

## GROUP MANAGING DIRECTOR'S MANAGEMENT DISCUSSION AND ANALYSIS

In parallel, to further expand our digital ecosystem, Kenanga Group has taken steps to enhance its investment in Kinetic DAX Sdn Bhd (formerly known as Tokenize Technology (M) Sdn Bhd) (“KDX”), a fully licensed and regulated digital exchange. We have increased our equity stake in KDX to 81.7%, reflecting our long-term commitment to the development of digital and tokenised assets in Malaysia. We intend for KDX to form a core part of our digital asset journey, serving as a secondary market for listed tokenised assets. Over time, this is expected to facilitate 24/7 trading and fractional ownership of real-world assets, broadening investor access and supporting our efforts to expand tokenised investment solutions within Malaysia’s capital markets.

Alongside these strategic initiatives, the Group continued to emphasise operational efficiency and cost discipline. Key initiatives included optimisation across technology, selective use of offshore support and the centralisation of operational processes. These measures balanced cost control with operational stability, regulatory compliance and readiness to capitalise on strategic opportunities.

### SEGMENTAL REVIEW



#### Stockbroking

In 2025, the Group’s Stockbroking division navigated a year of softer market activity and heightened competition, particularly in the retail segment. It remained focused on sustaining market presence, deepening client relationships, and strengthening operational discipline, while implementing initiatives to enhance engagement and support long-term competitiveness.

Amid these challenging conditions, the business broke-even, delivering a profit before tax of RM0.05 million in FY2025 compared with RM15.4 million in the prior year, reflecting the impact of subdued market activity. Despite the softer environment, the division maintained a retail segment market share of 25.1%, reflecting its leadership among active retail investors. Continued emphasis on cost discipline, recovery initiatives, and diversification of income streams also strengthened underlying financial resilience, helping to cushion market pressures and support operational stability.

Furthermore, several initiatives contributed to stronger client engagement. The “Wake Up to Gold” campaign successfully reactivated 2,320 dormant accounts, against 670 in 2024, boosting retail activity across the client base. At the same time, branch rationalisation initiatives consolidated key operational processes at our headquarters, leveraging on digital platforms to streamline workflows. These measures allowed client-facing staff to focus more effectively on service delivery, supported by centralised operational resources, improving both efficiency and service quality.

Frontline distribution capabilities were also strengthened through the selective hiring of additional remisiers and dealers, expanding client coverage and reinforcing its on-ground presence across key markets.

The Equity Derivatives segment continued to be a key growth driver, retaining its position as Malaysia’s largest issuer of structured warrants. It ranked first in both equity and index warrants by traded value (RM127 billion), representing a market share of 52%. During the year, it launched its first Hang Seng China Enterprises Index structured warrants under its flagship brand, NagaWarrants by Kenanga. This marked a strategic expansion of its East Asia footprint, giving Malaysian investors diversified access to two (2) of Hong Kong’s most influential indices and new opportunities to tap into China’s financial and technology sectors.

Following these efforts, the Stockbroking business continued to be recognised for its leadership and product excellence. Building on its multi-category wins at the Bursa Excellence Awards 2024, the division further strengthened its reputation through a series of accolades where it was named Best Retail Equities Participating Organisation: Investment Bank (Champion), Best Structured Warrants Issuer: Equity Warrants (Champion), and Best Structured Warrants Issuer: Index Warrants (Champion). At the FinanceAsia Awards 2025, it received the award for Most Innovative Use of Technology (Banks), reflecting its commitment to technology-enabled client solutions. The Global Banking & Finance Awards 2025 recognised the Stockbroking division across multiple categories, including Best Investment Bank Malaysia, Best Equity Broker Malaysia, Best Institutional Broker Malaysia, Best Market Maker Malaysia, Best Warrants Issuer Malaysia, and Best Research House Malaysia. Rounding off the year’s achievements, it was also honoured at the SRP Asia Pacific Awards 2025 with the award for Best Educational Initiative.

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Rakuten Trade Sdn Bhd, the Group's joint venture with Rakuten Securities Inc., further enhanced digital capabilities and retail investor engagement. Assets under administration reached approximately RM4.3 billion as of December 2025, with client debut activation at 36%. Key initiatives for the year included promotional brokerage rates and the introduction of US trade amalgamation—a new feature that automatically combines buy or sell trades of the same US stock within the same trading day, the first of its kind in Malaysia—improving execution

efficiency, trading convenience and cost competitiveness for retail investors.

Looking ahead to 2026, the division will continue strengthening its core franchise with a greater focus on retail engagement through the newly established Equity Product Origination (“EPro”) department. EPro will serve as its next engine of innovation, expanding its capabilities beyond traditional equities into a broader suite of accessible and innovative derivative product solutions for the retail market.



### Investment Banking

Kenanga Group's Investment Banking division delivered a robust performance in 2025, with profit before tax increasing to RM22.4 million from RM6.2 million in the previous year. The growth was anchored by the strong contribution of Group Treasury, benefitting from constructive interest rate dynamics and active management across its trading activities. Beyond Group Treasury, the division's performance also reflects disciplined execution across its teams, sustained advisory activity and a continued focus on delivering value-driven solutions for clients.

The Corporate Finance and Equity Capital Markets teams successfully executed the listing of PEOPLEogy Berhad, a digital learning and human capital development solutions provider on the ACE Market of Bursa Securities. They also supported several capital market transactions, including joint underwriter, joint placement agent, joint bookrunner and advisory roles across engagements with ICT Zone Asia Berhad, PMCK Berhad, Oxford Innotech Berhad, the MMC Ports Initial Public Offering, and the private placement by MN Holdings, which raised RM89 million to support its working capital requirements.

In addition to these capital market transactions, it also acted as the independent adviser for several major corporate exercises. These included the proposed acquisition of Lianson Fleet Group Berhad, proposed regularisation plan undertaken by Vantris Energy Berhad (formerly known as Sapura Energy Berhad), the unconditional voluntary takeover offer for FGV Holdings Berhad, the proposed exemptions pursuant to the rights issue by Parkwood Holdings Berhad, Genting Malaysia Berhad's conditional voluntary takeover offer, and the privatisation of Apex Healthcare Berhad.

In Debt Capital Markets, the team acted as joint lead manager and played a major role in the book building for Federal Land Development Authority (FELDA)'s RM1.0 billion issuance under its existing RM9.9 billion Sukuk Murabahah Programme. For corporate deals, it acted as principal adviser, lead arranger, lead manager and facility agent for transactions such as the RM1.0 billion unrated Sukuk programme for Berjaya Japan Developments Berhad, the RM200.0 million bond programme for Berjaya IPS Equity Sdn Bhd (formerly known as Inter-Pacific Capital Sdn Bhd), the RM150.0 million asset-backed securities bond programme for KLG Capital Berhad, backed by KL Gateway Mall, and KIBB's RM500.0 million Tier 1 programme, underscoring the division's ability to structure and execute complex financing solutions.

Within Islamic Capital Markets, the Islamic Markets team, supported by the Shariah Committee, continued to act as Shariah Adviser for KIB's Islamic funds and private mandates. Responding proactively to developments in blockchain and tokenisation, the team also initiated programmes to equip staff with foundational knowledge of real-world asset tokenisation, decentralised finance, and related Shariah considerations, with the aim of offering Shariah Advisory and CPE training courses on these fields in the future.

The Corporate Banking loan book remained steady and closed at approximately RM726 million as at end-December 2025. Despite compressed net interest margins due to competitive funding costs, the division remained focused on structuring tailored financial solutions to meet client needs. Our Corporate Banking team continues to work closely with our Corporate & Institutional Coverage team, as well as other business units, to replenish and grow the loan book while maintaining disciplined portfolio management and prudent risk practices.

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Group Treasury delivered a strong performance in 2025, achieving a profit before tax of RM14.1 million, up from RM3.7 million in the prior year. This growth was driven by disciplined execution across fixed income securities, interest rate management and foreign exchange, with trading and investment in fixed income contributing significantly. The improved results reflect a robust interest rate environment, active management of market volatility, and BNM's accommodative stance and

stable Overnight Policy Rate ("**OPR**"). Looking ahead, Group Treasury will continue to refine its strategies, focusing on sustainable and consistent income generation while managing risk effectively.

Moving forward, the division remains committed to delivering client-focused solutions, deepening strategic partnerships and supporting growth across its businesses, ensuring continued resilience and long-term value creation.



### Asset and Wealth Management

The Group's Asset and Wealth Management ("**GAWM**") arm comprises Kenanga Investors Group ("**KIG**"), which includes KIB, KIIB, Eq8 Capital Sdn Bhd ("**Eq8**"), and Kenanga Trustees Berhad ("**KTB**"). Complementing KIG is the KIBB Digital Investment Management arm which collectively form the GAWM division.

In 2025, GAWM reported a profit before tax of RM46.1 million, compared to RM47.0 million in the previous year. The results reflect its focused investments in human capital, operational processes, research and development, and continued digitalisation initiatives, all aimed at achieving sustainable long-term growth and positioning the firm for stronger performance ahead.

Presently, GAWM's comprehensive suite of offerings encompass conventional collective investment schemes, robo-advisory services, portfolio management and a spectrum of alternative investments. Through these capabilities, the firm continues to maintain and grow its presence within its diversified client base which includes mass-retail, middle-high-income, and ultra-high-net-worth investors locally and regionally.

Building on this foundation, KIG has prioritised innovation, introducing new investment solutions to meet evolving investor needs, as well as initiated efforts to drive financial transformation in Malaysia. As part of these efforts, KIG also contributed to the Group's digital asset agenda, including its role in the Project Juara white paper and the tokenisation of its money market funds through the Myrra platform. Complementing these initiatives, under the established Kenanga Alternative Series of funds, which aims to seize emerging opportunities within dynamic markets, the Kenanga Alternative Series: Global Real Assets Fund was launched to offer investors exposure to global real estate, precious metals and commodities through carefully selected exchange-traded funds ("**ETF**").

KIG's distribution network grew to over 5,900 licensed unit trust and private retirement scheme consultants, making it the second largest in the industry, and its branches are strategically located in major cities to serve investors nationwide.

KIG received multiple accolades for its performance in 2025. The 2026 LSEG Lipper Fund Awards recognised four (4) funds under its Malaysia Provident Fund Awards category. The Kenanga Growth Fund won Equity Malaysia (5-Years), while the Kenanga Growth Fund Series 2 MYR Class received the award for Equity Malaysia Diversified (3-Years). The Kenanga Malaysian Inc Fund was named the winner for Equity Malaysia Diversified (10-Years), and the Kenanga Managed Growth Fund clinched the Mixed Asset MYR Balanced – Malaysia (10-Years) award.

The Hong Kong-based Asia Asset Management's ("**AAM**") 2026 Best of the Best Awards awarded KIG a total of seven (7) awards including: Best Impact Investing Manager in ASEAN, Malaysia Best Impact Investing Manager, Malaysia Best Equity Manager, Malaysia Best Alternatives Manager, Malaysia Best ESG Engagement Initiative, Malaysia CEO of the Year and Malaysia CIO of the Year. Simultaneously, the AAM ETF Awards 2026 also recognised the Kenanga KLCI Daily 1x Inverse with the title Malaysia Leverage and Inverse ETF of the Year.

The IFN Investor Awards 2025 also honoured the Kenanga Islamic Balanced Fund with multiple accolades; the IFN Investor Best Balanced Mixed Assets Fund in Malaysia – MYR, the IFN Investor Best Balanced Mixed Assets Fund in Asia Pacific and the IFN Investor Best Global Balanced Mixed Assets Fund, illustrating the fund's strong performance.

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Eq8 achieved a major milestone when its application to change its entity type to a conventional fund management company was approved by the Securities Commission Malaysia. This will enable Eq8 to broaden its scope to better serve evolving market demands by offering both Islamic and conventional ETFs. The Eq8 Dow Jones US Titans 50 ETF also secured two (2) major accolades at the IFN Investor Awards 2025 with Best ETF Fund in Malaysia and Best ETF Fund in Asia Pacific, affirming its track record and regional impact. It also clinched the Malaysia ETF Rising Star title at the AAM ETF Awards 2026. The launch of the Eq8 FTSE Malaysia Enhanced Dividend Waqf ETF, the first Waqf-featured ETF on Bursa, led to KIBB's placement on the ESG Select List by the UN Global Compact Network Malaysia & Brunei (UNGCMYB).

In 2025, KTB introduced the Kenanga Trust Series which offers multipurpose wealth solutions for clients to invest, preserve

and distribute their wealth simultaneously. Its primary goal is to provide financial security during the formative years of a client's dependents, especially when the client typically serves as the family's cornerstone. KTB currently provides several options for clients and they are, Kenanga Trust Series – Trust 30, Kenanga Trust Series – Trust 30 Plus+ and Kenanga Trust Series – Trust 30 Kasih.

KIG will continue to focus on curating its products and services to cater to investors within a constantly evolving financial landscape by collaborating with experts to bring additional AI and data-driven strategies to the market, whilst also exploring investments with the overarching objective of widening distribution reach within the region. Through these efforts, KIG seeks to reinforce its position as a trusted partner in asset and wealth management for Malaysians.



### Listed Derivatives Business

The Group's Listed Derivatives Business, Kenanga Futures Sdn Bhd ("**KFSB**"), delivered a record-breaking performance in 2025, posting its highest profit in more than a decade with profit before tax rising to RM8.6 million from RM7.8 million in 2024. This exceptional performance was fuelled by strong execution volumes and its ability to capitalise on market opportunities. During the year, KFSB's execution of Bursa Malaysia Derivatives Berhad ("**BMD**") contracts grew by 11% to 15.5 million contracts, up from 14 million contracts in 2024. As a result, KFSB's market share expanded to 35.7%, reinforcing its position as Malaysia's No. 1 futures broker. Total BMD contract volumes also reached a new record high of 23.3 million, representing a 3% growth from 22.7 million the previous year.

KFSB continued to be recognised for its leadership in Malaysia's derivatives space, building on its achievements at the Bursa Excellence Awards 2024 where it was named Best Overall Derivatives Trading Participant (Champion), Best Institutional Derivatives Trading Participant (Champion), Best Trading Participant: Commodity Derivatives (Champion) and Best Trading Participant: Equity & Financial Derivatives (Champion). These accolades reflect its sustained excellence in derivatives execution, and product expertise as it further strengthened its market position in 2025.

Beyond financial performance, KFSB strengthened its presence on the global stage, participating in key events such as the

Palm & Lauric Oils Price Outlook Conference & Exhibition (POC) 2025, Women in Finance Awards Asia (WIFAA) 2025, Futures & Options World (FOW) Trading Hong Kong 2025, Globoil India 2025 and the Futures Industry Association (FIA) Asia Derivatives Conference 2025 in Singapore.

As part of its ongoing commitment to building a smart derivatives trading community, it continued to expand its education and outreach efforts towards retail participants through thematic initiatives such as the Futures Awaken and Mighty Futures campaigns—all aimed at encouraging broader and informed retail participation in derivatives trading.

Digital engagement continued to lead the company's efforts, marked by its first podcast series aimed at simplifying futures education and broadening access to industry insights. This was complemented by ongoing online education initiatives and targeted salesforce engagement supporting both existing and newly introduced CME Group and BMD products.

As KFSB advances to the next phase of growth, comprehensive efforts will be made with a particular focus on diversifying sales and marketing strategies, enhancing the scalability of new and existing products offerings, as well as exploring new opportunities in the derivatives landscape. These initiatives will further enhance the company's competitiveness and strengthen its leadership in the derivatives market.