

Pekat Group Berhad (201901011563 (1320891-U))
Interim Financial Report on Consolidated Results
for the Fourth Quarter Ended 31 December 2023



Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

| | Note | Three Months Ended | | Twelve Months Ended | |
|---|------|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|
| | | 31.12.2023 Unaudited RM'000 | 31.12.2022 Unaudited RM'000 | 31.12.2023 Unaudited RM'000 | 31.12.2022 Audited RM'000 |
| Revenue | | 58,439 | 45,030 | 227,607 | 179,226 |
| Cost of sales | | <u>(43,798)</u> | <u>(33,538)</u> | <u>(173,849)</u> | <u>(134,405)</u> |
| Gross profit | | 14,641 | 11,492 | 53,758 | 44,821 |
| Other income | | 508 | 1,068 | 1,192 | 1,883 |
| Administrative expenses | | (9,179) | (8,381) | (34,737) | (30,024) |
| Other expenses | | <u>(956)</u> | <u>(741)</u> | <u>(1,294)</u> | <u>(837)</u> |
| Operating profit | | 5,014 | 3,438 | 18,919 | 15,843 |
| Finance income | | 147 | 156 | 495 | 420 |
| Finance costs | | (154) | (194) | (1,583) | (1,804) |
| Share of profit/(loss) in associates | | <u>309</u> | <u>(34)</u> | <u>545</u> | <u>(25)</u> |
| Profit before tax | | 5,316 | 3,366 | 18,376 | 14,434 |
| Tax expense | B5 | <u>(1,834)</u> | <u>(968)</u> | <u>(4,657)</u> | <u>(4,409)</u> |
| Profit for the year | | 3,482 | 2,398 | 13,719 | 10,025 |
| Other comprehensive income for the year, net of tax | | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total comprehensive income for the year | | <u><u>3,482</u></u> | <u><u>2,398</u></u> | <u><u>13,719</u></u> | <u><u>10,025</u></u> |

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Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
(continued)

| | Note | Three Months Ended | | Twelve Months Ended | |
|--|------|-----------------------------------|-----------------------------------|-----------------------------------|---------------------------------|
| | | 31.12.2023 Unaudited RM'000 | 31.12.2022 Unaudited RM'000 | 31.12.2023 Unaudited RM'000 | 31.12.2022 Audited RM'000 |
| Profit attributable to: | | | | | |
| Owners of the Company | | 3,490 | 2,313 | 13,690 | 10,036 |
| Non-controlling interests | | (8) | 85 | 29 | (11) |
| | | <u>3,482</u> | <u>2,398</u> | <u>13,719</u> | <u>10,025</u> |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Company | | 3,490 | 2,313 | 13,690 | 10,036 |
| Non-controlling interests | | (8) | 85 | 29 | (11) |
| | | <u>3,482</u> | <u>2,398</u> | <u>13,719</u> | <u>10,025</u> |
| Earnings per share: | | | | | |
| Basic (sen) | B10 | <u>0.54</u> | <u>0.36</u> | <u>2.12</u> | <u>1.56</u> |
| Diluted (sen) | B10 | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> | <u>N/A</u> |

(1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.

*N/A denotes not applicable.

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Condensed Consolidated Statement of Financial Position

| | Note | 31.12.2023 Unaudited RM'000 | 31.12.2022 Audited RM'000 |
|------------------------------------|------|-----------------------------------|---------------------------------|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 23,436 | 23,329 |
| Investment property | | 144 | 147 |
| Intangible assets | | 183 | 322 |
| Investment in associates | | 11,167 | 10,049 |
| Amount due from an associate | | 1,328 | 1,271 |
| Total non-current assets | | <u>36,258</u> | <u>35,118</u> |
| Current assets | | | |
| Other investments | | 4,413 | 4,618 |
| Inventories | | 24,874 | 25,596 |
| Trade receivables | | 47,876 | 41,831 |
| Contract assets | | 29,145 | 38,692 |
| Other receivables | | 8,332 | 6,025 |
| Amount due from associates | | 3,861 | 7,629 |
| Tax recoverable | | 1,521 | 979 |
| Fixed deposits with licensed banks | | 3,084 | 14,907 |
| Cash and bank balances | | 18,865 | 14,214 |
| Total current assets | | <u>141,971</u> | <u>154,491</u> |
| TOTAL ASSETS | | <u>178,229</u> | <u>189,609</u> |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 93,516 | 93,516 |
| Merger reserve | | (50,080) | (50,080) |
| Retained earnings | | 93,192 | 85,951 |
| | | <u>136,628</u> | <u>129,387</u> |
| Non-controlling interests | | 116 | 87 |
| Total equity | | <u>136,744</u> | <u>129,474</u> |

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Condensed Consolidated Statement of Financial Position (continued)

| | Note | 31.12.2023 Unaudited RM'000 | 31.12.2022 Audited RM'000 |
|--|------|-----------------------------------|---------------------------------|
| EQUITY AND LIABILITIES (continued) | | | |
| Liabilities | | | |
| Non-current liabilities | | | |
| Lease liabilities | | 2,589 | 2,439 |
| Borrowings | B7 | 600 | 1,556 |
| Deferred tax liabilities | | 247 | 293 |
| Total non-current liabilities | | 3,436 | 4,288 |
| Current liabilities | | | |
| Trade payables | | 12,302 | 9,153 |
| Contract liabilities | | 12,091 | 20,296 |
| Other payables | | 10,596 | 5,342 |
| Lease liabilities | | 852 | 612 |
| Borrowings | B7 | 976 | 19,425 |
| Tax payable | | 1,232 | 1,019 |
| Total current liabilities | | 38,049 | 55,847 |
| Total liabilities | | 41,485 | 60,135 |
| TOTAL EQUITY AND LIABILITIES | | 178,229 | 189,609 |
| Net assets per share attributable to owners of the Company (RM) | | 0.21 | 0.20 |

(1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.

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Unaudited Condensed Consolidated Statement of Changes in Equity

| | < -----Non-Distributable----- > | | Distributable Retained Earnings RM'000 | Attributable to Owners of the Company RM'000 | Non- Controlling Interests RM'000 | Total Equity RM'000 |
|---|---------------------------------|-----------------------------|---|---|--|------------------------|
| | Share Capital RM'000 | Merger Reserve RM'000 | | | | |
| <u>Year ended 31 December 2023</u> | | | | | | |
| At 1 January 2023 | 93,516 | (50,080) | 85,951 | 129,387 | 87 | 129,474 |
| Transactions with owners:- | | | | | | |
| Dividend paid | - | - | (6,449) | (6,449) | - | (6,449) |
| Total comprehensive income for the year | - | - | 13,690 | 13,690 | 29 | 13,719 |
| At 31 December 2023 | 93,516 | (50,080) | 93,192 | 136,628 | 116 | 136,744 |

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.

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Unaudited Condensed Consolidated Statement of Changes in Equity (continued)

| | < -----Non-Distributable----- > | | Distributable Retained Earnings RM'000 | Attributable to Owners of the Company RM'000 | Non- Controlling Interests RM'000 | Total Equity RM'000 |
|---|---------------------------------|-----------------------------|---|---|--|------------------------|
| | Share Capital RM'000 | Merger Reserve RM'000 | | | | |
| <u>Year ended 31 December 2022</u> | | | | | | |
| At 1 January 2022 | 93,516 | (50,080) | 75,915 | 119,351 | 98 | 119,449 |
| Total comprehensive income for the year | - | - | 10,036 | 10,036 | (11) | 10,025 |
| At 31 December 2022 | 93,516 | (50,080) | 85,951 | 129,387 | 87 | 129,474 |

Pekat Group Berhad (201901011563 (1320891-U))
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Unaudited Condensed Consolidated Statement of Cash Flows

| | Twelve Months Ended | |
|---|----------------------------|-------------------|
| | 31.12.2023 | 31.12.2022 |
| | Unaudited | Audited |
| | RM'000 | RM'000 |
| OPERATING ACTIVITIES | | |
| Profit before tax | 18,376 | 14,434 |
| Adjustments for: | | |
| Amortisation of intangible assets | 148 | 153 |
| Depreciation of investment property | 3 | 3 |
| Depreciation of property, plant and equipment | 1,670 | 1,522 |
| Dividend income | (1) | (19) |
| Fair value gain on other investment | (144) | (181) |
| Gain on disposal of property, plant and equipment | (301) | (26) |
| Gain on termination of lease contract | - | (17) |
| Impairment loss on contract assets | 1,306 | 366 |
| Impairment loss on inventories | 28 | 286 |
| Impairment loss on trade receivables | 926 | 1,483 |
| Interest expenses | 1,583 | 1,804 |
| Interest income | (495) | (420) |
| Reversal of impairment loss on contract assets | (380) | (220) |
| Reversal of impairment loss on trade receivables | (1,324) | (1,587) |
| Reversal of inventories written down | (287) | (185) |
| Reversal of provision for foreseeable losses | (208) | (15) |
| Share of (profit)/loss in associates | (545) | 25 |
| Unrealised (gain)/loss on foreign exchange | (8) | 143 |
| Written off of trade receivables | 115 | 56 |
| Operating profit before working capital changes | 20,462 | 17,605 |
| Changes in working capital: | | |
| Inventories | 981 | 8,579 |
| Receivables | (8,069) | (12,558) |
| Payables | 8,412 | (25,158) |
| Contract assets or liabilities | 624 | 4,683 |
| Associates | 3,769 | (6,733) |
| Cash generated from/(used in) operations | 26,179 | (13,582) |
| Interest received | 402 | 89 |
| Tax refunded | - | 587 |
| Tax paid | (5,033) | (6,003) |
| Net cash from/(used in) operating activities | 21,548 | (18,909) |

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Unaudited Condensed Consolidated Statement of Cash Flows (continued)

| | Twelve Months Ended | |
|--|----------------------------|-------------------|
| | 31.12.2023 | 31.12.2022 |
| | Unaudited | Audited |
| | RM'000 | RM'000 |
| INVESTING ACTIVITIES | | |
| Acquisition of intangible assets | (9) | (31) |
| Acquisition of property, plant & equipment | (662) | (1,580) |
| Additional investment in an associate | (1,260) | (1,485) |
| Advances to associates | - | (14) |
| Dividend received | 1 | 18 |
| Dividend received from an associate | 687 | - |
| Interest received | 35 | 64 |
| Proceeds from disposal of other investment | 349 | 17,081 |
| Proceeds from disposal of property, plant and equipment | 303 | 841 |
| Net cash (used in)/from investing activities | (556) | 14,894 |
| FINANCING ACTIVITIES | | |
| Dividend paid to shareholders | (6,449) | - |
| Withdrawal/(Placement) of fixed deposits pledged with licensed banks | 11,823 | (203) |
| Interest paid | (1,583) | (1,804) |
| Interest received | - | 227 |
| Net repayment of bankers' acceptances | (18,508) | (4,714) |
| Net repayment of lease liabilities | (727) | (1,380) |
| Net repayment of term loan | (897) | (854) |
| Net repayment of trust receipt | - | (1,222) |
| Repayment to a related party | - | (20) |
| Net cash used in financing activities | (16,341) | (9,970) |
| Net increase/(decrease) in cash and cash equivalents | 4,651 | (13,985) |
| Cash and cash equivalents at beginning of financial year | 14,214 | 28,199 |
| Cash and cash equivalents at end of financial year | 18,865 | 14,214 |

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Unaudited Condensed Consolidated Statement of Cash Flows (continued)

| | Twelve Months Ended | |
|---|----------------------------|-------------------|
| | 31.12.2023 | 31.12.2022 |
| | Unaudited | Audited |
| | RM'000 | RM'000 |
| Cash and cash equivalents included in the statement of cash flows comprise the followings: | | |
| Cash and bank balances | 18,865 | 14,214 |
| Fixed deposits with licensed banks | 3,084 | 14,907 |
| | 21,949 | 29,121 |
| Less: Fixed deposits with licensed banks pledged as security for bank facilities | (3,084) | (14,907) |
| | 18,865 | 14,214 |

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2022 and the 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 report of Pekat Group Berhad (“Pekat” or “the Company”) and its subsidiaries (collectively known as “the Group”) have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. This interim financial report also complied with IAS 34: *Interim Financial Reporting* issued by the International Accounting Standard Board (“IASB”).

This interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2022 and the accompanying explanatory notes are an integral part of this interim financial report.

A2. Significant Accounting Policies

Significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those as disclosed in the audited financial statements for the financial year ended 31 December 2022 of the Group.

At the date of authorisation of this interim financial report, the Group has not applied in advance the following accounting standards and interpretations that have been issued by the MASB but not yet effective:-

Effective for annual periods commencing on or after 1 January 2024

- Amendments to MFRS 16: *Lease: Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101: *Presentation of Financial Statements: Non-current Liabilities with Covenants*
- Amendments to MFRS 101: *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107: *Statement of Cash Flows* and MFRS 7: *Financial Instruments: Disclosures - Supplier Finance Arrangements*

Effective for annual periods commencing on or after 1 January 2025

- Amendments to MFRS 121: *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*

Deferred (date to be determined by MASB)

- Amendments to MFRS 10 and MFRS 128: *Consolidated Financial Statements and Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group intends to adopt these new standards, amendments to the published standards and interpretations, if applicable, when they become effective. The initial application of the MFRSs and amendments to the published standards and interpretations is not expected to have any material impact on the financial statements of the Group and of the Company.

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING (CONTINUED)

A3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2022.

A4. Seasonal or Cyclical Factors

Save for certain business activities that were affected by international copper price and solar photovoltaic module price, the Group does not experience any material seasonality.

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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial quarter under review.

A6. Changes in Estimates

There were no changes in estimates that have a material effect on the current financial quarter under review.

A7. Debt and Equity Securities

There were no significant issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial year under review.

A8. Dividend Paid

An interim dividend of 1.0 sen per ordinary share amounting to RM6.45 million for the financial year ended 31 December 2023 was paid by way of cash on 21 September 2023.

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING (CONTINUED)

A9. Segmental Reporting

Segmental information in respect of the Group's business activities is as follow:-

| Year Ended 31 December 2023 | Solar Photovoltaics RM'000 | Earthing and Lightning Protection RM'000 | Trading RM'000 | Adjustments/ eliminations RM'000 | Total RM'000 |
|--|---|---|---------------------------|---|-------------------------|
| Revenue | | | | | |
| Sales to external customers | 156,299 | 33,288 | 38,020 | - | 227,607 |
| Inter-segment sales | 12,687 | 86 | 23,643 | (36,416) | - |
| | <u>168,986</u> | <u>33,374</u> | <u>61,663</u> | <u>(36,416)</u> | <u>227,607</u> |

| | RM'000 |
|-------------------------------|---------------|
| Results | |
| Segment profit | 18,919 |
| Finance income | 495 |
| Finance costs | (1,583) |
| Share of profit in associates | 545 |
| Tax expense | (4,657) |
| Profit after tax | <u>13,719</u> |

| Year Ended 31 December 2022 | Solar Photovoltaics RM'000 | Earthing and Lightning Protection RM'000 | Trading RM'000 | Adjustments/ eliminations RM'000 | Total RM'000 |
|--|---|---|---------------------------|---|-------------------------|
| Revenue | | | | | |
| Sales to external customers | 108,385 | 33,758 | 37,083 | - | 179,226 |
| Inter-segment sales | 3,114 | 189 | 24,183 | (27,486) | - |
| | <u>111,499</u> | <u>33,947</u> | <u>61,266</u> | <u>(27,486)</u> | <u>179,226</u> |

| | RM'000 |
|-----------------------------|---------------|
| Results | |
| Segment profit | 15,843 |
| Finance income | 420 |
| Finance costs | (1,804) |
| Share of loss in associates | (25) |
| Tax expense | (4,409) |
| Profit after tax | <u>10,025</u> |



A. EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING (CONTINUED)

A10. Material Events Subsequent to the End of Current Financial Year

There were no other material events subsequent to the end of current financial year under review that have not been reflected in this interim financial report.

A11. Changes in the Composition of the Group

On 30 March 2023, the Group had incorporated a new wholly-owned subsidiary, namely Solaroo EV Sdn Bhd (formerly known as Pekat Engineering Services Sdn Bhd). The intended principal activity of the subsidiary is to provide general engineering services.

On 26 September 2023, the Group had incorporated a new wholly-owned subsidiary, namely Pekat Solar Tronoh Sdn Bhd. The intended principal activity of the subsidiary is to design, build, own, operate and maintain solar photovoltaic power plant and related activities.

Save as disclosed above, there were no changes in the composition of the Group for the current financial year under review.

A12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent assets at the date of this interim financial report. Contingent liabilities of the Group were as follows:-

| <u>Group</u> | 31.12.2023 RM'000 | 31.12.2022 RM'000 |
|--|------------------------------------|------------------------------------|
| Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries | 430 | 19,805 |
| Bank guarantee for tender bond, performance bond and warranty bond provided to third parties | <u>16,836</u> | <u>12,585</u> |
| | <u>17,266</u> | <u>32,390</u> |

A13. Capital Commitments

There were no capital commitments that are contracted but not provided for as at the date of this interim financial report.



A. EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING (CONTINUED)

A14. Significant Related Party Transactions

The Group has the following significant transactions with the related parties during the financial year under review:-

| Nature of transactions/Related parties | 31.12.2023 | 31.12.2022 |
|--|-------------------|-------------------|
| | RM'000 | RM'000 |
| <u>Design, supply and installation of solar photovoltaic systems to:</u> | | |
| - Finesse Moulding (M) Sdn. Bhd. | - | 3,100 |
| - Halex Management Sdn. Bhd. | 45 | - |
| - Hextar Asset Management Sdn. Bhd. | 45 | - |
| - Hextar Chemicals Sdn. Bhd. | 15 | 712 |
| - Rubberex Alliance Sdn. Bhd. | 363 | 2,672 |
| <u>Provision of operation and maintenance services of solar photovoltaic systems to:</u> | | |
| - Rubberex Alliance Sdn. Bhd. | 70 | - |
| - KIP Real Estate Investment Trust | 42 | - |
| <u>Rental expenses of office buildings charged by:</u> | | |
| - Startige Corporation Sdn. Bhd. | 972 | 972 |

Finesse Moulding (M) Sdn. Bhd., Halex Management Sdn. Bhd., Hextar Asset Management Sdn. Bhd., Hextar Chemicals Sdn. Bhd., Rubberex Alliance Sdn. Bhd. and KIP Real Estate Investment Trust are related parties in which a substantial shareholder of the Company has interest in. Effective 14 July 2023, the shareholder had ceased to be a substantial shareholder of the Company.

Startige Corporation Sdn. Bhd. is a related party in which certain Directors of the Company are also Directors of the related party.

The Directors are of the opinion that all the above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

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B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Group's Performance

| | Three Months Ended | | Variance | |
|-------------------------------------|--------------------|---------------|----------|------|
| | 31.12.2023 | 31.12.2022 | RM'000 | % |
| | RM'000 | RM'000 | | |
| Revenue | | | | |
| - Solar photovoltaics | 38,787 | 27,193 | 11,594 | 42.6 |
| - Earthing and lightning protection | 8,630 | 8,162 | 468 | 5.7 |
| - Trading | 11,022 | 9,675 | 1,347 | 13.9 |
| Total revenue | <u>58,439</u> | <u>45,030</u> | 13,409 | 29.8 |
| Profit after tax | <u>3,482</u> | <u>2,398</u> | 1,084 | 45.2 |

Comparison with Preceding Year Corresponding Quarter ("Q4 FY23" vs "Q4 FY22")

In Q4 FY23, the Group achieved a revenue of RM58.44 million. The solar division led the charge, contributing RM38.79 million. The earthing and lightning protection ("ELP") division followed with RM8.63 million, while the trading division contributed RM11.02 million.

The increase in revenue of RM13.41 million or 29.8% over Q4 FY22 contributed by higher revenue recorded in the solar division, from RM27.19 million in Q4 FY22 to RM38.79 million in Q4 FY23, representing an increase of RM11.59 million or 42.6%, mainly due to execution of more commercial and industrial rooftop solar projects. The trading segment also saw significant sales growth of 13.9% in Q4 FY23, reaching RM11.02 million, primarily due to higher sales of surge protection devices and accessories.

Corresponding with the increase in revenue, the Group recorded a higher profit after tax of RM3.48 million in Q4 FY23 compared to RM2.40 million in Q4 FY22, representing an increase of RM1.08 million or 45.2%.

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B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

B1. Review of Group's Performance (continued)

| | Twelve Months Ended | | Variance | |
|-------------------------------------|---------------------|----------------|----------|-------|
| | 31.12.2023 | 31.12.2022 | RM'000 | % |
| | RM'000 | RM'000 | | |
| Revenue | | | | |
| - Solar photovoltaics | 156,299 | 108,385 | 47,914 | 44.2 |
| - Earthing and lightning protection | 33,288 | 33,758 | (470) | (1.4) |
| - Trading | 38,020 | 37,083 | 937 | 2.5 |
| Total revenue | <u>227,607</u> | <u>179,226</u> | 48,381 | 27.0 |
| Profit after tax | <u>13,719</u> | <u>10,025</u> | 3,694 | 36.8 |

Comparison with Preceding Year ("FY23" vs "FY22")

The Group recorded revenue of RM227.61 million for FY23, of which RM156.30 million was contributed by the solar division, RM33.29 million and RM38.02 million contributed by the ELP division and trading division respectively.

FY23's revenue was higher by RM48.38 million or 27.0% due to higher project revenue recorded in the solar division which saw revenue increased by 44.2% or RM47.91 million to RM156.30 million, contributed by the execution of more concurrent commercial & industrial ("C&I") and residential projects in FY23. The trading division also recorded a slightly higher revenue due to more trading sales orders fulfilled. On the other hand, the ELP division recorded slightly lower revenue due to slower ELP project execution.

In line with the increase in the Group's revenue, the Group recorded an increase in profit after tax of RM3.69 million or 36.8% over FY22 to RM13.72 million.

B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

B2. Comparison with Immediately Preceding Quarter Results

| | Quarter Ended | | Variance | |
|-------------------------------------|---------------|---------------|----------|--------|
| | 31.12.2023 | 30.09.2023 | RM'000 | % |
| | RM'000 | RM'000 | | |
| Revenue | | | | |
| - Solar photovoltaics | 38,787 | 44,971 | (6,184) | (13.8) |
| - Earthing and lightning protection | 8,630 | 8,386 | 244 | 2.9 |
| - Trading | 11,022 | 9,541 | 1,481 | 15.5 |
| Total revenue | <u>58,439</u> | <u>62,898</u> | (4,459) | (7.1) |
| Profit after tax | <u>3,482</u> | <u>3,565</u> | (83) | (2.3) |

Compared to the immediately preceding quarter ("Q3 FY23"), the Group recorded lower revenue of RM58.44 million in Q4 FY23 due to lower project revenue from the solar division. Q3 FY23 benefited from larger, high-value projects such as the Batang Padang large-scale solar power plant installation, while Q4 FY23 saw smaller C&I projects with lower contract sums. Conversely, the ELP and trading divisions experienced revenue growth due to increased project execution and sales order fulfilment.

Despite the slight revenue decline, the Group maintained its profitability on par with Q3 FY23, recording a profit after tax of RM3.48 million.

B3. Commentary on Prospects

Malaysia remains resolute in its ambition to achieve net-zero carbon emissions by 2050. This unwavering aim is firmly articulated within the 12th Malaysia Plan, aligning with the Paris Agreement's ambitious targets. By setting a 45% reduction in greenhouse gas emissions by 2030, the plan lays a firm foundation for a sustainable future. Further demonstrating its commitment, the nation, guided by the Malaysia Renewable Energy Roadmap, targets a 31% and 40% share of renewable energy ("RE") in its national energy capacity by 2025 and 2035 respectively.

The Ministry of Natural Resources, Environment and Climate Change ("NRECC") introduced the Strategic Development & Cross-Border Trade Policy for RE. This policy removes the current prohibition on RE exports, facilitating the growth of RE development and paving the way for an estimated 70% RE capacity in the nation's electricity supply system by 2050. This advancement not only promotes regional collaboration in sustainable energy solutions but also presents auspicious prospects for domestic RE entities.

B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

B3. Commentary on Prospects (continued)

The Ministry of Economy has unveiled the National Energy Transition Roadmap (“NETR”), setting a strategic course towards a sustainable and inclusive energy landscape. Recognising the need for a multifaceted approach, NETR Phase 1 identifies six key levers and ten flagship projects, backed by a RM25 billion investment. This initial phase paves the way for broader investment opportunities ranging from RM435 billion to RM1.85 trillion by 2050, supporting the NRECC’s ambition of achieving 70% renewable energy capacity and net-zero carbon emissions by the same year. Notably, these projects extend beyond mere renewable energy transition, encompassing smart grids, energy efficiency initiatives, and energy storage solutions, presenting significant opportunities for the Group.

Further solidifying its commitment to a greener future, the Group secured a 29.99 MWac export capacity solar power plant project under the Corporate Green Power Programme. This achievement marks the Group’s pioneering foray into developing, owning, and operating large-scale solar plants, set to boost its recurring revenue stream upon the project’s completion by the end of 2025.

Additionally, the Group’s earthing and lightning protection (“ELP”) division stands to benefit from the stricter safety standards mandated by the Energy Commission of Malaysia. These regulations necessitate ELP systems in new buildings and require existing ones to undergo compliance assessments and potential upgrades. This presents a promising opportunity for the Group to expand its ELP business and contribute to enhanced safety measures across Malaysian structures.

While the Board of Directors anticipates more competitive market conditions, the Group is well-positioned to improve its operational efficiency and grow its order book. Barring any unforeseen circumstances, the Board of Directors is cautiously optimistic that the Group’s performance will remain satisfactory.

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B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

B4. Profit Forecast

No profit forecast has been issued by the Group previously in any public document.

B5. Tax Expense

| | Three Months Ended | | Twelve Months Ended | |
|------------------------|--------------------|------------|---------------------|--------------|
| | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Current tax | 1,834 | 968 | 4,657 | 4,409 |
| Deferred tax | - | - | - | - |
| Total tax expense | <u>1,834</u> | <u>968</u> | <u>4,657</u> | <u>4,409</u> |
| Effective tax rate (%) | 34.5 | 28.8 | 25.3 | 30.5 |

Notes:-

- (1) The effective tax rate of the Group for the current quarter/year under review was at 34.5% and 25.3% respectively, which were higher than the statutory tax rate of 24% mainly due to certain non-deductible expenses and taxable advance deposits received.

B6. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at the date of this interim financial report.



B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

B7. Borrowings

The details of the Group's borrowings are as follow:-

| | 31.12.2023 | 31.12.2022 |
|--------------------------------|-------------------|-------------------|
| | RM'000 | RM'000 |
| Current liabilities | | |
| <u>Secured:-</u> | | |
| Bankers' acceptances | - | 18,508 |
| Term loan | 976 | 917 |
| | <u>976</u> | <u>19,425</u> |
| Non-current liabilities | | |
| <u>Secured:-</u> | | |
| Term loan | 600 | 1,556 |
| Total borrowings | <u>1,576</u> | <u>20,981</u> |

B8. Material Litigation

There is no outstanding material litigation as at the date of this interim financial report.

B9. Dividend

The Board of Directors has declared an interim dividend in respect of the financial year ended 31 December 2023 as follows:

- (i) A first interim dividend of 1.0 sen per ordinary share; and
- (ii) The dividend was paid on 21 September 2023 to shareholders whose name appears in the Record of Depositors as at the close of business on 7 September 2023.

The total dividend declared for the current financial year is 1.0 sen per ordinary share. There was no dividend declared in respect of the preceding year's corresponding period.



B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

B10. Earnings Per Share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to owners of the Company by weighted average number of ordinary shares in issue during the year:-

| | Three Months Ended | | Twelve Months Ended | |
|---|---------------------------|-------------------|----------------------------|-------------------|
| | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 |
| Profit attributable to owners of the Company (RM'000) | 3,490 | 2,313 | 13,690 | 10,036 |
| Weighted average number of shares in issue (Unit'000) | 644,968 | 644,968 | 644,968 | 644,968 |
| Basic earnings per share (sen) | <u>0.54</u> | <u>0.36</u> | <u>2.12</u> | <u>1.56</u> |

(b) Diluted earnings per share

Not applicable. The Group does not have any financial instrument which may dilute its earnings per share.

B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

B11. Notes to Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Profit for the year was derived after taking into consideration of the following:-

| | Three Months Ended | | Twelve Months Ended | |
|---|--------------------|------------|---------------------|------------|
| | 31.12.2023 | 31.12.2022 | 31.12.2023 | 31.12.2022 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| After charging/(crediting):- | | | | |
| Amortisation of intangible assets | 41 | 38 | 148 | 153 |
| Depreciation of investment property | * | * | 3 | 3 |
| Depreciation of property, plant and equipment | 434 | 434 | 1,670 | 1,522 |
| Dividend income | - | (1) | (1) | (19) |
| Fair value gain on other investment | (38) | (32) | (144) | (181) |
| Gain on disposal of property, plant and equipment | - | - | (301) | (26) |
| Gain on termination of lease contract | - | - | - | (17) |
| Impairment loss on contract assets | 1,306 | 366 | 1,306 | 366 |
| Impairment loss on inventories | 17 | 286 | 28 | 286 |
| Impairment loss on trade receivables | 926 | 1,402 | 926 | 1,483 |
| Interest expenses | 154 | 194 | 1,583 | 1,804 |
| Interest income | (147) | (156) | (495) | (420) |
| Reversal of impairment loss on contract assets | (380) | (220) | (380) | (220) |
| Reversal of impairment loss on trade receivables | (1,324) | (1,587) | (1,324) | (1,587) |
| Reversal of inventories written down | (287) | (185) | (287) | (185) |
| Reversal of provision for foreseeable losses | (62) | (6) | (208) | (15) |
| Share of (profit)/loss in associates | (309) | 34 | (545) | 25 |
| Unrealised (gain)/loss on foreign exchange | (33) | 140 | (8) | 143 |
| Written off of trade receivables | 128 | 43 | 115 | 56 |

Note:-

(1) * represents amount less than RM1,000.

B12. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors on 23 February 2024.