

SRKK AI Berhad (0466)

Microsoft-Focused Digital Transformation Partner

Bloomberg Ticker: SRKKAI MK | Investment Horizon: 12 Months

Recommendation

We recommend a **Subscribe** rating for SRKK AI Berhad (SRKK), with a **target price of RM0.370, representing a 16% upside**. SRKK is a Microsoft-focused managed service provider (MSP) offering AI-enabled and digital transformation solutions. We favour SRKK for its (i) Microsoft-led one-stop MSP platform with all six Microsoft Solution Partner designations and strong referral funnel, (ii) Increasing recurring revenue mix with the Government Cloud Framework Agreement 2.0 upside, and (iii) Indonesia expansion as the next regional growth leg.

Investment Highlights

Proxy to Malaysia's Enterprise Digitalisation and AI Adoption. SRKK is the first Malaysian homegrown Microsoft-focused MSP to secure all six Microsoft Solution Partner designations. Its one-stop Microsoft-focused stack enables SRKK to capture Microsoft-first enterprises seeking tighter integration, lower system complexity and better cost efficiency. Leveraging its close relationship with Microsoft, ~60% of clients are redirected by Microsoft to SRKK, providing a stronger demand funnel beyond self-sourced customers. Notably, SRKK has a well-diversified customer base of ~1,600 customers, with its top five customers contributing only ~10% of FY25 revenue. Using part of the IPO proceeds, SRKK plans to establish AI Labs and AI Academy by 3QFY27, as well as an in-house SOC by end-FY27. AI Labs and AI Academy should help convert participants from Microsoft-funded AI envisioning workshops into customers. The in-house Security Operations Centre (SOC) adds higher-value cybersecurity services for cross-selling, while improving SRKK's appeal to regulated and sensitive-data customers.

Increasing Recurring Revenue Mix Supports Earnings Visibility. Recurring revenue accounted for RM59.2mn (52.8% of FY25 revenue), while SRKK's RM17.7mn recurring order book is secured revenue yet to be recognised and incremental to this base. We see SRKK's growth mainly driven by Indonesia expansion and an increasing recurring revenue mix, supported by rising enterprise digitalisation and AI adoption, which should drive cloud services subscription growth and create further cross-selling opportunities as its customer base expands. This underpins our forecast of recurring revenue mix rising to 63.7% in FY28F and 18-25% revenue growth over FY26F-FY28F. Further upside could also come from the Government CFA 2.0, where SRKK has been shortlisted as Microsoft MSP for a >RM200mn government cloud opportunity over ~3 years, with only Enfrasys and SRKK currently competing for the Microsoft MSP role. Assuming Microsoft captures 30% share, this implies a >RM60mn opportunity, with additional maintenance, managed services and cybersecurity cross-selling potential. While we are optimistic on SRKK's chances of winning, we conservatively exclude this upside from our base-case forecasts, with potential to lift FY27F-FY28F revenue by 15-20% if awarded.

Cloudpoint-Benchmarked Discounted Valuation. Our FY27F PE multiple of 11.8x represents -1.0 standard deviation below Cloudpoint Technology Berhad's 3-year historical average PE of 14.8x, reflecting SRKK's smaller market capitalisation and flattish FY27F earnings. However, we avoid a deeper discount as Cloudpoint is expected to record sharp earnings decline in FY26F.

FYE 31 Dec (RM'mn)	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue (RM'mn)	94.5	112.2	133.4	163.7	202.7
EBITDA (RM'mn)	7.8	10.4	11.7	13.9	20.4
Pretax profit (RM'mn)	5.8	7.9	9.4	11.3	17.9
Net profit (RM'mn)	5.0	6.8	8.1	8.8	14.0
EPS (sen)	1.8	2.4	2.8	3.1	4.9
PER (x)	18.1	13.4	11.3	10.3	6.5
Core net profit (RM'mn)	6.0	7.6	8.8	8.8	14.0
Core EPS (sen)	2.1	2.7	3.1	3.1	4.9
Core EPS growth (%)	26.3	27.1	15.6	0.3	57.8
Core PER (x)	15.1	11.9	10.3	10.3	6.5
Net DPS (sen)	0.7	0.3	0.6	0.6	1.0
Dividend Yield (%)	2.2	0.9	1.8	1.9	3.1
ROE (%)	56.8	46.0	20.1	18.7	23.9
P/BV (x)	10.3	6.1	2.3	1.9	1.6

Subscribe

Target Price: RM0.370 (+16%)

Current Share Price: RM0.320

Ace Market
Technology

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Valuation

Our target price is based on:

FY27F PE of 11.8x, representing -1.0 standard deviation below Cloudpoint Technology Berhad's 3-year historical average PE of 14.8x.

Listing Timeline

Subscription Start Date	18 June 2026
Subscription Deadline	25 June 2026
Ballot Result	29 June 2026
Listing date	9 July 2026

Listing Details

Shariah Compliant	Yes
New Shares (mn)	64.0
Fund Raised (RM'mn)	20.5
Offer for Sale (mn)	13.0
Offer for Sale (RM'mn)	4.2
Market Capitalization (RM'mn)	90.9

Offering of Shares	Total (mn)	Total (%)
Malaysia Public (Bumi)	7.1	2.5
Malaysia Public (Non- Bumi)	7.1	2.5
Pink Form	17.0	6.0
Selected Investors	32.8	11.5
Total	64.0	22.5

Investment Thesis

Positioned for Malaysia's Enterprise Digitalisation and AI Adoption

Digital and AI Transformation Tailwind. Malaysia's enterprise digitalisation and AI adoption cycle provides SRKK with a sizeable runway. Based on the IMR Report, Malaysia's digital transformation-related addressable market was estimated at RM169.5bn in 2025, with cloud services and data analytics forecast to grow at 20.3% and 20.9% CAGRs over 2026-2028. Government support further lowers enterprise adoption barriers, with MDEC's broader Digital Acceleration Grant providing up to 70% funding capped at RM5.0mn for eligible digitalisation initiatives. SME-focused programmes also support technology adoption, including matching grants of up to RM200k under SME Corp-related business improvement schemes.

One-stop Microsoft Service Provider. SRKK has been a Microsoft partner since 2003/04 and targets medium-to-large enterprises, corporations and GLCs. Notably, SRKK has a well-diversified customer base of ~1,600 customers, with its top five customers contributing only ~10% of FY25 revenue. SRKK's one-stop Microsoft capability is best evidenced by its status as the first homegrown Malaysian Microsoft-focused MSP to secure all six Microsoft Solution Partner designations under the Microsoft AI Cloud Partner Program. These designations cover the full enterprise digital stack, from (i) Azure cloud migration, (ii) M365 productivity tools, (iii) Fabric-based data management, (iv) custom Azure applications, (v) Dynamics 365 business systems and (vi) cybersecurity solutions.

Unlike broader multi-vendor players, SRKK focuses on Microsoft as its core vendor ecosystem. This narrows vendor breadth but strengthens specialisation for Microsoft-first customers seeking tighter integration, lower system complexity, and cost efficiency. SRKK also benefits from Microsoft's referral funnel, with ~60% of customers redirected by Microsoft at the same margins. Combined with its all-six Microsoft designations and direct bill partner status, this gives SRKK a stronger demand funnel and clearer positioning than generalist IT resellers. In our view, the trade-off is acceptable, where SRKK sacrifices some vendor optionality but gains a cleaner go-to-market identity and better alignment with Microsoft-led enterprise transformation budgets.

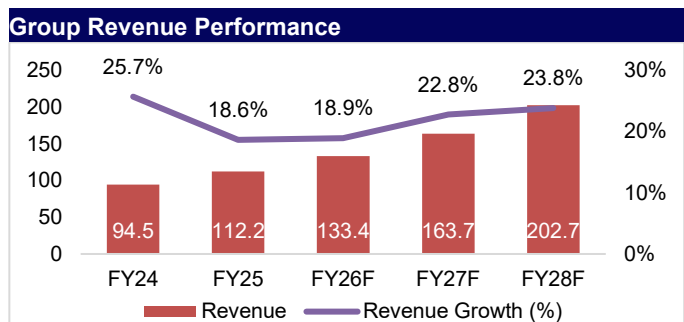
IPO Proceeds Deepen AI and Cybersecurity Monetisation. SRKK already operates a 24/7 Network Operations Centre (NOC) and currently outsources its SOC function. IPO proceeds will be used to build an in-house SOC by end-FY27 with 14 planned hires, enabling higher-value cybersecurity services. A Malaysia-based in-house SOC should improve SRKK's appeal to regulated and sensitive-data sectors such as banks, insurance, healthcare, government agencies, critical infrastructure operators, manufacturing, technology and telecommunications customers. For these customers, domestic SOC capability offers local incident response, same-time-zone support, better data-sovereignty comfort and easier coordination with Malaysian compliance and cybersecurity requirements.

SRKK plans to establish AI Labs and AI Academy by 3QFY27 with 19 planned hires to strengthen its AI advisory and customer-acquisition funnel. The AI Labs will support ideation, prototyping and testing of AI-enabled solutions, while the AI Academy will offer accredited AI training, including Microsoft-funded AI prototyping workshops using Microsoft AI tools. As consultancy fees contribute less than 3% of revenue, the strategic value lies in low-cost customer acquisition and follow-on conversion into cloud, AI, data analytics and managed-service clients. Together with the planned in-house SOC by end-FY27, these initiatives widen SRKK's service offering and strengthen its Microsoft-led ecosystem.

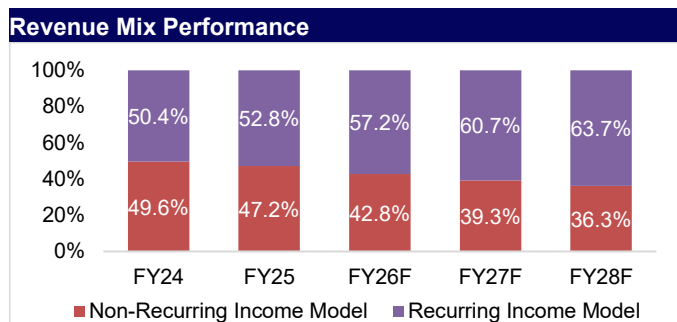
Recurring Revenue Base Improves Earnings Visibility

Recurring Revenue Visibility. Recurring revenue accounted for RM59.2mn (52.8% of FY25 revenue), mainly from multi-year cloud services subscriptions, IT hardware rental, software licences, IT managed services and royalty fees. More importantly, SRKK's RM17.7mn recurring order book represents secured recurring orders yet to be recognised which is incremental to its FY25 recurring revenue base. We believe the increasing recurring revenue mix provides SRKK with better earnings visibility and customer stickiness, as migration to another provider is possible but usually involves service disruption, data-migration risk and additional implementation cost.

Accordingly, we see SRKK's growth mainly driven by an increasing recurring revenue mix, supported by rising enterprise digitalisation and AI adoption, which should drive cloud services subscription growth and create further cross-selling opportunities as its customer base expands. This underpins our forecast of an increasing recurring revenue mix to 63.7% in FY28F and 18-25% revenue growth over FY26F-FY28F, reaching RM202.7mn in FY28F and representing revenue CAGR of 21.8% over FY25-FY28F.



Source: Company Prospectus, Tradeview Research



Source: Company Prospectus, Tradeview Research

CFA 2.0 Opportunity. The existing government Cloud Framework Agreement (CFA 1.0) is approaching its next renewal cycle. SRKK has been shortlisted as Microsoft MSP for CFA 2.0, covering an > RM200mn government cloud opportunity over ~3 years across Google, AWS, Azure and TM. According to the management, the CFA 2.0 tender involves only two bidders for the Microsoft MSP role, namely incumbent Enfrasys and SRKK. Compared with AWS and Google Cloud, Microsoft's edge lies in its enterprise ecosystem rather than standalone cloud infrastructure. Many corporates already operate on Microsoft 365, Dynamics 365, and Power BI/Fabric, making Azure adoption a natural extension of their existing IT stack. Assuming Microsoft captures 30% of the over RM200mn CFA 2.0 opportunity, this implies an > RM60mn Microsoft-related revenue pool over ~3 years for SRKK.

Improved Tender Positioning for CFA 2.0. We believe SRKK is in a stronger position compared with the previous cycle, supported by: (i) first homegrown Malaysian Microsoft-focused MSP to secure all six Microsoft Solution Partner designations, (ii) MSP 501 2025 ranking in the 200s and second position within the relevant Malaysian Microsoft MSP peer set, (iii) largest revenue among relevant shortlisted peers, (iv) Bursa listing, which improves transparency and credibility, (v) Malaysia Digital Status and Microsoft direct bill partner recognition since 2024, and (vi) existing GLC clients including Pengurusan Air Selangor.

Beyond the initial cloud subscription revenue, it could also create additional maintenance, managed services, cybersecurity and data-related cross-selling opportunities, which would improve SRKK's recurring revenue quality and strengthen its public-sector clientele base, supporting future tenders. While we are optimistic on SRKK's chances of securing the mandate, we remain conservative and have not included this upside in our base-case forecasts. If awarded, we estimate it could lift our FY27F and FY28F revenue forecasts by 15-20%.

Malaysia Microsoft MSP Comparison		
Company	Homegrown?	Key credential / Ranking
SRKK / FatNinjas	Yes	- First Malaysian solution provider with all six Microsoft Solution Partner designations - MSP 501 #268 in 2025 - MSP 501 #317 in 2024
Enfrasys	Yes	- Incumbent Microsoft MSP under current CFA 1.0 2018 & 2020 Microsoft Malaysia Partner of the Year awards
Crayon / SoftwareOne	No	2025 Microsoft Malaysia Partner of the Year - Azure Expert MSP and all six Microsoft Solution Partner designations
Cloud4C	No	- Azure Expert MSP - Microsoft Malaysia Security Partner of the Year 2023
AKATI Sekurity	Yes	- MSP 501 rank #8 in 2025 - MSP 501 rank #9 in 2024 - Cybersecurity/MSSP-focused

Source: Multiple sources, Tradeview Research

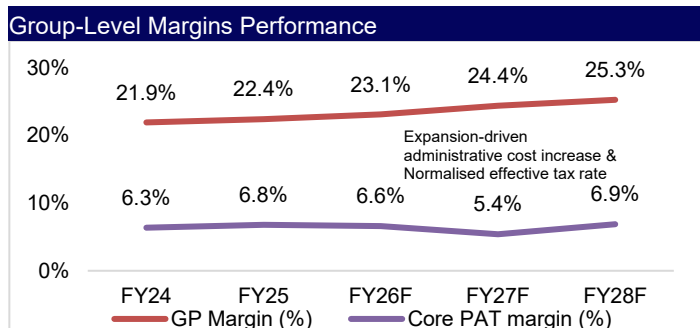
Own AI-enabled Data Analytics and BI Solutions

Service-to-IP Shift. SRKK plans to develop proprietary AI-enabled data analytics and business intelligence software, with IPO proceeds allocated to hire 13 personnel for this initiative. This initiative shifts part of SRKK's model from customised implementation work towards repeatable software revenue. Instead of rebuilding similar analytics solutions for each client, SRKK can package common enterprise use cases into software products that can be licensed and sold to multiple businesses. If executed well, this improves scalability and deepens customer stickiness, as customers using SRKK's own software are more likely to continue buying related cloud, data, cybersecurity and managed-service support.

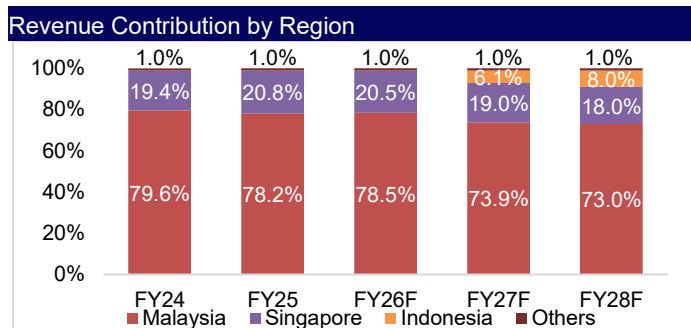
SRKK is initially targeting manufacturers and F&B service providers for demand forecasting and inventory replenishment, while also developing ESG performance management systems for corporate compliance. Pilot versions are targeted by end-FY27, with full commercial-ready software launch targeted by 2HFY28.

High-margin Software Option. We view this expansion as a call option-like opportunity, with potential to create high-margin recurring revenue if commercialised successfully. SRKK's existing data analytics and BI segment already generated a 66.5% GP margin and contributed 10.5% of its FY25 GP, despite being largely customised project-based work. Assuming successful commercialisation of its proprietary AI/BI software, we conservatively forecast RM3.0mn recurring revenue from this initiative, based on RM50k-80k annual revenue per customer and ~40-60 customers. We also expect GP margin to increase to ~80% and contribute ~5% of total Gross Profit, as owned IP can be licensed across multiple customers with lower incremental delivery cost.

While AI tools have made basic software development easier, we believe enterprises still require maintenance, cybersecurity, feature upgrades, data governance, user support and clear accountability when systems fail. This creates demand for an accountable vendor that can deliver software together with cloud infrastructure, cybersecurity and managed services.



Source: Company Prospectus, Tradeview Research



Source: Company Prospectus, Tradeview Research

Indonesia Expansion

Indonesia Digitalisation Tailwind. Indonesia provides SRKK with a larger regional market to replicate its Microsoft-led playbook. Based on the IMR Report, Indonesia's digital transformation solutions industry is forecast to grow from RM274.1bn in 2026 to RM330.4bn in 2028, implying a 9.8% CAGR. Indonesia's digitalisation push is also supported by public-sector spending, with the Ministry of Communication and Digital Affairs' FY2025 budgeting Rp1.3tn for integrated government digital application and infrastructure development.

Early POCs Support Commercial Ramp-up. SRKK plans to establish an IT advisory and consulting office in Jakarta and commence operations by 1QFY27. While Indonesia's IT solutions market is competitive and fragmented, and SRKK does not appear to have a clear structural moat at this stage, we are still optimistic about SRKK's Indonesia expansion, as it is already supported by: (i) 4 completed POCs, (ii) a strategic partnership with a local IT firm for market navigation and (iii) Microsoft-supported introductions to large Indonesian corporates. Accordingly, we forecast Indonesia revenue of RM10.0mn in FY27F, supported by early POC conversion and Microsoft-led customer introductions. If executed well, Indonesia could become SRKK's next regional growth leg, expanding its Microsoft-led cloud, AI and managed-service platform beyond Malaysia and Singapore.

Company Overview

SRKK AI Berhad was incorporated in July 2021 as the listing vehicle for the group, with operating roots tracing back to SRKK Consulting's establishment in 1999. The current group structure was formed through internal reorganisation exercises, where SRKK AI acquired SRKK Consulting, SRKK Computer, SRKK Selatan and Integricity in January 2022, followed by SRKK Data in December 2023. Through its subsidiaries, SRKK operates as a digital transformation solutions provider across five main segments: (i) IT consultation and project implementation services, (ii) cloud services, (iii) IT managed services, (iv) sale and rental of IT hardware and software products, and (v) data analytics and business intelligence solutions. SRKK's revenue was mainly generated from Malaysia and Singapore, which contributed 78.2% and 20.8% of FY25 revenue respectively.

SRKK has progressively expanded from traditional IT infrastructure support into cloud services, managed services, data analytics/BI and AI-enabled digital transformation solutions. The group began offering cloud services in 2011, IT managed services in 2015, data analytics and BI solutions in 2020, and IT advisory and consulting services in 2025. Its managed-service capability is supported by its 24/7 Network Operations Centre (NOC) in Klang, Selangor, while FatNinjas operates as its IT managed services trade name and franchising model, with three franchisees as at the latest practicable date.

SRKK's solutions are supported by relationships with technology principals and distributors, including Microsoft, Kaseya, NinjaOne, Hewlett Packard Enterprise, HP, Dell and Sangfor. The group is a direct bill partner under the Microsoft Cloud Solution Provider programme and became the first Malaysian solution provider to secure all six Microsoft Solution Partner designations under the Microsoft AI Cloud Partner Program in April 2025.

SRKK generates revenue from both non-recurring and recurring models. Non-recurring revenue includes IT hardware and software sales, perpetual software licences, implementation fees, training fees, franchise fees and consulting fees. Recurring revenue is derived from cloud subscription fees, IT managed service contracts, data analytics and BI service contracts, rental fees, and FatNinjas royalty/marketing fees. SRKK also incorporates AI-enabled software and tools into its service offerings, including Microsoft 365 Copilot, Kaseya, HaloITSM, Freshworks, Azure and Power BI.

Geographical Markets Penetration

*First Malaysian solution provider to obtain all six Microsoft Solution Partner designations under the **Microsoft AI Cloud Partner Program** (April 2025)*



Source: Company presentation slide

Utilisation of the RM20.5mn from the IPO Proceeds

Purposes	RM'mn	%	Estimated timeframe for utilisation from the listing date
Strategic growth initiatives in AI: (a) Setting up and launching of AI labs and AI academy (b) Develop AI-enabled data analytics software solutions	4.00	19.53	24 months
Geographical expansion by setting up an IT advisory and consulting office in Jakarta, Indonesia	1.84	8.98	24 months
Building a SOC	3.70	18.07	24 months
Branding, marketing and promotional activities	1.80	8.79	24 months
Working capital	4.64	22.66	24 months
Estimated listing expenses	4.50	21.97	1 month

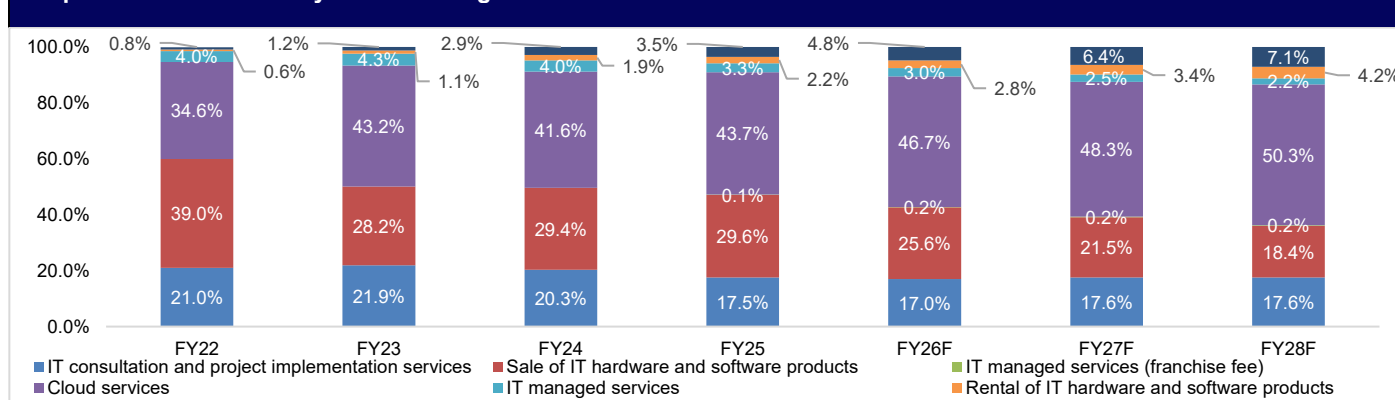
Source: Company Prospectus

Business Segments

Segments	Description
IT consultation and project implementation services	• Provide consultation for cybersecurity solutions, installing and configuring IT hardware and software, and cloud subscriptions to form a cybersecurity solution for the customer; • Provide consultation for business workflow automation solution, installing and configuring the infrastructure and software to form the required business workflow automation solution for customers; and managing any software upgrades and providing after-sales support. • Provide consultation for networking solutions, setting up, installing, and configuring the IT hardware and software, and cloud subscriptions to form the required networking solution at the customers' premises. • Provide IT advisory and consulting services to assist customers in creating a digital transformation roadmap.
Provision of cloud services	• Provide consultation for cloud services. Assess customers' IT environments, infrastructure, and workloads to identify the software applications that need to be replaced and/or migrated to cloud infrastructure • Implement new cloud services for customers. Provide support services to customers to facilitate expansion in services offered and scale of usage.
Provision of IT managed services	• Provide monitoring and management of customers' IT infrastructure through our NOC located at Klang, Selangor. • Provide managed cybersecurity services 24 hours a day, 7 days a week, to protect customers' endpoints from common cyber threats such as phishing attacks and malware.
Sale and rental of IT hardware and software products	• Provide customers with access to IT hardware and software products on a rental basis for a fixed period of time, or through an outright sale.
Data analytics and business intelligence solutions	• Design and deliver end-to-end analytics solutions across business functions such as finance, supply chain, sales, marketing, customer experience, education, and production

Source: Company Prospectus, Company presentation slide, Tradeview Research

Composition of Revenue by Business Segment

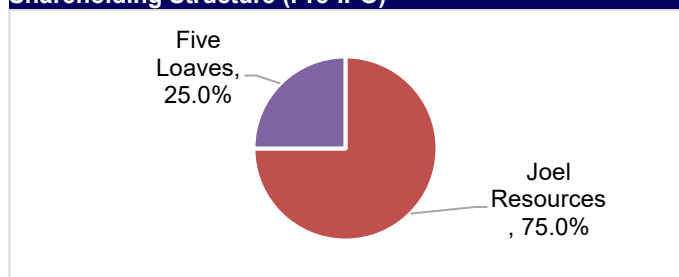


Source: Company Prospectus, Tradeview Research

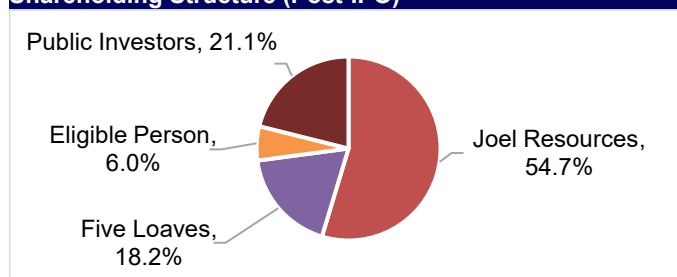
Management Team

Name and Designation	Profile
Yew Lip Sin Promoter Executive Director CEO	Yew Lip Sin graduated with a Bachelor of Engineering from the National University of Singapore in 1992. He began his career with Hewlett-Packard Singapore (Private) Ltd before joining Motorola Electronics Pte Ltd, where he held various engineering, project management and distribution management roles across Singapore, Hong Kong and Malaysia. In 2000, he joined SRKK Consulting as Operations Director and subsequently assumed senior leadership roles, including CEO in 2013. He founded SRKK AI Berhad in 2021 and currently leads the Group's overall strategic direction, business growth and day-to-day operations. He holds a 37.0% stake in Joel Resources.
Alex Lam CSO	Alex Lam graduated with a Bachelor of Commerce (Management) from Monash University in 1999. He began his career with Interbase Resources Sdn Bhd in 2000 before founding Integricity Corporation Sdn Bhd later that year. In 2015, he founded Integricity and assumed the role of CEO, overseeing the company's strategic direction and partnerships. He joined SRKK in 2021 as Director and CSO and currently leads the Group's strategic initiatives, AI advisory and consulting practice, business expansion projects, and marketing functions. He holds an 85.0% indirect stake in Five Loaves.
Yeoh Kai Hearn Promoter Executive Director COO	Yeoh Kai Hearn holds a Bachelor of Engineering (Honours) in Electrical and Electronic Engineering from Nottingham Trent University and a Master of Executive Management from HELP University. He began his career with Chunghwa Picture Tubes (Malaysia) Sdn Bhd before joining Amtel Communications Sdn Bhd in engineering roles. In 1999, he joined SRKK Consulting as a System Engineer and progressed through various leadership positions, including Consultant, COO and Managing Director. He currently oversees the Group's operational functions, strategic execution and business performance initiatives. He holds a 9.5% stake in Joel Resources.
Yew Peng Fong Promoter CCO	Yew Peng Fong obtained a Diploma in Hotel and Catering Management from Stamford College in 1991. She began her career with Shangri-La Hotel Singapore before joining Sunship (M) Sdn Bhd as a Sales Executive. In 1999, she co-founded SRKK Consulting and initially oversaw administrative functions before expanding her responsibilities to include sales, procurement, vendor management and business development. Over the years, she assumed various commercial leadership roles within the Group and currently serves as CCO, where she is responsible for procurement strategy, vendor management and commercial operations. She holds an 18.9% stake in Joel Resources.
Phuah Kin Sze CFO	Phuah Kin Sze graduated with a Bachelor of Commerce (Honours) in Accounting from Universiti Tunku Abdul Rahman in 2006 and is a Chartered Accountant of MIA as well as an ASEAN Chartered Professional Accountant. She began her career in audit with TY & Associates before holding finance, tax and accounting roles at Star Cruise Administrative Services Sdn Bhd, Sime Engineering Sdn Bhd, Provenco Malaysia Sdn Bhd and Lafarge Cement Sdn Bhd. In 2013, she joined SRKK Consulting as Finance and Admin Manager and was subsequently appointed CFO in 2021. She currently oversees the Group's financial strategy, planning, risk management and compliance functions. She holds a 0.6% stake in Joel Resources.

Shareholding Structure (Pre-IPO)

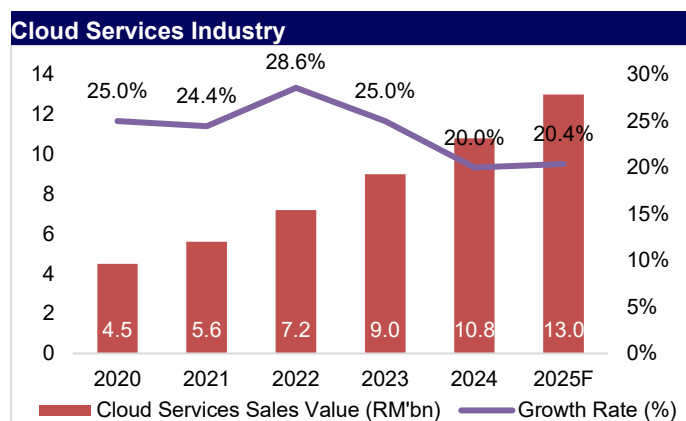


Shareholding Structure (Post-IPO)

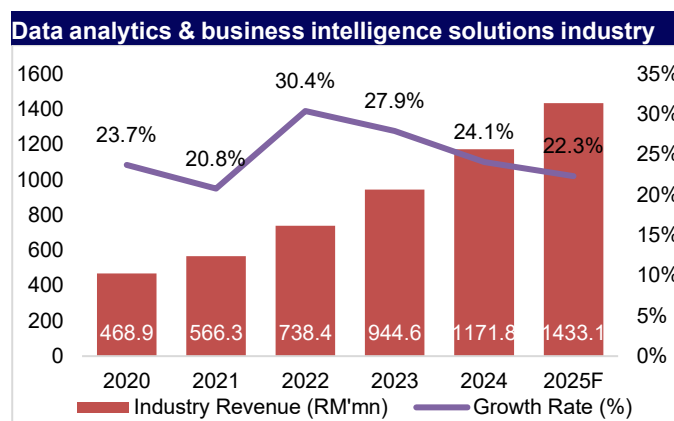


Industry Outlook

Accelerating cloud adoption and AI integration. According to Providence, Malaysia's cloud services industry expanded from RM3.6bn in 2019 to RM10.8bn in 2024, representing a strong CAGR of 24.6%, and is projected to reach RM18.8bn by 2027 at a CAGR of 20.3%. Meanwhile, the data analytics and business intelligence solutions industry grew from RM379.1mn in 2019 to RM1.2bn in 2024, recording a CAGR of 25.3%, and is forecast to reach RM2.1bn by 2027. Separately, MDEC secured RM87.4bn of approved digital investments in 2025, largely driven by AI, big data, data centres and cloud services, with AI-related investments expected to create more than 12,600 jobs. According to A.T. Kearney, AI is expected to contribute approximately USD115bn to Malaysia's economy by 2030, highlighting the substantial growth potential for AI-driven digital transformation solutions. These trends are expected to create sustained demand for cloud infrastructure, business intelligence solutions and enterprise digitalisation services.



Source: Company Prospectus IMR Report (PROVIDENCE)



Source: Company Prospectus IMR Report (PROVIDENCE)

Government initiatives and rising investments in the digital economy. Malaysia's digitalisation agenda continues to be supported by Malaysia Digital, the National AI Office, the Thirteenth Malaysia Plan and AI-focused grants such as MDEC's Malaysia Digital Acceleration Grant – AI, which offers up to RM2.0mn in performance-based funding for AI commercialisation projects. At the same time, global technology companies are deepening their Malaysia presence, with Google committing US\$2.0bn to establish its first Malaysian data centre and cloud region, AWS launching its Malaysia Region with planned investment of US\$6.2bn through 2038, and Microsoft launching its first Malaysia cloud region following its US\$2.2bn cloud and AI investment commitment. While these investments are infrastructure-led, they should create downstream opportunities for IT solutions providers in cloud migration, implementation, cybersecurity, software support, data integration and managed services.

Growing demand for IT and cybersecurity solutions. Cybersecurity is becoming a core layer of enterprise digitalisation as more workloads, customer data and business applications move onto cloud infrastructure. AI-enabled threats are increasing in scale, with a 2025 IDC survey commissioned by Fortinet showing that nearly 50% of Malaysian organisations encountered AI-powered cyber threats, while 54% reported a twofold increase and 24% reported a threefold increase in such threats. In response, the Malaysian Government has introduced several initiatives, including the establishment of a nationwide 24-hour cybercrime response network and additional allocations to the National Cyber Security Agency (NACSA) and National Scam Response Centre (NSRC) under Budget 2025. Budget 2026 also allocates RM32.0mn to combat scams, cyber threats and online child exploitation, reinforcing the government's focus on cyber resilience. The combination of rising cybersecurity requirements, increasing business digitalisation and a growing corporate landscape is expected to support long-term demand for IT services, managed services and cybersecurity solutions.

Valuation

We recommend a **Subscribe** rating and **target price of RM0.37**, based on FY27F PE of 11.8x, representing -1.0 standard deviation below Cloudpoint Technology Berhad's 3-year historical average PE of 14.8x. We view Cloudpoint as the closest domestic comparable with Bloomberg consensus coverage, given both companies' similar enterprise IT solutions nature and exposure to enterprise digitalisation. The discounted multiple is justified by SRKK's smaller market capitalisation and flattish FY27F earnings. However, we do not apply a deeper discount, as Cloudpoint is expected to record -40.7% earnings decline in FY26F, while SRKK is expected to deliver 15.6% earnings growth in FY26F.

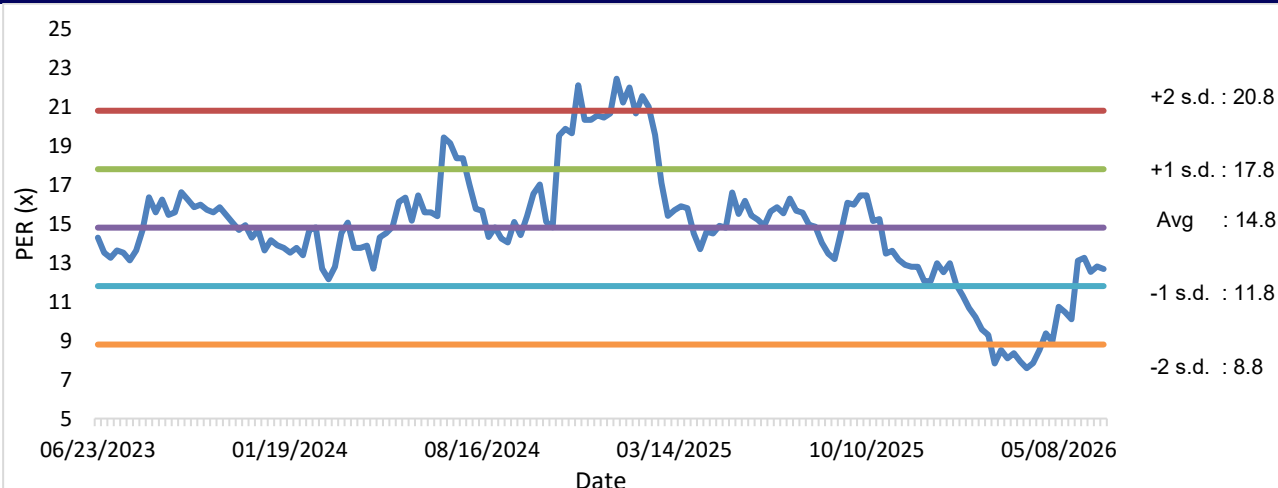
We like SRKK for its exposure to enterprise digitalisation, cloud adoption, AI integration and managed cybersecurity demand. Key growth drivers include: (i) Increasing recurring revenue mix, (ii) Expansion into AI Labs, AI Academy, in-house SOC and proprietary AI/BI software, as well as (iii) Indonesia expansion.

Peer Comparison

Name	Last Price	Market Cap (RM'mn)	FYE	Earnings Growth		P/E (x)			Div. Yield	ROE
				1-yr Fwd	2-yr Fwd	Hist.	1-yr Fwd	2-yr Fwd	1-yr Fwd	Hist.
Domestic Enterprise IT Solutions Peers										
Cloudpoint Technology Bhd	0.44	231.2	12/2025	-40.7	41.7	12.1	18.1	12.8	3.0	21.5
Infomina Bhd	1.03	619.3	05/2025	59.5	32.1	28.1	18.4	13.9	1.3	14.3
VSTECs Bhd	1.72	1,839.8	12/2025	20.2	17.8	17.8	15.6	13.2	N/A	18.6
Simple Avg				13.0	30.5	19.3	17.4	13.3	2.1	18.1
Foreign Enterprise IT Solutions Peers										
Switzerland										
Softwareone Holding AG	7.86	8,887.8	12/2025	32.9	27.6	278.7	12.3	9.7	2.8	0.1
Australia										
Atturra ltd	0.42	445.2	06/2025	-41.2	66.7	193.3	12.7	7.6	0.0	0.4
Germany										
Bechtle AG	29.86	17,781.6	12/2025	3.7	7.8	16.0	15.8	14.7	2.5	11.6
CANCOM SE	23.30	3,164.8	12/2025	38.7	19.3	21.5	18.3	15.3	4.3	6.0
Simple Avg				8.5	30.3	127.4	14.8	11.8	2.4	4.5
SRKK AI Berhad	0.32	90.9	12/2025	15.6	0.3	11.9	10.3	10.3	1.8	46.0

Source: Bloomberg estimates, Tradeview Research (As of 23rd June 2026)

Cloudpoint Technology Berhad's rolling PER (x) over the past 3 years



Name	Gross Margin (%)				EBITDA Margin (%)				Core PAT Margin (%)			
	FY24	FY25	FY26F	FY27F	FY24	FY25	FY26F	FY27F	FY24	FY25	FY26F	FY27F
Cloudpoint Technology Bhd	26.0	28.4	22.2	22.5	19.3	18.1	12.1	14.4	14.1	11.8	8.4	9.3
Infomina Bhd	28.6	30.3	N/A	N/A	19.6	14.7	17.9	19.8	14.7	10.8	13.7	15.2
VSTECs Bhd	5.9	6.3	N/A	N/A	3.0	3.4	3.3	3.2	2.4	2.7	2.5	2.4
Softwareone Holding AG	N/A	N/A	86.5	86.5	11.4	16.7	22.9	25.3	-0.1	0.1	7.9	9.8
Atturra Ltd	32.5	34.1	33.4	33.7	8.7	8.2	7.8	10.1	4.0	3.0	3.4	5.2
Bechtle AG	18.1	18.6	18.6	18.5	7.8	7.7	7.7	7.7	3.9	3.6	3.6	3.7
CANCOM SE	39.1	39.0	40.3	40.4	6.5	6.0	6.7	6.9	1.9	1.7	2.1	2.4
Simple Avg	25.0	26.1	40.2	40.3	10.9	10.7	11.2	12.5	5.8	4.8	5.9	6.8
SRKK AI Berhad	21.9	22.4	23.1	24.4	8.3	9.3	8.7	8.5	6.3	6.8	6.6	5.4

Source: Bloomberg estimates, Tradeview Research (As of 23rd June 2026)

SWOT Analysis

Strengths

- First homegrown Malaysian Microsoft-focused MSP to secure all six Microsoft Solution Partner designations.
- Strong recurring revenue base.
- One-stop Microsoft-focused stack

Weaknesses

- Strong Microsoft ecosystem focus may limit opportunities with customers preferring multi-cloud or non-Microsoft stacks.
- Reliance on third-party principals and software vendors for key products and solutions.
- Significant portion of revenue remains dependent on project-based contracts and customer IT spending.

Opportunities

- Growing adoption of AI, cloud computing and digital transformation initiatives among enterprises.
- CFA 2.0 and Government digitalisation grants can lower adoption barriers for enterprise customers.
- Expansion into Southeast Asian markets and development of proprietary AI-enabled solutions.

Threats

- Intense competition from global IT service providers, system integrators and cloud solution vendors.
- Rapid technology changes may render existing IT solutions less competitive or obsolete.
- AI-driven memory chip demand may increase IT hardware costs and extend procurement lead times.

Investment Risk

- Principal and Microsoft ecosystem concentration risk.** SRKK's positioning is strongly anchored on the Microsoft ecosystem, including cloud, productivity, business applications, data analytics and cybersecurity solutions. While this supports a clearer go-to-market strategy and referral funnel, any adverse change in Microsoft's partner programme, pricing, rebates, product roadmap or referral arrangement could affect SRKK's competitiveness and margins. Overreliance on Microsoft-led demand may also limit customer opportunities where enterprises prefer multi-cloud or non-Microsoft technology stacks.
- IT hardware supply disruption and AI-driven cost inflation risk.** SRKK relies on IT hardware such as servers, devices and memory components to implement cloud, cybersecurity and digital transformation solutions. Recent AI infrastructure demand has tightened memory chip supply, as manufacturers prioritise AI-related memory components, leading to longer lead times and higher procurement costs. Any prolonged hardware shortage may delay project delivery and revenue recognition, while cost inflation could compress margins if SRKK is unable to fully pass through higher costs to customers.
- Rapid technology change and technical capability risk.** SRKK operates in a fast-evolving IT industry where new hardware, software, AI tools and cybersecurity standards can quickly change customer requirements. Failure to keep pace with new technologies may weaken SRKK's service relevance and customer retention. In addition, new principal products often require staff training and certification before implementation, and delays in upskilling personnel could disrupt project execution, reduce tender competitiveness and constrain growth.

Financial Overview

Financial Review

SRKK's revenue grew at a 13.0% CAGR over FY22-FY25, from RM77.7mn to RM112.2mn. The key drag was FY23, where revenue declined 3.2% YoY mainly due to a normalisation in IT hardware and software sales after several customers completed major upgrades in FY22. The revenue rebounded 25.7% YoY in FY24 and 18.6% YoY in FY25, supported by rising enterprise digitalisation, cloud migration and AI adoption. More importantly, recurring revenue increased to RM59.2mn or 52.8% of FY25 revenue, compared with 40.0% in FY22.

On the earnings front, SRKK recorded a PAT CAGR of 8.5% over FY22-FY25. The relatively slower earnings growth was mainly due to FY24 margin compression, where cloud services GP margin fell sharply to 10.1% from 18.7% in FY23, caused by lower contribution from higher-margin cloud-based application sales to two major customers and partial absorption of software purchase costs to remain competitive. However, FY25 PAT rose 35.9% YoY to RM6.8mn, supported by revenue recovery, cloud services GP margin improving to 15.1%, and continued growth in higher-margin data analytics and BI solutions.

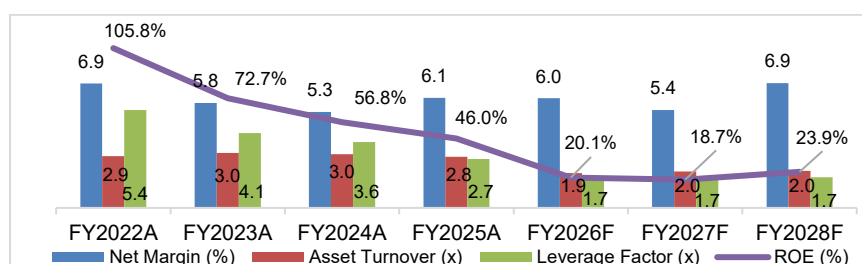
Financial Forecast

We forecast SRKK's core earnings to grow to RM8.8mn in FY26F before remaining flattish in FY27F. Despite stronger revenue growth in FY27F, earnings are expected to be dragged down by the normalisation of its effective tax rate to 22.0% from 14.5% in FY26F, following the expiry of Singapore-related tax incentives at end-FY26F. On top of that, we also expect a step-up in administrative expenses to ~16.0% of revenue due to planned hiring and expansion spending. In FY28F, we expect earnings growth to accelerate as revenue mix shifts away from lower-margin IT hardware and software resale towards higher-margin segments, together with administrative expenses normalising to ~15.0% of revenue as the new cost base is absorbed.

FYE 31 Dec	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue (RM'mn)	94.5	112.2	133.4	163.7	202.7
EBITDA (RM'mn)	7.8	10.4	11.7	13.9	20.4
Pretax profit (RM'mn)	5.8	7.9	9.4	11.3	17.9
Net profit (RM'mn)	5.0	6.8	8.1	8.8	14.0
EPS (sen)	1.8	2.4	2.8	3.1	4.9
PER (x)	18.1	13.4	11.3	10.3	6.5
Core net profit (RM'mn)	6.0	7.6	8.8	8.8	14.0
Core EPS (sen)	2.1	2.7	3.1	3.1	4.9
Core EPS growth (%)	26.3	27.1	15.6	0.3	57.8
Core PER (x)	15.1	11.9	10.3	10.3	6.5
Net DPS (sen)	0.7	0.3	0.6	0.6	1.0
Dividend Yield (%)	2.2	0.9	1.8	1.9	3.1
ROE (%)	56.8	46.0	20.1	18.7	23.9
P/BV (x)	10.3	6.1	2.3	1.9	1.6

EPS and DPS are divided by the enlarged issued shares of 284,000,000 upon listing

Dupont Analysis



We project SRKK to maintain healthy ROE over FY26F-FY28F. The dip in FY26F is attributed to the enlarged shareholders' equity base following the IPO exercise, while the slight moderation in FY27F reflects the normalisation of its effective tax rate and higher administrative costs.

Key Assumptions

Operating Stats	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Non-Recurring Income Model Growth Rate	24.5%	12.9%	7.7%	12.7%	14.3%
Cloud Services Solutions Growth Rate	21.0%	24.6%	27.0%	27.0%	29.0%
Other Recurring Income Model Growth Rate	66.1%	22.9%	37.9%	44.9%	33.7%

Sensitivity Analysis

Case 1: Changes in Cloud Services Solution growth rate against Effective Tax rate to derive core earnings

Cloud Services Solution Growth Rate in FY27F: 27.0%

Effective Tax rate in FY27F: 22.0%

Cloud Services Solution Growth Rate (%) / Effective Tax rate (%)	21%	24%	27%	30%	33%	36%
14%	9.8	9.8	9.8	9.7	9.7	9.7
16%	9.6	9.6	9.5	9.5	9.5	9.4
18%	9.4	9.3	9.3	9.3	9.2	9.2
20%	9.1	9.1	9.1	9.0	9.0	9.0
22%	8.9	8.9	8.8	8.8	8.8	8.8
23%	8.8	8.8	8.7	8.7	8.7	8.6

Case 2: Changes in core net profit against PE to derive target price

Core Net Profit in FY27F: RM8.8mn

Core Net profit (RM'mn) / PE (x)	4.8	6.8	8.8	10.8	12.8	14.8
8.8	0.15	0.21	0.27	0.34	0.40	0.46
9.8	0.17	0.24	0.31	0.37	0.44	0.51
10.8	0.18	0.26	0.34	0.41	0.49	0.56
11.8	0.20	0.28	0.37	0.45	0.53	0.62
12.8	0.22	0.31	0.40	0.49	0.58	0.67
13.8	0.24	0.33	0.43	0.53	0.62	0.72

Financial Exhibits

Income Statement

FYE 31 Dec (RM'mn)	FY2022A	FY2023A	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Revenue	77.7	75.2	94.5	112.2	133.4	163.7	202.7
Operating expenses	(70.3)	(68.5)	(86.7)	(101.7)	(121.7)	(149.9)	(182.3)
EBITDA	7.4	6.7	7.8	10.4	11.7	13.9	20.4
Depreciation & amortisation	(0.7)	(1.1)	(1.8)	(2.4)	(2.2)	(2.5)	(2.5)
EBIT	6.6	5.5	5.9	7.9	9.4	11.3	17.9
Net int income/(expense)	(0.1)	0.3	0.9	0.8	0.8	0.0	0.0
Exceptional gains / (losses)	0.0	(0.4)	(1.0)	(0.8)	(0.8)	0.0	0.0
Associates' contribution	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pretax profit	6.5	5.4	5.8	7.9	9.4	11.3	17.9
Tax	(1.2)	(1.1)	(0.8)	(1.1)	(1.4)	(2.5)	(3.9)
Minority interest	(0.0)	(0.0)	0.0	0.0	0.0	0.0	0.0
Net profit	5.3	4.4	5.0	6.8	8.1	8.8	14.0
Core net profit	5.3	4.8	6.0	7.6	8.8	8.8	14.0

Balance Sheet Statement

FYE 31 Dec (RM'mn)	FY2022A	FY2023A	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Fixed assets	4.4	5.0	7.3	6.8	7.7	8.4	7.8
Other long term assets	0.3	0.6	0.5	1.3	1.3	1.3	1.3
Total non-current assets	4.7	5.6	7.9	8.1	9.0	9.7	9.1
Cash and equivalents	6.8	2.4	5.0	4.6	31.5	36.6	47.3
Inventories	0.4	1.0	0.3	0.6	0.9	0.8	1.0
Receivables	12.5	13.4	16.0	21.6	23.3	29.0	35.7
Other current assets	2.8	2.3	2.9	4.9	4.4	5.2	6.1
Total current assets	22.5	19.1	24.1	31.7	60.2	71.7	90.1
Payables	17.4	16.1	19.5	20.8	24.6	29.7	36.3
Short term borrowings	0.6	0.4	0.8	2.1	2.1	2.1	2.1
Other current liabilities	2.7	1.2	1.5	0.0	1.1	1.2	1.2
Total current liabilities	20.7	17.7	21.8	24.0	27.9	33.0	39.7
Long term borrowings	1.0	0.7	1.3	1.1	1.1	1.1	1.1
Other long term liabilities	0.5	0.3	0.0	0.0	0.0	0.0	0.0
Total long term liabilities	1.5	1.0	1.3	1.1	1.1	1.1	1.1
Shareholders' Funds	5.0	6.0	8.8	14.8	40.2	47.3	58.4
Minority Interest	0.0	-0.1	0.0	0.0	0.0	0.0	0.0

Cash Flow Statement

FYE 31 Dec (RM'mn)	FY2022A	FY2023A	FY2024A	FY2025A	FY2026F	FY2027F	FY2028F
Pretax Profit	6.5	5.4	5.8	7.9	9.4	11.3	17.9
Depreciation & amortisation	0.7	1.1	1.8	2.4	2.2	2.5	2.5
Working capital changes	6.7	(4.4)	1.1	(5.5)	2.4	(1.3)	(1.0)
Cash tax paid	(1.0)	(1.2)	(1.3)	0.1	(1.4)	(2.5)	(3.9)
Others	0.3	0.4	0.1	(1.4)	0.0	0.0	0.0
C/F from operation	13.2	1.3	7.4	3.5	12.7	10.1	15.5
Capex	(1.5)	(1.6)	(3.5)	(1.9)	(3.1)	(3.2)	(2.0)
Others	(0.3)	(0.3)	0.0	(1.0)	0.0	0.0	0.0
C/F from investing	(1.9)	(1.9)	(3.5)	(2.9)	(3.1)	(3.2)	(2.0)
Debt raised/(repaid)	(1.4)	(0.9)	0.4	0.8	0.0	0.0	0.0
Dividends paid	(0.3)	(3.5)	(2.0)	(0.9)	(1.6)	(1.8)	(2.8)
Others	(4.8)	(0.1)	(0.2)	(0.1)	18.9	0.0	0.0
C/F from financing	(6.6)	(4.5)	(1.8)	(0.1)	17.3	(1.8)	(2.8)
Net change in cash flow	4.8	(5.1)	2.1	0.5	26.9	5.1	10.7
Free Cash Flow	11.7	(0.3)	3.9	1.6	9.6	6.9	13.5



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TRADING BUY: Total stock return expected to exceed +10% over 6-month period

TRADING SELL: Total stock return expected to below -10% over a 6-month period

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