

**KAWAN RENERGY BERHAD**  
**Registration No.: 202201039658 (1485355-U)**  
(Incorporated in Malaysia)

**2025 Annual General Meeting**  
**Thursday, 17 April 2025 at 11.00 a.m.**

**QUESTIONS & ANSWERS (Q&A) Session**

**PRE-AGM QUESTIONS**

Question 1	Had the Board and the Management evaluated the potential impact of the US tariff and to what extent it is estimated to impact the topline and bottomline of the Group's revenue in FY2025? What is the revised budgeted or forecasted revenue of the Group in FY2025? Will the revenue from the United States market continue to decline after it has decreased by RM3.7million or 28% in FY2024?
Response	<ul style="list-style-type: none"><li>• The Group does not have direct exposure to the US market; therefore, we do not anticipate any material impact on our operations. Any indirect effects are also minimal. As such, we do not anticipate any need to revise our internal forecasts at this point in time.</li><li>• Please note that we are not permitted to provide forward-looking financial forecasts. Our financial performance will continue to be disclosed through quarterly announcements on Bursa Malaysia. We encourage stakeholders to follow our progress through these official updates.</li></ul>

Question 2	How much provision for warranties and provision for liquidated and ascertained damages are recorded in the Group's statement of financial position as at 31/10/2024, if any?
Response	There was no provision in FY2024. Based on historical trend, the Group recorded liquidated and ascertained damages charges for late delivery of RM 0.1 million, RM0.02 million and RM0.01 million respectively from FY2022 to FY2024.

Question 3	How would the proposed Factory 3 of 2MW biomass power plant, positively or negatively, impact the local environment given that it involves biomass combustion and produces steam?
Response	The proposed Factory 3 – 2MW biomass power plant, if successfully implemented will help to reduce carbon foot print as biomass combustion is much greener than compare to coal & natural gases. It helps reducing greenhouse gas emissions and supports Malaysia's clean energy goals. Besides it also helps to promote circular economy, provide alternative fuels.

Question 4	Page 30 to the Annual Report - The Group's revenue increased by 14.9% but the gross profit increased by 39.6%. Could the Board and Management please further explain about the improvement in operational efficiency that drives the higher percentage of increase in gross profit over the revenue?
Response	<ul style="list-style-type: none"><li>• The Group's revenue and gross profit are recognised based on the progress of project milestones. The increase in gross profit was primarily driven by stronger contributions from the Industrial Process Equipment and Industrial Process Plant segments, which grew from RM11.6 million and RM5.4 million in FY2023 to RM16.5 million and RM9.0 million in FY2024, respectively.</li><li>• The improvement in gross profit was also due to the implementation of several strategic initiatives aimed at enhancing operational efficiency and cost management. Notably, we established an in-house machining unit to reduce reliance on outsourced machining works. This move was complemented by the recruitment of skilled personnel and targeted investments in advanced machinery, resulting in improved quality control and significant cost savings.</li></ul>

Question 5	Why the revenue of design, fabrication, installation and/or commissioning solutions for renewable energy and co-generation plants decreased by RM4.2 million @ 19.0%?
Response	This is attributed to the completion of two projects under the renewable energy and cogeneration plants segment, with a new project commencing in Q4 of FY2024.

Question 6	Page 46 to the Annual Report (Sustainability Statement) - Is it an error stating that Nil (0) percentage of operations assessed for corruption-related risks? If it is a factual disclosure, why did the Group not assess the corruption-related risks of its operations?
Response	<ul style="list-style-type: none"><li>• Based on the Annual Report 2024 (page 46), it is factually disclosed that 0% of the Group's operations were assessed for corruption-related risks during the reporting period. This is not a clerical error, but rather an actual status reported by the Group.</li><li>• The Group claims a strong commitment to anti-corruption, citing:<ul style="list-style-type: none"><li><input type="checkbox"/> Implementation of an Anti-Bribery and Corruption (ABC) Policy.</li><li><input type="checkbox"/> Implementation of Whistleblowing Policy &amp; Procedures.</li><li><input type="checkbox"/> 100% completion rate of anti-corruption training across all employee levels.</li><li><input type="checkbox"/> No confirmed incidents of corruption reported in FYE 2024.</li></ul></li><li>• To demonstrate a stronger stance on anti-corruption, the Group will:<ul style="list-style-type: none"><li><input type="checkbox"/> Implement formal corruption risk assessments at operation level.</li><li><input type="checkbox"/> Integrate corruption-related risk into the Group's risk register.</li><li><input type="checkbox"/> Disclose improvement plans in the next reporting cycle.</li></ul></li></ul>

Question 7	What is the latest status of the acquisition of I Precision Sdn. Bhd., and how this acquisition will be able to benefit the Group in terms of synergies and competitive advantages?
Response	We are still in the process of acquiring the control in I Precision Sdn. Bhd. The said company focuses on upstream oil and gas (O&G) which allows the Group to enter the O&G machining business which we foresee market expansion opportunities from sector, geographical and cross-selling aspects.

Question 8	Page 93 to the Annual Report - What is the nature of RM4,500,000 cash flows and non-cash financing activities of the amount owing by a fellow subsidiary? Also, isn't the amount owing by a fellow subsidiary should be included as investing activities, instead of financing activities?
Response	The RM4,500,000 cash flows and non-cash financing activities relate to the capitalisation of amounts owing by a subsidiary. Amount owing by a subsidiary is non-trade in nature and the amount was transferred for the purpose to finance the activities in the subsidiary. This amount was subsequently being capitalised as share capital. Hence it is appropriate to classify under financing activities.

Question 9	How much transaction price allocated to the remaining performance obligations as at the reporting date, and the expected recognition “within one year”, and “later than one year”?
Response	As at the end of FYE2024, our orderbook stood at RM141.7 million and is expected to be recognised progressively over the coming quarters and years.

Question 10	Which subsidiaries are loss-making that led to the unrecognised deferred tax assets over the unused tax losses and unabsorbed capital allowance, and how the Group plans to turnaround these subsidiaries?
Response	The subsidiary in focus is Magenکو Renewables (Ipoh) Sdn. Bhd. The Group is actively working to expand its recurring income base through the construction of a new 2 MW biomass power plant, with a SEDA e-bidding application submitted in February 2025. In addition, a feasibility study is underway to upgrade the existing Bercham plant to further enhance operational efficiency.

Question 11	Why did the Group's accruals increase significantly by RM2.8 million from RM979k in FY2023 to RM3.8 million in FY2024?
Response	The increase in accruals comprised RM1.4 million for bonuses and RM1.3 million for the refund of outsourced expenses.

Question 12	Why did the auditors' remuneration - statutory audit paid/payable to Baker Tilly Monteiro Heng PLT increase drastically by RM65,000 @ 114% in FY2024? What are the additional audit scope, procedures, and work done by Baker Tilly that commensurates such increase?
Response	The increase in audit fee largely due to the broader audit scope following Kawan Renergy Berhad's listing. A full consolidated audit engagement post-listing, involving more extensive audit procedures and regulatory compliance requirements applicable to a public-listed entity. In FY2023, Kawan Renergy Berhad was dormant with minimal audit requirements, as it was incorporated for IPO purposes as holding company. Inclusion of the audit of Magenko group of companies under Baker Tilly's scope effective from FY2024.

Question 13	Why did employee benefit expenses increase significantly by RM3.6 million from RM10.9 million in FY2023 to RM14.5 million in FY2024, while the bulk of the increase came from salaries, wages, bonuses and allowances by RM3.2 million year-on-year?
Response	The increase in employee benefit expenses was primarily due to higher bonus payments. Additionally, the increase was driven by a rise in the average monthly employee headcount; from 169 in the first half of FY2023 to 197 by the end of FY2023, and further to 210 in FY2024.

Question 14	How much of the outstanding trade receivables and contract assets have been collected subsequent to the financial year ended 31/10/24, especially the RM12.4 million of past due trade receivables?
Response	70% of the trade receivables has been collected as of 15 April 2025 subsequent to FY2024.

Question 15	Note 29 Segment Information - What are the cost of sales and employee benefit expenses for the respective segments, and why is such disclosure omitted or only reported on an aggregate basis?
Response	As a listed company, the Group has the obligation to disclose information in accordance with the Listing Requirements and applicable accounting standards. Any information not disclosed is in compliance with these regulatory frameworks and is intended to ensure the Group's continue competitiveness.

Question 16	The Group stated that it is not applicable for Practice 5.3 of MCCG and that Step Up 5.4 is adopted (page 19 of Corporate Governance Report 2024). However, the Group also stated that Practice 5.4 of MCCG is not adopted in page 20 of Corporate Governance Report 2024). Which statement is correct, and any errata to the Corporate Governance Report 2024 is required?
Response	Thank you for highlighting the error and we apologise for it as this is our first year preparing it. The correct disclosure should be Applied for Practise 5.3 where none of the independent directors served for a cumulative period of 9 years.

Question 17	The Group stated that it departed from Practice 7.1 of MCCG. When was the Remuneration Committee reviewed the remunerations of directors and senior management being carried out subsequent to 31/10/2024?
Response	As the Company has listed on the ACE Market in Bursa Securities stock exchange on 29 May 2024, our first Remuneration Committee meeting was held on 20 December 2024 to review the remunerations of Directors and Senior Management

**QUESTIONS DURING 2025 AGM**

Question 18	For Practise 4.4 of MCCG, has the group set any metrics to be evaluated for the Board and the Senior Management performance in addressing materials sustainability, risk and opportunities?
Response	Kawan Renergy Berhad, as a newly listed company, has yet to establish a formal Key Performance Indicator (“KPI”) metrics since its initial public offering in May 2025. Nevertheless, rest assured that the areas of sustainability, risk and opportunities had been actively and progressively addressed by the Board.

Question 19	Refer to the quarterly announcements, the Group order book stated RM141.7 million on 31 October 2024 but it was decreased to RM100.3 million and the Group’s revenue was only RM29.3 million as at 31 January 2025. So, I would like to ask why the reduction in your outstanding of the order book, dropped by RM41.4 million, which was more than the revenue? Is there any cancellation of contract by the customer?
Response	Yes there were cancellation of orders, while some orders have been deferred. As a prudent measure, the group has temporarily removed these from the order book. The contract values will be reinstated once the projects commence.

Question 20	This question is to the External Auditors, Baker Tilly Monteiro Heng PLT. Regarding the Independent Auditors’ Report of the Audited Financial Statement (AFS), it stated that the Group’s comparative figures disclosed in the AFS have not been audited. However, your Reporting Accountants’ Opinion in the IPO Prospectus stated that “We have audited the accompanying combined FS of the Group.” So I’m confused whether FY2023 comparative figures has been audited as per your Reporting Accountants’ Opinion in the IPO Prospectus.
Response	The Reporting Accountants’ Opinion included in the IPO Prospectus was based on the Combined Financial Statements of the Group, prepared specifically for submission to Bursa Securities in connection with the IPO exercise. The comparative figures disclosed in the audited financial statements (“AFS”) for the Annual Report were not audited for FYE 2023, but rather presented for comparative purposes.

Question 21	Regarding Sustainability Statement, page 58 and 59 in the Annual Report, why there is no target being set for all indicators in the performance data table? Does the BOD consider to set target for the coming financial year and get the external review or assurance?
Response	The Board has not set a target for all the indicators in the performance data table under Sustainability Report. The Board would set the target in the coming year and consider to appoint an external review or assurance.