



PROPEL GLOBAL BERHAD

**(Registration No.: 202001023868 (1380188-P))
(Incorporated in Malaysia)**

Quarterly Report 31 March 2024

PROPEL GLOBAL BERHAD

(Registration No.: 202001023868 (1380188-P))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 3RD QUARTER ENDED 31 MARCH 2024

	Current Quarter 3 months ended		Cumulative Quarter 9 months ended	
	31.03.2024 RM'000 Unaudited	31.03.2023 RM'000 Unaudited	31.03.2024 RM'000 Unaudited	31.03.2023 RM'000 Unaudited
Revenue	65,847	24,748	128,555	67,378
Cost of sales	(56,711)	(18,871)	(111,649)	(48,899)
Gross profit	9,136	5,877	16,906	18,479
Other income	953	356	10,583	2,357
Operating expenses	(11,999)	(5,001)	(26,957)	(12,892)
Loss/(Profit) from operations	(1,910)	1,232	532	7,944
Finance costs	(238)	(356)	(881)	(1,144)
Loss/(Profit) before tax	(2,148)	876	(349)	6,800
Income tax expense	(568)	73	(1,384)	(491)
Loss/(Profit) for the period, representing total comprehensive loss/(income) for the financial period	(2,716)	949	(1,733)	6,309
Loss/(Profit) for the financial period attributable to :				
- Owners of the company	(2,829)	831	(2,121)	6,191
- Non-controlling interests	113	118	388	118
	(2,716)	949	(1,733)	6,309
Total comprehensive loss/(income) for the period attributable to:				
- Owners of the company	(2,829)	831	(2,121)	6,191
- Non-controlling interests	113	118	388	118
	(2,716)	949	(1,733)	6,309
(Loss)/Earnings per share (sen)				
- Basic	(0.44)	0.14	(0.33)	1.02
- Diluted	(0.44)	0.14	(0.33)	1.02

Note:

- i) These condensed consolidated statement of profit or loss should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 and accompanying explanatory notes attached to these interim financial statements.

PROPEL GLOBAL BERHAD

(Registration No.: 202001023868 (1380188-P))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	31.03.2024 RM'000 Unaudited	30.06.2023 RM'000 Audited
Non Current Assets		
Property, plant and equipment	6,340	12,483
Right-of-use assets	7,140	8,784
Investment properties	2,530	6,230
Inventories	24,320	8,531
Intangible assets	18,977	600
Investment in quoted shares	1,800	-
Investment in unquoted shares	2,341	-
Investment in joint ventures	-	-
Other receivables	2,000	2,000
Total Non Current Assets	<u>65,448</u>	<u>38,628</u>
Current Assets		
Inventories	8,071	8,979
Trade receivables	53,994	40,228
Other receivables, deposits and prepayments	14,481	19,454
Contract assets	45,289	36,845
Current tax assets	1,455	1,604
Other investments	1,413	1,349
Cash and bank balances and deposits	23,495	38,042
Assets classified as held for sales	5,872	7,466
Total Current Assets	<u>154,070</u>	<u>153,967</u>
Current Liabilities		
Loans and borrowings	1,650	5,735
Lease liabilities	1,571	1,831
Trade payables	40,798	33,721
Provisions, other payables and accrued expenses	26,353	9,825
Contract liabilities	28,148	19,557
Current tax liabilities	588	301
Total Current Liabilities	<u>99,108</u>	<u>70,970</u>
Net Current Assets	54,962	82,997
	<u>120,410</u>	<u>121,625</u>

PROPEL GLOBAL BERHAD

(Registration No.: 202001023868 (1380188-P))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2024

	31.03.2024	30.06.2023
	RM'000	RM'000
	Unaudited	Audited
Financed by:		
Share capital	131,786	120,868
Accumulated losses	(40,135)	(38,014)
	<hr/>	<hr/>
	91,651	82,854
Non-controlling interests	7,620	7,232
Total Equity	<hr/>	<hr/>
	99,271	90,086
	<hr/>	<hr/>
Non Current Liabilities		
Loans and borrowings	13,919	23,270
Lease liabilities	3,571	4,574
Deferred tax liabilities	602	648
Trade payables	3,047	3,047
Total Non Current Liabilities	<hr/>	<hr/>
	21,139	31,539
	<hr/>	<hr/>
	120,410	121,625
	<hr/>	<hr/>
Net assets per share (sen)	<hr/>	<hr/>
	14.69	14.91

Note:

- i) These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 and accompanying explanatory notes attached to these interim financial statements.

PROPEL GLOBAL BERHAD

(Registration No.: 202001023868 (1380188-P))

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 3RD QUARTER ENDED 31 MARCH 2024

	-<Attributable to owners of the Company->				
	Non-Distributable			Non-controlling interests	
	Share Capital RM'000	Accumulated Losses RM'000	Total RM'000	RM'000	Total RM'000
9 months ended 31 March 2024					
At 1 July 2023	120,868	(38,014)	82,854	7,232	90,086
Loss for the period	-	(2,121)	(2,121)	388	(1,733)
Total comprehensive income for the period	-	(2,121)	(2,121)	388	(1,733)
Transactions with owners					
Issuance of shares pursuant to private placement exercise	9,367	-	9,367	-	9,367
Issuance of shares pursuant to Executive Share Grant Scheme	1,551	-	1,551	-	1,551
Total transactions with owners	10,918	-	10,918	-	10,918
At 31 March 2024	<u>131,786</u>	<u>(40,135)</u>	<u>91,651</u>	<u>7,620</u>	<u>99,271</u>
9 months ended 31 March 2023					
At 1 July 2022	120,868	(45,729)	75,139	-	75,139
Profit for the period	-	6,191	6,191	118	6,309
Total comprehensive income for the period	-	6,191	6,191	118	6,309
Transactions with owners					
Non-controlling interests arising from acquisition of a new subsidiary	-	-	-	6,917	6,917
Total transactions with owners	-	-	-	6,917	6,917
At 31 March 2023	<u>120,868</u>	<u>(39,538)</u>	<u>81,330</u>	<u>7,035</u>	<u>88,365</u>

Note:

- i) These condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 and accompanying explanatory notes attached to these interim financial statements.

PROPEL GLOBAL BERHAD

(Registration No.: 202001023868 (1380188-P))

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 3RD QUARTER ENDED 31 MARCH 2024

	Current Period Ended 31.03.2024 RM'000 Unaudited	Preceding Period Ended 31.03.2023 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss/(Profit) before tax	(349)	6,800
Adjustments for:		
Amortisation on intangible assets	-	26
Bad debts written off	1	-
Depreciation of:		
- property, plant and equipment	999	955
- right-of-use assets	1,210	189
Equity settled share-based payments	1,551	-
Fair value gain on:		
- equity instruments	(63)	-
- quoted shares	(600)	-
Finance costs	881	1,144
Gain on disposal of:		
- assets classified as held for sale	(951)	-
- equity instruments	(24)	-
- investment in subsidiary	(4,194)	(60)
Gain on lease modification	(3)	-
Impairment losses on:		
- other receivables and deposits	-	232
- trade receivables	-	13
Interest income	(502)	(734)
Net unrealised foreign exchange loss/(gain)	390	(278)
Reversal of impairment losses on:		
- other receivables and deposits	(215)	(1)
- trade receivables	(1,601)	(609)
Unwinding of discount of financial liabilities carried at amortised costs	176	144
Waiver of debts received	(1,534)	(3)
Operating (loss)/profit before working capital changes	<u>(4,828)</u>	<u>7,818</u>
Changes in working capital:		
Inventories	(1,291)	40
Trade and other receivables	(7,617)	98
Contract assets	(8,675)	(8,410)
Trade and other payables	24,614	(12,568)
Contract liabilities	8,592	1,161
Cash flows from/(used in) operations	<u>10,795</u>	<u>(11,861)</u>
Income tax paid	(1,402)	(968)
Interest paid	-	(23)
Net cash from/(used in) operating activities	<u>9,393</u>	<u>(12,852)</u>

PROPEL GLOBAL BERHAD

(Registration No.: 202001023868 (1380188-P))

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 3RD QUARTER ENDED 31 MARCH 2024

	Current Period Ended 31.03.2024 RM'000 Unaudited	Preceding Period Ended 31.03.2023 RM'000 Unaudited
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash acquired	(19,280)	(5,041)
Acquisition of quoted shares	(1,200)	-
Acquisition of unquoted shares	(2,341)	-
Development costs	(380)	-
Interest received	290	733
Placement of money market funds	-	(4,609)
Proceeds from disposal of:		
- assets classified as held for sale	7,844	-
- a subsidiary, net of cash disposed	15,262	-
- investment properties	-	615
Purchase of property, plant and equipment	(514)	(3,241)
Purchase of right-of-use assets	(85)	(97)
Purchase of investment properties	(1,600)	-
Purchase of land held for property development	(15,409)	-
Withdrawal of fixed deposits pledged with licensed bank	8,240	356
Withdrawal of fixed deposits with licensed banks with maturity more than 3 months	1,255	-
Net cash used in investing activities	(7,918)	(11,284)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(607)	(831)
Proceed from issuance of shares	9,367	-
Repayment of loans and borrowings	(10,896)	(3,640)
Repayment of lease liabilities	(1,671)	(91)
Net cash used in financing activities	(3,807)	(4,562)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,332)	(28,698)
Effect of exchange rate fluctuation on cash and cash equivalents	31	60
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	22,595	58,732
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	20,294	30,094

PROPEL GLOBAL BERHAD

(Registration No.: 202001023868 (1380188-P))

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 3RD QUARTER ENDED 31 MARCH 2024

	Current Period Ended 31.03.2024 RM'000 Unaudited	Preceding Period Ended 31.03.2023 RM'000 Unaudited
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	18,794	13,547
Restricted cash	_*	_*
Fixed deposits with licenced banks	4,701	31,849
Bank overdraft	-	(2,747)
	<hr/> 23,495	<hr/> 42,649
Less: Fixed deposits pledged with licensed banks	(3,201)	(12,555)
Restricted cash	_*	_*
	<hr/> <hr/> 20,294	<hr/> <hr/> 30,094

* Represent amount less than RM1,000.

Note:

- i) These condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2023 and accompanying explanatory notes attached to these interim financial statements.

A EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

A1 Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirements of the Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa Securities"). The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2023.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2023.

A2 Significant Accounting Policies

In the preparation of this condensed consolidated interim financial statements, the accounting policies and the method of computation of the most recent annual financial statements were followed except as disclosed below:

(a) Adoption of Standards, Amendments and Annual Improvements to Standards

The Group have adopted the following amendments to MFRSs as listed below:

Amendments/improvements to MFRSs

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 17	Insurance Contracts
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 112	International Tax Reform – Pillar Two Model Rules

(b) Standards and Amendments in issue but not yet effective

At the date of authorisation of these interim financial statements, the following MFRSs and amendments to MFRSs were issued but not yet effective and not early adopted by the Group and they are not expected to have material impact on the financial statements of the Group.

		Effective for annual periods beginning on or after
Amendments to MFRS 16	Lease liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024

A2 Significant Accounting Policies (Cont'd)

(b) Standards and Amendments in issue but not yet effective (Cont'd)

At the date of authorisation of these interim financial statements, the following MFRSs and amendments to MFRSs were issued but not yet effective and not early adopted by the Group and they are not expected to have material impact on the financial statements of the Group.
(Cont'd)

	Effective for annual periods beginning on or after
Amendments to MFRS 101	Non-current Liabilities with Covenants 1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements 1 January 2024
Amendments to MFRS 121	Lack of Exchangeability 1 January 2025
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Deferred until further notice

A3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements of the Group for the financial year ended 30 June 2023 was not subject to any qualification.

A4 Seasonal or Cyclical Factors

The business of the Group is not subject to any seasonal or cyclical fluctuation.

A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the period under review.

A6 Changes in Significant Accounting Estimates and Judgements

There were no significant changes in the estimates of the amount reported in the period under review.

A7 Debt and Equity Securities

For the quarter under review, the issued share capital of the Company has increased from 664,772,945 ordinary shares to 675,852,345 ordinary shares through the issuance and allotment of 11,079,400 new ordinary shares arising from the Executive Share Grant Scheme ("ESGS").

For the current financial period, the issued share capital of the Company has increased from 604,339,945 ordinary shares to 675,852,345 ordinary shares through the issuance and allotment of 60,433,000 new ordinary shares arising from the private placement exercise and 11,079,400 new ordinary shares arising from the ESGS.

PROPEL GLOBAL BERHAD
(Registration No.: 202001023868 (1380188-P))
(Incorporated in Malaysia)

A8 Dividends Paid

No dividend has been declared or paid for current financial period (2023: RM Nil).

A9 Segment Information

Segments	Quarter ended 31 March 2024		Quarter ended 31 March 2023	
	Revenue RM'000	Profit/(Loss) before tax RM'000	Revenue RM'000	Profit/(Loss) before tax RM'000
O&G	30,143	3,288	12,108	2,689
TS	33,512	602	12,585	1,087
ICT	2,157	828	-	-
Others	35	(6,866)	55	(2,900)
	<u>65,847</u>	<u>(2,148)</u>	<u>24,748</u>	<u>876</u>

Segments	Financial period ended 31 March 2024		Financial period ended 31 March 2023	
	Revenue RM'000	Profit/(Loss) before tax RM'000	Revenue RM'000	Profit/(Loss) before tax RM'000
O&G	67,609	9,836	33,529	7,502
TS	57,710	714	33,689	6,468
ICT	3,128	1,291	-	-
Others	108	(12,190)	160	(7,170)
	<u>128,555</u>	<u>(349)</u>	<u>67,378</u>	<u>6,800</u>

The four reportable operating segments are as follows:

<u>Segments</u>	<u>Products and services</u>
Oil & Gas ("O&G")	Supply of specialty chemicals and catalysts, provision of heavy machineries and related manpower services, maintenance services for air-conditioning, ventilation system, and specialised oilfield services in pipe recovery, well intervention and diagnostic, sand management, production enhancement to the oil and gas industry, and providing engineering and technical works for the oil and gas industry.
Technical services ("TS")	Provision of services in the industrial, commercial and residential construction and office maintenance.
Information and Communications Technology ("ICT")	Provision of ICT services and related activities, as well as trading in ICT hardware, software and spare parts.
Others	Investment holding.

A10 Valuation of Property, Plant and Equipment (PPE)

The valuation of PPE and investment properties have been brought forward without amendment from the financial statements for the financial year ended 30 June 2023.

A11 Subsequent Events

There were no material events subsequent to the current interim financial period up to the date of this report.

A12 Changes in the Composition of the Group

- i. On 1 November 2023, the Company had acquired the entire equity interests in Propel FMM Sdn Bhd (“PFMM”) from its wholly-owned subsidiary, Propel CMT Sdn Bhd (“PCMT”), for a purchase consideration of RM1. Consequently, PFMM became a wholly-owned subsidiary of the Company.
- ii. On 14 September 2023, the Company and the other shareholders of Propel Chemicals Sdn Bhd (“PCSB”) have entered into a term sheet (“Term Sheet”) with Hextar Kimia Sdn. Bhd. (“HKSB”) to set out the key commercial terms and conditions in respect of the proposed disposal of the entire equity interest in PCSB to HKSB for a disposal consideration of RM16.5 million, subject to certain adjustments as set out in the Term Sheet and as may be determined by both parties on a later date.

Subsequently on 27 October 2023, the Company and the other shareholders of PCSB had entered into a conditional Share Sale Agreement (“SSA”) with HKSB for the disposal of the entire equity interest in PCSB for a disposal consideration of RM9.1 million and RM7.4 million respectively.

The Disposal has been completed on 3 November 2023 following the fulfilment of the Financier’s Consent and the full settlement of the disposal consideration for the Sale Shares by the Purchaser.

- iii. On 15 November 2023, PGDSB had incorporated a subsidiary with the name of Propel Goldhill Development Sdn Bhd (“PGHDSB”) with the issued and paid-up share capital of RM1 comprising of one ordinary shares. Consequently, PGHDSB became a wholly-owned subsidiary of the PGDSB.

The principal activity of PGHDSB is property development business.

- iv. On 14 June 2023, the Company had entered into a Head of Agreement (“HOA”) with Mr. Haw Tek Seng and Mr. Kok Tzyy Ching @ Kok Gee Kin (the “Vendors”) to acquire 45,000 ordinary shares in E-Maintenance Sdn. Bhd. (“EMSB”), representing 100% of the equity interest of EMSB.

Subsequently on 7 September 2023, the Company had entered into a conditional SSA with the Vendors for the acquisition for a total cash consideration of RM20 million. The SSA has become unconditional on 19 September 2023 following the fulfilment of the Conditions Precedent as set out in the SSA.

The Acquisition has been completed on 17 November 2023 following full settlement by the Company of the Tranche 1 Payment to the Vendors and the registration of the Sale Shares under the Company. The Balance Purchase Consideration shall be payable by the Company within the specified period upon fulfilment of the Profit Guarantee.

EMSB was incorporated in Malaysia on 31 December 2007. It is principally involved in the provision of information and communications technology (“ICT”) services and related activities, as well as trading in ICT hardware, software and spare parts.

PROPEL GLOBAL BERHAD
(Registration No.: 202001023868 (1380188-P))
(Incorporated in Malaysia)

A12 Changes in the Composition of the Group (Cont'd)

- v. On 31 January 2024, the Company had acquired 75% equity interests in MyROD Technology Sdn Bhd (“MTSB”) for a purchase consideration of RM2.1 million. Upon completion of the acquisition, MTSB will become a subsidiary of the Company.

MTSB was incorporated in Malaysia on 4 December 2023 with its principal activity expected to be the provision of an analytics software solutions, including but not limited to the development, implementation and maintenance of analytical software application and systems.

- vi. On 4 March 2024, the Company increased its interests in Propel Builders Sdn Bhd (“PBSB”) from RM1 to RM1 million by acquiring 999,999 units of PBSB shares at the issue price of RM1.
- vii. The Company has undergone the following internal restructuring, and the control of the Company over the subsidiaries has not changed.
- i. On 29 February 2024, the Company has disposed of its entire investment in Propel Engineering Sdn Bhd (“PESB”), representing 50.1% equity interest in PESB, for a total consideration of RM50.10 to Propel Oilfield Services Sdn Bhd (“POSSB”). On the same date, the Company has disposed of 2% equity interest in POSSB for a total consideration of RM1 to Rancak Nikmat Sdn Bhd (“RNSB”).
- ii. On 7 May 2024, the Company has disposed of its entire investment in Best Wide Engineering (M) Sdn Bhd (“BWE”) representing 51% equity interest in BWE, for a total consideration of RM1 to POSSB.

A13 Contingent Assets and Contingent Liabilities

As at 31 March 2024, the Company has provided corporate guarantee of RM5.9 million (30 June 2023: RM16.8 million) for banking facilities granted to certain subsidiaries.

There are no other material contingent assets and contingent liabilities as at the date of this report.

A14 Capital Commitments

	As at 31.03.2024 RM'000
Authorised and contracted for:	
- Acquisition of a subsidiary	<u>2,100</u>

PROPEL GLOBAL BERHAD
(Registration No.: 202001023868 (1380188-P))
(Incorporated in Malaysia)

A15 Significant Related Party Transaction

During the financial period, significant related party transactions undertaken between the Company with related parties, which are negotiated based on agreed terms and conditions, are as follows:

	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
<u>Transactions with related companies:</u>				
Management fee income	747	1,093	2,573	3,785
Dividend income	-	-	4,000	9,500
Interest income	128	51	468	74
Rental income	35	97	122	271
Rental expenses	(17)	(168)	(46)	(468)

A16 Financial Instruments

The carrying amounts of current financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of non-current borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or hire purchase arrangements at the reporting date.

Financial Instruments that are measured at fair value on a recurring basis

All assets for which fair value is disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 : Quoted (unadjusted) prices in an active market for identical assets or liabilities.
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") FOR THE MAIN MARKET

B1 Review of Performance

(a) Current Quarter Results ("Q3 FY2024") Vs Preceding Year's Corresponding Quarter Results ("Q3 FY2023")

The Group recorded revenue of RM65.8 million and loss before tax ("LBT") of RM2.1 million for Q3 FY2024, in comparison to revenue of RM24.7 million and profit before tax ("PBT") of RM0.9 million reported in the preceding year corresponding quarter.

i. O&G Segment

The O&G Segment recorded revenue and PBT of RM30.1 million and RM3.3 million respectively in Q3 FY2024, as compared to revenue and PBT of RM12.1 million and RM2.7 million reported in the preceding year corresponding quarter.

The higher revenue reported in Q3 FY2024 was mainly contributed by an Engineering, Procurement, Construction & Commissioning ("EPCC") projects and Marine Heating, Ventilation and Air-conditioning ("HVAC") projects. Correspondingly, the PBT for the current financial quarter improved by 22% compared to the preceding year's corresponding quarter.

ii. TS Segment

The TS Segment recorded revenue and PBT of RM33.5 million and RM0.6 million respectively in Q3 FY2024, as compared to revenue and PBT of RM12.6 million and RM1.1 million respectively in the preceding year corresponding quarter. The higher revenue reported in Q3 FY2024 was mainly contributed by a construction project of an electronics factory in Chuping, Perlis.

However, the profit margin contributed by the existing projects is lower than the profit margin contributed by the short-term projects in Q3 FY2023, leading to a PBT drop of RM0.5 million from the RM1.1 million reported in Q3 FY2023.

ii. ICT Segment

The new segment in Q3 FY2024 recorded revenue and PBT of RM2.2 million and RM0.8 million respectively.

iii. Other Segment

The Other Segment reported LBT of RM6.9 million in the Q3 FY2024 (Q3 FY2023: RM2.9 million), mainly comprising of corporate administrative expenses, such as professional charges and staff costs. The higher loss in Q3 FY 2024 was mainly due to the charge of RM1.6 million for the share-based payment/share grant, and the incentive bonus payment of RM1.0 million. These expenses are aimed at retaining our key assets, particularly human capital and talent.

B1 Review of Performance (Cont'd)

(b) Financial period for the nine months ended 31 March 2024 (“9M FY2024”) compared with nine months ended 31 March 2023 (“9M FY2023”)

The Group recorded revenue of RM128.6 million and LBT of RM0.3 million for 9M FY2024, in comparison to revenue of RM67.4 million and PBT of RM6.8 million reported in the preceding year corresponding quarter.

i. O&G Segment

The O&G Segment recorded revenue and PBT of RM67.6 million and RM9.8 million respectively in 9M FY2024, as compared to revenue and PBT of RM33.5 million and RM7.5 million reported in the preceding year corresponding quarter.

The higher revenue reported in 9M FY2024 was mainly contributed by the EPCC projects and Marine HVAC projects. Correspondingly, the PBT for the current financial period improved by 31% compared to the previous financial period.

ii. TS Segment

The TS Segment recorded revenue and PBT of RM57.7 million and RM0.7 million respectively in 9M FY2024, as compared to revenue and PBT of RM33.7 million and RM6.5 million respectively in the preceding year corresponding quarter. The higher revenue reported in Q3 FY2024 was mainly contributed by a construction project of an electronics factory in Chuping, Perlis.

However, the profit margin contributed by the existing projects is lower than the profit margin contributed by the short-term projects in 9M FY2023, leading to a PBT drop of RM5.8 million from the RM6.5 million reported in 9M FY2023.

iii. ICT Segment

The new segment in 9M FY2024 recorded revenue and PBT of RM3.1 million and RM1.3 million respectively.

iv. Other Segment

The Other Segment reported LBT of RM12.2 million in the 9M FY2024 (9M FY2023: RM7.2 million), mainly comprising of corporate administrative expenses, such as professional charges and staff costs. The expenses in 9M FY2024 increased significantly, mainly due to additional professional charges and incurred staff costs, coupled with business expansion.

PROPEL GLOBAL BERHAD
(Registration No.: 202001023868 (1380188-P))
(Incorporated in Malaysia)

B2 Comparison of Loss/(Profit) Before Taxation with the Immediate Preceding Financial Quarter

	Quarter ended 31.03.2024 RM'000	Quarter ended 31.12.2023 RM'000
Revenue	65,847	35,074
Loss/(Profit) before tax	(2,148)	935

The Group recorded a revenue of RM65.8 million in Q3 FY2024, as compared to RM35.1 million reported in the preceding financial quarter, representing an increase of RM30.7 million or 87%. The increase is mainly contributed by the EPCC projects and Marine HAVC projects from O&G Segment and the construction project of an electronics factory in Chuping, Perlis from TS Segment.

The quarter reported an LBT of RM2.1 million compared to a PBT of RM0.9 million in the immediate preceding quarter, representing a decline of RM3.0 million. This was mainly due to the charge for the share-based payment/share grant and the incentive bonus payment. These expenses are aimed at retaining our key assets, particularly human capital and talent.

B3 Prospects

The Group remains unwavering in its dedication to achieving sustained long-term growth for all stakeholders by optimising its business operations for optimal performance. Consistent with this strategic direction, PGB recently sold its entire equity stake in Propel Chemicals Sdn Bhd ("PCSB"), aiming to streamline focus by exiting segments with limited growth potential and reallocating resources to profitable and sustainable ventures.

Moreover, PGB has completed the acquisition of E-Maintenance Sdn Bhd ("EMSB"). This acquisition allows the Group to leverage its service offerings to the established customer base of EMSB, fostering revenue growth through a stable and profitable business model characterised by consistent cash flow and promising long-term prospects.

Locally, the construction sector is set to see significant growth in 2024, driven by substantial government investment and infrastructure projects. The Malaysian government has allocated RM90 billion for development expenditure in 2024, which includes large-scale projects such as the Penang Light Rail Transit (LRT), Sabah-Sarawak link road, and the reinstatement of LRT 3. Additionally, projects like the Mass Rapid Transit 3 (MRT3) are expected to drive further construction activity.

Similarly, the oil and gas industry in Malaysia is poised for resurgence, supported by the national oil company Petronas' planned capital expenditure of RM60 billion in 2024. This investment focuses on upstream activities and renewable energy projects, aligning with global energy demand and sustainability goals. Petronas' commitment to increasing production capacity and exploring new fields is expected to create numerous opportunities for service providers and contractors in the sector.

Despite a cautious global economic outlook marked by sluggish growth in major economies, escalating geopolitical tensions, tightening financial market conditions, and increasing costs alongside interest rate hikes, the Group acknowledge the presence of uncertainties both domestically and internationally.

While the Group prepared with proactive measures to navigate potential challenges, the unpredictable nature of market dynamics remains a key consideration. Therefore, the Group will persist in adopting a prudent and cautious approach to navigating future developments, remaining agile and vigilant in making timely decisions and crafting strategies to adapt to an unpredictable and volatile business landscape.

PROPEL GLOBAL BERHAD
(Registration No.: 202001023868 (1380188-P))
(Incorporated in Malaysia)

B4 Variances from Profit Forecast and Profit Guarantee

The disclosure requirements for explanatory notes for variances from profit forecast or profit guarantee are not applicable.

B5 Income Tax Expense

	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:				
Current Income tax				
- Current year	(714)	33	(1,548)	(531)
- Prior year	146	40	170	40
Real Property Gain Tax ("RPGT")	-	-	(60)	-
	<u>(568)</u>	<u>73</u>	<u>(1,438)</u>	<u>(491)</u>
Deferred tax				
- Current year	-	-	54	-
	<u>-</u>	<u>-</u>	<u>54</u>	<u>-</u>
Total	<u>(568)</u>	<u>73</u>	<u>(1,384)</u>	<u>(491)</u>

The Group's effective tax rate for the current quarter and current financial period was higher than the statutory tax rate is mainly due to certain expenses which are not tax deductible and certain companies within the Group reported profits before tax and therefore were taxable.

B6 Sale of Unquoted Investments and Properties

- i. On 16 November 2023, Propel CMT Sdn Bhd, a wholly-owned subsidiary of the Group, entered into a sale and purchase agreement ("SPA") to dispose of an investment property for a total cash consideration of RM1.2 million. The disposal has yet to be completed as of the date of this report.
- ii. On 22 January 2024, Propel Urusharta Sdn Bhd ("PUSB"), a wholly-owned subsidiary of the Group, entered into letter of offer and acceptance to dispose of three (3) shophouse units for a total cash consideration of RM3.0 million. The disposal has yet to be completed as of the date of this report.

B7 Status of Corporate Proposals

There were no corporate proposals for the current financial period-to-date.

B8 Other information

On 31 October 2023, the Company proposed allocation of options under the employee share option scheme or award of new ordinary shares in Propel Global Berhad ("PGB") under the executive share grant scheme to Mohamad Reza Bin Abdul Mutalib, the Executive Chairman/Group Managing Director of PGB, under the Long Term Incentive Plan ("LTIP") of PGB.

The Proposed LTIP allocation was approved by its shareholders at an Extraordinary General Meeting convened on 8 December 2023.

PROPEL GLOBAL BERHAD
(Registration No.: 202001023868 (1380188-P))
(Incorporated in Malaysia)

B8 Other information (Cont'd)

On 6 November 2023, the Company announced that the Company has made the following award of share grant and offer of share options to the Directors and Selected Executives of the Company, the details of which are set out below:

- (a) the award of 33,238,700 new ordinary shares of the Company under the Executive Share Grant Scheme (“ESGS”) comprised in the LTIP (“Share Grant”); and
- (b) the offer of 66,477,200 share options under the Employee Share Option Scheme comprised in the LTIP (“Share Option”).

11,079,400 units of new shares was issued under the ESGS on 8 January 2024.

B9 Utilisation of proceeds

- i. As of the date of this report, the private placement proceeds of RM50 million from the implementation of Daya Materials Berhad's Regularisation Plan have been fully utilised.
- ii. On 26 October 2023, the Company completed a private placement exercise involving the issuance of a cumulative total of 60,433,000 new ordinary shares. The total fund raised from the private placement exercise is approximately RM9.4 million.

Purpose	Proposed Utilisation	Proceed Raised	Actual Utilisation	Reallocation	Balance to Utilise	Expected Time Frame for Utilisation
	RM'000	RM'000	RM'000	RM'000	RM'000	
Business expansion plans	5,000	5,000	(5,000)	-	-	Within 6 months
Working capital for for new projects and overheads	4,544	4,242	(2,000)	32	2,274	Within 12 months
Private placement expenses	125	125	(93)	(32)	-	Upon completion
	<u>9,669</u>	<u>9,367</u>	<u>(7,093)</u>	<u>-</u>	<u>2,274</u>	

The proposed utilisation of the proceeds as disclosed above should be read in conjunction with the announcement made by the Company dated 23 August 2023.

PROPEL GLOBAL BERHAD
(Registration No.: 202001023868 (1380188-P))
(Incorporated in Malaysia)

B10 Group's borrowings and debt securities

The Group's borrowings are as follows:

	Short-term RM'000	Long-term RM'000	Total Outstanding RM'000
<u>Secured borrowings</u>			
Term loans	1,650	13,919	15,569

B11 Material litigations

There were no material litigations as at date of this report.

B12 Proposed Dividends

There was no dividend paid during the quarter under review and financial year-to-date.

B13 (Loss)/Earnings per share

(a) Basic (loss)/earnings per share

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
Net (loss)/profit for the period attributable to ordinary equity holders of the Company (RM'000)	(2,829)	831	(2,121)	6,191
Weighted average number of shares in issue ('000)	645,973	604,340	645,973	604,340
Basic (loss)/earnings per share (sen)	(0.44)	0.14	(0.33)	1.02

(b) Diluted (loss)/earnings per share

The basic and diluted (loss)/earnings per ordinary shares is the same as the Company has no dilutive potential ordinary shares.

PROPEL GLOBAL BERHAD
(Registration No.: 202001023868 (1380188-P))
(Incorporated in Malaysia)

B14 Additional disclosure as per Appendix 9B, Part A, Note 16 of Bursa Listing Requirement of Bursa Malaysia Securities Berhad

	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
The following amounts have been included in arriving at (loss)/profit before tax:				
Amortisation on intangible assets	-	4	-	26
Bad debts written off	-	-	1	-
Depreciation of:				
- property, plant and equipment	288	344	999	955
- right-of-use assets	412	108	1,210	189
Equity settled share-based payments	1,551	-	1,551	-
Impairment loss on:				
- other receivables	-	-	-	232
- trade receivables	-	50	-	13
Interest expenses	229	356	881	1,144
Loss on foreign exchange				
- realised	87	141	214	60
- unrealised	433	-	390	-
Unwinding of discount of financial liabilities carried at amortised costs	55	69	176	144

PROPEL GLOBAL BERHAD
(Registration No.: 202001023868 (1380188-P))
(Incorporated in Malaysia)

B14 Additional disclosure as per Appendix 9B, Part A, Note 16 of Bursa Listing Requirement of Bursa Malaysia Securities Berhad (Cont'd)

	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	31.03.2024	31.03.2023	31.03.2024	31.03.2023
	RM'000	RM'000	RM'000	RM'000
and after crediting:				
Bad debts recovery	6	-	25	-
Interest income	304	197	502	734
Fair value gain on:				
- equity instruments	9	-	63	-
- quoted shares	600	-	600	-
Gain on disposal of:				
- assets classified as held for sale	-	-	951	-
- equity instruments	24	-	24	-
- investment in subsidiary	16	-	4,194	-
- investment properties	-	60	-	60
Gain on foreign exchange				
- realised	126	-	533	3
- unrealised	-	11	-	278
Gain on lease modification	3	-	3	-
Rental income	8	173	246	501
Reversal of impairment loss on:				
- other receivables	-	-	215	1
- trade receivables	-	-	1,601	609
Waiver of debts received	-	-	1,534	3

By Order of the Board

Leong Oi Wah
Secretary
27 May 2024