the Group is unable to retain or replace the loss of experienced personnel, customer satisfaction levels may decline causing the Group's businesses to be adversely affected.

Moreover, personnel with insufficient experience may lead to the Group accepting counterfeit pledges or pledges with low gold purity. Such losses arising from counterfeit pledges or pledges with low gold purity are not covered under the Group's jeweler's block insurance policy and therefore will be a cost to the Group subsequently.

Pledge Value is Susceptible to Gold Price Volatility

Pledge value is influenced by gold price volatility as the Group offers pawn loans to customers based on the prevailing market value of gold article pledged, after factoring a loan margin. Gold prices will be volatile due to various factors, amongst others, interest rates, fluctuation in US Dollar, global or regional economic or political circumstances, market speculations as well as market supply and demand of gold. The Group's pawnbroking business may be affected as customers may not redeem the pledges made if gold prices experience sudden and/or prolonged depression or decline.

Reliance on Key Personnel for Continued Success and Future Growth of Business

The Group is largely dependent on the contributions and involvement of key personnel including the Managing Director/Chief Executive Officer as well as key management personnel in the Group's business operations.

Continuous success and future growth of the Group depends on the capabilities and continuing efforts of key personnel. Therefore, any loss of key personnel may adversely impact the Group's business operations, financial performance and future growth, especially if without suitable successors and appropriate succession plans.

Emerging Risks

In line with the SORMIC Guide 2025's emphasis on forward-looking risk oversight, the Board has also considered the following emerging risks that may materially affect the Group's operations:

- **Cybersecurity and Data Security:** As the Group expands its use of technology and digital systems across its pawnbroking operations, the risk of cyber threats, data breaches and system disruptions remains a key area of focus. The Group has implemented cybersecurity policies and data protection measures, and continues to review the adequacy of its information technology security controls.
- **Digital Disruption and Technology Risk:** The rapid advancement of new technologies including artificial intelligence (AI) and digital platforms may disrupt traditional pawnbroking business models. The Group monitors technological developments and considers the adoption of relevant technology to enhance operational efficiency and customer experience.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the Financial Year Ended 31 December 2025
(Cont'd)

RISK MANAGEMENT FRAMEWORK *cont'd*

Emerging Risks *cont'd*

- Macroeconomic and Geopolitical Uncertainty: Global economic volatility, inflationary pressures and geopolitical developments may affect consumer spending patterns, gold prices and the Group's overall business performance. The Board considers these macro factors in its strategic planning and risk reviews.
- ESG and Sustainability Risks: The Group acknowledges the growing importance of environmental, social and governance ("ESG") considerations. ESG and sustainability-related risks are incorporated into the Group's risk registers and are assessed as part of the Enterprise Risk Management framework. Corresponding mitigation measures and control activities have been established and are monitored to ensure these risks are managed within acceptable levels. ESG risks are also aligned with disclosures in the Group's Sustainability Statement.

INTERNAL CONTROL SYSTEM

The Board recognises the importance of a robust internal control system in managing key risks that may impede the Group from achieving its business objectives. Given its integral nature within the Group's operation, the Board prioritises regular review on the system of internal control to maintain its effectiveness. The Board has delegated such responsibility to the AC and mandates the AC to oversee the internal control system that promotes strong corporate governance, operational agility, and continuous adherence to applicable laws and regulations.

The Group's internal control system is designed in alignment with the COSO Internal Control – Integrated Framework, comprising five key components: Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities.

Key elements and features of the Group's system of internal control are set out as follows:

Control Environment

1. The Board is supported by several committees to oversee the various aspects of governance, namely the Audit and Risk Management Committee, Nomination Committee, Risk Management Committee and Remuneration Committee. Each committee has a defined terms of reference ("TOR") outlining their functions and duties as delegated by the Board.
2. The Group has developed a clear organisation structure to define line of responsibility and delegated authority. The day-to-day operations of business is entrusted to the Executive Directors and Senior Management. Branch managers are empowered with the responsibility of managing their respective outlet's operations.
3. Internal operating policies and procedures are documented and formally set out. They are being reviewed and revised periodically to meet changes in the business and operating environment as well as to comply with statutory and regulatory requirements.
4. Business Ethics Policy has been set out to ensure that all personnel adhere to the Group's commitment when dealing with third parties and maintain high standards of integrity and ethics.
5. Performance reports such as financial, non-financial and corporate reports are regularly provided to the Board and Senior Management for their discussions and deliberations.
6. Regular meetings are held by the respective management team to discuss, deliberate and resolve matters relating to business development, operations, corporate, compliance and other administrative matters arising.
7. Direct involvement of Executive Directors in the running of key business entity as well as key business and operational areas of the Group.
8. Employee handbook outlines the Group's employment policies, benefits, code of ethics, entitlements, guidelines as well as responsibilities of employees.
9. Code of Conduct has been established to ensure all employees adopt practices in line with good corporate governance and observe high standards of integrity and ethics in daily business activities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the Financial Year Ended 31 December 2025
(Cont'd)

INTERNAL CONTROL SYSTEM *cont'd*

Control Environment *cont'd*

10. Succession planning for key management positions of the Group has been in place to ensure that business operations and performance will not be adversely affected by the departure of any key personnel.
11. Whistleblowing Policy that allows genuine concern on any improper conduct or action within the Group to be reported using private and confidential channel is in place.
12. The Group has adopted an Anti-Bribery and Corruption Policy that promulgates zero tolerance against all forms of bribery and corruption and commits the Group to conducting a corruption risk assessment annually to identify areas vulnerable to bribery and corruption. Such policy is in line with the provisions of Malaysian Anti-Corruption Commission Act 2009.
13. The Anti-Money Laundering Policy adopted provides guidance towards countering money laundering and terrorist financing activities due to the Group's business that is exposed to the risk of unlawful, suspicious and unwarranted pawn transactions. Such policy has set out the required due diligence procedures to be conducted prior to any engagement of pawn transaction.
14. Policies and procedures on disaster recovery and data recovery have been in place to facilitate business continuity and to ensure safety of employees.
15. A cybersecurity framework and data protection policy have been established to safeguard the Group's information systems and customer data against cyber threats, data breaches and unauthorised access.

Information and Communication

1. Relevant and quality information are disseminated among members of the Board, Board Committees and Senior Management in accordance with established reporting lines across the Group in maintaining transparency and to facilitate appropriate deliberation and decision making.
2. Necessary communication with external parties (i.e. shareholders, auditors and other relevant regulators) regarding matters affecting the Group are undertaken by the relevant personnel and department across the Group.
3. The Board and Senior Management are provided with timely and reliable risk management reports, including key risk indicators ("KRIs") and key performance indicators ("KPIs") that serve as early warning signals for potential risk events. These reports enable the Board to monitor risk exposure levels relative to the approved risk appetite and to take prompt corrective action where risks exceed tolerable limits.

Monitoring Activities

1. Management of the Group and the respective outlets engage in monthly meetings to discuss, deliberate, review and decide on matters affecting operations, business development and performance of the Group and outlets within the Group, including future direction of businesses and to resolve business and operational issues.
2. The Board Committees and Senior Management undertake regular reviews of the Group's performances and operations as part of its regular control and monitoring over the affairs of the Group and its operating outlets.
3. The Board, through the AC, conducts an annual review of the overall adequacy and effectiveness of the risk management and internal control system, taking into consideration the results of internal and external audit reviews, management reports, and any significant risk events or control deficiencies identified during the year. In performing its review, the Board, through the AC, has considered internal audit reports, management risk reports, external audit findings and any significant risk events during the financial year.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the Financial Year Ended 31 December 2025
(Cont'd)

INTERNAL CONTROL SYSTEM *cont'd*

Monitoring Activities *cont'd*

4. Business continuity management processes are in place to ensure the Group can sustain its operations in the event of disruptions. These processes have been periodically tested and communicated to relevant employees.
5. The Group also undertakes periodic testing of key internal controls through internal audit reviews to assess their operating effectiveness and to ensure that such controls continue to function as intended.

ASSURANCE PROVIDED BY THE GROUP SENIOR MANAGEMENT

No material internal control weaknesses were identified during the financial year that would result in material losses or require disclosure. Areas for improvement identified through internal audit reviews were not considered material and have been or are being addressed by Management.

In line with the requirements of the SORMIC Guide 2025 (Section 7.6), the Group's Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), to the best of their knowledge, have provided assurance to the Board that the Group's system of risk management and internal control are operating adequately and effectively in all material aspects. This assurance by the CEO and CFO encompasses the design and operating effectiveness of the risk management and internal control framework for the financial year ended 31 December 2025 and up to the date of this Statement.

INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to an independent professional service firm, Eco Asia Governance Advisory Sdn Bhd ("EcoAsia"), to assist the AC in undertaking regular reviews on the key risk areas and business processes of the Group with the intent of assessing the adequacy and effectiveness of the Group's system of internal control as well as to enhance its efficacy and coverage where appropriate. The outsourced internal audit function reports directly to the AC of Pappajack and is free from any relationship or conflict of interest that could impair its objectivity and independence. The internal audit function also administratively reports to the Chief Financial Officer of the Group.

EcoAsia is co-led by Mr Woon Soon Fai, a Chartered Accountant Malaysia and an affiliate member of the Institute of Internal Auditors, Malaysia. EcoAsia is adequately staffed with relevant skills and experience to deliver effective internal audit services. The number of staff deployed for internal audit reviews ranged from 3 to 4 staff per visit.

Internal audit activities are conducted in accordance with the International Professional Practices Framework ("IPPF") issued by the Institute of Internal Auditors, ensuring that audit practices are aligned with global standards and the SORMIC Guide 2025 requirements. Internal control activities are also guided by the internal audit plan that has been approved by the AC.

During the financial year under review, EcoAsia has undertaken the following activities:

- Developed a risk-based internal audit plan for AC's approval.
- Conducted internal audit reviews in accordance with the internal audit plan that is approved by the AC.
- Presented results of internal audit reviews together with recommendations for improvement and management's responses to the internal audit results during quarterly AC meetings.
- Reviewed the adequacy and effectiveness of the system of internal control in managing risks that may impede the Group from achieving its business objectives.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

For the Financial Year Ended 31 December 2025
(Cont'd)

INTERNAL AUDIT FUNCTION *cont'd*

During FY 2025, audit reviews covering the following business areas were undertaken:

- Review of Cash Handling and Fraud Management
- Inventory Management of Pawned Item
- Anti-Money Laundering Framework and Processes

Results of the reviews were reported directly to the AC at its quarterly meetings, highlighting internal audit deficiencies, recommendations for improvements, Management's response and proposed action plans. Follow-up reviews on the implementation of action plans were carried out to ensure that any deficiency highlighted has subsequently been addressed.

Based on the internal audit reviews conducted, none of the weaknesses noted has resulted in any material losses, contingencies or uncertainties that would require a separate disclosure in this Annual Report. The total costs incurred for outsourcing of its internal audit function for FY 2025 was RM55,500.00.

In addition to the internal audit function, the AC also receives report and management letter from the external auditors that primarily focus on financial controls. Where there are incidents of non-compliances, appropriate corrective actions have been taken, and relevant enhanced procedures have been introduced.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITOR

Pursuant to Paragraph 15.23 of the MMLR, the external auditors have reviewed this Statement on Risk Management and Internal Control included in this Annual Report. The external auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes that the Board has adopted in the review on adequacy and effectiveness of the Group's risk management and internal control system.

CONCLUSION

The Board is not aware of any significant risk management and internal control deficiency or weakness which had directly resulted in any material misstatement, losses or contingencies to the Group for the financial year under review. With the information and assurances provided, the Board is satisfied that the risk management framework and internal control system of the Group continue to operate effectively in all material aspects. The Board shall endeavour to continually undertake reviews of the Group's system of risk management and internal control to continue to safeguard stakeholders' interests and to preserve the Group's assets.

The Board will continue to enhance the Group's risk management and internal control practices in response to the evolving business environment, regulatory developments and emerging risks, with the objective of sustaining long-term value creation for all stakeholders.

Based on the above and having considered the assurance from the Chief Executive Officer and Chief Financial Officer, the Board is of the view that the Group's system of risk management and internal control is adequate and effective in all material aspects for the financial year under review and up to the date of approval of this Statement.

This statement is made in accordance with a resolution of the Board 24 April 2026.

Note: This Statement covers the financial year ended 31 December 2025. Certain forward-looking descriptions reflect management's current assessment and are subject to change based on evolving business conditions and regulatory requirements.

ADDITIONAL COMPLIANCE INFORMATION

(Cont'd)

The following information is provided in compliance with the Main Market Listing Requirements of Bursa Malaysia.

1. AUDIT AND NON-AUDIT FEES

For the financial year ended 31 December 2025, the amount of audit and non-audit fees less paid or payable to the External Auditors by the Company and its subsidiaries ("Group") respectively are as follows:

	Group RM	Company RM
Audit fees	546,500	40,500
Non-audit fees	6,000	6,000

2. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors, Chief Executive and Major shareholders Shareholders' interest during the financial year ended 31 December 2025.

3. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

During the financial year, the Company and its subsidiaries had not entered into any recurrent related party transactions, which are of revenue or trading nature, which would require shareholders' mandate.

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

The Company had, during its Extraordinary General Meeting held on 14 June 2023, obtained shareholders' approval in relation to the implementation of ESOS of up to 10% of the total number of issued shares of the Company (excluding treasury shares, if any) point in time over the duration of the ESOS for the eligible Directors and employees of the Company and its subsidiaries (excluding dormant subsidiaries).

The ESOS shall be in force for a period of 5 years from the implementation date of 1 August 2023.

Information in relation to ESOS is illustrated in the tables below:

Description	Number of Options	
	Grand total	Directors and Chief Executive
Granted	7,680,000	2,750,000
Exercised	-	-
Forfeited	915,000	250,000
Outstanding	6,765,000	2,500,000

The percentages of options applicable to Directors and Chief Executive under the ESOS during the financial year and since its commencement up to 31 December 2025 are set out below:

Directors and Chief Executive	Percentage	
	During the financial year	Since commencement up to 31 December 2025
(i) Aggregate maximum allocation	-	35.81%
(ii) Actual options granted	-	35.81%

There was no ESOS option offered to the Non-Executive Directors of the Company pursuant to the ESOS in respect of the financial year ended 31 December 2025.

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DIRECTORS' REPORT

The directors hereby submit their report together with 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 engaged as an investment holding company. The principal activities of its subsidiaries are engaged in the business of licensed pawnshop.

There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM	Company RM
Profit for the financial year, net of tax	28,019,941	11,541,103
Attributable to:		
Owners of the Company	28,019,941	11,541,103

DIVIDENDS

The amount of dividends declared and paid by the Company since the end of the previous financial year were as follows:

	RM
Single-tier first interim dividend of 0.50 sen per ordinary share in respect of the financial year ended 31 December 2025, paid on 24 June 2025	3,841,000
Single-tier second interim dividend of 0.50 sen per ordinary share in respect of the financial year ended 31 December 2025, paid on 26 September 2025	3,841,000
Single-tier third interim dividend of 0.50 sen per ordinary share in respect of the financial year ended 31 December 2025, paid on 23 December 2025	3,841,000

On 27 February 2026, the Board of Directors approved and declared a single-tier fourth interim dividend of 0.25 sen per ordinary share in respect of the financial year ended 31 December 2025. The dividend amounting of RM1,920,500 was paid on 31 March 2026. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2026.

RESERVES OR PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

DIRECTORS' REPORT

(Cont'd)

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that no allowance for doubtful debts was required.

At the date of this report, the directors are not aware of any circumstances which would render the amount written off as bad debts inadequate to any substantial extent or render it necessary to make any allowance for doubtful debts in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, had been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:

- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and
- (ii) any contingent liabilities in respect of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the directors, no contingent or other liability of the Group or of the Company has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT

(Cont'd)

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS' REMUNERATION AND INDEMNITY

The auditors' remuneration of the Group and the Company during the financial year were RM552,500 and RM46,500 respectively.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

TREASURY SHARES

Treasury shares relate to ordinary shares of the Company that are repurchased and held by the Company in accordance with the requirement of Section 127 of the Companies Act 2016 in Malaysia

During the financial year, the Company repurchased 1,248,800 of its issued ordinary shares from the open market at an average price of RM0.91 per share. The net total consideration paid for repurchase including transaction costs was RM1,135,230.

As at 31 December 2025, the Company held 1,248,800 treasury shares out of its 768,200,000 issued and paid-up ordinary shares. Such treasury shares are held at carrying amount of RM1,135,230.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up the unissued shares of the Company during the financial year other than the issue of options pursuant to the Employee's Share Option Scheme ("ESOS").

On 11 September 2023, the Company's shareholders approved the establishment of an ESOS for the eligible directors and employees of the Group and of the Company with a total number of 7,680,000 options offered at an exercise price of RM1 per ESOS Option.

The share options granted may be exercised any time from the date of vesting to the date of expiry and settlement is by issuance of fully paid ordinary shares.

DIRECTORS' REPORT

(Cont'd)

OPTIONS GRANTED OVER UNISSUED SHARES *cont'd*

The options offered for the subscription of unissued ordinary shares and the respective exercise prices are as follows:

Grant date	Expiry date	Exercise price	Number of option over ordinary shares			
			At 1 January 2025	Granted	Forfeited	At 31 December 2025
11 September 2023	31 July 2028	RM1.00	7,215,000	-	(450,000)	6,765,000

DIRECTORS

The directors in office during the financial year and during the period from the end of the financial year to the date of this report are:

Lim Boon Hua*
Law Book Ching*
Chong Chee Fire
Koo Woon Kan
Cheong Woon Yaw
Mah Ying Ying

* *Directors of the Company and certain subsidiaries*

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Chew Leng Chow
Lau Nian Choon
Lee Kun Way
Lim Siew Fang
See Swee Choy
Soo Jon Teng
Chan Wei Shan (Resigned on 12 June 2025)
Wong Wai Hong (Resigned on 12 June 2025)
Cheng Wai Fong (Resigned on 29 September 2025)
Khor Hang Hong (Resigned on 29 September 2025)
Lee Yuen Yee (Resigned on 29 September 2025)
Phua Chin How (Resigned on 29 September 2025)
Lai Peng Kuan (Appointed on 19 February 2025 and resigned on 29 September 2025)
Ling Mei Fong (Resigned on 4 February 2026)

DIRECTORS' REPORT

(Cont'd)

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares and share options granted under Employee's Share Option Scheme ("ESOS") in the Company and its related corporations during the financial year were as follows:

Interests in the Company

	At 1 January 2025	Number of ordinary shares		At 31 December 2025
		Bought	Transferred	
Direct interests:				
Lim Boon Hua	39,630,777	11,268,102	-	50,898,879
Law Book Ching	3,230,000	3,871,400	-	7,101,400
Indirect interests:				
Lim Boon Hua	342,051,874 ⁽¹⁾	216,666	-	342,268,540 ⁽¹⁾
Law Book Ching	319,638,347 ⁽²⁾	-	-	319,638,347 ⁽²⁾

(1) Shares held through company in which the director has substantial financial interests and spouse.

(2) Shares held through company in which the director has substantial financial interests.

Interests in the holding company

	At 1 January 2025	Number of ordinary shares		At 31 December 2025
		Bought	Transferred	
Direct interests:				
Lim Boon Hua	5,525	-	-	5,525
Law Book Ching	1,440	-	-	1,440

Share options in the Company

	At 1 January 2025	Number of share options		At 31 December 2025
		Granted	Forfeited	
Chong Chee Fire	300,000	-	-	300,000
Koo Woon Kan	250,000	-	-	250,000
Cheong Woon Yaw	250,000	-	-	250,000

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Lim Boon Hua and Law Book Ching are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the directors in office at the end of the financial year had any interest in ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' REPORT

(Cont'd)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as shown below) 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.

The directors' benefits of the Group and of the Company were as follows:

	Group and Company RM
Directors of the Company	
Executive directors	
- Fees	219,996
- Salaries, allowances and bonuses	1,090,398
- Defined contribution plans	141,835
- Other related expenses	2,784
	1,455,013
Non-executive directors	
- Fees	183,000
- Other related expenses	12,000
- Share-based payment	35,127
	230,127
	1,685,140

The estimated monetary value of benefit-in-kind received by an executive director other than in cash from the Group amounted to RM 23,950 (2024: RM23,950).

Neither during, nor at the end of the financial year, was the Company a party to any arrangements where the object is to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate, other than those arising from the share options granted under the ESOS.

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, no indemnity was given to or insurance effected for, any director or officer of the Company.

DIRECTORS' REPORT

(Cont'd)

SUBSIDIARIES

The details of the Company's subsidiaries are as follows:

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2025 %	2024 %	
<i>Direct subsidiary</i>				
Pappajack Holdings Berhad	Malaysia	100	100	Licensed pawnshop
<i>Subsidiaries of Pappajack Holdings Berhad</i>				
Pajak Gadai Tetap Sejiwa Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai Pappajack Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai Bertuah Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai PPJack Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai PPJ Sehati Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai PPJ Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai Pappajack Sehati Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai Consistent Reach Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai TSE Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai BT Cleaning Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai TMI Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Dhoby Ghaut (Kapar) Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Dhoby Ghaut Holdings Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Dhoby Ghaut (M) Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Mashita Holdings Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Consistent Reach Holdings Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Dhoby Ghaut (Sel) Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
DGH Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai PPJ Sejiwa Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Sejaya Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Rezeki Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Sinar Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Makmur Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Abadi Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Sukses Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Landas Emas Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Mandiri Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Berkat Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Maju Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack D Damai Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Kampar Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Sentosa Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Sri Muda Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop

DIRECTORS' REPORT

(Cont'd)

SUBSIDIARIES *cont'd*

The details of the Company's subsidiaries are as follows: *cont'd*

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2025 %	2024 %	
<i>Subsidiaries of Pappajack Holdings Berhad cont'd</i>				
Pappajack TG Malim Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
TSE Yong Peng Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Abadi Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Bagan Serai Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Georgetown Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Rezeki Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJack Rezeki Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
TSE Segamat Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Berkat Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Bkt Sentosa Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Parit Buntar Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Sg Siput Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Simpang Ampat Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Sitiawan Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJack Abadi Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJack Berkat Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPG Alor Star Sdn. Bhd.	Malaysia	100	-	Licensed pawnshop
PPG Sg Petani Sdn. Bhd.	Malaysia	100	-	Licensed pawnshop
Agile Growth Sdn. Bhd.	Malaysia	100	-	Licensed pawnshop
Premier Plus Sdn. Bhd.	Malaysia	100	-	Licensed pawnshop
Sahabat Synergy Sdn. Bhd.	Malaysia	100	-	Licensed pawnshop
Simbolik Rezeki Utama Sdn. Bhd.	Malaysia	100	-	Licensed pawnshop
Alaf Rezeki Utama Sdn. Bhd.	Malaysia	100	-	Licensed pawnshop
Kirana Juta Sdn. Bhd.	Malaysia	100	-	Licensed pawnshop

The available auditors' report on the accounts of the subsidiaries did not contain any qualification.

INTERESTS IN HOLDING COMPANY AND OTHER RELATED CORPORATIONS

Other than as disclosed elsewhere in this report, the Company does not have any interest in shares in the holding company and its other related corporations during the financial year.

DIRECTORS' REPORT

(Cont'd)

HOLDING COMPANY

The directors regard TSE Sejahtera Sdn. Bhd., a company incorporated in Malaysia, as the holding company of the Company.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors:

LIM BOON HUA
Director

LAW BOOK CHING
Director

Date: 24 April 2026

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	27,820,377	16,352,725	180,198	112,171
Investment property	6	1,250,133	1,269,666	-	-
Investment in a subsidiary	7	-	-	208,380,733	163,330,308
Goodwill	8	3,808,681	-	-	-
Total non-current assets		32,879,191	17,622,391	208,560,931	163,442,479
Current assets					
Inventories	9	4,150,907	5,138,827	-	-
Current tax assets		1,319,224	783,202	335,614	131,373
Trade and other receivables	10	355,295,830	263,278,173	3,302,070	49,823,704
Cash and bank balances	11	22,391,837	18,408,690	592,664	503,593
Total current assets		383,157,798	287,608,892	4,230,348	50,458,670
TOTAL ASSETS		416,036,989	305,231,283	212,791,279	213,901,149
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	12	211,698,547	211,698,547	211,698,547	211,698,547
Treasury shares	13	(1,135,230)	-	(1,135,230)	-
Reorganisation deficit	14	(11,518,039)	(11,518,039)	-	-
Other reserve	15	1,622,801	1,290,983	1,622,801	1,290,983
Retained earnings		77,361,078	60,864,137	370,753	352,650
TOTAL EQUITY		278,029,157	262,335,628	212,556,871	213,342,180
Non-current liabilities					
Loans and borrowings	16	16,060,992	8,925,329	143,062	72,380
Deferred tax liabilities	17	26,690	26,748	-	-
Total non-current liabilities		16,087,682	8,952,077	143,062	72,380
Current liabilities					
Loans and borrowings	16	119,470,226	32,500,600	29,108	31,255
Current tax liabilities		1,603,795	371,158	-	-
Other payables	18	846,129	1,071,820	62,238	455,334
Total current liabilities		121,920,150	33,943,578	91,346	486,589
TOTAL LIABILITIES		138,007,832	42,895,655	234,408	558,969
TOTAL EQUITY AND LIABILITIES		416,036,989	305,231,283	212,791,279	213,901,149

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

STATEMENTS OF COMPREHENSIVE INCOME

For the Financial Year Ended 31 December 2025

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Revenue	19	133,745,346	117,948,190	-	-
Cost of sales		(76,918,864)	(72,389,241)	-	-
Gross profit		56,826,482	45,558,949	-	-
Other income	20	525,454	252,859	16,988,120	14,974,745
Administrative expenses		(11,728,853)	(10,590,198)	(6,012,054)	(7,093,967)
Operating profit		45,623,083	35,221,610	10,976,066	7,880,778
Finance income	21	86,842	711,415	1,029,652	1,278,616
Finance costs	22	(5,229,981)	(2,350,379)	(12,192)	(6,411)
Profit before tax	23	40,479,944	33,582,646	11,993,526	9,152,983
Income tax expense	25	(12,460,003)	(9,581,367)	(452,423)	(435,089)
Profit for the financial year, representing total comprehensive income for the financial year		28,019,941	24,001,279	11,541,103	8,717,894
Profit attributable to:					
Owners of the Company		28,019,941	24,001,279	11,541,103	8,717,894
Total comprehensive income attributable to:					
Owners of the Company		28,019,941	24,001,279	11,541,103	8,717,894
Earnings per share attributable to ordinary equity holders of the Company (sen)					
- Basic and diluted	26	3.65	3.12		

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2025

Group	← Attributable to owners of the Company →					Total equity
	Share capital	Reorganisation deficit	Treasury shares	Other reserve	Retained earnings	
Note	RM	RM	RM	RM	RM	RM
At 31 December 2024	211,698,547	(11,518,039)	-	1,290,983	60,864,137	262,335,628
Total comprehensive income for the financial year						
Profit for the financial year, representing total comprehensive income	-	-	-	-	28,019,941	28,019,941
Transactions with owners						
Shares repurchased	13	-	(1,135,230)	-	-	(1,135,230)
Share options issued	15	-	-	331,818	-	331,818
Dividends paid on shares	27	-	-	-	(11,523,000)	(11,523,000)
Total transactions with owners		-	(1,135,230)	331,818	(11,523,000)	(12,326,412)
At 31 December 2025	211,698,547	(11,518,039)	(1,135,230)	1,622,801	77,361,078	278,029,157
Group						
Group	← Attributable to owners of the Company →					Total equity
	Share capital	Reorganisation deficit	Other reserve	Retained earnings	Total equity	
Note	RM	RM	RM	RM	RM	RM
At 31 December 2023	211,698,547	(11,518,039)	559,083	44,544,858	245,284,449	
Total comprehensive income for the financial year						
Profit for the financial year, representing total comprehensive income	-	-	-	24,001,279	24,001,279	
Transactions with owners						
Share options issued	15	-	731,900	-	-	731,900
Dividends paid on shares	27	-	-	(7,682,000)	(7,682,000)	
Total transactions with owners		-	731,900	(7,682,000)	(6,950,100)	
At 31 December 2024	211,698,547	(11,518,039)	1,290,983	60,864,137	262,335,628	

STATEMENTS OF CHANGES IN EQUITY

For the Financial Year Ended 31 December 2025

(Cont'd)

	← Attributable to owners of the Company →					Total equity RM
	Note	Share capital RM	Treasury shares RM	Other reserve RM	Retained earnings RM	
Company						
At 31 December 2024		211,698,547	-	1,290,983	352,650	213,342,180
Total comprehensive income for the financial year						
Profit for the financial year, representing total comprehensive income		-	-	-	11,541,103	11,541,103
Transactions with owners						
Shares repurchased	13	-	(1,135,230)	-	-	(1,135,230)
Share options issued	15	-	-	331,818	-	331,818
Dividends paid on shares	27	-	-	-	(11,523,000)	(11,523,000)
Total transactions with owners		-	(1,135,230)	331,818	(11,523,000)	(12,326,412)
At 31 December 2025		211,698,547	(1,135,230)	1,622,801	370,753	212,556,871

	← Attributable to owners of the Company →				Total equity RM
	Note	Share capital RM	Other reserve RM	(Accumulated losses)/ Retained earnings RM	
Company					
At 31 December 2023		211,698,547	559,083	(683,244)	211,574,386
Total comprehensive income for the financial year					
Profit for the financial year, representing total comprehensive income		-	-	8,717,894	8,717,894
Transactions with owners					
Share options issued	15	-	731,900	-	731,900
Dividends paid on shares	27	-	-	(7,682,000)	(7,682,000)
Total transactions with owners		-	731,900	(7,682,000)	(6,950,100)
At 31 December 2024		211,698,547	1,290,983	352,650	213,342,180

The accompanying notes form an integral part of these 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		40,479,944	33,582,646	11,993,526	9,152,983
Adjustments for:					
Deposits written off		-	19,250	-	-
Depreciation of property, plant and equipment	5	4,477,288	3,317,148	36,739	33,792
Depreciation of investment property	6	19,533	19,534	-	-
Dividend income		-	-	(11,700,000)	(8,800,000)
Gain on lease modifications		(282,031)	(91,858)	(9,273)	-
Inventories written off		250,373	12,083	-	-
Interest expenses	22	5,229,981	2,350,379	12,192	6,411
Interest income	21	(86,842)	(711,415)	(1,029,652)	(1,278,616)
Property, plant and equipment written off		-	75,000	-	-
Share-based payment		331,818	731,900	281,393	562,225
Trade receivables written off		97,286	19,350	-	-
Operating profit/(loss) before changes in working capital		50,517,350	39,324,017	(415,075)	(323,205)
<u>Changes in working capital:</u>					
Inventories		1,041,906	606,391	-	-
Trade and other receivables		(85,728,241)	(47,523,214)	25,384	21,303
Other payables		(271,310)	338,101	(393,096)	310,440
Cash (used in)/generated from operations		(34,440,295)	(7,254,705)	(782,787)	8,538
Interest received		86,842	152,722	40,575	58,509
Income tax paid		(11,668,029)	(10,902,827)	(656,664)	(781,776)
Net cash used in operating activities		(46,021,482)	(18,004,810)	(1,398,876)	(714,729)

STATEMENTS OF CASH FLOWS

For the Financial Year Ended 31 December 2025

(Cont'd)

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Cash flows from investing activities					
Acquisition of subsidiaries, net of cash acquired	7(i)	(10,792,708)	-	-	-
Repayment from/(Advances to) subsidiaries		-	-	1,496,250	(13,965,136)
Purchase of property, plant and equipment	11(a)	(5,178,384)	(2,264,807)	-	-
Dividend received		-	-	11,700,000	-
Interest received		-	558,693	989,077	1,220,107
Net cash (used in)/from investing activities		(15,971,092)	(1,706,114)	14,185,327	(12,745,029)
Cash flows from financing activities					
	11(b)				
Payment of lease liabilities		(2,480,636)	(1,991,465)	(26,958)	(29,589)
Repayment of term loan		(52,197)	(54,385)	-	-
Repurchase of treasury shares		(1,135,230)	-	(1,135,230)	-
Repayment to a director		(7,591)	-	-	-
Drawdown of revolving credits		86,404,356	416,721	-	-
Dividend paid		(11,523,000)	(7,682,000)	(11,523,000)	(7,682,000)
Interest paid		(5,229,981)	(2,350,379)	(12,192)	(6,411)
Net cash from/(used in) financing activities		65,975,721	(11,661,508)	(12,697,380)	(7,718,000)
Net increase/(decrease) in cash and cash equivalents		3,983,147	(31,372,432)	89,071	(21,177,758)
Cash and cash equivalents at the beginning of the financial year		18,408,690	49,781,122	503,593	21,681,351
Cash and cash equivalents at the end of the financial year	11	22,391,837	18,408,690	592,664	503,593

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Pappajack Berhad (“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 Unit 11.07, Amcorp Tower, Amcorp Trade Centre, 18, Jalan Persiaran Barat, 46050 Petaling Jaya, Selangor. The principal place of business of the Company is located at No.11B, Jalan TK 1/11A, Taman Kinrara, Seksyen 1, 47180 Puchong, Selangor Darul Ehsan, Malaysia.

The directors regard TSE Sejahtera Sdn. Bhd., a company incorporated in Malaysia, as the holding company of the Company.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 7.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 24 April 2026.

2. BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), the International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

2.2 Adoption of amendments to MFRS

The Group and the Company have adopted the following applicable amendments to MFRS for the current financial year:

Amendments to MFRS

MFRS 121	The Effects of Changes in Foreign Exchange Rates
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The adoption of the above amendments to MFRS did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group’s and the Company’s existing accounting policies.

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

2. BASIS OF PREPARATION *cont'd*

2.3 New MFRSs and amendments to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs and amendments to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
<u>New MFRSs</u>		
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
<u>Amendments to MFRSs</u>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2026
MFRS 7	Financial Instruments: Disclosures	1 January 2026
MFRS 9	Financial Instruments	1 January 2026
MFRS 10	Consolidated Financial Statements	1 January 2026/ Deferred
MFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
MFRS 107	Statement of Cash Flows	1 January 2026
MFRS 121	The Effects of Changes in Foreign Exchange Rates	1 January 2027
MFRS 128	Investments in Associates and Joint Ventures	Deferred

2.3.1 The Group and the Company plan to adopt the above applicable new MFRSs and amendments to MFRSs when they become effective. A brief discussion on the above significant new MFRSs and amendments to MFRSs that may be applicable to the Group and the Company are summarised below:

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 replaces MFRS 101 *Presentation of Financial Statements*. It retains many requirements from MFRS 101 without modification.

MFRS 18 introduces two subtotals which are to be presented in the statement of profit or loss – including “operating profit”, which has been specifically defined. Income and expenses shall be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

MFRS 18 requires disclosure of explanations of the entity’s company-specific measures that are related to the statement of profit or loss, referred to as management-defined performance measures (“MPMs”). The entity is required to reconcile MPMs to a total or subtotal required by MFRS 18 or another MFRS Accounting Standards. MFRS 18 also requires other disclosures, including how each MPM is calculated, what the MPM communicates about the entity’s financial performance, and any changes made to the MPMs in the year.

MFRS 18 adds new principles for aggregation and disaggregation of information. It requires the entity to classify the expenses in the “operating” category in the profit or loss by nature or function, or both. The entity that classifies operating expenses by functions are required to disclose in the notes to the financial statements, the amount of depreciation, amortisation, employee benefits, impairment losses and write-downs of inventories included in each line in the operating category. Subject to materiality, MFRS 18 requires items presented or disclosed as “other” to be labelled and/or described in as faithfully representative and precise a way as possible.

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

2. BASIS OF PREPARATION *cont'd*

2.4 Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which they operate ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Unless otherwise stated, the following material accounting policy information have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

Subsidiaries and business combination

The Group applies the acquisition method to account for business combinations from the acquisition date when the acquired set of activities meets the definition of a business and control is transferred to the Group.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries are measured at cost less any accumulated impairment losses.

3.3 Financial instruments

Financial assets – subsequent measurement and gains and losses

Debt instruments at amortised cost

The Group and the Company subsequently measure these assets at amortised cost under the effective interest method. The gross carrying amount is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities - subsequent measurement and gains and losses

Financial liabilities at amortised cost

The Group and the Company subsequently measure other financial liabilities at amortised cost under the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

3.4 Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

All property, plant and equipment (other than right-of-use assets as disclosed in Note 3.5) are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION *cont'd*

3.4 Property, plant and equipment *cont'd*

	Useful lives (years)
Furniture and fittings	10
Office equipment	5
Computer hardware and software	5
Renovation	10
Electrical appliances	10
Signboard	10
Motor vehicles	5

3.5 Leases

(a) Lessee accounting

The Group and the Company present right-of-use assets that do not meet the definition of investment property as property, plant and equipment in Note 5 and lease liabilities as loans and borrowings in Note 16.

Short-term leases

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases (defined as leases with a lease term of 12 months or less). Accordingly, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right-of-use assets

The right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the lease liabilities. The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Lease liabilities

The lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the incremental borrowing rate.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(b) Lessor accounting

The Group recognises lease payments received from investment property under operating leases as income on a straight-line basis over the lease term as part of other income.

3.6 Investment property

Investment property is measured at cost less accumulated depreciation and any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

3. MATERIAL ACCOUNTING POLICY INFORMATION *cont'd*

3.7 Inventories

Inventories principally comprise of unredeemed or bid pledges purchased on auction as a result of the Group's and the Company's pawn broking activities. Inventories are measured at the lower of cost and net realisable value.

Where necessary allowance is provided for damaged, obsolete and slow-moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

3.8 Revenue and other income

(a) Pawnbroking – Interest charges

Interest charges from collateral loan services is recognised on time-proportion basis using the fixed interest method.

(b) Sale of unredeemed or bid pledges

Revenue from the sale of unredeemed or bid pledges is recognised at a point in time when the performance obligation is satisfied upon the transfer of the goods to the buyer, which generally coincides with delivery and acceptance of the pledge sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(c) Pawnbroking – Administrative fees

Revenue from the pawnbroking-administrative fees is recognised at a point in time when the performance obligation is satisfied upon the transfer of the services to the customer.

(d) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease.

(e) Interest income

Interest income is recognised using the effective interest method.

3.9 Deferred tax

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS *cont'd*

The areas involving a higher degree of judgement or complexity that have the most significant effect on the Group's and the Company's financial statements, or areas where assumptions and estimates that have a significant risk of resulting in a material adjustment to the Group's and the Company's financial statements within the next financial year are disclosed as follows:

(a) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rate. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The Group uses a provisional matrix to calculate expected credit losses for trade receivables. The provision rates are depending on the number of days that a trade receivable is past due.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The information about the expected credit losses on the Group's and the Company's financial assets are disclosed in Note 28(b)(i).

(b) Net realisable value of inventories

The Group writes down its obsolete or slow moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The management specifically analyses current economic trends when making a judgement to evaluate the adequacy of the write-down of inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The carrying amounts of the Group's inventories are disclosed in Note 9.

(c) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value-in-use of the cash generating units to which goodwill is allocated. When value-in-use calculations are undertaken, the Group uses its judgement to decide the discount rates to be applied in the recoverable amount calculation and assumptions supporting the underlying cash flow projections, including forecast growth rates, inflation rates and gross profit margin. Cash flows that are projected based on those inputs or assumptions may have a significant effect on the Group's financial position and results if the actual cash flows are less than the expected.

The carrying amounts of the Group's goodwill and key assumptions used to determine the recoverable amount for the cash generating unit, including sensitivity analysis, are disclosed in Note 8.

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

Group	Note	Furniture and fittings	Office equipment	Computer hardware and software	Renovation	Electrical appliances	Signboard	Motor vehicles	Right-of-use assets	Total
		RM	RM	RM	RM	RM	RM	RM	RM	RM
Cost										
At 1 January 2025		326,553	2,851,463	498,741	7,155,812	19,689	708,140	585,767	15,197,785	27,343,950
Acquisition of subsidiaries	7	10,296	149,130	-	512,817	-	115,020	-	655,981	1,443,244
Additions		25,968	889,029	229,491	3,768,466	-	265,430	-	10,955,808	16,134,192
Lease modification		-	-	-	-	-	-	-	(5,693,412)	(5,693,412)
At 31 December 2025		362,817	3,889,622	728,232	11,437,095	19,689	1,088,590	585,767	21,116,162	39,227,974
Accumulated depreciation										
At 1 January 2025		130,281	2,056,360	385,293	2,809,644	19,689	233,089	196,035	5,160,834	10,991,225
Acquisition of subsidiaries	7	4,509	66,004	-	423,074	-	27,368	-	75,229	596,184
Depreciation charge for the financial year	23	33,783	408,973	87,033	934,017	-	90,422	103,734	2,819,326	4,477,288
Lease modification		-	-	-	-	-	-	-	(4,657,100)	(4,657,100)
At 31 December 2025		168,573	2,531,337	472,326	4,166,735	19,689	350,879	299,769	3,398,289	11,407,597
Carrying amount										
At 31 December 2025		194,244	1,358,285	255,906	7,270,360	-	737,711	285,998	17,717,873	27,820,377

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Group	Note	Furniture and fittings RM	Office equipment RM	Computer hardware and software RM	Renovation RM	Electrical appliances RM	Signboard RM	Motor vehicles RM	Right-of-use assets RM	Total RM
Cost										
At 1 January 2024		313,320	2,598,113	444,116	5,905,931	19,689	540,997	134,192	12,065,562	22,021,920
Additions		13,233	253,350	54,625	1,324,881	-	167,143	451,575	3,397,115	5,661,922
Written off		-	-	-	(75,000)	-	-	-	-	(75,000)
Lease modification		-	-	-	-	-	-	-	(264,892)	(264,892)
At 31 December 2024		326,553	2,851,463	498,741	7,155,812	19,689	708,140	585,767	15,197,785	27,343,950
Accumulated depreciation										
At 1 January 2024		99,615	1,690,281	319,185	2,186,091	19,689	172,203	93,934	4,583,093	9,164,091
Depreciation charge for the financial year	23	30,666	366,079	66,108	623,553	-	60,886	102,101	2,067,755	3,317,148
Lease modification		-	-	-	-	-	-	-	(1,490,014)	(1,490,014)
At 31 December 2024		130,281	2,056,360	385,293	2,809,644	19,689	233,089	196,035	5,160,834	10,991,225
Carrying amount										
At 31 December 2024		196,272	795,103	113,448	4,346,168	-	475,051	389,732	10,036,951	16,352,725

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

Company	Note	Office equipment RM	Signboard RM	Right-of-use assets RM	Total RM
Cost					
At 1 January 2024/					
At 31 December 2024		6,700	17,688	184,100	208,488
Additions		-	-	195,537	195,537
Lease modification		-	-	(184,100)	(184,100)
At 31 December 2025		6,700	17,688	195,537	219,925
Accumulated depreciation					
At 1 January 2024		1,898	3,096	57,531	62,525
Depreciation charge for the financial year	23	1,340	1,768	30,684	33,792
At 31 December 2024		3,238	4,864	88,215	96,317
Depreciation charge for the financial year	23	1,340	1,769	33,630	36,739
Lease modification		-	-	(93,329)	(93,329)
At 31 December 2025		4,578	6,633	28,516	39,727
Carrying amount					
At 31 December 2024		3,462	12,824	95,885	112,171
At 31 December 2025		2,122	11,055	167,021	180,198

(a) Right-of-use assets

The Group and the Company lease shoplots as their office space and residential unit as their staff hostel. The leases for shoplots space and staff hostel generally have lease terms between 2 to 11 years (2024: 3 to 12 years).

Information about leases for which the Group and the Company are lessees is presented below:

	Group Shoplots RM	Company Shoplot RM
Carrying amount		
At 1 January 2024	7,482,469	126,569
Additions	3,397,115	-
Depreciation	(2,067,755)	(30,684)
Lease modification	1,225,122	-
At 31 December 2024	10,036,951	95,885
Acquisition of subsidiaries (Note 7)	580,752	-
Additions	10,955,808	195,537
Depreciation	(2,819,326)	(33,630)
Lease modification	(1,036,312)	(90,771)
At 31 December 2025	17,717,873	167,021

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT *cont'd*

(a) Right-of-use assets *cont'd*

The Group and the Company have included extension options in determining the right-of-use assets. These options are negotiated by the Group and the Company to provide flexibility in managing the leased-asset portfolio and align with the Group and the Company's business needs.

6. INVESTMENT PROPERTY

Group	Note	Freehold Land RM	Freehold Building RM	Total RM
Cost				
At 1 January 2024/At 31 December 2024/ At 31 December 2025		488,333	976,667	1,465,000
Accumulated depreciation				
At 1 January 2024		-	175,800	175,800
Depreciation charge for the financial year	23	-	19,534	19,534
At 31 December 2024		-	195,334	195,334
Depreciation charge for the financial year	23	-	19,533	19,533
At 31 December 2025		-	214,867	214,867
Carrying amount				
At 31 December 2024		488,333	781,333	1,269,666
At 31 December 2025		488,333	761,800	1,250,133

Investment property of a subsidiary with a carrying amount of RM1,250,133 (2024: RM1,269,666) has been pledged as security to secure term loan granted to the Group as disclosed in Note 16(a).

The following are recognised in profit or loss in respect of investment property:

	Group	
	2025	2024
	RM	RM
Rental income	55,176	55,176
Direct operating expenses:		
- income generating investment property	29,223	31,979

Fair value information

The directors estimated the fair value of investment property of approximately RM1,374,000 (2024: approximately RM1,300,000) is categorised at Level 3 of the fair value hierarchy.

The valuation of Level 3 investment property as at 31 December 2025 and 31 December 2024 were determined by directors' estimation based on the indicative market price of similar properties in the vicinity.

There are no Level 1 and Level 2 investment property or transfers between levels during the financial years ended 31 December 2025 and 31 December 2024.

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

7. INVESTMENT IN A SUBSIDIARY

	Company	
	2025	2024
	RM	RM
At cost		
Unquoted shares		
At beginning of the financial year	163,020,896	163,020,896
Additions	45,000,000	-
	208,020,896	163,020,896
Equity contribution in respect of ESOS	359,837	309,412
At end of the financial year	208,380,733	163,330,308

Details of the subsidiaries are as follows:

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2025	2024	
		%	%	
<i>Direct subsidiary</i>				
Pappajack Holdings Berhad	Malaysia	100	100	Licensed pawnshop
<i>Subsidiaries of Pappajack Holdings Berhad</i>				
Pajak Gadai Tetap Sejiwa Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai Pappajack Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai Bertuah Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai PPJack Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai PPJ Sehati Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai PPJ Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai Pappajack Sehati Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai Consistent Reach Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai TSE Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai BT Cleaning Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai TMI Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Dhoby Ghaut (Kapar) Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Dhoby Ghaut Holdings Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Dhoby Ghaut (M) Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Mashita Holdings Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Consistent Reach Holdings Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Dhoby Ghaut (Sel) Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
DGH Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pajak Gadai PPJ Sejiwa Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Sejaya Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

7. INVESTMENT IN A SUBSIDIARY *cont'd*

Details of the subsidiaries are as follows: *cont'd*

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2025 %	2024 %	
<i>Subsidiaries of Pappajack Holdings Berhad cont'd</i>				
PPJ Rezeki Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Sinar Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Makmur Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Abadi Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Sukses Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Landas Emas Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Mandiri Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Berkat Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJ Maju Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack D Damai Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Kampar Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Sentosa Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Sri Muda Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack TG Malim Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
TSE Yong Peng Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Abadi Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Bagan Serai Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Georgetown Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Rezeki Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJack Rezeki Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
TSE Segamat Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Berkat Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Bkt Sentosa Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Parit Buntar Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Sg Siput Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Simpang Ampat Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
Pappajack Sitiawan Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJack Abadi Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPJack Berkat Sdn. Bhd.	Malaysia	100	100	Licensed pawnshop
PPG Alor Star Sdn. Bhd.	Malaysia	100	-	Licensed pawnshop
PPG Sg Petani Sdn. Bhd.	Malaysia	100	-	Licensed pawnshop
Agile Growth Sdn. Bhd.	Malaysia	100	-	Licensed pawnshop
Premier Plus Sdn. Bhd.	Malaysia	100	-	Licensed pawnshop
Sahabat Synergy Sdn. Bhd.	Malaysia	100	-	Licensed pawnshop
Simbolik Rezeki Utama Sdn. Bhd.	Malaysia	100	-	Licensed pawnshop
Alaf Rezeki Utama Sdn. Bhd.	Malaysia	100	-	Licensed pawnshop
Kirana Juta Sdn. Bhd.	Malaysia	100	-	Licensed pawnshop

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

7. INVESTMENT IN A SUBSIDIARY *cont'd*

(i) Acquisition of subsidiaries

(a) On 21 February 2025, the Company's wholly-owned subsidiary, Pappajack Holdings Berhad had entered into a Share Sale Agreement ("SSA") to acquire the entire equity interests in PPG Alor Star Sdn. Bhd. ("AS") and PPG Sg Petani Sdn. Bhd. ("SP") for cash considerations of RM4,689,280 and RM5,285,888 respectively. The acquisitions were completed on 1 April 2025 in accordance with the terms and conditions of the SSA.

(i) The fair value of the identifiable assets and liabilities of AS and SP as at the date of acquisition were as follows:

	AS RM	SP RM	Total RM
Assets			
Property, plant and equipment (Note 5)	207,652	639,408	847,060
Trade and other receivables	2,951,454	3,435,248	6,386,702
Inventories	190,259	114,100	304,359
Current tax assets	44,550	68,438	112,988
Cash and bank balances	75,738	88,127	163,865
	3,469,653	4,345,321	7,814,974
Liabilities			
Deferred tax liabilities (Note 17)	(8,035)	(9,536)	(17,571)
Lease liabilities	(93,492)	(502,809)	(596,301)
Other payables and accruals	(3,419)	(3,499)	(6,918)
Total identified net assets acquired	3,364,707	3,829,477	7,194,184
Goodwill arising from acquisitions (Note 8)	1,324,573	1,456,411	2,780,984
Fair value of consideration paid	4,689,280	5,285,888	9,975,168

(ii) The effects of the acquisitions of AS and SP on cash flows of the Group were as follows:

	AS RM	SP RM	Total RM
Total consideration paid in cash by the Group	4,689,280	5,285,888	9,975,168
Less: Cash and bank balances of the subsidiaries	(75,738)	(88,127)	(163,865)
Net cash outflows on acquisitions	4,613,542	5,197,761	9,811,303

(iii) Effects of acquisitions in statements of comprehensive income

From the date of acquisitions, the subsidiaries' contributed revenue and profit/(loss) net of tax are as follows:

	AS RM	SP RM	Total RM
Revenue	917,076	982,866	1,899,942
Profit/(Loss) for the financial period	78,015	(26,235)	51,780

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

7. INVESTMENT IN A SUBSIDIARY *cont'd*

(i) Acquisition of subsidiaries *cont'd*

(a) *cont'd*

(iii) Effects of acquisitions in statements of comprehensive income *cont'd*

If acquisitions had occurred on 1 January 2025, the consolidated results for the financial year ended 31 December 2025 would have been as follows:

	AS	SP	Total
	RM	RM	RM
Revenue	1,361,379	1,448,864	2,810,243
Profit for the financial year	619,941	391,925	1,011,866

(b) On 20 November 2024, the Company's wholly-owned subsidiary, Pappajack Holdings Berhad had entered into a SSA to acquire the entire equity interests in Agile Growth Sdn. Bhd. ("AGSB"), Premier Plus Sdn. Bhd. ("PPSB"), Sahabat Synergy Sdn. Bhd. ("SSSB") and Simbolik Rezeki Utama Sdn. Bhd. ("SRUSB") for cash considerations of RM200,000, RM200,000, RM200,000 and RM200,000 respectively. On 3 December 2024, the Company's wholly-owned subsidiary, Pappajack Holdings Berhad had entered into a SSA to acquire the entire equity interest in Kirana Juta Sdn. Bhd. ("KJSB") for a cash consideration of RM40,000. The acquisitions were completed on 2 January 2025 in accordance with the terms and conditions of the SSA.

On 10 February 2025, the Company's wholly-owned subsidiary, Pappajack Holdings Berhad had entered into a SSA to acquire the entire equity interest in Alaf Rezeki Utama Sdn. Bhd. ("ARSB") for a cash consideration of RM150,000. The acquisition was completed on 10 February 2025 in accordance with the terms and conditions of the SSA.

The principal activity of AGBS, PPSB, SSSB, SRUSB, ARSB and KJSB are licensed pawnshop.

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

7. INVESTMENT IN A SUBSIDIARY *cont'd*

(i) Acquisition of subsidiaries *cont'd*

(b) *cont'd*

- (i) The fair value of the identifiable assets and liabilities of AGSB, PPSB, SSSB, SRUSB, ARSB and KJSB as at the date of acquisition were as follows:

	AGSB RM	PPSB RM	SSSB RM	SRUSB RM	ARSB RM	KJSB RM	Total RM
Assets							
Cash and cash equivalent	1,921	1,920	1,921	913	1,920	-	8,595
	1,921	1,920	1,921	913	1,920	-	8,595
Liabilities							
Other payables	(4,507)	(3,892)	(3,922)	(3,793)	(4,022)	(26,156)	(46,292)
Total identified net assets acquired	(2,586)	(1,972)	(2,001)	(2,880)	(2,102)	(26,156)	(37,697)
Goodwill arising from acquisition (Note 8)	202,586	201,972	202,001	202,880	152,102	66,156	1,027,697
Fair value consideration paid	200,000	200,000	200,000	200,000	150,000	40,000	990,000

- (ii) The effects of acquisitions of AGSB, PPSB, SSSB, SRUSB, ARSB and KJSB on the cash flows of the Group were as follows:

	AGSB RM	PPSB RM	SSSB RM	SRUSB RM	ARSB RM	KJSB RM	Total RM
Total consideration paid in cash by the Group	200,000	200,000	200,000	200,000	150,000	40,000	990,000
Less: Cash and cash equivalents of the subsidiary	(1,921)	(1,920)	(1,921)	(913)	(1,920)	-	(8,595)
Net cash outflow on acquisition	198,079	198,080	198,079	199,087	148,080	40,000	981,405

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

7. INVESTMENT IN A SUBSIDIARY *cont'd*

(i) Acquisition of subsidiaries *cont'd*

(b) *cont'd*

(iii) Effects of acquisitions in statements of comprehensive income

From the date of acquisitions, the subsidiaries' contributed revenue and profit/(loss) net of tax are as follows:

	AGSB	PPSB	SSSB	SRUSB	ARSB	KJSB	Total
	RM	RM	RM	RM	RM	RM	RM
Revenue	428,230	34,516	44,216	390,003	117	109,005	1,006,087
Profit/(Loss) for the financial year	233,681	(14,532)	(22,522)	214,827	(75,366)	46,024	382,112

If acquisitions had occurred on 1 January 2025, the consolidated results for the financial year ended 31 December 2025 would have been as follows:

	AGSB	PPSB	SSSB	SRUSB	ARSB	KJSB	Total
	RM	RM	RM	RM	RM	RM	RM
Revenue	428,230	34,516	44,216	390,003	117	109,005	1,006,087
Profit/(Loss) for the financial year	(3,758,272)	(4,005,429)	(4,014,723)	(3,778,374)	(4,070,690)	(3,953,976)	(23,581,464)

(ii) Subscription for additional interests in a subsidiary

On 1 December 2025, the Company had further subscribed for 45,000,000 ordinary shares of Pappajack Holdings Berhad for a total cash consideration of RM45,000,000 by way of capitalising the amount owing to the Company of RM45,000,000.

8. GOODWILL

	Goodwill
	RM
Group Cost	-
At 1 January 2025	3,808,681
Acquisition of subsidiaries (Note 7)	3,808,681
At 31 December 2025	3,808,681

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

8. GOODWILL *cont'd*

Goodwill is assessed at each reporting date regardless of any indication of impairment by comparing the carrying amount with the recoverable amount of the cash-generating units ("CGUs").

For the purpose of management's impairment assessment, goodwill is allocated to PPG Alor Star Sdn. Bhd. ("AS"), PPG Sg Petani Sdn. Bhd. ("SP"), Agile Growth Sdn. Bhd. ("AGSB"), Premier Plus Sdn. Bhd. ("PPSB"), Sahabat Synergy Sdn. Bhd. ("SSSB"), Simbolik Rezeki Utama Sdn. Bhd. ("SRUSB"), Alaf Rezeki Utama Sdn. Bhd. ("ARSB") and Kirana Juta Sdn. Bhd. ("KJSB") as CGUs.

The carrying amount of goodwill allocated to each CGU is as follows:

	Group 2025
PPG Alor Star Sdn. Bhd.	1,324,573
PPG Sg Petani Sdn. Bhd.	1,456,411
Agile Growth Sdn. Bhd.	202,586
Premier Plus Sdn. Bhd.	201,972
Sahabat Synergy Sdn. Bhd.	202,001
Simbolik Rezeki Utama Sdn. Bhd.	202,880
Kirana Juta Sdn. Bhd.	152,102
Alaf Rezeki Utama Sdn. Bhd.	66,156

The recoverable amounts of CGUs have been determined based on value-in-use calculations using cash flows projection from forecasts approved by the Group covering a five-year period. The calculation of value-in-use for the CGUs is most sensitive to the following key assumptions:

	Group 2025
Average revenue growth rates	12% - 16%
Pre-tax discount rate	7.18%

Average revenue growth rates is estimated based on management's estimation taking into consideration of the historical performance of multiple existing outlets. The forecast assumes that future revenue trends will remain broadly consistent with historical patterns observed across these outlets, taking into account past sales volumes and performance stability. No material changes in operating conditions, pricing structure, or business model have been assumed unless otherwise stated.

Discount rate is estimated based on industry weighted average cost of capital. The discount rate applied to the cash flow projections is pre-tax and reflects managements estimate of the risk specific to the CGU at the date of assessment.

The estimated recoverable amounts exceed the carrying amounts of the CGUs. Based on the sensitivity analysis performed, the Group believes that no reasonably possible change in base key assumptions would cause the carrying amounts of the CGUs to exceed their recoverable amounts.

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

9. INVENTORIES

	Group	
	2025	2024
	RM	RM
At cost:		
Auctioned pledges	4,150,907	5,138,827

- (a) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM63,791,294 (2024: RM61,501,040).
- (b) The Group recognised an expense in respect of inventories written off during the financial year was RM250,373 (2024: RM12,083).

10. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2025	2024	2025	2024
		RM	RM	RM	RM
Trade					
Trade receivables					
- Pawn loans	(a)	352,322,249	259,646,869	-	-
Non-trade					
Other receivables		287,907	703,595	55,120	81,704
Amounts owing by a subsidiary	(b)	-	-	3,233,750	49,730,000
Deposits	(c)	1,277,635	1,731,738	13,200	12,000
Prepayments		1,408,039	1,195,971	-	-
		2,973,581	3,631,304	3,302,070	49,823,704
Total trade and other receivables		355,295,830	263,278,173	3,302,070	49,823,704

(a) Trade receivables

Pawn loans are secured by pledges. The quantum of loans granted to customers is based on a portion of the value of the pledge. In the event that a customer does not renew or redeem a pledge within agreed redemption period from the grant date of the loan, the pledge will be disposed by a sale by auction or forfeited, in accordance with the provisions of the Pawnbrokers Act 1972.

The pawn loans bear monthly interest ranging from 0.5% to 2% (2024: 0.8% to 2%) and normal credit terms offered by the Group is 6 months.

The information about the credit exposures is disclosed in Note 28(b)(i).

(b) Amounts owing by subsidiaries

Amounts owing by subsidiaries are non-trade in nature, unsecured, non-interest bearing, and repayable on demand, except for an amount of RM3,233,750 (2024: RM45,930,000), which arise mainly from short-term advances and subject to interest at a rate of 2.3% (2024: 2.3%) per annum.

(c) Deposits

Included in deposits of the Group is a non-refundable deposit of RM370,000 (2024: RM150,000) for the renovation of shoplots.

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

11. CASH AND BANK BALANCES

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Cash and bank balances		22,391,837	18,408,690	592,664	503,593

- (a) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment.

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Purchase of property, plant and equipment	5	16,134,192	5,661,922	195,537	-
Financed by way of lease arrangements		(10,955,808)	(3,397,115)	(195,537)	-
Cash payments on purchase of property, plant and equipment		5,178,384	2,264,807	-	-

- (b) Reconciliation of changes in liabilities arising from financing activities are as follows:

	1.1.2025 RM	Cash flows RM	Non-cash			31.12.2025 RM
			Addition RM	Lease modification RM	Others RM	
Group						
Amount owing to a director	7,591	(7,591)	-	-	-	-
Lease liabilities	10,418,553	(2,480,636)	10,955,808	(1,318,343)	596,301	18,171,683
Revolving credit	30,416,721	86,404,356	-	-	-	116,821,077
Term loan	590,655	(52,197)	-	-	-	538,458
	41,433,520	83,863,932	10,955,808	(1,318,343)	596,301	135,531,218

	1.1.2024 RM	Cash flows RM	Non-cash		31.12.2024 RM
			Addition RM	Lease modification RM	
Group					
Amount owing to a director	7,591	-	-	-	7,591
Lease liabilities	7,879,639	(1,991,465)	3,397,115	1,133,264	10,418,553
Revolving credit	30,000,000	416,721	-	-	30,416,721
Term loan	645,040	(54,385)	-	-	590,655
	38,532,270	(1,629,129)	3,397,115	1,133,264	41,433,520

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

11. CASH AND BANK BALANCES *cont'd*

(b) Reconciliation of changes in liabilities arising from financing activities are as follows: *cont'd*

	1.1.2025	Cash flows	Non-cash Lease modification	31.12.2025
	RM	RM	RM	RM
Company				
Lease liabilities	103,635	(26,958)	95,493	172,170
		1.1.2024	Cash flows	31.12.2024
		RM	RM	RM
Company				
Lease liabilities		133,224	(29,589)	103,635

(c) Total cash outflows for leases:

During the financial year, the Group and the Company had total cash outflows for leases of RM3,583,759 (2024: RM2,510,097) and RM39,150 (2024: RM36,000) respectively.

12. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amounts	
	2025	2024	2025	2024
	Unit	Unit	RM	RM
Issued and fully paid up (no par value):				
At the beginning/end of the financial year	768,200,000	768,200,000	211,698,547	211,698,547

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

13. TREASURY SHARES

Treasury shares comprises cost of acquisition of the Company's own shares. At 31 December 2025, the Group held 1,248,800 of the Company's own shares.

During the financial year, the Company repurchased 1,248,800 of its issued ordinary shares from the open market at an average price of RM0.91 per share. The net total consideration paid for repurchase including transaction costs was RM1,135,230.

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

14. REORGANISATION DEFICIT

	Group	
	2025	2024
	RM	RM
At 1 January/31 December	(11,518,039)	(11,518,039)

15. OTHER RESERVE

	Group and Company	
	2025	2024
	RM	RM
Share option reserve	1,622,801	1,290,983

The share option reserve comprises the cumulative value of services received for the issue of share options. The reserve is recorded over the vesting period commencing from the grant date and is reduced by the expiry or exercise of the share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

Vesting period of the share option offered:

- (i) First 30%: 1 January 2024 to 31 July 2028
- (ii) Subsequent 30%: 1 January 2025 to 31 July 2028
- (iii) Remaining 40%: 1 January 2026 to 31 July 2028

On 11 September 2023, the Group granted share options with a total number of 7,680,000 to eligible directors and employees of the Group to acquire shares in the Company under the Employees Share Options Scheme ("ESOS") approved by the shareholders of the Company. The share options granted may be exercised any time from the date of vesting to the date of expiry and settlement is by issuance of fully paid ordinary shares.

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise prices ("WAEP") of, and movement in, share options:

	Number	WAEP	Number	WAEP
	2025	2025	2024	2024
At beginning of the financial year	7,215,000	RM1.00	7,680,000	RM1.00
Forfeited during the financial year	(450,000)	RM1.00	(465,000)	RM1.00
At end of the financial year	6,765,000	RM1.00	7,215,000	RM1.00
Exercisable at end of the year	6,765,000	RM1.00	7,215,000	RM1.00

The options outstanding at 31 December 2025 have exercise price of RM1.00 (2024: RM1.00) and the weighted average remaining contractual life for the share options outstanding as at 31 December 2025 was 2.58 years (2024: 3.58 years).

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

15. OTHER RESERVE *cont'd*

The fair value of the share options granted were determined using a binomial option pricing model, and the inputs were:

	2023
Fair value of share options and assumptions	
Weighted average fair value of share option at grant date (RM)	0.24
Weighted average share price (RM)	0.81
Option life (years)	4.9
Risk-free rate (%)	3.62
Expected volatility (%)	25.62

The expected volatility reflected the assumption that the historical volatility was an indicative or future trends, which may also not necessarily be the actual outcome.

16. LOANS AND BORROWINGS

	Note	Group		Company	
		2025 RM	2024 RM	2025 RM	2024 RM
Non-current:					
Term loan	(a)	479,341	531,538	-	-
Lease liabilities	(b)	15,581,651	8,393,791	143,062	72,380
		16,060,992	8,925,329	143,062	72,380
Current:					
Term loan	(a)	59,117	59,117	-	-
Lease liabilities	(b)	2,590,032	2,024,762	29,108	31,255
Revolving credit	(c)	116,821,077	30,416,721	-	-
		119,470,226	32,500,600	29,108	31,255
		135,531,218	41,425,929	172,170	103,635
Total loan and borrowings:					
Term loan	(a)	538,458	590,655	-	-
Lease liabilities	(b)	18,171,683	10,418,553	172,170	103,635
Revolving credit	(c)	116,821,077	30,416,721	-	-
		135,531,218	41,425,929	172,170	103,635

(a) Term loan

Term loan of a subsidiary bears interest at base lending rate ("BLR") minus 2.2% per annum and is repayable by monthly instalments of RM7,050 (2024: RM7,050) over 20 years commencing from the day of first drawdown and is secured and supported as follows:

- (i) Legal charge over the freehold land and buildings of a subsidiary as disclosed in Note 6; and
- (ii) Corporate guarantee by the Company.

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

16. LOANS AND BORROWINGS *cont'd*

(b) Lease liabilities

Future minimum lease payments together with the present value of net minimum lease payments are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Minimum lease payments:				
Not later than one year	3,695,712	2,626,011	39,600	36,000
Later than one year and not later than five years	12,667,438	7,926,640	158,400	76,500
Later than five years	6,213,009	1,924,400	4,950	-
	22,576,159	12,477,051	202,950	112,500
Less: Future finance charges	(4,404,476)	(2,058,498)	(30,780)	(8,865)
Present value of minimum lease payments	18,171,683	10,418,553	172,170	103,635
Present value of minimum lease payments:				
Not later than one year	2,590,032	2,024,762	29,108	31,255
Later than one year and not later than five years	10,915,035	8,182,258	138,121	72,380
Later than five years	4,666,616	211,533	4,941	-
	18,171,683	10,418,553	172,170	103,635
Less: Amount due within twelve months	(2,590,032)	(2,024,762)	(29,108)	(31,255)
Amount due after twelve months	15,581,651	8,393,791	143,062	72,380

(c) Revolving credit

The revolving credit of the Group is secured by way of:

- (i) Debenture over the fixed and floating assets of certain subsidiaries;
- (ii) Corporate guarantee by the Company; and
- (iii) Letter of Earmark

17. DEFERRED TAX LIABILITIES

	Group	
	2025 RM	2024 RM
Deferred tax assets		
At 1 January	-	129,083
Recognised in profit or loss (Note 25)	-	(129,083)
At 31 December	-	-
Deferred tax liabilities		
At 1 January	(26,748)	(13,444)
Acquisition of subsidiaries (Note 7)	(17,571)	-
Recognised in profit or loss (Note 25)	17,629	(13,304)
At 31 December	(26,690)	(26,748)

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

17. DEFERRED TAX LIABILITIES *cont'd*

The components of deferred tax liabilities as at the end of the financial year comprise the following:

	Group	
	2025	2024
	RM	RM
Deferred tax liabilities		
Differences between the carrying amount of property, plant and equipment and its tax bases	(26,690)	(26,748)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2025	2024
	RM	RM
Unused tax losses	195,173	156,250
Unabsorbed capital allowance	70,977	95,283
Temporary differences arising from property, plant and equipment	1,624,774	664,497
	1,890,924	916,030

The availability of unused tax losses for offsetting against future taxable profits of the subsidiary in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

Unrecognised deferred tax assets

The unused tax losses are available for offset against future taxable profits of the Group up to the following financial years:

	Group	
	2025	2024
	RM	RM
2034	11,204	156,250
2035	183,969	-

18. OTHER PAYABLES

	Note	Group		Company	
		2025	2024	2025	2024
		RM	RM	RM	RM
Other payables		497,958	178,256	33,238	95,077
Amount owing to a director	(a)	-	7,591	-	-
Accruals		332,271	874,573	29,000	360,257
Deposits received		15,900	11,400	-	-
Total other payables		846,129	1,071,820	62,238	455,334

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

18. OTHER PAYABLES *cont'd*

(a) Amount owing to a director

Amount owing to a director are unsecured, non-interest bearing, repayable upon demand and is expected to be settled in cash.

For explanation on the Group's and the Company's liquidity risk management processes, refer to Note 28(b)(ii).

19. REVENUE

	Group	
	2025	2024
	RM	RM
Over time:		
Pawnbroking - Interest charges	53,323,719	42,684,911
At a point in time:		
Sale of unredeemed or bid pledges	80,200,728	75,069,479
Pawnbroking - Administrative fees	220,899	193,800
	133,745,346	117,948,190

(a) Disaggregation of revenue

The Group reports the following major segments: pawnbroking and sale of unredeemed or bid pledges in accordance with MFRS 8 *Operating Segments*.

For disclosures on the Group's segment information as required by MFRS 8 *Operating Segments*, refer to Note 32.

20. OTHER INCOME

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Dividend income	-	-	11,700,000	8,800,000
Gain on lease modification	282,031	91,858	9,273	-
Insurance rebates	126,780	100,555	-	-
Management fee income	-	-	5,278,847	6,174,745
Rental income	73,176	58,176	-	-
Write back of payables	22,567	-	-	-
Others	20,900	2,270	-	-
	525,454	252,859	16,988,120	14,974,745

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

21. FINANCE INCOME

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Interest income on:				
- Bank balances	86,842	152,722	40,575	58,509
- Fixed deposits	-	558,693	-	508,640
- Amount owing by subsidiary	-	-	989,077	711,467
	86,842	711,415	1,029,652	1,278,616

22. FINANCE COSTS

	Group		Company	
	2025	2024	2025	2024
	RM	RM	RM	RM
Interest expense on:				
- Lease liabilities	995,306	487,162	12,192	6,411
- Revolving credit	4,210,112	1,835,451	-	-
- Term loan	24,563	27,766	-	-
	5,229,981	2,350,379	12,192	6,411

23. PROFIT BEFORE TAX

Other than as disclosed elsewhere in the financial statements, the following items have been charged in arriving at profit before tax:

	Note	Group		Company	
		2025	2024	2025	2024
		RM	RM	RM	RM
Auditors' remuneration					
- statutory audit:					
- Baker Tilly Monteiro Heng PLT		546,500	479,000	40,500	37,000
- Other service					
- Baker Tilly Monteiro Heng PLT		6,000	6,000	6,000	6,000
Deposits written off		-	19,250	-	-
Depreciation of investment property	6	19,533	19,534	-	-
Depreciation of property, plant and equipment	5	4,477,288	3,317,148	36,739	33,792
Employee benefits expense	24	11,404,115	10,241,370	4,803,084	4,715,774
Expense relating to short-term lease		107,817	31,470	-	-
Inventories written off		250,373	12,083	-	-
Property, plant and equipment written off		-	75,000	-	-
Trade receivables written off		97,286	19,350	-	-

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

24. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Salaries, wages, allowances and bonuses	8,714,466	7,667,787	3,715,883	3,516,334
Defined contribution plans	1,203,066	865,071	491,411	391,873
Other staff related expenses	1,154,765	976,612	314,397	245,342
Share-based payment	331,818	731,900	281,393	562,225
	11,404,115	10,241,370	4,803,084	4,715,774

Included in employee benefits expense are:

	Group and Company	
	2025 RM	2024 RM
Directors of the Company		
Executive directors		
- Fees	219,996	219,996
- Salaries, allowances and bonuses	1,090,398	810,004
- Defined contribution plans	141,835	105,348
- Other related expenses	2,784	2,434
	1,455,013	1,137,782
Non-executive directors		
- Fees	183,000	168,504
- Other related expenses	12,000	11,000
- Share-based payment	35,127	72,819
	230,127	252,323
	1,685,140	1,390,105

The estimated monetary value of benefit-in-kind received by an executive director other than in cash from the Group amounted to RM 23,950 (2024: RM23,950).

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

25. INCOME TAX EXPENSE

The major components of income tax expense for the financial years ended 31 December 2025 and 31 December 2024 are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	11,540,866	8,826,343	208,414	468,627
- Adjustment in respect of prior years	936,766	612,637	244,009	(33,538)
	12,477,632	9,438,980	452,423	435,089
Deferred tax (Note 17):				
- Reversal of temporary differences	820	(851)	-	-
- Adjustment in respect of prior years	(18,449)	143,238	-	-
	(17,629)	142,387	-	-
Income tax expense recognised in profit or loss	12,460,003	9,581,367	452,423	435,089

Domestic income tax is calculated at the Malaysia statutory income tax rate of 24% (2024: 24%) of the estimated assessable profit for the financial year.

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Profit before tax	40,479,944	33,582,646	11,993,526	9,152,983
Tax at Malaysian statutory income tax rate of 24%	9,715,187	8,059,835	2,878,446	2,196,716
Adjustments:				
Income not subject to tax	(32,089)	(79,631)	(2,808,000)	(2,112,000)
Non-deductible expenses	1,624,613	727,066	137,968	383,911
Utilisation of previously unrecognised temporary differences	(116,364)	(38,485)	-	-
Deferred tax not recognised on temporary differences	350,339	156,707	-	-
Adjustment in respect of current income tax of prior years	936,766	612,637	244,009	(33,538)
Adjustment in respect of deferred tax of prior years	(18,449)	143,238	-	-
Income tax expense	12,460,003	9,581,367	452,423	435,089

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

26. EARNINGS PER SHARE

Basic earnings per ordinary share and diluted earnings per ordinary share

Basic earnings per ordinary share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per ordinary share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The basic and diluted earnings per ordinary share are computed as follow:

	Group	
	2025	2024
Profit attributable to ordinary equity holders of the Company (RM)	28,019,941	24,001,279
Weighted average number of ordinary shares for basic earnings per share (unit)	768,052,803	768,200,000
Basic and diluted earnings per share (sen)	3.65	3.12

The diluted earnings per ordinary share of the Group for the financial year ended 31 December 2025 are same as the basic earnings per ordinary share of the Group as the Company's potential ordinary shares were anti-dilutive.

27. DIVIDENDS

	Company	
	2025 RM	2024 RM
Recognised during the financial year:		
Dividends on ordinary shares:		
- Single-tier first interim dividend for the financial year ended 31 December 2025: 0.50 sen per ordinary share	3,841,000	-
- Single-tier second interim dividend for the financial year ended 31 December 2025: 0.50 sen per ordinary share	3,841,000	-
- Single-tier third interim dividend for the financial year ended 31 December 2025: 0.50 sen per ordinary share	3,841,000	-
- Single-tier first interim dividend for the financial year ended 31 December 2024: 0.50 sen per ordinary share	-	3,841,000
- Single-tier second interim dividend for the financial year ended 31 December 2024: 0.50 sen per ordinary share	-	3,841,000
	11,523,000	7,682,000

On 27 February 2026, the Board of Directors approved and declared a single-tier fourth interim dividend of 0.25 sen per ordinary share in respect of the financial year ended 31 December 2025. The dividend amounting of RM1,920,500 was paid on 31 March 2026. The financial statements for the current financial year do not reflect this dividend. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2026.

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

28. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

	Carrying amount	Amortised cost
	RM	RM
Group		
At 31 December 2025		
Financial assets		
Trade and other receivables, net of prepayment and non-refundable deposits	353,517,791	353,517,791
Cash and short-term deposits	22,391,837	22,391,837
	<u>375,909,628</u>	<u>375,909,628</u>
Financial liabilities		
Loans and borrowings, net of lease liabilities	(117,359,535)	(117,359,535)
Other payables	(846,129)	(846,129)
	<u>(118,205,664)</u>	<u>(118,205,664)</u>
At 31 December 2024		
Financial assets		
Trade and other receivables, net of prepayment and non-refundable deposits	261,932,202	261,932,202
Cash and short-term deposits	18,408,690	18,408,690
	<u>280,340,892</u>	<u>280,340,892</u>
Financial liabilities		
Loans and borrowings, net of lease liabilities	(31,007,376)	(31,007,376)
Other payables	(1,071,820)	(1,071,820)
	<u>(32,079,196)</u>	<u>(32,079,196)</u>
Company		
At 31 December 2025		
Financial assets		
Trade and other receivables, net of prepayment	3,302,070	3,302,070
Cash and short-term deposits	592,664	592,664
	<u>3,894,734</u>	<u>3,894,734</u>
Financial liability		
Other payables	(62,238)	(62,238)

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

28. FINANCIAL INSTRUMENTS *cont'd*

(a) Categories of financial instruments *cont'd*

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned: *cont'd*

	Carrying amount	Amortised cost
	RM	RM
Company		
At 31 December 2024		
Financial assets		
Trade and other receivables, net of prepayment	49,823,704	49,823,704
Cash and short-term deposits	503,593	503,593
	50,327,297	50,327,297
Financial liability		
Other payables	(455,334)	(455,334)

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for its shareholders.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from its operating activities (primarily trade and other receivables) and from its financing activities, including deposits with banks and financial institutions. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Trade receivables

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statements of financial position.

Credit risk concentration profile

The Group has no significant concentration of credit risk from its trade receivables. The Group minimises credit risk by requiring collateral and/or dealing with credit worthy counterparties.

The Group applies the simplified approach to providing for impairment losses prescribed by MFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

28. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(i) Credit risk *cont'd*

Trade receivables *cont'd*

Credit risk concentration profile *cont'd*

The Group determines the concentration of credit risk by monitoring its trade receivables.

The information about the credit risk exposure on the Group's trade receivables using a provision matrix are as follows:

	Gross carrying amount at default RM
Group	
2025	
Current	323,841,085
1 to 30 days past due	21,231,748
31 to 60 days past due	6,472,403
61 to 90 days past due	677,573
91 to 120 days past due	74,540
More than 120 days past due	24,900
	352,322,249
2024	
Current	241,507,749
1 to 30 days past due	10,698,952
31 to 60 days past due	7,056,073
61 to 90 days past due	369,907
91 to 120 days past due	9,778
More than 120 days past due	4,410
	259,646,869

Other receivables and other financial assets

For other receivables and other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

28. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(i) Credit risk *cont'd*

Other receivables and other financial assets *cont'd*

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 90 days past due in making a contractual payment.

Some intercompany balances between entities within the Group comprise loans or advances which are repayable on demand. The Company regularly monitors the financial performance and position of these entities on an individual basis. When these entities' financial performance and position deteriorates significantly, the Company assumes that there is a significant increase in credit risk, and thereby a lifetime expected credit loss assessment is necessary. As the Company is able to determine the timing of repayment of the loans or advances, the Company will consider the loans or advances to be in default when these entities are unable to pay based on the expected manner of recovery and recovery period. The Company determines the probability of default for these loans or advances using internally available information. The Company considers the loans or advances to be credit-impaired when the entities are unlikely to repay their debts.

As at the end of the reporting date, the Group and the Company consider the other receivables and other financial assets as low credit risk and any loss allowance would be negligible.

Financial guarantee contracts

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loan and revolving credit granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM117,359,535 (2024: RM31,007,376) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 28(b)(ii). As at the reporting date, there was no loss allowance for expected credit losses as determined by the Company for the financial guarantee.

The financial guarantees have not been recognised since the fair value on initial recognition was not material as the guarantee is provided as credit enhancement to subsidiaries's secured borrowings.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arises principally from other payables, loan and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group's and the Company's treasury department also ensures that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

28. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(ii) Liquidity risk *cont'd*

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

	Carrying amount RM	Contractual cash flows			Total RM
		On demand or within one year RM	Between one and five years RM	More than five years RM	
Group					
31 December 2025					
Other payables	846,129	846,129	-	-	846,129
Term loan	538,458	84,600	338,400	205,237	628,237
Lease liabilities	18,171,683	3,695,712	12,667,438	6,213,009	22,576,159
Revolving credit	116,821,077	116,821,077	-	-	116,821,077
	136,377,347	121,447,518	13,005,838	6,418,246	140,871,602
31 December 2024					
Other payables	1,071,820	1,071,820	-	-	1,071,820
Term loan	590,655	84,600	338,400	287,676	710,676
Lease liabilities	10,418,553	2,626,011	7,926,640	1,924,400	12,477,051
Revolving credit	30,416,721	30,416,721	-	-	30,416,721
	42,497,749	34,199,152	8,265,040	2,212,076	44,676,268
Company					
31 December 2025					
Other payables	62,238	62,238	-	-	62,238
Lease liabilities	172,170	39,600	158,400	4,950	202,950
Financial guarantee contract	-	117,359,535	-	-	117,359,535
	234,408	117,461,373	158,400	4,950	117,624,723
31 December 2024					
Other payables	455,334	455,334	-	-	455,334
Lease liabilities	103,635	36,000	76,500	-	112,500
Financial guarantee contract	-	31,007,376	-	-	31,007,376
	558,969	31,498,710	76,500	-	31,575,210

(iii) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates.

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

28. FINANCIAL INSTRUMENTS *cont'd*

(b) Financial risk management *cont'd*

(iii) Interest rate risk *cont'd*

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's and the Company's total equity and profit for the financial years.

	Carrying amount RM	Change in basis point	Effect on profit for the financial year RM	Effect on equity RM
Group				
31 December 2025				
Loans and borrowings	(117,359,535)	+ 50	(445,966)	(445,966)
		- 50	445,966	445,966
31 December 2024				
Loans and borrowings	(31,007,376)	+ 50	(117,828)	(117,828)
		- 50	117,828	117,828

(c) Fair value measurement

The carrying amounts of cash and short-term deposits, short-term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

There have been no transfers between Level 1, Level 2 and Level 3 during the financial year.

29. COMMITMENTS

The Group has made commitments for the following capital expenditures:

	Group	
	2025 RM	2024 RM
Property, plant and equipment approved and contracted for	92,000	29,600

30. RELATED PARTIES

(a) Identity of related parties

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

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

30. RELATED PARTIES *cont'd*

(a) Identity of related parties *cont'd*

Related parties of the Group and the Company include:

- (i) Company's holding company;
- (ii) Subsidiaries;
- (iii) Entities in which certain directors have substantial financial interests; and
- (iv) Key management personnel of the Group and the Company, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly and indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group		Company	
	2025 RM	2024 RM	2025 RM	2024 RM
Interest received/receivable from:				
- Subsidiaries	-	-	989,077	711,467
Management fee received/receivable from:				
- Subsidiaries	-	-	5,278,847	6,174,745
Dividend received/receivable from:				
- Subsidiary	-	-	11,700,000	8,800,000
Rental paid/payable to:				
- Entities in which certain director has substantial interest	795,226	570,600	39,150	36,000

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Notes 10 and 18.

The Company provides secured corporate guarantees to banks in respect of banking facilities granted to the subsidiaries as disclosed in Note 28(b)(i).

(c) Compensation of key management personnel

Key management personnel include personnel having authority and responsibility for planning, directing and controlling the activities of the entities, directly or indirectly, including any directors of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

30. RELATED PARTIES *cont'd*

(c) Compensation of key management personnel *cont'd*

The remuneration of the key management personnel is as follows:

	Group and Company	
	2025	2024
	RM	RM
Fees	402,996	388,500
Salaries, allowances and bonuses	1,718,398	1,379,004
Defined contribution plans	223,475	179,318
Other related expenses	17,570	15,868
Share-based payment	109,774	250,750
	<u>2,472,213</u>	<u>2,213,440</u>

The estimated monetary value of benefit-in-kind received by an executive director other than in cash from the Group amounted to RM 23,950 (2024: RM23,950).

31. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value. The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial year ended 31 December 2025 and 31 December 2024.

The Group and the Company monitor capital using gearing ratio. The gearing ratio is calculated as bank borrowings divided by total equity. The gearing ratio as at 31 December 2025 and 31 December 2024 are as follows:

	Note	Group	
		2025	2024
		RM	RM
Term loan	16	538,458	590,655
Revolving credit	16	116,821,077	30,416,721
		<u>117,359,535</u>	<u>31,007,376</u>
Total equity		<u>278,029,157</u>	<u>262,335,628</u>
Net gearing ratio (times)		0.42	0.12

There was no bank borrowing in the Company for the financial years ended 31 December 2025 and 31 December 2024. Accordingly, calculation of debt to equity ratio is not meaningful to the Company.

There were no changes in the Group's and the Company's approach to capital management during the financial years under review.

The Group is required to maintain a debt to equity ratio not more than 0.5 to comply with a bank covenant.

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

32. SEGMENT INFORMATION

The Group prepared the following segment information in accordance with MFRS 8 *Operating Segments* based on the internal reports of the Group's strategic business units which are regularly reviewed by the directors for the purpose of making decisions about resource allocation and performance assessment.

The two reportable operating segments are as follows:

Segments	Product and services
Interest income	Interest charges from pawnbroking
Sales auction	Sales of unredeemed or bid pledges

Segment profit

Segment performance is used to measure performance as the Managing Director believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

Segment assets information is neither included in the internal management reports nor provided regularly to the Managing Director. Hence no disclosure is made on segment assets.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Managing Director. Hence no disclosure is made on segment liabilities.

Group	Pawnbroking interest charges RM	Sales of unredeemed or bid pledges RM	Adjustments and eliminations RM	Total RM
31 December 2025				
Revenue:				
Revenue from external customers	53,544,618	80,200,728	-	133,745,346
Segment profit	40,417,048	16,409,434	-	56,826,482
Other income				525,454
Finance income				86,842
Administrative expenses				(11,728,853)
Finance costs				(5,229,981)
Income tax expense				(12,460,003)
Profit for the financial year				<u>28,019,941</u>
Results:				
<i>Included in the measure of segments profit are:</i>				
Employee benefits expense				11,404,115
Depreciation				<u>4,477,288</u>

NOTES TO THE FINANCIAL STATEMENT

(Cont'd)

32. SEGMENT INFORMATION *cont'd*

Group	Pawnbroking interest charges RM	Sales of unredeemed or bid pledges RM	Adjustments and eliminations RM	Total RM
31 December 2024				
Revenue:				
Revenue from external customers	42,878,711	75,069,479	-	117,948,190
Segment profit	32,522,826	13,036,123	-	45,558,949
Other income				252,859
Finance income				711,415
Administrative expenses				(10,590,198)
Finance costs				(2,350,379)
Income tax expense				(9,581,367)
Profit for the financial year				<u>24,001,279</u>
Results:				
<i>Included in the measure of segments profit are:</i>				
Employee benefits expense				10,241,370
Depreciation				<u>3,317,148</u>

Information about major customers

For the sales of unredeemed or bid pledges segment, revenue was from two (2024: two) major customers. The customers represented approximately RM46,933,597 (2024: RM47,372,906) of the Group's total revenue.

STATEMENT BY DIRECTORS

(Pursuant to Section 251(2) of the Companies Act 2016)

We, **LIM BOON HUA** and **LAW BOOK CHING**, being two of the directors of PAPPAJACK BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 86 to 130 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements 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 their financial performance and cash flows for the financial year then ended.

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

LIM BOON HUA
Director

LAW BOOK CHING
Director

Kuala Lumpur

Date: 24 April 2026

STATUTORY DECLARATION

(Pursuant to Section 251(1) of the Companies Act 2016)

I, **WONG KOON WAI**, being the officer primarily responsible for the financial management of PAPPAJACK BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 86 to 130 are 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.

WONG KOON WAI
(MIA Membership No: 28907)

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 24 April 2026.

Before me,

Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAPPAJACK BERHAD

(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Pappajack Berhad, which comprise the statements of financial position as at 31 December 2025 of the Group and of the Company, and the statements of 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 86 to 130.

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, International Financial Reporting 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. 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 financial 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, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Group

Trade receivables (Note 10 to the financial statements)

The Group has significant trade receivables as at 31 December 2025. We focused on this area because the Group made significant judgement over assumption about risk of default and expected loss rate. Nevertheless, the trade receivables are secured with pledged articles therefore reducing the expected credit loss.

Our response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring of outstanding receivables;
- understanding the significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports;
- checking subsequent receipts, understanding the level of activity with the customer and discussing with directors on their explanation on recoverability with significantly past due balances; and
- discussing with directors on the recoverability of the material debts as at the end of the reporting period.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAPPAJACK BERHAD (Incorporated in Malaysia) (Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

Key Audit Matters *cont'd*

Group *cont'd*

Inventories (Note 9 to the financial statements)

We focused on this area because inventories of the Group are significant. The review of the determination of carrying value of these inventories at lower of cost and net realisable value by the directors are major source of estimation uncertainty.

Our response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring and detection and write down/off of slow-moving inventories as at 31 December 2025;
- observing year end physical inventory count to examine physical existence and condition of the identified finished goods and evaluating the design and implementation of controls during the count;
- checking subsequent sales and understanding the directors' assessment on estimated net realisable value on selected inventory items; and
- discussing with the Group whether the inventories have been written down to their net realisable value for inventory items with net realisable value lower than their cost, if any.

Goodwill (Note 8 to the financial statements)

The Group has significant balances of goodwill arising from the acquisition of subsidiaries. The accounting policy of the Group is to test goodwill for impairment annually. The goodwill amount is allocated to the cash generating units ("CGUs") for impairment testing purposes.

We focused on this area because the Group's determination of recoverable amount of the CGUs to which the goodwill is allocated requires the exercise of significant judgement to be made by the directors, especially in determining the assumptions to be applied in supporting the underlying cash flow projections in the recoverable amount calculation. These judgements and assumptions are inherently uncertain.

Our response:

Our audit procedures included, among others:

- understanding the methodology and method adopted by the directors in measuring the recoverable amount;
- comparing the actual results with previous budget to understand the performance of the business;
- discussing with the Group on their assessment and consideration of the current economic and business environment in relation to key inputs such as discount rates, forecast growth rates, inflation rates and gross profit margins;
- testing the mathematical computation of the impairment assessment; and
- performing the sensitivity analysis of key assumptions and the impacts of these key assumptions and inputs that are expected to be most sensitive to the recoverable amount.

Company

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAPPAJACK BERHAD

(Incorporated in Malaysia)

(Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

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 Malaysian Financial Reporting Standards, International Financial Reporting 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 Group's and the Company's ability 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 International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- 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.
- 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 Group's and the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PAPPAJACK BERHAD

(Incorporated in Malaysia)
(Cont'd)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS *cont'd*

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 International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: *cont'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 Group's and the Company's ability 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 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 and the Company to cease to continue as a going concern.
- 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.
- 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 group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the 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 financial 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 contents of this report.

Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

Kenny Yeoh Khi Khen
No. 03229/09/2026 J
Chartered Accountant

Kuala Lumpur

Date: 24 April 2026

DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

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

Component	Remarks	Group	
		FY2025 (RM)	FY2024 (RM)
Revenue	Pawnbroking interest	53,544,618	42,878,711
Revenue	Sale of unredeemed or bid pledges	80,200,728	75,069,479
Interest income	-	86,842	711,415
Other income	Insurance income	126,780	100,555
Other income	Rental income	73,176	58,176
Other income	Gain on lease modification	282,031	91,858
Other income	Other income	43,467	2,270
Total Income		134,357,642	118,912,464
Total Assets		416,036,989	305,231,283

(B) Shariah Non-Compliant Business Activities

Shariah Non-Compliant Activity	Remarks	Group	
		FY2025 (RM)	FY2024 (RM)
Conventional banking & finance and related services	Pawnbroking interest	53,476,413	42,878,711
Other Shariah non-compliant activities	Sale of unredeemed or bid pledges	80,200,728	75,069,479
Interest income	-	86,842	711,415
Other income	Insurance income	126,780	100,555
Other income	Rental income	73,176	58,176
Other income	Gain on lease modification	282,031	91,858
Other income	Other income	43,467	2,270
Total Non-Compliant Income		134,289,437	118,912,464

DISCLOSURE OF FINANCIAL DATA FOR SHARIAH SCREENING

(Cont'd)

(C) Component of Financial Position**(i) Cash Component**

Component	Remarks	Group	
		FY2025 (RM)	FY2024 (RM)
Islamic Accounts / Instruments			
NIL	–	0	0
Total Cash – Islamic		0	0
Conventional Accounts / Instruments			
Cash at bank (exclude cash in hand)	–	10,281,770	9,698,976
Total Cash – Conventional		10,281,770	9,698,976

(ii) Debt Component

Component	Remarks / Facility Type	Group	
		FY2025 (RM)	FY2024 (RM)
Islamic Financing			
Nil	–	0	0
Total Financing – Islamic		0	0
Conventional Borrowings			
Current			
Term loan		59,117	59,117
Revolving credit and loans	Revolving credit	116,821,077	30,416,721
Non-Current			
Term loan		479,341	531,538
Total Debt – Conventional		117,359,535	31,007,376

ANALYSIS OF SHAREHOLDINGS

As at 23 April 2026

Issued Paid-Up Capital	:	RM211,698,547.00
Total Number of Issued Shares	:	768,200,000
Total Number of Issued Shares (without Treasury Shares)	:	766,951,200
No. of Treasury Shares Held	:	1,248,800
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
Less than 100	25	2.003	230	0.000
100 – 1,000	281	22.516	120,600	0.015
1,001 – 10,000	390	31.250	2,142,284	0.279
10,001- 100,000	317	25.400	12,188,134	1.589
100,001 – 38,347,559 (*)	234	18.750	442,861,605	57.743
38,347,560 and above (**)	1	0.080	309,638,347	40.372
Total	1,248	100.000	766,951,200	100.000

Remark :

* Less than 5% of Issued Shares

** 5% and Above of Issued Shares

DIRECTORS' SHAREHOLDINGS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS

Name	Direct	Shareholdings		%
		%	Indirect	
Chong Chee Fire	-	-	-	-
Lim Boon Hua	51,526,779	6.718	343,818,540* ¹	44.829
Law Book Ching	7,101,400	0.926	321,188,347* ²	41.878
Koo Woon Kan	-	-	-	-
Cheong Woon Yaw	-	-	-	-
Mah Ying Ying	-	-	-	-

Notes :

*¹ Deemed interest pursuant to Section 8 and 197 of the Companies Act 2016, held through TSE Sejahtera Sdn Bhd and his wife, Lee Kooi Lan.

*² Deemed interest pursuant to Section 8 of the Companies Act 2016, held through TSE Sejahtera Sdn Bhd.

ANALYSIS OF SHAREHOLDINGS

As at 23 April 2026

(Cont'd)

SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS AS PER REGISTER OF SUBSTANTIAL SHAREHOLDERS

Name	Direct	Shareholdings		%
		%	Indirect	
TSE Sejahtera Sdn Bhd	321,188,347	41.878	-	-
Lim Boon Hua	51,526,779	6.718	343,818,540*1	44.829
Law Book Ching	7,101,400	0.926	321,188,347*2	41.878
Lim Siew Fang	-	-	321,188,347*3	41.878
Lee Kooi Lan	22,630,193	2.951	372,629,226*4	48.586

Notes :

*1 Deemed interest pursuant to Section 8 and 197 of the Companies Act 2016, held through TSE Sejahtera Sdn Bhd and his wife, Lee Kooi Lan.

*2 Deemed interest pursuant to Section 8 of the Companies Act 2016, held through TSE Sejahtera Sdn Bhd.

*3 Deemed interest pursuant to Section 8 of the Companies Act 2016, held through TSE Sejahtera Sdn Bhd.

*4 Deemed interest pursuant to Section 8 and 197 of the Companies Act 2016, held through TSE Sejahtera Sdn Bhd and her husband, Lim Boon Hua.

LIST OF TOP 30 SHAREHOLDERS

No.	Name	No. of Shares Held	%
1.	TSE Sejahtera Sdn Bhd	309,638,347	40.372
2.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Boon Hua</i>	26,344,200	3.434
3.	Soo Jon Teng	19,388,888	2.528
4.	Lee Kooi Lan	17,441,993	2.274
5.	Lim Tong Lee	15,622,385	2.036
6.	Lau Nian Choon	15,001,959	1.956
7.	See Swee Choy	13,218,223	1.723
8.	Chew Leng Chow	13,151,018	1.714
9.	TA Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for TSE Sejahtera Sdn Bhd</i>	11,550,000	1.505
10.	RHB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Boon Hua</i>	10,002,377	1.304
11.	CGS International Nominees Malaysia (Tempatan) Sdn Bhd <i>Pledged Securities Account for Sam Yin Thing</i>	9,926,500	1.294
12.	CGS International Nominees Malaysia (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ng Shyh Chyuh</i>	7,474,300	0.974
13.	CGS International Nominees Malaysia (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chew Leng Chow</i>	6,656,000	0.867
14.	Teoh Kok Khong	6,300,686	0.821
15.	Tan Poo Chun	5,856,544	0.763
16.	Lee Kun Way	5,680,000	0.740
17.	Wong Pui Yin	5,552,300	0.723
18.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Law Book Ching</i>	5,495,400	0.716

ANALYSIS OF SHAREHOLDINGS

As at 23 April 2026

(Cont'd)

LIST OF TOP 30 SHAREHOLDERS *cont'd*

No.	Name	No. of Shares Held	%
19.	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Boon Hua</i>	5,191,500	0.676
20.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Lee Kooi Lan</i>	5,188,200	0.676
21.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ho Kong Min</i>	5,069,500	0.660
22.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chiau Haw Choon</i>	4,855,400	0.633
23.	Tan Hui Koon	4,714,137	0.614
24.	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Boon Hua</i>	4,566,000	0.595
25.	Ng Shyh Chyuh	4,532,802	0.591
26.	Alliancegroup Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chew Leng Chow</i>	4,372,000	0.570
27.	CGS International Nomiees Malaysia (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Chai Heng</i>	4,333,500	0.565
28.	CGS International Nomiees Malaysia (Tempatan) Sdn Bhd <i>Securities Account for Chin Hin Group Property Berhad (NY4653)</i>	4,300,000	0.560
29.	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lee Sing Gee</i>	4,159,629	0.542
30.	Aprecinia Matias Pablo	4,000,000	0.521
TOTAL		559,585,788	72.962

SHARE BUY-BACK STATEMENT

THIS STATEMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, solicitor, accountant, bank manager, or other professional advisers immediately.

Bursa Malaysia Securities Berhad (“Bursa Malaysia Securities”) has not perused the contents of this Statement prior to its issuance as it is an exempt document pursuant to the provisions of Practice Note 18 of the Main Market Listing Requirements of Bursa Malaysia Securities.

Bursa Malaysia 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 content of this Statement.

DEFINITIONS

For the purpose of this Statement and the accompanying appendices, except where the context otherwise requires, the following definitions shall apply: -

“Act”	:	Companies Act 2016, as amended from time to time and any re-enactment thereof
“AGM”	:	Annual General Meeting
“Board”	:	Board of Directors of Pappajack
“Bursa Malaysia Securities”	:	Bursa Malaysia Securities Berhad [Registration No. 200301033577 (635998-W)]
“Director(s)”	:	Director(s) of Pappajack and shall have the same meaning as given in Section 2(1) of the Capital Markets and Services Act 2007
“ESOS”	:	Employees’ Share Option Scheme
“ESOS Options”	:	Options granted pursuant to the ESOS
“Listing Requirements”	:	Bursa Malaysia Securities’ Main Market Listing Requirements, as amended from time to time and any re-enactment thereof
“LPD”	:	27 April 2026, being the latest practicable date prior to the printing of this Statement
“Major Shareholder(s)”	:	A person who has an interest or interests in one or more voting shares in the Company and the number or aggregate number of those shares is: - <ul style="list-style-type: none"> (a) 10% or more of the total number of voting shares in the Company; or (b) 5% or more of the total number of voting shares in the Company where such person is the largest shareholder of the Company. <p>For the purpose of this definition, “interest” shall have the same meaning as “interest in shares” given in Section 8 of the Act.</p>
“NA”	:	Net assets
“Pappajack” or “Company”	:	Pappajack Berhad [Registration No. 202001042414 (1398735-V)]

SHARE BUY-BACK STATEMENT

(Cont'd)

“Pappajack Group” or “Group”	:	Collectively, Pappajack and its subsidiaries
“Pappajack Share(s)” or “Share(s)”	:	Ordinary share(s) in Pappajack
“Person(s) Connected”	:	In relation to any person (referred to as “said Person”) means such person who falls under any one of the following categories: - <ul style="list-style-type: none"> (i) a family member of the said Person; (ii) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary; (iii) a partner of the said Person; (iv) a person, or where the person is a body corporate, the body corporate or its directors, who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions, or wishes of the said Person; (v) a person, or where the person is a body corporate, the body corporate or its directors, in accordance with whose directions, instructions, or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act; (vi) a body corporate in which the said Person or persons connected with the said Person are entitled to exercise, or control the exercise of, not less than 20% of the votes attached to voting shares in the body corporate; or (vii) a body corporate which is a related corporation of the said Person.
“Proposed Renewal of Share Buy-Back”	:	Proposed renewal of authority for Pappajack to purchase its own shares of up to 10% of its total number of issued shares at any point in time
“Purchased Shares”	:	Pappajack Shares purchased pursuant to the Proposed Renewal of Share Buy-Back
“RM” and “sen”	:	Ringgit Malaysia and sen, respectively
“Rules”	:	Rules on Take-Overs, Mergers and Compulsory Acquisitions, as amended from time to time and any re-enactment thereof
“SC”	:	Securities Commission Malaysia
“Statement”	:	Share Buy-Back Statement dated 30 April 2026
“Substantial Shareholder”	:	Shall have the meaning as defined under Section 136 of the Act
“Treasury Shares”	:	The Shares purchased by the Company which are or will be retained in treasury and shall have the meaning given under Section 127 of the Act
“5th AGM”	:	Fifth AGM of Pappajack

SHARE BUY-BACK STATEMENT

(Cont'd)

All references to “you” in this Statement are to the shareholders of the Company.

Words denoting the singular shall, where applicable, include the plural and vice versa. Words denoting the masculine gender shall, where applicable, include the feminine and/or neuter genders and vice versa. Reference to persons shall include corporation, unless otherwise specified.

Any reference to any enactment in this Statement is a reference to that enactment as for the time being amended or re-enacted.

Any reference to a time of day shall be a reference to Malaysian time unless otherwise stated.

Any discrepancies in the tables included in this Statement between the amounts listed, actual figures and the totals thereof are due to rounding.

1.0 INTRODUCTION

At the Fourth AGM of the Company held on 16 June 2025, the Company obtained the shareholders' approval to authorise the Company to purchase its own shares of up to 10% of the Company's total number of issued shares at any time within the time period stipulated in the Listing Requirements. Unless revoked or varied by the Company in a general meeting, this authority will expire at the conclusion of the forthcoming 5th AGM of the Company, unless renewal is obtained from the shareholders of the Company at the said AGM.

The purpose of this Statement is to provide you with details of the Proposed Renewal of Share Buy-Back and seek your approval for the Ordinary Resolution to be tabled at the forthcoming 5th AGM of the Company.

YOU ARE ADVISED TO READ AND CAREFULLY CONSIDER THE CONTENTS OF THIS STATEMENT BEFORE VOTING ON THE ORDINARY RESOLUTION IN RELATION TO THE PROPOSED RENEWAL OF SHARE BUY-BACK TO BE TABLED AT THE FORTHCOMING FIFTH AGM.

2.0 INFORMATION ON THE PROPOSED RENEWAL OF SHARE BUY-BACK

2.1 Details of the Proposed Renewal of Share Buy-Back

The Board proposes to seek your approval to renew the authority given to the Company to purchase its own shares of up to 10% of the Company's total number of issued shares, subject to the compliance with the Act, the Company's Constitution, the Listing Requirements and all other applicable laws, guidelines, rules and regulations for the time being in force and the approvals of all relevant governmental and/or regulatory authority.

The authority from shareholders, if granted, shall be effective upon the passing of the Ordinary Resolution for the Proposed Renewal of Share Buy-Back at the forthcoming 5th AGM and shall continue to be in force until: -

- (a) the conclusion of the next AGM of the Company following the 5th AGM at which such resolution was passed, at which time the authority shall lapse, unless by an Ordinary Resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- (c) revoked or varied by an Ordinary Resolution passed by the Company's shareholders in a general meeting,

whichever occurs first.

SHARE BUY-BACK STATEMENT

(Cont'd)

2.2 Quantum

The maximum aggregate number of Pappajack Shares that may be purchased and/or held by the Company shall not exceed 10% of the Company's total number of issued shares at any point in time.

As at the LPD, the Company's total number of issued shares comprises 768,200,000 Pappajack Shares. As an illustration, the maximum number of Pappajack Shares which may be purchased by the Company will not be more than 76,820,000 based on the total number of issued shares of the Company as at the LPD.

As at the LPD, the Company had purchased a total of 1,248,000 Pappajack Shares which are held as Treasury Shares. Accordingly, the number of shares which are available for further buy-back by the Company is up to the maximum of 75,572,000 Pappajack Shares, which together with the 1,248,000 Treasury shares, represents 10% of the total number of issued shares of the Company.

The actual number of Pappajack Shares to be purchased by the Company pursuant to the Proposed Renewal of Share Buy-Back will depend on, inter alia, the market conditions and sentiments of Pappajack Shares traded on Bursa Malaysia Securities, as well as the retained profits and financial resources available to the Company at the time of purchase(s).

2.3 Treatment of Purchased Shares

According to Section 127 of the Act, the Directors may deal with any Pappajack Shares so purchased by the Company in the following manner: -

- (a) to cancel the Purchased Shares;
- (b) to retain the Purchased Shares as Treasury Shares; or
- (c) to retain part of the Purchased Shares as Treasury Shares and cancel the remainder.

If the Purchased Shares are held as Treasury Shares, the Directors may: -

- (a) distribute the Purchased Shares as dividends to the shareholders;
- (b) resell the Purchased Shares on the market of Bursa Malaysia Securities;
- (c) transfer the Purchased Shares for the purposes of or under an employees' share scheme established by the Company;
- (d) transfer the Purchased Shares as purchase consideration;
- (e) cancel the Purchased Shares; or
- (f) deal in such other manner as Bursa Malaysia Securities and such other relevant authorities may allow from time to time.

The decision whether to retain the Purchased Shares as Treasury Shares, to cancel the Purchased Shares or a combination of both, or any alternatives as mentioned above, will be made by the Board at the appropriate time.

If such Purchased Shares are held as Treasury Shares, the rights attached to them in relation to voting, dividends, and participation in any other distribution or otherwise would be suspended, and the Treasury Shares would not be taken into account in calculating the number or percentage of Shares or a class of Shares in the Company for any purposes, including, without limiting the generality of the provisions in the Act or Listing Requirements on 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 shareholders' meetings.

SHARE BUY-BACK STATEMENT

(Cont'd)

3.0 RATIONALE FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK

The Proposed Renewal of Share Buy-Back is expected to have the potential benefits to the Company and its shareholders in the following manners: -

- (i) to provide Pappajack Group the option to return its surplus financial resources to its shareholders;
- (ii) to stabilise the supply and demand of the Pappajack Shares in the open market and thereby allowing Pappajack Shares price better reflects Pappajack Shares' fundamental value;
- (iii) if the Purchased Shares are subsequently cancelled, the long-term investors are expected to enjoy a corresponding increase in the value of their investments in the Company with the proportionate strengthening of the Company's earnings;
- (iv) the Purchased Shares may be held as Treasury Shares and resold in accordance with the Listing Requirements on the stock market of Bursa Malaysia Securities to reap potential capital appreciation of the Shares without affecting the Company's total number of issued Shares;
- (v) where the Purchased Shares are retained as Treasury Shares, the Board would have an option to distribute the Purchased Shares as share dividends to reward the Company's shareholders; and
- (vi) to provide flexibility to the Company to use the Purchased Shares, which are held as Treasury Shares for the purposes of the employees' share scheme established by the Company or as the purchase consideration in corporate transactions such as acquisition of lands/properties/assets, thereby, reducing the financial outflow and/or preserve the working capital of the Company.

4.0 POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

4.1 Potential Advantages

The potential advantages of the Proposed Renewal of Share Buy-Back to the Company and its shareholders are as follows: -

- (a) The Proposed Renewal of Share Buy-Back is expected to enable the Company to utilise its financial resources to enhance the value of shareholders' investments in the Company.
- (b) The Proposed Renewal of Share Buy-Back is expected to stabilise the supply and demand of Pappajack Shares traded on the stock market of Bursa Malaysia Securities and mitigate the Pappajack Shares price's volatility to reflect their fundamental value better.
- (c) The Proposed Renewal of Share Buy-Back is expected to provide opportunities for potential gains if the Purchased Shares, which are retained as Treasury Shares, are resold at prices higher than their purchase prices.
- (d) The Treasury Shares may be distributed as share dividends to the Company's shareholders as a reward.
- (e) The Treasury Shares may be utilised as purchase consideration by the Company in corporate transactions, thereby reducing the financial outflow and/or preserving the Company's working capital.

SHARE BUY-BACK STATEMENT

(Cont'd)

4.2 Potential Disadvantages

The potential disadvantages of the Proposed Renewal of Share Buy-Back to the Company and its shareholders are as follows: -

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

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

5.0 SOURCES OF FUNDS

The Proposed Share Buy-Back will be funded by internally generated funds and/or external borrowings. The amount of internally generated funds and/or external borrowings to be utilised will only be determined later depending on, amongst others, the availability of internally generated funds, actual number of Pappajack Shares to be purchased and other relevant factors. The actual number of Pappajack Shares to be purchased and/or held, and the timing of such purchases will depend on, amongst others, the market conditions and sentiments of the stock markets as well as the retained profits and financial resources available to the Company. In the event that the Proposed Share Buy-Back is to be partly financed by external borrowings, the Board will ensure that the Company has sufficient funds to repay the external borrowings and that the repayment will not have a material effect on the cash flow of the Group.

6.0 SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Based on the Register of Directors' Shareholdings and Register of Substantial Shareholders as at the LPD, and assuming that the Proposed Renewal of Share Buy-Back is implemented in full and that the Purchased Shares are from the shareholders other than the Company's Directors and Substantial Shareholders, the effect of the Proposed Renewal of Share Buy-Back on the shareholdings of the Directors and Substantial Shareholders of Pappajack is as follows: -

SHARE BUY-BACK STATEMENT

(Cont'd)

The effect of the Proposed Share Buy-Back on the shareholdings of the Directors and the Substantial Shareholders of Pappajack based on the Register of Directors' Shareholdings and the Register of Substantial Shareholders as at the LPD assuming the Proposed Share Buy-Back is undertaken in full by Pappajack, are as follows:

	Shareholdings as at LPD ^(a)			After Proposed Renewal of Share Buy-Back ^(b)		
	Direct	Indirect		Direct	Indirect	
	No. of Shares	No. of Shares	%	No. of Shares	No. of Shares	%
Directors						
Chong Chee Fire	-	-	-	-	-	-
Lim Boon Hua	51,526,779	343,818,540 ⁽¹⁾	44.83	51,526,779	343,818,540 ⁽¹⁾	49.73
Law Book Ching	7,101,400	321,188,347 ⁽²⁾	41.88	7,101,400	321,188,347 ⁽²⁾	46.46
Koo Woon Kan	-	-	-	-	-	-
Cheong Woon Yaw	-	-	-	-	-	-
Mah Ying Ying	-	-	-	-	-	-
Substantial Shareholders						
TSE Sejahtera Sdn Bhd	321,188,347	-	41.88	321,188,347	-	46.46
Lee Kooi Lan	22,630,193	372,629,226 ⁽³⁾	48.59	22,630,193	372,629,226 ⁽³⁾	53.90
Lim Siew Fang	-	321,188,347 ⁽⁴⁾	41.88	-	321,188,347 ⁽⁴⁾	46.46

Notes:

- (a) Calculated based on the existing issued share capital of 768,200,000 Shares and excluding a total of 1,248,000 Pappajack Shares bought back by the Company and retained as treasury shares as at LPD.
- (b) Calculated Based on the issued share capital of 691,380,000 Shares and excluding a total of 1,248,000 Pappajack Shares bought back by the Company and retained as treasury shares as at LPD.
- (1) Deemed interest pursuant to Section 8 and 197 of the Companies Act 2016, held through TSE Sejahtera Sdn Bhd and his wife, Lee Kooi Lan.
- (2) Deemed interest pursuant to Section 8 of the Companies Act 2016, held through TSE Sejahtera Sdn Bhd.
- (3) Deemed interest pursuant to Section 8 and 197 of the Companies Act 2016, held through TSE Sejahtera Sdn Bhd and her husband, Lim Boon Hua.
- (4) Deemed interest pursuant to Section 8 of the Companies Act 2016, held through TSE Sejahtera Sdn Bhd.

SHARE BUY-BACK STATEMENT

(Cont'd)

7.0 PUBLIC SHAREHOLDING SPREAD

As at the LPD, the public shareholding spread of the Company is 35.40%. The Company will not undertake any share buy-back if that will result in a breach of Paragraph 8.02(1) of the Listing Requirements, which requires the Company to maintain a shareholding spread of at least 25% of its total listed shares (excluding treasury shares) or such lower percentage of shareholding spread as may be allowed by Bursa Malaysia Securities in the hands of public shareholders.

The Board is mindful of the shareholding spread requirement and will continue to be mindful of the requirement when making any purchase of Pappajack Shares by the Company.

8.0 IMPLICATIONS RELATING TO THE RULES

Pursuant to the Rules, a person or a group of persons acting in concert will be required to make a mandatory general offer if his/their stake(s) in the Company is/are increased to beyond 33% of the Company's total number of issued Shares or if his/their existing shareholding(s) is/are more than 33% but less than 50% and it exceeds by another 2% in any 6 months' period.

In the event that the share buy-back exercise results in the shareholdings of any of the above parties being affected, the said person or group of persons acting in concert will be obliged to make a mandatory general offer for the remaining Pappajack Shares not held by him/them. However, an exemption from a mandatory offer obligation may be granted by SC under the Rules, subject to the affected person and the parties acting in concert complying with certain conditions, if the obligation is triggered as a result of action outside their direct participation.

As it is not intended for the share buy-back exercise to trigger the obligation to undertake a mandatory general offer by any of its Substantial Shareholders and/or parties acting in concert with them, the Board is mindful that only such number of Pappajack Shares are purchased, retained as Treasury Shares, cancelled or distributed such that the Rules will not be triggered.

However, in the event that an obligation to undertake a mandatory general offer should arise with respect to any parties resulting from the Proposed Renewal of Share Buy-Back, the relevant parties shall make the necessary application to SC for an exemption from undertaking a mandatory general offer pursuant to the Rules.

9.0 FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK

On the assumption that the Proposed Renewal of Share Buy-Back Authority is carried out in full, the effects of the Proposed Renewal of Share Buy-Back Authority on the share capital, NA, working capital, EPS and dividend of the Company, assuming the purchase of own shares are up to the maximum ten per centum (10%) of the total number of issued shares of Pappajack, are set out below:

9.1 Share Capital

The effects of the Proposed Renewal of Share Buy-Back Authority on the issued share capital of Pappajack Shares will depend on the treatment of the Purchased Shares.

SHARE BUY-BACK STATEMENT

(Cont'd)

In the event the Proposed Renewal of Share Buy-Back Authority is carried out in full and all the Purchased Shares are cancelled, the present issued share capital of the Company will be reduced by the number of shares so cancelled, the effect shall be as follows:

	No. of Shares
Issued share capital as at LPD	768,200,000
Assuming the shares purchased are cancelled (up to 10% of the total number of issued shares) (including 1,248,000 treasury shares held by the Company as at LPD)	(76,820,000)
Resultant total number of issued shares	691,380,000

If the Purchased Shares are retained as treasury shares, the Proposed Renewal of Share Buy-Back Authority will not have any effect on the issued share capital of the Company. However, the rights attached to the treasury shares as to voting, dividends and participation in other distribution or otherwise would be suspended.

9.2 NA

The effect of the Proposed Renewal of Share Buy-Back on the NA depends on the number of the Purchased Shares, the purchase prices of the Purchased Shares, the treatment of the Purchased Shares, and the effective funding cost to Pappajack Group to finance such purchases or any loss in interest income.

When the Company purchases its own Shares, regardless of whether they are retained as Treasury Shares or are subsequently cancelled, the NA per Share of Pappajack Group will decrease if the cost per Purchased Share exceeds the NA per Share of Pappajack Group at the time of purchase. Conversely, if the cost per Purchased Share is below the NA per Share of Pappajack Group at the time of purchase, the NA per Share of the Group will increase.

In the case where the Purchased Shares are held as Treasury Shares and are subsequently resold on Bursa Malaysia Securities, the NA per Share of Pappajack Group would increase if the Company realises a gain from the resale and vice versa.

If the Treasury Shares are distributed to the shareholders as share dividends, the NA per Share of Pappajack Group will decrease by the cost of the Treasury Shares.

9.3 Earnings

The effect of the Proposed Renewal of Share Buy-Back on Pappajack Group's earnings depend on the number of the Purchased Shares, the purchase prices of the Purchased Shares, the effective funding cost to finance such purchases, and/or loss in interest income to Pappajack Group.

9.4 Working Capital

The Proposed Renewal of Share Buy-Back will reduce Pappajack Group's working capital and cash flow, the quantum of which depends on, amongst others, the number of the Purchased Shares, the purchase prices of the Purchased Shares and the effective funding cost thereof.

For Purchased Shares which are kept as Treasury Shares, upon resale at a higher selling price than the initial purchase price, the Group's working capital and cash flow will increase upon the receipt of the resale proceeds. The quantum of the increase in the working capital and cash flow depends on the Treasury Shares' actual selling price(s) and the number of Treasury Shares resold.

SHARE BUY-BACK STATEMENT

(Cont'd)

9.5 Dividends

Barring any unforeseen circumstances, the Proposed Renewal of Share Buy- Back may have an impact on the Company's dividend policy as it may reduce the cash available, which may otherwise be used for the dividend payment. Nonetheless, the Board may distribute the future dividends in the form of Treasury Shares pursuant to the Proposed Renewal of Share Buy-Back.

9.6 Gearing

The effect of the Proposed Renewal of Share Buy-Back on Pappajack Group's gearing depends on the proportion of borrowings utilised to fund any purchase of Pappajack Shares. Any borrowing utilised to purchase Pappajack Shares may increase the Company's gearing.

10.0 PURCHASE, RESALE, TRANSFER AND/OR CANCELLATION OF TREASURY SHARES MADE IN THE PRECEDING 12 MONTHS

As at the LPD, the Company held a total of 1,248,000 treasury shares. The Company has purchased its own shares in the preceding twelve months and details of the purchases are as follows:-

Date of Purchase	No. of Shares Purchased	Lowest Price Paid (RM)	Highest Price Paid (RM)	Average Price Paid (RM)	Total Amount Paid (RM)
14/10/2025	100,000	0.920	0.920	0.920	92,000.00
15/10/2025	10,000	0.920	0.920	0.920	9,200.00
16/10/2025	90,000	0.920	0.920	0.920	82,800.00
22/10/2025	25,000	0.915	0.915	0.915	22,875.00
04/11/2025	200,000	0.910	0.910	0.910	182,000.00
14/11/2025	73,000	0.900	0.900	0.900	65,700.00
21/11/2025	100,000	0.900	0.900	0.900	90,000.00
25/11/2025	200,000	0.905	0.905	0.905	180,933.00
26/11/2025	180,000	0.900	0.905	0.902	162,650.00
11/12/2025	180,000	0.900	0.900	0.900	162,000.00
24/12/2025	90,800	0.895	0.895	0.895	81,266.00

SHARE BUY-BACK STATEMENT

(Cont'd)

11.0 HISTORICAL SHARE PRICES

The monthly highest and lowest prices of Pappajack Shares as traded on the Main Market of Bursa Malaysia Securities for the past 12 months from March 2025 to April 2026 are as follows: -

	HIGHEST (RM)	LOWEST (RM)
2025		
May	0.9750	0.9300
June	1.0000	0.9300
July	0.9650	0.9400
August	0.9450	0.9300
September	0.9600	0.9200
October	0.9300	0.9050
November	0.9150	0.9000
December	0.9100	0.8950
2026		
January	0.9500	0.8900
February	0.9800	0.9200
March	0.9600	0.9000
April	0.9400	0.8950

The last transacted market price of Pappajack Shares on the LPD was RM 0.92 per Share.
(being the latest practicable date prior to the printing of this Statement) (Source: klse info)

12.0 INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND/OR PERSONS CONNECTED TO THEM

Save as disclosed in Section 6.0 of this Statement, none of the Directors and/or major shareholders of the Company and/or persons connected to them have any direct or indirect interest in the Proposed Renewal of Share Buy-Back.

13.0 DIRECTORS' RECOMMENDATION

The Board, having considered all aspects of the Proposed Renewal of Share Buy- Back, is of the opinion that the Proposed Renewal of Share Buy-Back is fair, reasonable, and in the best interest of the Company.

Accordingly, the Board recommends that you vote in favour of the Ordinary Resolution pertaining to the Proposed Renewal of Share Buy-Back to be tabled at the forthcoming 5th AGM.

14.0 APPROVAL REQUIRED

The Proposed Renewal of Share Buy-Back is subject to the shareholders' approval at the forthcoming 19th AGM to be convened and any other relevant authorities and/or parties if required.

SHARE BUY-BACK STATEMENT

(Cont'd)

15.0 AGM

The 5th AGM will be held at Four Points by Sheraton Puchong, The Heron (Function Room), Level 2, Puchong Financial Corporate Office (PFCC), Jalan Puteri, 47100 Puchong, Selangor Darul Ehsan on Tuesday, 16 June 2026 at 2.30 p.m. for the purpose of considering and, if thought fit, approving, inter alia, with or without modifications, the Ordinary Resolution on the Proposed Renewal of Share Buy-Back.

If you are unable to attend and vote at the 5th AGM, the Form of Proxy must be completed and deposited at the Company's Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 24 hours before the time set for holding the 5th AGM. The lodging of the Form of Proxy will not preclude you from attending, participating, speaking, and voting in person at the 5th AGM should you subsequently wish to do so.

16.0 FURTHER INFORMATION

1. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Board of Pappajack, who individually and collectively accept full responsibility for the accuracy of the information contained in this Statement and confirm that, after making all reasonable enquiries 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.

2. MATERIAL CONTRACTS

As at the LPD, the Group has not entered into any material contracts (not being contract entered into in the ordinary course of business) within the past 2 years immediately preceding the date of this Statement.

3. MATERIAL LITIGATION, CLAIM, OR ARBITRATION

There is no material litigation, claim, or arbitration, either as a plaintiff or a defendant, which will have a material and/or adverse effect on the financial position or business of the Group, and the Board is not aware of any proceedings pending or threatened against the Group or of any fact which is likely to give rise to any proceedings which may materially and/or adversely affect the financial position or business of the Group.

4. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the Company's Registered Office at Unit 11.07, Amcorp Tower, Amcorp Trade Centre, 18, Persiaran Barat, 46050 Petaling Jaya, Selangor during normal business hours (except for public holidays) from the date of this Statement, up to and including the date of the 5th AGM: -

- (a) Constitution of Pappajack; and
- (b) The audited consolidated financial statements of Pappajack Group for the financial year ended 31 December 2025.

This Statement is dated 30 April 2026.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting (“5th AGM”) of Pappajack Berhad (“Pappajack” or “Company”) will be held at Four Points by Sheraton Puchong, The Heron (Function Room), Level 2, Puchong Financial Corporate Office (PFCC), Jalan Puteri, 47100 Puchong, Selangor Darul Ehsan on Tuesday, 16 June 2026 at 2.30 p.m. for the purpose of transacting the following businesses:

AGENDA

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.
(Please refer to Explanatory Note 1)
2. To approve the payment of Directors’ fees to the Non-Executive Directors up to an amount of RM350,000.00 for the period from 17 June 2026 until the next Annual General Meeting of the Company to be held in 2027.
(Please refer to Explanatory Note 2) Ordinary Resolution 1
3. To approve the payment of benefits payable to the Non-Executive Directors up to an amount of RM50,000.00 for the period from 17 June 2026 until the next Annual General Meeting of the Company to be held in 2027.
(Please refer to Explanatory Note 2) Ordinary Resolution 2
4. To re-elect the following Directors who retire by rotation in accordance with Clause 97.1 of the Constitution of the Company and being eligible, offer themselves for re-election:-
 - (a) Mr. Lim Boon Hua Ordinary Resolution 3
 - (b) Mr. Law Book Ching Ordinary Resolution 4
 (Please refer to Explanatory Note 3)
5. To re-appoint Messrs. Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.
(Please refer to Explanatory Note 3) Ordinary Resolution 5

As Special Business

To consider and if thought fit, to pass the following Ordinary Resolutions, with or without modifications:

6. **AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016** Ordinary Resolution 6

“**THAT** subject always to the Companies Act 2016, Constitution of the Company, Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of the relevant regulatory authorities, where such approval is required, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares in the capital of the Company (“New Shares”) from time to time and upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of such New Shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares, if any) of the Company at the time of issue **AND THAT** the Directors be and are also empowered to obtain the approval for the listing and quotation for such New Shares to be issued on Bursa Securities **AND THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

(Please refer to Explanatory Note 4)

NOTICE OF ANNUAL GENERAL MEETING

(Cont'd)

7. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

Ordinary Resolution 7

“THAT subject always to the provisions of the Companies Act 2016 (“the Act”), the Constitution of the Company, the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and/any other relevant laws, regulations, guidelines and/or regulatory authorities, if any:-

- (a) approval be and is hereby given for the Company to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-
- i) the aggregate number of shares which may be purchased and held by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company at the time of purchase; and
 - ii) the maximum funds to be allocated by the Company for the purpose of purchasing its ordinary shares shall not exceed the total retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase;
 - iii) upon completion of the shares so purchased, the Directors of the Company be authorised at their absolute discretion to cancel the shares so purchased or to retain the shares so purchased as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act), or to retain part of the shares so purchased as treasury shares and cancel the remainder and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, the MMLR of Bursa Securities and any other relevant authorities for the time being in force.
- (b) the approval conferred by this resolution shall commence immediately upon passing of this resolution and continue to be in force until:-
- i) the conclusion of the next Annual General Meeting (“AGM”) of the Company, at which time it shall lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
 - ii) the expiration of the period within which the next AGM after that date is required to be held; or
 - iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own shares before the aforesaid expiry date and, in any event, in accordance with the MMLR of Bursa Securities and any applicable laws, regulations, guidelines and requirements issued by any relevant authorities.

NOTICE OF ANNUAL GENERAL MEETING

(Cont'd)

(c) authority be and is hereby given to the Directors of the Company to take all such steps as are necessary or expedient to implement, finalise and give full effect to the Proposed Share Buy-Back Authority with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be required or imposed by the relevant authorities from time to time and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company.
(Please refer to Explanatory Note 5)

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company's Constitution.

By Order of the Board

WONG YOUN KIM
(MAICSA 7018778)
(SSM PC No. 201908000410)
Company Secretary
30 April 2026

NOTES:-

- 1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend and vote on his/her behalf.*
- 2. A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same right as the member to speak at the meeting.*
- 3. A member may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.*
- 4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds and is exempted from compliance with the provisions of Section 25A(1) of the Securities Industry (Central Depositories) Act 1991.*
- 5. The instrument appointing a proxy shall be in writing, executed by the appointor or of his/her attorney duly authorised in writing. If the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hand of an attorney duly authorised.*
- 6. The duly completed Form of Proxy must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time for holding the meeting or any adjournment thereof.*
- 7. The resolutions set out in the Notice of 5th AGM will be put to vote by poll pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements.*
- 8. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 62 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 9 June 2026. Only a depositor whose name appears on the Record of Depositors as at 9 June 2026 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote on his/her behalf.*

NOTICE OF ANNUAL GENERAL MEETING

(Cont'd)

Explanatory Notes on Ordinary and Special Business

1. Item 1 of the Agenda - Audited Financial Statements

Item 1 of the Agenda is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 ("the Act") does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. Ordinary Resolutions 1 and 2 - Payment of Directors' Fees and Benefits to Non-Executive Directors

Pursuant to Section 230(1) of the Act, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

Shareholders' approval is hereby sought for the payment of Non-Executive Directors' Fees of up to an aggregate amount of RM350,000.00 and Directors' benefits of up to an aggregate amount of RM50,000.00 for the period from 17 June 2026 until the next Annual General Meeting of the Company.

Directors' Fees

The payment of Directors' fees for the Non-Executive Directors is based on the following fee structure:

<u>Designation</u>	<u>Fees per annum per Director (RM)</u>
Board Chairman	60,000
Non-Executive Director	42,000

Directors' benefits

The proposed Directors' benefits payable comprises only meeting allowances payable to Non-executive Directors. In determining the estimated amount, the Board has considered various factors, including the current board size, the number of scheduled Board and Board Committees meetings for the period from 17 June 2026 until the next Annual General Meeting, the number of Non-Executive Directors involved in the meeting and the possibility of an additional Board or Board Committee meeting, if required, during the same period.

In the event that the proposed amount of Directors' fees and/or benefits is insufficient due to an enlarged Board size or an increased number of meetings, approval will be sought at the next Annual General Meeting for the shortfall.

3. Ordinary Resolutions 3 and 4 – Re-election of Directors

Mr. Lim Boon Hua and Mr. Law Book Ching will retire at the 5th AGM in accordance with Clause 97.1 of the Constitution of the Company. The profiles of the retiring Directors are set out in the Annual Report 2025.

The Nomination Committee ("NC") has conducted an evaluation of the performance and contributions of each retiring Director seeking re-election, including assessment on their fitness and propriety as well as their independence status.

Based on the results of the Board Effectiveness Evaluation conducted for the financial year ended 31 December 2025, the NC and the Board collectively agreed that the retiring Directors meet the criteria of character, integrity, competence, the appropriate mix of skills, experience and expertise, as well as the time commitment necessary to discharge their duties effectively, in accordance with Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").

NOTICE OF ANNUAL GENERAL MEETING

(Cont'd)

4. **Ordinary Resolution 6 – Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016**

The Proposed Ordinary Resolution 6, if passed, is to give the Directors of the Company flexibility to issue and allot shares up to an amount not exceeding ten per centum (10%) of the Company's total number of issued share capital for the time being upon such terms and conditions and for such purposes and to such person or persons as Directors of the Company in their absolute discretion consider to be in the interest of the Company, without having to convene a separate general meeting so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund-raising exercises including but not limited to further placement of shares for purposes of funding current and/or future investment projects, working capital and/or acquisition(s).

The general mandate sought for the issue of shares is a renewal of the mandate that was approved by the shareholders at the 4th Annual General Meeting held on 16 June 2025 which will lapse at the conclusion of this Annual General Meeting to be held on 16 June 2026.

This 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, there were no new shares issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 16 June 2025.

5. **Ordinary Resolution 7 – Proposed Renewal of Authority for Share Buy-Back**

The Proposed Renewal of Authority for Share Buy-Back, if approved, will allow the Company to purchase its own shares up to 10% of its total number of issued shares of the Company by utilising the funds allocated, which shall not exceed the retained profits of the Company.

For further information, please refer to the Share Buy-Back Statement dated 30 April 2026

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member disclose the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained prior consent of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

STATEMENT ACCOMPANYING NOTICE OF 5TH ANNUAL GENERAL MEETING

[Pursuant To Paragraph 8.27(2) Of The Main Market Listing Requirements Of Bursa Malaysia Securities Berhad]

1. The Directors who are standing for re-election at the 5th Annual General Meeting of the Company pursuant to Clause 97.1 of the Company's Constitution are:

- (i) Mr. Lim Boon Hua
- (ii) Mr. Law Book Ching

The details of the above Directors seeking for re-election are set out in the Board of Directors' Profile as disclosed on page 5 and 6 of this Annual Report.

2. The details of the above Directors' interest in the securities of the Company are stated on page 139 of this Annual Report.
3. Details of the general mandate for issue of securities in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in the Explanatory Note 4 of the Notice of 5th Annual General Meeting.

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PAPPAJACK BERHAD
[Registration No. 202001042414 (1398735-V)]
(Incorporated in Malaysia)

PROXY FORM

CDS Account No.	
No. of Shares Held	

*I/We _____
(FULL NAME IN BLOCK LETTERS)

*NRIC/Passport/Registration No. _____

of _____
(FULL ADDRESS)

being a member/members of **PAPPAJACK BERHAD ("the Company")** hereby appoint:

Full Name (in Block Letters)	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	(%)
Email Address	Contact No.		
Address			

and / or* (*delete as appropriate)

Full Name (in Block Letters)	NRIC/Passport No.:	Proportion of Shareholdings	
		No. of Shares	(%)
Email Address	Contact No.		
Address			

or failing him/her, the Chairman of the Meeting, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Fifth Annual General Meeting of the Company to be held at Four Points by Sheraton Puchong, The Heron (Function Room), Level 2, Puchong Financial Corporate Office (PFCC), Jalan Puteri, 47100 Puchong, Selangor Darul Ehsan on Tuesday, 16 June 2026 at 2.30 p.m., or at any adjournment thereof in the manner as indicated below.

NO.	RESOLUTIONS		FOR	AGAINST
1.	To approve the payment of Directors' fees to the Non-Executive Directors up to an amount of RM350,000.00 for the period from 17 June 2026 until the next Annual General Meeting of the Company to be held in 2027.	Ordinary Resolution 1		
2.	To approve the payment of Directors' benefits to the Non-Executive Directors up to an amount of RM50,000.00 for the period from 17 June 2026 until the next Annual General Meeting of the Company to be held in 2027.	Ordinary Resolution 2		
3.	Re-election of Mr. Lim Boon Hua as Director.	Ordinary Resolution 3		
4.	Re-election of Mr. Law Book Ching as Director.	Ordinary Resolution 4		
5.	Re-appointment of Messrs Baker Tilly Monteiro Heng PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5		
6.	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016	Ordinary Resolution 6		
7.	Proposed Renewal of Authority for Share Buy-Back.	Ordinary Resolution 7		

(Please indicate your vote by marking (X) in the space provided above on how you wish your vote to be cast. Unless voting instructions are indicated in the space above, the proxy will vote or abstain from voting as he/she thinks fit.)

Date : _____

Contact No.: _____

Signature of Member/ Common Seal



Fold this flap for sealing

NOTES:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy/proxies to attend and vote on his/her behalf.
2. A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same right as the member to speak at the meeting.
3. A member may appoint up to two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds and is exempted from compliance with the provisions of Section 25A(1) of the Securities Industry (Central Depositories) Act 1991.
5. The instrument appointing a proxy shall be in writing, executed by the appointor or of his/her attorney duly authorised in writing. If the appointor is a corporation, the Form of Proxy must be executed under its common seal or under the hand of an attorney duly authorised.
6. The duly completed Form of Proxy must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively deposited in the drop box located at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than twenty-four (24) hours before the time for holding the meeting or any adjournment thereof.
7. The resolutions set out in the Notice of 5th AGM will be put to vote by poll pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements.
8. For the purpose of determining who shall be entitled to attend this meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 62 of the Company's Constitution and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 9 June 2026. Only a depositor whose name appears on the Record of Depositors as at 9 June 2026 shall be entitled to attend this meeting or appoint proxy/proxies to attend and/or vote on his/her behalf.

Then fold here

Affix
Stamp

The Share Registrar of Pappajack Berhad
c/o: Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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PERSONAL DATA POLICY

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 30 April 2026.