SRKK AI Berhad (SRKK)

The Local Proxy For Microsoft

- **SRKK AI Berhad is a digital transformation solution provider in Malaysia and Singapore, principally engaged in (i) IT consultation and project implementation services, (ii) provision of cloud services, (iii) IT managed services, (iv) data analytics and business intelligence solutions, and (v) the sale and rental of IT hardware and software products.**
- **We project 3-year earnings CAGR of 15.7%, with core PATMI expected to reach RM8.1m-RM10.5m over the next three years, supported by (i) the strong growth anticipated in the cloud services segment and data analytics segment, (ii) new advisory and training revenue following the establishment of new AI labs and AI academy and (iii) further cybersecurity services expansion.**
- **We assign a fair value of RM0.54 per share for SRKK, indicating an 68.8% upside from the IPO price of RM0.32. This valuation is based on a PE multiple of 16.5x, pegged to FY27f EPS of 3.26 sen.**

Investment highlights

First Malaysian provider with all 6 Microsoft AI Cloud Partner designations. SRKK became the first Malaysian solution provider to obtain all 6 Microsoft Solution Partner designations under the Microsoft AI Cloud Partner Program in April 2025, spanning infrastructure modernisation on Azure, data and AI models deployment, application development, Microsoft 365 productivity optimisation, security and identity management, and Microsoft Dynamics 365 business applications.

Fig #1 6 Microsoft Solution Partner designations obtained by SRKK



Source: SRKK AI Berhad

Stronger growth anticipated in cloud services segment. Revenue from the cloud services segment saw a 3-year revenue CAGR of 22.2%, from RM26.9m in FY22 to RM49.0m in FY25. Given that SRKK serves as a direct bill partner under the Microsoft Cloud Solution Provider program, the Group is able to purchase Microsoft cloud solutions directly rather than through an appointed distributor, which allows the Group to resell Microsoft's cloud solutions to other solution providers, resellers and IT managed service providers, serving it as a structural advantage for enterprise cloud migration in Malaysia.

AI Labs and AI Academy to formalise a new advisory and training revenue. Post-IPO, SRKK plans to deploy RM4.0m toward strategic AI initiatives, including establishing in-house AI Labs, an accredited AI Academy and developing its own proprietary data analytics solutions. This expands the Group's footprint into higher-margin corporate upskilling and proprietary software licensing, leveraging its Microsoft AI Cloud Partner status to package workshops and accredited curricula around Azure AI and Microsoft 365 Copilot frameworks.

Building a proprietary SOC for further cybersecurity services expansion. SRKK

IPO Note – Not rated

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Non-Rated

Share price	**RM0.32**
Target price	**RM0.54**
Previous TP	**-**
Capital upside	68.8%
Dividend return	1.8%
Total return	70.6%

Company profile

Started since 1999 and incorporated in 2021, SRKK AI Berhad provides digital transformation solutions across Malaysia and Singapore. The Group is the first Malaysian provider to hold all 6 Microsoft AI Cloud Partner designations, and is expanding into AI advisory, managed cybersecurity and Indonesia ahead of its ACE Market listing.

Stock information

Bursa Code	0466
Bloomberg ticker	SRKKAI MK
Listing market	ACE
Share issued (m)	284.0
Market Cap (m)	90.9
Shariah compliant	Yes
MITI allocation	Yes

Major shareholders %

Joel Resources	54.7
Five Loaves	18.2

Earnings snapshot

FYE (Dec)	FY25	FY26f	FY27f
PATMI (m)	6.8	8.1	9.3
EPS (sen)	2.4	2.8	3.3
P/E (x)	13.4	11.2	9.8

Timetable of IPO

Opening of application	18 June
Closing of application	25 June
Balloting of application	29 June
Allotment of the IPO shares	7 July
Listing on the ACE market	9 July

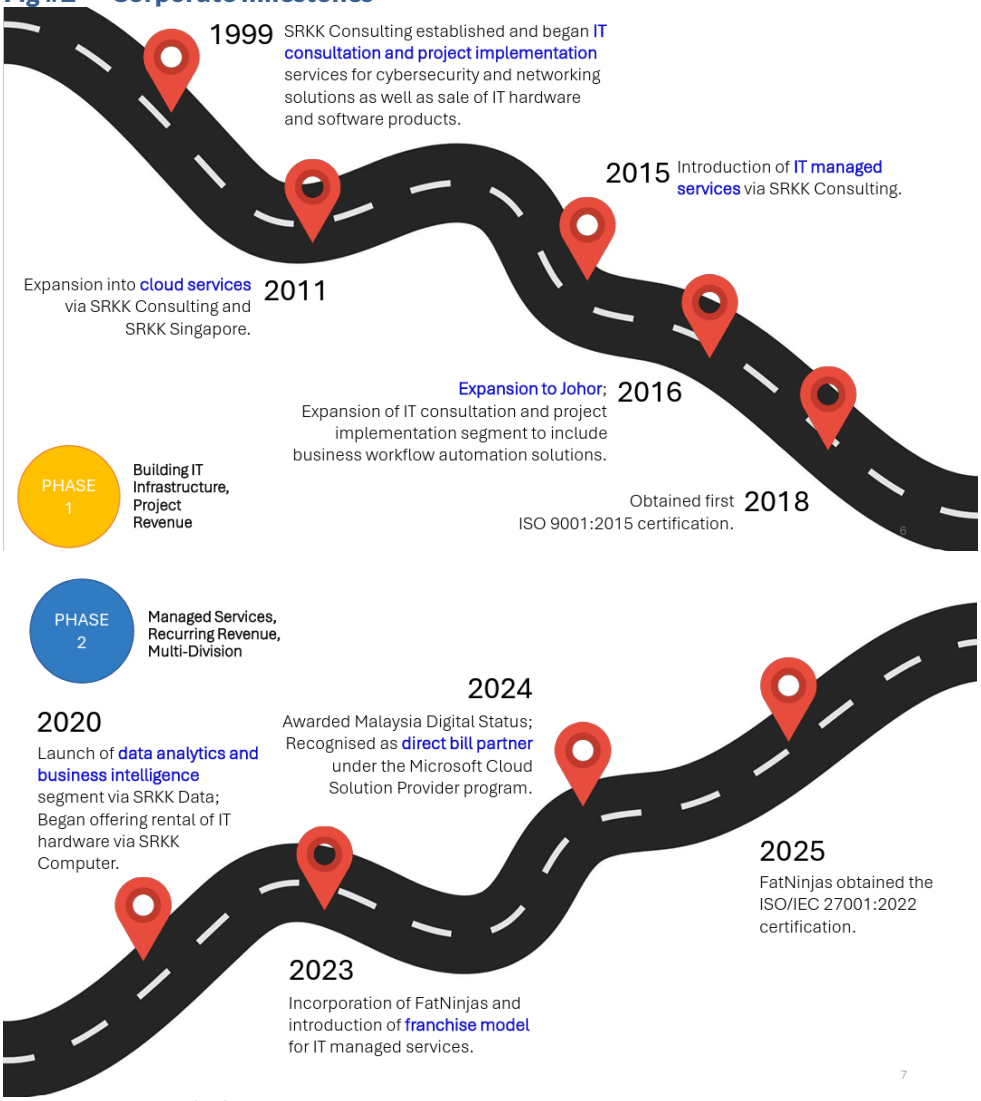
currently relies on 2 outsourced Security Operations Centres (one in the United States, one in Malaysia) to deliver managed cybersecurity services to its customers. RM3.7m of IPO proceeds is earmarked for establishing the Group's own proprietary SOC, which we believe will allow SRKK to internalise margin currently shared with third-party SOC partners, improve response-time and deepen the stickiness of its IT managed services segment alongside its existing 24/7 Network Operations Centre in Klang.

Company background

Started since 1999, SRKK AI Berhad is a digital transformation solution provider primarily operating across Malaysia and Singapore. The Group delivers tailored IT solutions aimed at digitalising and modernising operational processes for corporations, government-linked corporations, and independent technology resellers.

The Group operates multiple service categories, including (i) IT consultation and project implementation services, (ii) provision of cloud services, (iii) IT managed services, (iv) data analytics and business intelligence solutions, and (v) the sale and rental of IT hardware and software products. As at the LPD, the Group commands an unbilled order book of RM26.1m.

Fig #2 Corporate milestones



Source: SRKK AI Berhad

Substantial Shareholders and Key Management

1. Yew Lip Sin – Executive Director cum Chief Executive Officer
Mr. Yew is a Promoter, substantial shareholder, and CEO managing daily operations and overall strategic direction of the Group. He holds a Bachelor of Engineering from the National University of Singapore (1992). He worked at Hewlett-Packard, Motorola, and LHS Asia Pacific before joining SRKK Consulting as Operations Director in 2000, ascending to Group CEO in 2013.

2. Yeoh Kai Hearn – Executive Director cum Chief Operating Officer
Mr. Yeoh is a Promoter and COO responsible for operations and assessing associate risk factors to ensure the optimal performance and growth of the Group. He holds a Bachelor of Engineering from Nottingham Trent University (1996) and a Master of Executive Management from HELP University (2016). He gained infrastructure experience at Chunghwa Picture Tubes and Amtel Communications before joining SRKK Consulting as a System Engineer in 1999. He advanced internally to COO (2010) and Managing Director of SRKK consulting (2019).

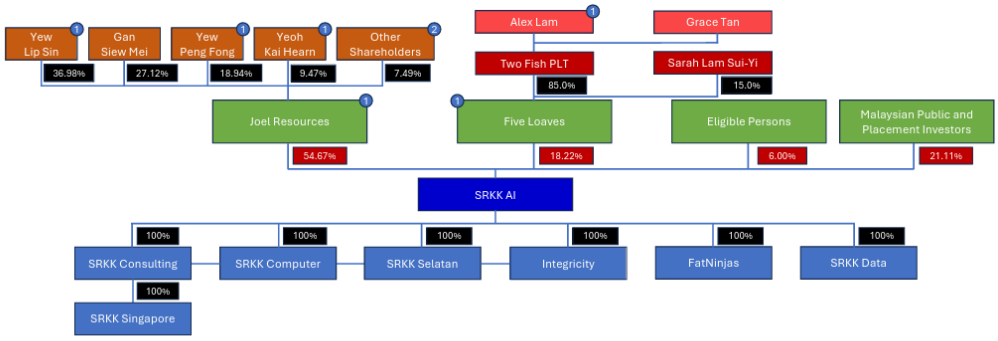
3. Alex Lam – Executive Director cum Chief Strategy Officer
Mr. Lam is a Promoter, substantial shareholder, and CSO heading business expansion, marketing, and the core AI advisory practice. He holds a Bachelor of Commerce from Monash University, Australia (1999). He also incorporated Integricity in 2015, serving as CEO and still assumes the said position to date. Mr. Lam is the spouse of substantial shareholder Grace Tan.

4. Yew Peng Fong – Chief Commercial Officer
Ms. Yew is a Promoter and CCO responsible for developing and implementing procurement strategies and overseeing procurement activities. She holds a Diploma in Hotel and Catering Management from Stamford College, Malaysia (1991). Following early corporate roles at Shangri-La Hotel Singapore and Sunship (M), she co-founded SRKK Consulting in 1999. She rose through senior roles as Commercial Director and Managing Director of SRKK Computer before assuming her group-wide CCO station in June 2025.

5. Phuah Kin Sze – Chief Financial Officer
Ms. Phuah is the CFO, responsible for overseeing the financial strategy, planning, risk management, and compliance endeavours of the Group. She holds an Accounting Degree from UTAR (2006), is an MIA Chartered Accountant (2019), and became an ASEAN CPA in 2025. She built finance experience at Star Cruise, Sime Engineering, Provenco Malaysia, and Lafarge Cement before joining the Group as Finance Manager in 2013 and elevating to Group CFO in January 2021.

6. Phang Wai Yin – Chief Technology Officer
Mr. Phang is the CTO responsible for the formulation of technology roadmap for the Group, leading the pre-sales consulting team and also overseeing the service delivery team. He holds a Bachelor of Engineering from Monash University, Australia (2002). He gained infrastructure experience at Plenact Access, Geniursoft, and mobile gaming operations before joining SRKK Consulting as a Consultant in 2010. He was promoted to CTO of SRKK Consulting in 2014 and assumed group-wide CTO in June 2025.

Fig #3 Post-IPO Structure



Notes:
1 Promoters of SRKK Group.
2 Other shareholders consist of Yew Peng Ping, Lee Boon Yin, Lim Tze Hoon, Phang Wai Yin, Foo Set Soon, Phuah Kin Sze, and Zool Hilmi Bin Muhamad Amir.

Source: SRKK AI Berhad

Fig #4 Use of proceeds

Use of proceeds	RM'm	%	Estimated time frame
Strategic growth initiatives in AI	4.0	19.5	Within 24 months
Geographical expansion into Jakarta	1.8	9.0	Within 24 months
Building a SOC	3.7	18.1	Within 24 months
Branding, marketing and promotional activities	1.8	8.8	Within 24 months
Working capital	4.6	22.7	Within 24 months
Estimated listing expenses	4.5	22.0	Within 1 month
Total	20.5	100.0	

Source: SRKK AI Berhad

Business overview

Provision of cloud services (43.7% of FY25 revenue)
This segment delivers the end-to-end deployment, migration, and scaling of customized cloud environments tailored to client operational requirements. Operating under a recurring subscription model, solutions include data backup and disaster recovery, business productivity tools (such as Microsoft Teams, Microsoft Power Platform and Microsoft SharePoint), and device and IT service management.

Sale of IT hardware and software products (29.6% of FY25 revenue).
This segment involves the non-recurring, outright commercial supply of enterprise-grade IT hardware and software products sourced from global technology brand owners. Offerings include servers, computers, laptops, and infrastructure peripherals, alongside operating systems, corporate productivity tools, and cloud software licenses.

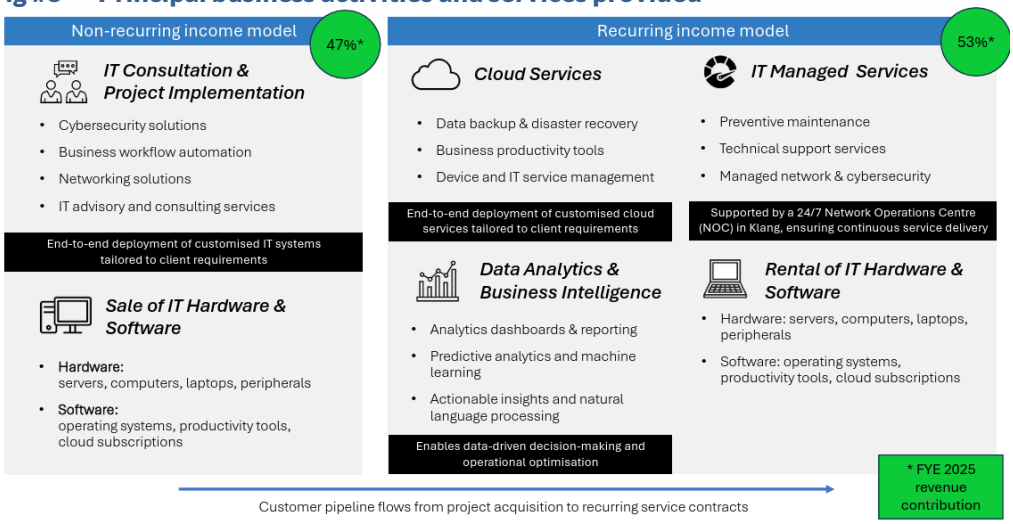
IT consultation and project implementation services (17.5% of FY25 revenue)
This segment provides customized, project-based deployment of core IT systems on a non-recurring income model. Solutions are tailored to client IT environments across areas like cybersecurity solutions, business workflow automation, networking solutions and IT advisory and consulting services.

Data analytics and business intelligence solutions (3.5% of FY25 revenue)
This segment focuses on designing and deploying end-to-end analytics platforms that enable data-driven decision-making and operational optimisation. These platforms are also embedded with predictive analytics, machine learning, and natural language processing capabilities.

IT managed services (3.3% of FY25 revenue).
This segment encompasses outsourced preventive maintenance, technical support, and also managed network and cybersecurity threat monitoring. Operations are supported 24/7 by the Group's centralized in-house Network Operations Centre (NOC).

Rental of IT hardware and software products (2.2% of FY25 revenue).
This segment offers term-based leasing plans for IT hardware infrastructure like servers, computers, laptops, and peripherals and supporting software like operating systems, productivity tools and cloud subscriptions.

Fig #5 Principal business activities and services provided



Source: SRKK AI Berhad

Fig #6 SWOT analysis of SRKK

Strength	Weakness
• First Malaysian provider with all 6 Microsoft AI Cloud Partner designations • Direct bill partner status under Microsoft Cloud Solution Provider program • In-house 24/7 NOC support	• No-long term contracts with customers beyond 3 years (save for one client)
Opportunity	**Threat**
• AI labs and AI academy to formalise AI advisory and training revenue • Propreitary SOC to capture currenly outsourced cybersecurity margin	• Competition from other ICT infrastructure providers

Source: M+ Research

Financials

Revenue and income highlights. The Group posted revenue of RM112.2m in FY25, up RM17.6m (18.6% YoY) from RM94.5m in FY24, mainly driven by cloud services segment, data analytics and business intelligence segment, and also sale and rental of IT hardware and software products. Consequently, PAT grew 35.9% YoY, from RM5.0m in FY24 to RM6.8m in FY25.

Balance sheet. Total assets stood at RM39.9m as at FY25, up from RM32.0m in FY24,

reflecting growth in current assets including trade receivables, contract assets and also short-term investment with a financial institution. Meanwhile, total liabilities increased moderately from RM23.2m to RM25.1m, led by the increase in trade payables, other payables and accruals and also bankers' acceptance. Total equity strengthened from RM8.8m to RM14.8m, boosted by higher retained earnings. Post-listing, the Group will continue to remain as a net cash company.

Cash flow. Net cash from operating activities moderated from RM7.4m in FY24 to RM3.5m in FY25, mainly due to a working capital build supporting higher project activity ahead of year-end. Investing cash outflow remained modest at RM2.9m in FY25 (FY24: RM3.5m), following lesser purchase of property, plant and equipment. Financing cash outflow narrowed sharply to RM0.1m in FY25 (FY24: RM1.8m), following higher drawdown of bankers' acceptance and also lower dividends paid.

Earnings forecasts. Moving forward, we project a 3-year earnings CAGR of 15.7%, with core PATMI expected to reach RM8.1m, RM9.3m and RM10.5m over the next three years. This growth is underpinned by (i) the strong growth anticipated in the cloud services segment and data analytics segment, (ii) new advisory and training revenue following the establishment of new AI labs and AI academy and (iii) further cybersecurity services expansion.

Fig #7 Financial Highlights

FYE Dec (RM m)	FY24	FY25	FY26f	FY27f	FY28f
Revenue	94.5	112.2	130.6	148.2	163.9
EBITDA	7.8	10.4	13.2	15.4	17.8
EBIT	5.9	7.9	10.5	11.9	13.5
PBT	5.8	7.9	10.1	11.6	13.2
PAT	5.0	6.8	8.1	9.3	10.5
PATMI – Core	5.0	6.8	8.1	9.3	10.5
PATMI – Reported	5.0	6.8	8.1	9.3	10.5
% change YoY – Core PATMI	15%	36%	19%	15%	14%
Core EPS (sen)	1.8	2.4	2.8	3.3	3.7
P/E (x)	18.1	13.4	11.2	9.8	8.6
EV/EBITDA (x)	10.8	8.1	6.5	5.5	4.8
DPS (sen)	0.4	3.5	0.6	0.7	0.7
Yield (%)	1%	11%	2%	2%	2%
BVPS (RM/share)	0.0	0.1	0.1	0.2	0.2
P/B (x)	10.3	6.1	2.3	1.9	1.6
ROE (%)	67%	58%	29%	21%	20%
Net Gearing (x)	CASH	CASH	CASH	CASH	CASH

M+ Research

Valuations

We assign a fair value of RM0.54 per share for SRKK, representing a 68.8% upside from the IPO price of RM0.32. This valuation is based on a P/E ratio of 16.5x, pegged to the FY27f EPS of 3.26 sen.

We believe the ascribed P/E multiple of 16.5x is fair, given that SRKK's peers' average forward and historical P/E multiples are trading between 15.8x–18.9x.

Fig #8 Peers comparison

	Market Group	FYE	Price (RM)	Market Cap (RM'm)	P/E (x)	Forward P/E (x)	ROE (%)	NP Margin (%)
SRKK AI Berhad	**ACE**	**Dec**	**0.32**	**90.9**	***13.4**	****9.8**	***57.6**	***6.1**
Cloudpoint Technology Bhd	MAIN	Dec	0.44	231.2	12.1	18.1	21.5	11.8
MM Computer Systems Bhd	ACE	Dec	0.27	153.1	14.6	13.5	41.2	10.3
Pentech Holdings Bhd	ACE	Dec	0.33	204.6	19.6	20.6	39.3	4.5
OGX Group Bhd	ACE	May	0.46	345.0	22.9	17.7	44.8	8.7
Infomina Bhd	ACE	June	1.03	619.3	23.9	18.4	45.8	10.8
Infoline Tec Group Bhd	MAIN	July	0.36	130.5	24.9	N/A	46.8	15.2
ICT Zone Asia Bhd	ACE	Jan	0.18	143.2	14.6	6.2	17.9	8.6
Avg ex-SRKK AI Berhad				**261.0**	**18.9**	**15.8**	**36.8**	**10.0**

Source: M+ Research (*FY25, **FY27f)

Investment risks

Dependent on the ability to secure new projects and customers. SRKK does not have long-term contracts beyond 3 years, except for one agreement with Enzo Plus Sdn Bhd. As the Group's revenue depends on continuous replenishment of projects and customers, the loss of existing customers or the inability to secure new sales in a timely manner could adversely affect its financial performance.

Execution risk on new strategic initiatives. SRKK's growth plan rests on the successful build-out of AI Labs, an AI Academy, a proprietary SOC and a new Indonesian office. These initiatives may not generate expected returns immediately, may face unfamiliar regulatory and market dynamics, and could compress near-term profitability before contributing meaningfully to earnings.

Cybersecurity and system breach risk. With an in-house NOC and a planned proprietary SOC, the Group is exposed to external and internal security threats. Any breach affecting customer data or business operations could materially disrupt the Group's managed services and damage its reputation.

Environmental, Social and Governance (ESG) Practices

Environmental:

- Protecting the environment by minimising risks and impacts through responsible daily operations
- Complying with all relevant environmental regulatory and legal requirements
- Measuring and reducing greenhouse gas (GHG) emissions in the near term
- Ensuring responsible use of energy and natural resources

Social:

- Providing a safe, healthy and conducive work environment for all employees
- Fostering a diverse, equal and non-discrimination culture across age, gender, ethnicity, religion, national origin, disability and sexual orientation
- Eradicating improper workplace conduct, including bullying, discrimination, harassment and victimisation
- Empowering the workforce through training, leadership and self-development programmes
- Upholding fundamental workers' rights, including the elimination of child and forced labour

Governance:

- At least 50% of the Board comprises Independent Non-Executive Directors
- At least 30% of the Board comprises women directors
  Audit and Risk Management Committee comprises solely Independent Non-

Executive Directors

- Anti-Bribery and Anti-Corruption Policy and Whistleblowing Policy in compliance with the MACC Act 2009 and Whistleblower Protection Act 2010
- Personal Data Protection Notice in compliance with the Personal Data Protection (Amendment) Act 2024

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Stock recommendation guide	
BUY	The share price is expected to appreciate more than 10% over the next 12 months
HOLD	The stock price is expected to range between -10% and +10% over the next 12 months
SELL	The share price is expected to fall more than 10% over the next 12 months
TRADING BUY	The share price is projected to rise more than 10% over the next three (3) months due to an ongoing or impending corporate development. The stock price is also expected to be volatile over the next three months
TRADING SELL	The stock price is expected to fall more than 10% over the next three months due to an ongoing or impending corporate developments. The stock price is also expected to be volatile over the next three months
NOT RATED	No recommendation is assigned