



PECCA

---

GROUP BERHAD



## PECCA GROUP BERHAD

(Registration No. 201001025617 (909531-D))  
(Incorporated in Malaysia)

### UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THIRD QUARTER ENDED 31 MARCH 2023

|                                                                                | Notes | Individual Quarter   |                        |          | Cumulative Quarter   |                        |          |
|--------------------------------------------------------------------------------|-------|----------------------|------------------------|----------|----------------------|------------------------|----------|
|                                                                                |       | Current Year Quarter | Preceding Year Quarter | Variance | Current Year-To-Date | Preceding Year-To-Date | Variance |
|                                                                                |       | 31.03.2023<br>RM'000 | 31.03.2022<br>RM'000   | %        | 31.03.2023<br>RM'000 | 31.03.2022<br>RM'000   | %        |
| <b>Revenue</b>                                                                 | A9    | 58,583               | 45,654                 | 28%      | 166,929              | 113,643                | 47%      |
| Cost of sales                                                                  |       | (41,238)             | (31,497)               | (31%)    | (118,156)            | (83,008)               | (42%)    |
| <b>Gross profit</b>                                                            |       | 17,345               | 14,157                 | 23%      | 48,773               | 30,635                 | 59%      |
| Other Income                                                                   |       | 779                  | 357                    | 118%     | 2,262                | 1,208                  | 87%      |
| Selling and distribution expenses                                              |       | (1,571)              | (1,362)                | (15%)    | (4,794)              | (3,921)                | (22%)    |
| Administrative expenses                                                        |       | (5,254)              | (3,341)                | (57%)    | (12,580)             | (9,776)                | (29%)    |
| <b>Operating Profit</b>                                                        |       | 11,299               | 9,811                  | 15%      | 33,661               | 18,146                 | 86%      |
| Finance costs                                                                  |       | (88)                 | (5)                    | (100%)   | (244)                | (17)                   | (1335%)  |
| Share of result of joint venture                                               |       | 5                    | -                      | 100%     | 9                    | -                      | 100%     |
| <b>Profit before tax</b>                                                       | B5    | 11,216               | 9,806                  | 14%      | 33,426               | 18,129                 | 84%      |
| Income tax expense                                                             | B6    | (2,654)              | (1,717)                | (55%)    | (8,103)              | (3,533)                | (129%)   |
| <b>Profit for the period</b>                                                   |       | 8,562                | 8,089                  | 6%       | 25,323               | 14,596                 | 73%      |
| <b>Other comprehensive income, net of tax</b>                                  |       |                      |                        |          |                      |                        |          |
| Exchange difference on translation of foreign operation                        |       | (1)                  | (2)                    | 50%      | (8)                  | 13                     | (162%)   |
| <b>Total comprehensive income for the financial period</b>                     |       | 8,561                | 8,087                  | 6%       | 25,315               | 14,609                 | 73%      |
| <b>Profit attributable to:</b>                                                 |       |                      |                        |          |                      |                        |          |
| Owners of the company                                                          |       | 8,562                | 8,088                  | 6%       | 25,320               | 14,604                 | 73%      |
| Non-controlling interest                                                       |       | -                    | 1                      | (100%)   | 3                    | (8)                    | 138%     |
| <b>Profit for the period</b>                                                   |       | 8,562                | 8,089                  | 6%       | 25,323               | 14,596                 | 73%      |
| <b>Total comprehensive income for the financial period</b>                     |       |                      |                        |          |                      |                        |          |
| Owners of the Company                                                          |       | 8,561                | 8,086                  | 6%       | 25,316               | 14,611                 | 73%      |
| Non-controlling interest                                                       |       | -                    | 1                      | (100%)   | (1)                  | (2)                    | 50%      |
| <b>Total comprehensive income for the year</b>                                 |       | 8,561                | 8,087                  | 6%       | 25,315               | 14,609                 | 73%      |
| <b>Earnings per share attributable to Owners of the Company <sup>(2)</sup></b> |       |                      |                        |          |                      |                        |          |
| - Basic (sen)                                                                  | B12   | 1.14                 | 1.08                   | 6%       | 3.37                 | 1.94                   | 73%      |
| - Diluted                                                                      |       | 1.14                 | 1.08                   | 6%       | 3.37                 | 1.94                   | 73%      |

Notes:

(1) The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the explanatory notes attached to this report.

(2) Based on the weighted average number of ordinary shares in issue as detailed in Note B12.



**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL  
31 MARCH 2023**

|                                                                             | <b>Unaudited<br/>31.03.2023<br/>RM'000</b> | <b>Audited<br/>30.06.2022<br/>RM'000</b> |
|-----------------------------------------------------------------------------|--------------------------------------------|------------------------------------------|
| <b>ASSETS</b>                                                               |                                            |                                          |
| <b>Non-current assets</b>                                                   |                                            |                                          |
| Property, plant and equipment                                               | 37,326                                     | 38,013                                   |
| Right-of-use assets                                                         | 19,645                                     | 20,036                                   |
| Investment in joint venture                                                 | 9                                          | -                                        |
| Other investments                                                           | 418                                        | 418                                      |
|                                                                             | <u>57,398</u>                              | <u>58,467</u>                            |
| <b>Current Assets</b>                                                       |                                            |                                          |
| Inventories                                                                 | 26,757                                     | 28,983                                   |
| Trade and other receivables                                                 | 64,456                                     | 46,544                                   |
| Contract assets                                                             | -                                          | 337                                      |
| Prepayments                                                                 | 2,004                                      | 3,287                                    |
| Current tax assets                                                          | 30                                         | -                                        |
| Amount owing by joint venture                                               | 500                                        | -                                        |
| Cash and bank balances                                                      | 88,798                                     | 86,808                                   |
|                                                                             | <u>182,545</u>                             | <u>165,959</u>                           |
| <b>Total assets</b>                                                         | <u>239,943</u>                             | <u>224,426</u>                           |
| <b>EQUITY AND LIABILITIES</b>                                               |                                            |                                          |
| <b>Equity</b>                                                               |                                            |                                          |
| Share capital                                                               | 135,702                                    | 135,702                                  |
| Reserves                                                                    | 63,842                                     | 54,163                                   |
|                                                                             | <u>199,544</u>                             | <u>189,865</u>                           |
| Non-controlling interest                                                    | (73)                                       | (72)                                     |
| <b>Equity attributable to owners of the Company</b>                         | <u>199,471</u>                             | <u>189,793</u>                           |
| <b>Liabilities</b>                                                          |                                            |                                          |
| <b>Non-current liabilities</b>                                              |                                            |                                          |
| Deferred tax liabilities                                                    | 5,791                                      | 5,995                                    |
| Borrowings                                                                  | 5,198                                      | 5,670                                    |
| Lease liabilities                                                           | 6                                          | 49                                       |
|                                                                             | <u>10,995</u>                              | <u>11,714</u>                            |
| <b>Current Liabilities</b>                                                  |                                            |                                          |
| Trade and other payables                                                    | 20,292                                     | 19,383                                   |
| Borrowings                                                                  | 3,854                                      | 3,214                                    |
| Lease liabilities                                                           | 94                                         | 320                                      |
| Current tax liabilities                                                     | 5,237                                      | 2                                        |
|                                                                             | <u>29,477</u>                              | <u>22,919</u>                            |
| <b>Total liabilities</b>                                                    | <u>40,472</u>                              | <u>34,633</u>                            |
| <b>Total equity and liabilities</b>                                         | <u>239,943</u>                             | <u>224,426</u>                           |
| <b>Net assets per share attributable to owners<br/>of the parents (sen)</b> |                                            |                                          |
|                                                                             | <u>26.54</u>                               | <u>25.26</u>                             |

Notes:

(1) The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the explanatory notes attached to this report.

(2) Based on the number of ordinary shares in issue less Treasury Shares as at 31 March 2023 of 751,783,132 (30 June 2022: 751,783,132).

**PECCA GROUP BERHAD**

(Registration No. 201001025617 (909531-D))  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THIRD QUARTER ENDED 31 MARCH 2023**

|                                                                    | ← Attributable to owners of the Company → |                              |                             |                                  |                                  |                                |                 | Non-<br>controlling<br>Interests<br>RM'000 | Total<br>Equity<br>RM'000 |
|--------------------------------------------------------------------|-------------------------------------------|------------------------------|-----------------------------|----------------------------------|----------------------------------|--------------------------------|-----------------|--------------------------------------------|---------------------------|
|                                                                    | ← Non- Distributable →                    |                              |                             |                                  | Distributable                    |                                |                 |                                            |                           |
|                                                                    | Share<br>Capital<br>RM'000                | Treasury<br>Shares<br>RM'000 | Merger<br>Deficit<br>RM'000 | Translation<br>Reserve<br>RM'000 | Revaluation<br>Reserve<br>RM'000 | Retained<br>Earnings<br>RM'000 | Total<br>RM'000 |                                            |                           |
| <b>At 01.07.2022</b>                                               | 135,702                                   | (60)                         | (60,822)                    | 8                                | 10,765                           | 104,272                        | 189,865         | (72)                                       | 189,793                   |
| Foreign currency translation<br>differences for foreign operations | -                                         | -                            | -                           | (4)                              | -                                | -                              | (4)             | (4)                                        | (8)                       |
| Dividends to owners of the Company                                 | -                                         | -                            | -                           | -                                | -                                | (15,637)                       | (15,637)        | -                                          | (15,637)                  |
| Profit for the financial year                                      | -                                         | -                            | -                           | -                                | -                                | 25,320                         | 25,320          | 3                                          | 25,323                    |
| <b>At 31.03.2023</b>                                               | <b>135,702</b>                            | <b>(60)</b>                  | <b>(60,822)</b>             | <b>4</b>                         | <b>10,765</b>                    | <b>113,955</b>                 | <b>199,544</b>  | <b>(73)</b>                                | <b>199,471</b>            |

Notes:(1) The unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the explanatory notes attached to this report.

**PECCA GROUP BERHAD**

(Registration No. 201001025617 (909531-D))

(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER ENDED 31 MARCH 2023**

|                                                                     | <b>9 months ended 31 March</b> |                |
|---------------------------------------------------------------------|--------------------------------|----------------|
|                                                                     | <b>2023</b>                    | <b>2022</b>    |
|                                                                     | <b>RM'000</b>                  | <b>RM'000</b>  |
| <b>CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES</b>                   |                                |                |
| Profit before tax                                                   | 33,426                         | 18,129         |
| Adjustments for:                                                    |                                |                |
| Depreciation of property, plant and equipment                       | 3,214                          | 3,568          |
| Depreciation of right-of-use assets                                 | 407                            | 355            |
| Fixed assets written off                                            | 122                            | -              |
| Net gain on disposal of property, plant and equipment               | (20)                           | 32             |
| Addition/(Reversal) of impairment loss on trade receivable          | 58                             | (55)           |
| Share of result of joint venture                                    | (9)                            | -              |
| Unrealised gain on foreign exchange                                 | (193)                          | (1)            |
| Interest expense                                                    | 244                            | 17             |
| Interest income                                                     | (1,688)                        | (706)          |
| <b>Operating profit before working capital changes</b>              | <u>35,561</u>                  | <u>21,339</u>  |
| <b>Changes in working capital:</b>                                  |                                |                |
| Inventories                                                         | 2,226                          | 2,488          |
| Trade and other receivables                                         | (18,201)                       | (10,840)       |
| Prepayments                                                         | 1,283                          | (2,284)        |
| Trade and other payables                                            | 893                            | (8,463)        |
| Contract liabilities                                                | -                              | (69)           |
| <b>Cash from operations</b>                                         | <u>21,762</u>                  | <u>2,171</u>   |
| Interest paid                                                       | (244)                          | (17)           |
| Income tax paid                                                     | (3,101)                        | (4,037)        |
| <b>Net cash from/(for) operating activities</b>                     | <u>18,417</u>                  | <u>(1,883)</u> |
| <b>CASH FLOWS FOR INVESTING ACTIVITIES</b>                          |                                |                |
| Proceeds from disposal of plant and equipment                       | 337                            | -              |
| Acquisition of property, plant and equipment                        | (2,964)                        | (2,481)        |
| Interest received                                                   | 1,688                          | 706            |
| <b>Net cash for investing activities</b>                            | <u>(939)</u>                   | <u>(1,775)</u> |
| <b>CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES</b>                   |                                |                |
| Payment of lease liabilities                                        | (241)                          | (253)          |
| Repayment to a corporate shareholder                                | -                              | (270)          |
| Dividends paid                                                      | (15,637)                       | -              |
| Net proceeds from borrowings                                        | 124                            | 2,342          |
| <b>Net cash (for)/from financing activities</b>                     | <u>(15,754)</u>                | <u>1,819</u>   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>         | 1,724                          | (1,839)        |
| Effect of foreign exchange translation                              | 266                            | (23)           |
| <b>Cash and cash equivalents at beginning of the financial year</b> | <u>86,808</u>                  | <u>78,132</u>  |
| <b>Cash and cash equivalents at the end of financial year</b>       | <u>88,798</u>                  | <u>76,270</u>  |

**Notes:**

(1) The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2022 and the explanatory notes attached to this report.



## PECCA GROUP BERHAD

(Registration No. 201001025617 (909531-D))  
(Incorporated in Malaysia)

### A. EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING

#### A1. Basis of preparation

The condensed financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134 “Interim Financial Reporting” and paragraph 9.22 of the Bursa Malaysia Securities Berhad (“BMSB”) Main Market Listing Requirements. These condensed financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board. This report should be read in conjunction with the Company’s audited financial statements for the financial year ended 30 June 2022.

The explanatory notes to this report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company since the financial year ended 30 June 2022.

The interim financial report is presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

#### A2. Significant accounting policies

The significant accounting policies and methods of computation adopted in the interim financial statements are consistent with those adopted in the audited financial statements for the financial year ended 30 June 2022. The Group has not applied in advance the following accounting standards (including the consequential amendments, if any that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:

##### Effective for annual periods commencing on or after 1 January 2022

- Amendments to MFRS 3: Reference to the Conceptual Framework
- Amendments to MFRS 116: Property Plant and Equipment - Proceeds before Intended Use
- Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018 - 2020

##### Effective for annual periods commencing on or after 1 January 2023

- MFRS 17, Insurance Contracts
- Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 17 Insurance Contracts
- Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101: Classification of Liabilities as Current or Non-current
- 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

##### Effective for annual periods commencing on or after 1 January 2024

- Amendments to MFRS 16: Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101: Non-current Liabilities with Covenants



## PECCA GROUP BERHAD

(Registration No. 201001025617 (909531-D))  
(Incorporated in Malaysia)

### A. EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING *(continued)*

#### A3. Auditors' Report

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 30 June 2022.

#### A4. Seasonal or cyclical factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors in the current quarter.

#### A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows of the Group in the current quarter.

#### A6. Changes in estimates

There were no changes in estimates of amounts reported in prior periods that had a material effect in the current quarter.

#### A7. Debt and equity securities

Other than the above, there was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current quarter. As at 31 March 2023, the number of treasury shares held were 216,868 ordinary shares at RM0.06 million.

#### A8. Dividend paid

The first interim single-tier dividend of 0.68 sen per ordinary share in respect of the financial year ending 30 June 2023 was declared on 09 January 2023 and paid on 7 February 2023.

-----The balance of the page is intentionally left blank -----

**PECCA GROUP BERHAD**

(Registration No. 201001025617 (909531-D))  
(Incorporated in Malaysia)

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING** *(continued)***A9. Segmental information**a) Operating segments

The Group's current business activities comprise of four segments namely automotive, healthcare, aviation and furniture segments. The Automotive segment focuses on styling, manufacturing, distribution and installation of automotive upholstery for car seat covers and accessories covers. The Healthcare segment focuses on the manufacturing and distribution of healthcare products. The Aviation segment provides services in manufacturing, repair, refurbishment, distribution and installation of aircraft seat covers and parts refurbishment. The Furniture segment provides for the manufacturing of leather furniture and supply of furniture seat covers. The breakdown of the Group's total revenue by business activities and products are as follows: -

|                                                                                                                                                               | Current<br>Quarter Ended |                      | Cumulative<br>Quarter Ended |                      |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|----------------------|-----------------------------|----------------------|
|                                                                                                                                                               | 31.03.2023<br>RM'000     | 31.03.2022<br>RM'000 | 31.03.2023<br>RM'000        | 31.03.2022<br>RM'000 |
| <b><u>AUTOMOTIVE</u></b>                                                                                                                                      |                          |                      |                             |                      |
| Car seat covers                                                                                                                                               |                          |                      |                             |                      |
| - OEM <sup>(1)</sup>                                                                                                                                          | 45,888                   | 31,781               | 124,844                     | 70,392               |
| - REM <sup>(1)</sup>                                                                                                                                          | 1,678                    | 2,089                | 5,746                       | 6,640                |
| - PDI <sup>(1)</sup>                                                                                                                                          | 5,629                    | 3,821                | 15,262                      | 9,421                |
| Sub-total for car seat covers                                                                                                                                 | 53,195                   | 37,691               | 145,852                     | 86,453               |
| Leather cut pieces supply                                                                                                                                     | 336                      | 3,073                | 5,532                       | 7,319                |
| <u>Others</u>                                                                                                                                                 |                          |                      |                             |                      |
| - Sewing of fabric car seat covers                                                                                                                            | 2,521                    | 1,022                | 7,468                       | 1,838                |
| - Manufacturing of leather/PVC car accessories covers and miscellaneous seat covers, provision of wrapping and stitching services and supply of raw materials | 1,669                    | 1,420                | 4,937                       | 4,008                |
|                                                                                                                                                               | 57,721                   | 43,206               | 163,789                     | 99,618               |
| <b><u>OTHERS</u></b>                                                                                                                                          |                          |                      |                             |                      |
| Healthcare                                                                                                                                                    | 824                      | 2,377                | 2,404                       | 13,676               |
| Aviation                                                                                                                                                      | 36                       | 64                   | 705                         | 342                  |
| Furniture                                                                                                                                                     | 2                        | 7                    | 31                          | 7                    |
| <b>Grand Total</b>                                                                                                                                            | <b>58,583</b>            | <b>45,654</b>        | <b>166,929</b>              | <b>113,643</b>       |

Note (1): OEM – Original Equipment Manufacturer  
REM – Replacement Equipment Manufacturer  
PDI – Pre-delivery Inspection



**PECCA GROUP BERHAD**

(Registration No. 201001025617 (909531-D))  
(Incorporated in Malaysia)

**A. EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING** *(continued)***A9. Segmental information** *(continued)*b) Geographical segments

The segment information in respect of the Group's geographical segments are as follows: -

|               | <b>Current<br/>Quarter Ended</b> |                   | <b>Cumulative<br/>Quarter Ended</b> |                   |
|---------------|----------------------------------|-------------------|-------------------------------------|-------------------|
|               | <b>31.03.2023</b>                | <b>31.03.2022</b> | <b>31.03.2023</b>                   | <b>31.03.2022</b> |
|               | <b>RM'000</b>                    | <b>RM'000</b>     | <b>RM'000</b>                       | <b>RM'000</b>     |
| Malaysia      | 56,656                           | 41,370            | 160,211                             | 103,871           |
| Rest of Asia  | 302                              | 2,460             | 1,182                               | 4,202             |
| Europe        | 1,155                            | 1,257             | 3,514                               | 2,967             |
| North America | 300                              | 233               | 1,301                               | 1,305             |
| Oceania       | 170                              | 334               | 721                                 | 1,298             |
|               | <u>58,583</u>                    | <u>45,654</u>     | <u>166,929</u>                      | <u>113,643</u>    |

**A10. Valuation of property, plant and equipment**

The Group has not carried out any valuation on its property, plant and equipment in the current quarter.

**A11. Capital commitments**

There was no authorised capital commitment.

**A12. Changes in the composition of the Group**

There were no material changes in the composition of the Group in the current quarter.

**A13. Contingent liabilities or contingent assets**

There were no material contingent liabilities or contingent assets as at the date of this report.

**A14. Material events subsequent to the end of the quarter**

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



**A. EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING** *(continued)*

**A15. Related Party Transactions**

The Group's related party transactions for the current quarter and the cumulative quarter ended 31 March 2023 are as follows:

|                                             | <b>Current<br/>Quarter Ended<br/>31.03.2023<br/>RM'000</b> | <b>Cumulative<br/>Quarter Ended<br/>31.03.2023<br/>RM'000</b> |
|---------------------------------------------|------------------------------------------------------------|---------------------------------------------------------------|
| Rental charges to related parties           |                                                            |                                                               |
| - Tint Auto (M) Sdn Bhd                     | 54                                                         | 162                                                           |
| - Rentas Health Sdn Bhd                     | 67                                                         | 202                                                           |
| Sale to related party                       |                                                            |                                                               |
| - Rentas Health Sdn Bhd                     | 825                                                        | 2,405                                                         |
| Management service to related party         |                                                            |                                                               |
| - Rentas Health Sdn Bhd                     | 63                                                         | 191                                                           |
| Warehouse service charge from related party |                                                            |                                                               |
| - Rentas Health Sdn Bhd                     | -                                                          | 26                                                            |

Note:

*The related party is a company in which certain Directors and substantial shareholders of the Company have interests.*

-----The balance of the page is intentionally left blank -----



## PECCA GROUP BERHAD

(Registration No. 201001025617 (909531-D))  
(Incorporated in Malaysia)

### **B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS**

#### **B1. Performance review for the current quarter compared with the preceding year corresponding quarter**

The Group posted a stellar revenue of RM58.58 million and profit before tax ("PBT") of RM11.22 million in the current quarter, which increased by 28% and 14% respectively as compared to the preceding year's corresponding quarter. The record high in revenue and PBT for the current quarter under review are mainly attributable to the increase in sales volume from the Automotive Segment.

The Group's revenue was driven by leather upholstery, sewing of fabric and supply of car accessories covers together with the provision of wrapping and stitching services, which contributed about 91%, 4%, and 3% of the total revenue respectively. OEM leather car seat segment contributed about 86% of the total revenue for car seat covers whilst REM and PDI contributed about 3% and 11% respectively.

In contrast, the revenue from the Healthcare business was reported lower as opposed to the preceding year's corresponding quarter (Q3 FY2023: RM0.82 million; Q3 FY2022: RM2.40 million), mainly resulting from the decline in sales volume. The sales of facemasks are expected to be continued relatively soft in view of the Covid-19 virus subsides and the relaxation of the facemask precautionary rules towards the COVID-19 endemic phase.

The other income for the current quarter was higher at RM0.78 million, as compared to RM0.36 million for the preceding year's corresponding quarter, mainly resulting from the higher interest income earned from short-term deposits and short-term investments by RM0.48 million.

The increase in selling and administrative expenses was mainly due to enlarging staff force to support the expansion plan in both the automotive and aviation segments. And, higher provisions for bonuses were allocated for the achievement of a record-high Profit After Tax ("PAT") of RM8.56 million as compared to RM8.09 million in the preceding's year corresponding quarter.

**PECCA GROUP BERHAD**

(Registration No. 201001025617 (909531-D))  
(Incorporated in Malaysia)

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS** *(continued)***B2. Financial review for the current quarter compared with the immediately preceding quarter**

|                  | <b>Current<br/>Year<br/>Quarter<br/>31.03.2023<br/>RM'000</b> | <b>Immediate<br/>Preceding<br/>Quarter<br/>31.12.2022<br/>RM'000</b> | <b>Variance</b> |          |
|------------------|---------------------------------------------------------------|----------------------------------------------------------------------|-----------------|----------|
|                  |                                                               |                                                                      | <b>RM'000</b>   | <b>%</b> |
| Revenue          | 58,583                                                        | 53,482                                                               | 5,101           | 10%      |
| Profit after tax | 8,562                                                         | 8,412                                                                | 150             | 2%       |

For the current quarter under review, the Group' Automotive segment of upholstery car seat covers continued to have strong demand from the automotive segment, the revenue increased by RM5.10 million to RM58.58 million from RM53.48 million in the immediate preceding quarter.

Despite the revenue surged by 10%, the PAT in the current quarter has only improved marginally by 2% to RM8.56 million from RM8.41 million in the immediate preceding's quarter. This is mainly attributed to enlarged staff costs, higher bonus provisions for the group, and exhibition and marketing expenses to promote Pecca's brand name locally and overseas for the quarter under review.

-----The balance of the page is intentionally left blank-----



## PECCA GROUP BERHAD

(Registration No. 201001025617 (909531-D))  
(Incorporated in Malaysia)

### B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS *(continued)*

#### B3. Prospects

##### Malaysian Economy Outlook 2023

The International Monetary Fund (IMF) expects Malaysia's economy to grow at a rate of 4.5% in 2023. This marks a deceleration from last year, when gross domestic product (GDP) rose 8.7%. In 2022, Malaysia's economic rebound was coming off a low base, following the lifting of pandemic restrictions.

In 2023, the IMF expects growth in Malaysia, along with its regional peers, to be supported by spillovers from China's reopening.

Uncertainty over U.S. monetary policy and stress in the global banking sector has continued to weigh on the outlook for investment; though so far, Asia has been relatively insulated. Financial conditions in Asia have mostly eased since October 2022, with improving investor appetite driving capital inflows.

Barring a worsening of global and regional financial conditions, South-East Asia's GDP is expected to expand by 4.6% in 2023. Continued regional economic growth will bode well for Pecca Group, both in its home market, Malaysia, and other markets in South-East Asia.

##### Automobile segment

The Malaysian Automotive Association (MAA) expects sales of new vehicles -- as measured by total industry volume (TIV) -- to hit 650,000 in 2023, down nearly 10% year-on-year. TIV for 2022 was 720,658, a historical record. This was driven by pent-up demand post-COVID-19, the delivery of backlog orders, and a sales tax exemption on passenger vehicles. This year, demand is set to normalise as the order backlog clears and the sales tax is reintroduced.

Notably, the projected 2023 TIV of 650,000 is still higher than the annual levels seen between 2016 and 2021. Hence, the normalisation of TIV is not expected to negatively impact Malaysian automotive industry players, including Pecca.

Pecca's major clients, including Perodua, Toyota, Proton and Nissan, have announced plans to ramp up production or launch new models in 2023. This should trigger increased demand for upholstery and related supplies. Pecca will continue positioning itself as a provider of choice for global and local automotive players, enabling it to ride the wave of rising demand.

In March 2023, Pecca inked a Shares Transfer Agreement to acquire an 80% equity stake in PT Gemilang Maju Kencana (GMK), an Indonesian supplier of upholstery, leather wrapping and seat covers. The Management believes this acquisition paves the way for Pecca to penetrate into the Indonesian automotive market.

A lingering semiconductor shortage continues to weigh on the automotive industry. Many carmakers have warned of production cuts if they fail to procure enough chips. In the near term, tight chip supply will continue to weigh on the outlook for carmakers and the overall auto sector.



## PECCA GROUP BERHAD

(Registration No. 201001025617 (909531-D))  
(Incorporated in Malaysia)

### **B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS** *(continued)*

#### **B3. Prospects** *(continued)*

##### Aviation segment

The global easing of cross-border travel restrictions is unleashing a surge in air travel demand. As a result, the Malaysian Aviation Commission projects passenger traffic to grow between 40% to 52% in 2023. In response to this strong recovery, airlines are planning to increase flight frequencies and introduce new routes.

Future Market Insights, a research firm, predicts the aircraft seat upholstery industry will generate annual revenue of USD 2.30 billion by 2027, with a compounded annual growth rate (CAGR) of 3.6% from 2022 to 2027. As air travel rebounds, so will demand for aircraft seat upholstery. To capitalise on this opportunity, Pecca is working to expand its customer portfolio within the aviation space.

On this front, the Management believes Pecca's newly-obtained EASA certification will increase the company's competitive advantage, potentially helping it secure a significant number of orders and projects. Moving forward, Pecca's aviation business remains one of the company's key revenue drivers.

##### Healthcare segment

Demand for face masks has declined since the lifting of COVID-19 mask mandates. In Malaysia, following a spike in COVID-19 cases in April and early May this year, the Health Ministry reportedly considered the reintroduction of a mask mandate in schools. However, should this spike prove short-lived, it is unlikely to result in a material uplift in face mask demand.

Nevertheless, the Management notes that the market for face masks extends far beyond the fight against COVID-19. Face masks have traditionally been a form of personal protective equipment (PPE), primarily used in healthcare settings. As such, mask manufacturers should benefit from rising healthcare facility penetration in emerging markets. In addition, the Management believes face masks will remain a necessity among health-conscious consumers.

##### Overall

Pecca Group expects to remain as a beneficiary of strong demand for its upholstery products, particularly within the automotive and aviation segments.

The Management will continue focusing on prudent procurement strategies and improving the efficiency of production process, seeking to extract cost efficiency and enhance productivity levels.

#### **B4. Variance of actual profit from profit forecast and profit guarantee**

The Group has not issued any profit forecast or profit guarantee in any form of public documentation or announcement.

**PECCA GROUP BERHAD**

(Registration No. 201001025617 (909531-D))  
(Incorporated in Malaysia)

**B5. Profit before tax**

The profit before tax is stated after charging/ (crediting): -

|                                                       | <b>Current<br/>Quarter Ended<br/>31.03.2023<br/>RM'000</b> | <b>Cumulative<br/>Quarter Ended<br/>31.03.2023<br/>RM'000</b> |
|-------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------------------|
| Interest income                                       | (702)                                                      | (1,688)                                                       |
| Depreciation of:                                      |                                                            |                                                               |
| - Property, plant and equipment                       | 1,097                                                      | 3,214                                                         |
| - Right of use asset                                  | 115                                                        | 407                                                           |
| Impairment loss on trade receivable                   | 82                                                         | 58                                                            |
| Net gain on disposal of property, plant and equipment | -                                                          | (20)                                                          |
| Net realised foreign exchange loss                    | 488                                                        | 353                                                           |
| Net unrealised foreign exchange gain                  | (12)                                                       | (193)                                                         |

Save as disclosed above, the other items as required under paragraph 16 of Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Securities are not applicable.

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS (continued)****B6. Taxation**

|                    | <b>Current<br/>Quarter Ended<br/>31.03.2023<br/>RM'000</b> | <b>Cumulative<br/>Quarter Ended<br/>31.03.2023<br/>RM'000</b> |
|--------------------|------------------------------------------------------------|---------------------------------------------------------------|
| Income tax expense | <u>2,654</u>                                               | <u>8,103</u>                                                  |

The effective tax rate for the cumulative quarter is slightly higher of 24.2% compared to the statutory tax rate of 24%, mainly due to certain expenses which are not deductible for taxation purpose.

**B7. Status of Corporate Proposals**

On 31 October 2022, the Company's wholly-owned subsidiary, Pecca Leather Sdn. Bhd. ("PLSB") has entered into a Memorandum of Understanding ("MOU"), for the acquisition of 80.0% shareholding in PT Gemilang Maju Kencana ("GMK") for a purchase consideration of IDR 6,400,000,000 ("Proposed Acquisition") and upon completion of the Proposed Acquisition PLSB will inject additional capital approximate to IDR 2,400,000,000. GMK is a company associated with Indonesia's MPI Group of Companies, and it is involved in the business of upholstery leather wrapping and seat covers for the automotive industry in Indonesia.

On 8 March 2023 PLSB has entered into the Shares Transfer Agreements with MBA, CSC Automotive and Tan Kim Cheang, for the acquisition of 80% equity interest in GMK.

On 17 May 2023, Pecca has announced that following the fulfilment of the regulatory conditions and the approval received from the Minister of Law and Human Rights of the Republic of Indonesia on the transfer of rights of the shares to PLSB, the proposed acquisition of 80% equity interest in GMK is deemed completed.



**PECCA GROUP BERHAD**

(Registration No. 201001025617 (909531-D))  
(Incorporated in Malaysia)

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS** *(continued)*

**B8. Utilisation of Proceeds**

As announced on 23 April 2018, the Board of Directors has approved the variation of the utilisation of IPO proceeds amounting to RM6.60 million and the extension of time for utilisation of IPO proceeds amounting to RM2.62 million for another 24 months from 19 April 2018. After due deliberation, the Board intends to undertake the variations to vary the utilization of the proceed for working capital and extend the frame to another 24 months from 19 April 2020 to 19 April 2022. In view of the Covid-19 pandemic and Movement Control Order enforced by the Government in March 2020 until the endemic which as announced in April 2022, the Board has approved to further extended the timeframe for utilisation of the proceeds for working capital for another 24 months from 19 April 2022 to 19 April 2024.

The status of utilisation of the proceeds from the Public Issue of 47,796,000 new ordinary shares at RM1.42 as of 31 March 2023 is as follows:

| <b>Purposes</b>                                                                                   | <b>Revised Expected<br/>Timeframe for<br/>Utilisation (from 19<br/>April 2018)</b> | <b>Revised<br/>Amount<br/>(RM'000)</b> | <b>Actual<br/>Utilisation<br/>(RM'000)</b> | <b>Utilised %</b> |
|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|----------------------------------------|--------------------------------------------|-------------------|
| a) Working capital                                                                                | -                                                                                  | 27,859                                 | (27,859)                                   | 100               |
| b) Repayment of bank borrowings                                                                   | -                                                                                  | 17,100                                 | (17,100)                                   | 100               |
| c) Purchase of machineries for the production of car leather seat covers                          | Within 24 months                                                                   | 4,871                                  | (4,871)                                    | 100               |
| d) Construction of an additional storey of production floor area on the existing factory building | -                                                                                  | 5,000                                  | (5,000)                                    | 100               |
| e) Opening of retail outlets                                                                      | -                                                                                  | 0                                      | 0                                          | 100               |
| f) Establishment of market presence in Thailand                                                   | Within 24 months                                                                   | 0                                      | 0                                          | 100               |
| g) Expansion of aviation business                                                                 | Within 24 months                                                                   | 834                                    | (834)                                      | 100               |
| h) Estimated listing expenses                                                                     | -                                                                                  | 4,111                                  | (4,111)                                    | 100               |
| g) Purchase of raw material                                                                       | -                                                                                  | 5,350                                  | (5,350)                                    | 100               |
| i) Selling and distribution expenses of:                                                          |                                                                                    |                                        |                                            |                   |
| - Retail                                                                                          | Within 24 months                                                                   | 2,000                                  | (40)                                       | 2                 |
| - Thailand                                                                                        | Within 24 months                                                                   | 0                                      | 0                                          | 100               |
| - Aviation                                                                                        | Within 24 months                                                                   | 745                                    | (64)                                       | 9                 |
| <b>Total Public Issue Proceeds</b>                                                                |                                                                                    | <b>67,870</b>                          | <b>(65,229)</b>                            | <b>96</b>         |

*Note:*

*(a) The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 29 March 2016 and the announcement dated 23 April 2018.*



**PECCA GROUP BERHAD**

(Registration No. 201001025617 (909531-D))

(Incorporated in Malaysia)

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS** *(continued)***B9. Group borrowings**

|                              | <b>Current<br/>Quarter Ended<br/>31.03.2023<br/>RM'000</b> | <b>Audited<br/>30.06.2022<br/>RM'000</b> |
|------------------------------|------------------------------------------------------------|------------------------------------------|
| <b>Short term borrowings</b> |                                                            |                                          |
| <b>Secured:</b>              |                                                            |                                          |
| Banker Acceptance            | 996                                                        | 1,087                                    |
| Post Shipment Buyer Loan     | 2,203                                                      | 1,497                                    |
| Hire purchase                | 25                                                         | -                                        |
| Term loan                    | 630                                                        | 630                                      |
|                              | <u>3,854</u>                                               | <u>3,214</u>                             |
| <b>Long term borrowings</b>  |                                                            |                                          |
| <b>Secured:</b>              |                                                            |                                          |
| Term loan                    | 5,198                                                      | 5,670                                    |
|                              | <u>5,198</u>                                               | <u>5,670</u>                             |
|                              | <u>9,052</u>                                               | <u>8,884</u>                             |

Banker' Acceptances, post shipment buyer loan and term loan are secured by corporate guarantees of the Company.

As at 31 March 2023, the Company has extended corporate guarantees amounting to RM9.03 million to financial institutions for banking facilities granted to the subsidiary. The financial impact of the guarantees is immaterial as the subsidiary concerned is in positive financial standings to meet its obligation and when they fall due.

**B10. Material litigation**

The Group is not engaged in any material litigation either as plaintiff or defendant, which has a material effect on the financial position of the Group, and the Directors do not have any knowledge of any proceeding pending or threatened or of any facts likely to give rise to any proceedings which may materially and adversely affect the financial position or business of the Group, as at the date of this report.

**B11. Dividend Proposed**

The Board has declared and approved a second interim single-tier dividend of 0.68 sen per ordinary share in respect of financial year ending 30 June 2023.

**PECCA GROUP BERHAD**

(Registration No. 201001025617 (909531-D))  
(Incorporated in Malaysia)

**B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS** *(continued)***B12. Earnings Per Share ("EPS")**

## a) Basic earnings per share

The basic earnings per share for the current quarter and financial year-to-date are computed as follows:

|                                                                                  | <b>Current<br/>Quarter Ended<br/>31.03.2023<br/>RM'000</b> | <b>Cumulative<br/>Quarter Ended<br/>31.03.2023<br/>RM'000</b> |
|----------------------------------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------------------|
| Profit attributable to equity holders                                            | <u>8,562</u>                                               | <u>25,320</u>                                                 |
| Weighted average number of ordinary<br>shares in issue excluding Treasury Shares | <u>751,783</u>                                             | <u>751,783</u>                                                |
| Basic earnings per share (sen)                                                   | <u>1.14</u>                                                | <u>3.37</u>                                                   |
| Diluted earnings per share (sen)                                                 | <u>1.14</u>                                                | <u>3.37</u>                                                   |

## (b) Diluted earnings per share

There are no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the financial period ended 31 March 2023.

**B13. Authorisation for Issue**

The interim Financial Statements were authorised for issue by the Board of Directors on 30 May 2023.

**BY ORDER OF THE BOARD**

Kuala Lumpur  
30 May 2023