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Recommendation: Not Rated

Current Price:	RM 0.34
Previous Target Price:	RM 0.44
Target Price:	N/A
Upside/Downside:	N/A

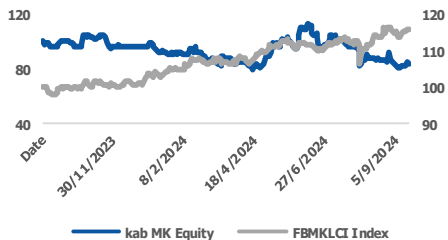
Stock information

Board	ACE
Sector	Digital Services
Bursa / Bloomberg Code	0176 / KAB MK
Syariah Compliant	Yes
FTSE4Good Index	N/A
FTSE ESG Rating	N/A
Bloomberg ESG Rating	N/A
Shares issued (m)	890.4
Market Cap (RM' m)	302.7
52-Week Price Range (RM)	0.48-0.33
Beta (x)	0.9
Free float (%)	33.8
3M Average Volume (m)	0.7
3M Average Value (RM' m)	0.3

Top 3 Shareholders (%)

Oversea-Chinese Banking Corp Ltd	38.3
Tan Jeck Min	13.4
Desert Streams Inv Ltd	11.5

Share Price Performance



	1M	3M	12M
Absolute (%)	-5.6	-20.0	-19.0
Relative (%)	-7.5	-23.9	-29.7

Kronologi Asia Berhad

Cease Coverage

Summary

We are ceasing coverage on Kronologi due to the reallocation of internal resources. As a result, we will no longer be updating our financial forecasts, especially after the company's performance has fallen below our expectations. Consequently, we are reclassifying our recommendation from HOLD to NOT RATED and our last target price was at RM0.44. Investors are advised not to rely on our previous earnings forecasts and recommendations when making investment decisions.

- Results review.** Kronologi's 2QFY25 net profit reported RM1.6m which increased by 12.8% qoq, primarily driven by a RM1.0m tax gain from the reversal of deferred tax liabilities. However, yoy performance saw a 46.6% decline in core net profit, which offset 4.7% yoy revenue growth, due to a more competitive business environment and a shift towards lower-margin product mix. Revenue for the quarter rose by 4.7% yoy and 44.3% qoq to RM83.3m.
- Profit missed expectations.** In 1HFY25, core net profit came in at RM3.1m, representing only 13% of our full-year forecast, despite revenue meeting expectations. The shortfall was largely driven by a lower-than-expected contribution from the EDM As-A-Service (AAS) division, which typically delivers higher margins. Additionally, the EDM Infrastructure Technology division reported weaker margins due to intense competition and higher operating costs, including depreciation from the newly established premises and solution center.
- Outlook.** While we remain optimistic over Kronologi's longer-term prospects, premised to the growing demand for AI development and the need for enterprises to expand data storage capacity, we highlighted several near-term challenges. As a system integrator, Kronologi faces stiff competition, which could pressure margins. Additionally, the uneven recovery across markets, including China's ongoing economic uncertainties and slower customer spending, could dampen short-term growth. The Group also faces hurdles in scaling its EDM As-A-Service (AAS) division, which is critical for providing a sustainable income stream and is seen as the main growth driver.
- Valuation.** We are ceasing coverage on Kronologi due to the reallocation of internal resources. As a result, we will no longer be updating our financial forecasts, especially after the company's performance has fallen below our expectations. Consequently, we are reclassifying our recommendation from HOLD to **NOT RATED**. Investors are advised not to rely on our previous earnings forecasts and recommendations when making investment decisions.

APEX SECURITIES BERHAD – CONTACT LIST

APEX SECURITIES BHD	DEALING TEAM	RESEARCH TEAM
<p>Head Office: 5th Floor Menara UAC, 12, Jalan PJU 7/5, Mutiara Damansara, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia</p> <p>General Line: (603) 7890 8899</p>	<p>Head Office: Kong Ming Ming (ext 2002) Lee Chen Ming (ext 2029) Shirley Chang (ext 2026) Ahmad Mujib (ext 2028) Azfar Bin Abdul Aziz (ext 2031) Aizzat Bin Mohd Daud (ext 2030)</p> <p>Institutional Dealing Team: Low Jin Wu (ext 2109)</p> <p>PJ Office: General Line: (603) 7620 1118</p>	<p>Head Office: Kenneth Leong (ext 2093) Steven Chong (ext 2068) Jayden Tan (ext 2069) Chelsea Chew (ext 2070) Tan Sue Wen (ext 2095) Ong Tze Hern (ext 2113)</p>
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RESEARCH RECOMMENDATION FRAMEWORK

STOCK RECOMMENDATIONS

BUY: Total returns* are expected to exceed 10% within the next 12 months.
HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.
SELL: Total returns* are expected to be below -10% within the next 12 months.
TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.
TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.
 *Capital gain + dividend yield

SECTOR RECOMMENDATIONS

OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.
NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.
UNDERWEIGHT: The industry defined by the analyst, is expected to be below -10% within the next 12 months.

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