

Q2FY2023 Results Briefing

2 March 2023



PECCA
GROUP BERHAD



About Pecca



Pecca Group Berhad was listed on the Main Market of Bursa Malaysia Securities Berhad under the industrial products and services sector on 19 April 2016.



To be the leading upholstery manufacturer globally.



To keep exceeding our customer expectation in design, quality and innovation.

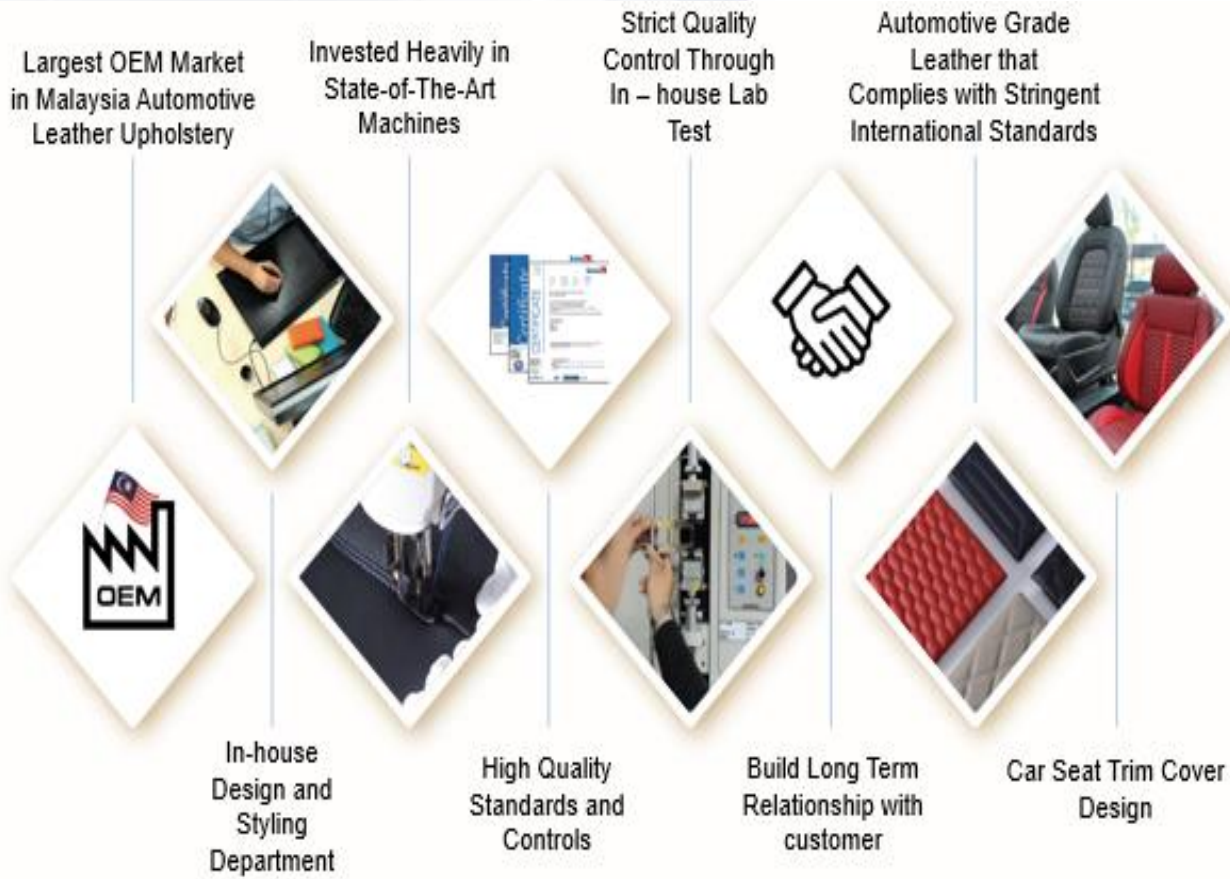
About Pecca



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- ❑ Pecca Leather’s principal business activities are styling, manufacturing, distribution and installation of leather upholstery for car seat covers as well as supplying of cut pieces to the automotive industry.
- ❑ We supply finished goods seat cover or pre-cut leather as Tier-2 to OEM or Tier-1 to PDI.

PRODUCTS LINE UP



Seat Trim Covers



Door Panel Trim Covers



Steering Wheel Covers



Hand Brake Level Covers



Center Console Box Covers



Gear Knob



Gear Shift Covers



Leatherettes Car Floor Mats



Leatherettes Car Trunk Mats

PECCA GROUP BERHAD (PGB) STRUCTURE



Public Listed in 2016



Automotive Division

Aviation

Healthcare & Medical

Overseas Office



Pecca EV Sdn Bhd 100%
Registration No. 202201023683 (1469380-W)

Evolusi Mobiliti Sdn Bhd 30%
Registration No. 202201023651 (1469348-U)



[2000]

[2011]

[2022]

[2022]

[2009]

[2020]

[2014]

Pecca Leather Sdn Bhd

Pecca Plus Sdn Bhd

Pecca EV Sdn Bhd

Evolusi Mobiliti Sdn Bhd

Pecca Aviation Services Sdn Bhd

Pecca Leather Sdn Bhd

Pecca Leather (Thailand) Limited

Styling, manufacturing, distribution & installation of leather upholstery for car seat trim covers, door trim & car accessories, supply of leather cut piece

Supply of car seat trim covers & other products to aftermarket

Importation, distribution & trading of electric or motor vehicles & related EV charger, EV charging station, spare parts & accessories, as well as the provision of after sales services

Importation of motor vehicles, logistics, vehicle pre-delivery inspection (PDI), providing related services to vehicles to vehicles as its PDI centre & the sales of contractual vehicles

Manufacturing, repair, refurbishment, distribution & installation of aircraft seat trim covers & other related products

Specialized in OEM facemask manufacturing, management consulting, business development & marcom in Healthcare & technology sector

Currently dormant, intended to support export business activities

Extensive Network & Clientele

Various renowned brands around the world



Exports to USA, Europe, Japan, Australia, New Zealand and other SE Asian countries including Thailand, Indonesia and Singapore



4 Key Pillars



PILLAR 1: OEM

- To strengthen our current business and be ready for additional new models with existing customers like Perodua, Nissan, Proton, Mitsubishi, Toyota, etc.
- To expand the business via partnership with MARii to secure luxury car brands as clients such as Porsche, Mercedes-Benz etc via localization programme
- Hence the land acquisition and 2nd factory to increase our output capacity



PILLAR 2: REM

- To be a leading upholstery in REM locally and globally that targeting to further expand the overseas market into US, Australia, New Zealand, Middle East, Singapore and Europe;
- As for local expansion, we intend to expand the REM business through setting up retail outlets.

4 Key Pillars



PILLAR 3: AVIATION

- To further expand the Aviation business which provides upholstery and refurbishment for domestic and overseas registered aircraft;
- In the midst of finalising the certification of European Aviation Safety Agency (EASA) to allow the Group to supply leather seats to non-Malaysian registered aircrafts, especially commercial flights



PILLAR 4: NEW BUSINESSES & EV

- Acquisition in PT Gemilang Maju Kencana (GMK), Indonesia as the largest shareholder of GMK, with an 80% stake, which costs approximately RM1.90 million
- Pecca intends to move up the supply chain from a Tier 2 to Tier 1 supplier in the auto industry
- We are actively seeking & securing partners in the EV Industry

PGB NEW PLANT – TOP UP NEW CAPACITY

Current (Plant A)



Capital Plant, Current
Industri Desa Aman, Kepong
Size: 2.1 Acres



- Plant A is maintained at Kepong, open new Plant B at Serendah
- Total PGB capacity is Plant A + Plant B
- Eg. Total max capacity for Seat Cover is 40,000 sets/month

New Plant (Q4 2023) (Plant B)



Long term plan
UMW Manufacturing Park, Serendah
Size: 4.3 Acres

PRODUCTS	Seat Cover (Set)	H/Rest (Set)	Cut Piece (Set)	Floor mat (Set)	Others (Set)
Current Capacity	17,000	9,000	2,000	500	3,000
Maximum Capacity	20,000	12,000	4,000	1,800	3,500

No	List Of Process & Services
1	Cutting
2	Sewing
3	Wrapping

PRODUCTS	Seat Cover (Set)	Seat Assy. (Set)	H/Rest (Set)	Cut Piece (Set)	Floor mat (Set)	Others (Set)
Plan Capacity	14,000	2,000	2,000	2,000	500	3,000
Maximum Capacity	20,000	4,000	5,000	5,000	5,000	5,000

No	List Of Process & Services
1	Cutting
2	Sewing
3	Wrapping
4	Sub Seat Assembly
5	Logistic & Warehouse

Recent Corporate Exercises



6 January 2022

Proposed New Ordinary Shares ("Bonus Shares")

- Proposed Bonus Issue of 564 million new ordinary shares ("Bonus Shares") on the basis of 3 Bonus Shares for every 1 existing share held by its shareholders.
- Completed and Successfully listed of Bonus Issue of 564,000,000 new ordinary shares on 8 June 2022



12 January 2022

Sale and Purchase Agreement ("SPA") with UMW Development Sdn. Bhd. By Pecca Leather Sdn. Bhd.

- Acquisition of a vacant leasehold industrial land free from encumbrances measuring approximately 4.31 acres of land in Serendah, Daerah Ulu Selangor, Negeri Selangor at a purchase consideration of RM8.45 million
- To build and construct a second manufacturing facility for the Company's operations
- Double the Group's capacity once the factory's construction is completed at the end of 2023

Recent Corporate Exercises



24 Nov 2021

Memorandum of Understanding (MoU) with Malaysia Automotive Robotics and IoT Institute ("MARii")

- MoU with MARii will allow the company to secure luxury car brands as clients such as Porsche, Mercedes-Benz etc via localization programme and potentially manufacturing new products related to the EV segment to capture fresh opportunities in the automotive and mobility industry
- Pecca able to transform itself into a Tier 1 supplier which markets and sells its current and new products to OEM with access to a larger client base



31 October 2022

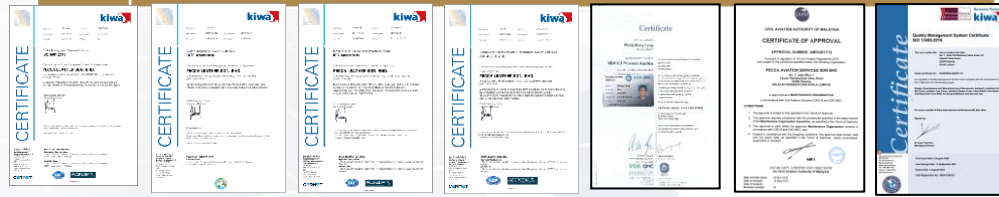
Memorandum of Understanding (MoU) with PT Gemilang Maju Kencana (GMK), Indonesia

- Pecca Leather Sdn Bhd ("PLSB") acquire an 80% equity interest in GMK, which is associated with Indonesia's MPI Group of Companies.
- The acquisition will help Pecca to expand its presence into Indonesian and Asian Market.
- The financial and legal due diligence on GMK have been completed.
- PLSB is presently in the midst of finalizing with the relevant parties on the proposed terms and conditions of the Share Sale agreement, Shareholders' agreement and Collaborative agreement.

CERTIFICATION & RECOGNITION



Items	Certification
1	ISO 9001:2015 (Quality Management System)
2	IATF 16949:2016 (Quality Management System)
3	ISO 14001:2015 (Environmental Management System)
4	ISO 45001:2018 (Occupational Health & Safety Management System)
5	VDA 6.3 (Process & Product Audit)
6	Civil Aviation Authority of Malaysia (CAAM) (Part 145 Approved Maintenance Organisation [C6 CAAM Approval])
7	ISO 13485: 2016 (Quality Management System – Design & Manufacturing of medical devices)



ISO 9001 IATF 16949 ISO 14001 ISO 45001 VDA 6.3 CAAM ISO 13485

SEMA SHOW Las Vegas



- Mitsubishi Motors Malaysia – Quality Appreciation Awards
- The Edge – Highest Returns to Shareholders Over Three Years Award.
- China Press – 2nd Malaysia Golden Entrepreneur Award.
- China Press – 1st Malaysia Golden Entrepreneur Award.
- TS Lear - Outstanding Quality Performance Award.
- TS Lear - Best Overall Performance.
- TS Lear - Best Vave Cost Awards.
- Perodua – Certificated Appreciation Participant for Built-up “Bezza” for KLIMS 2010.
- The Golden Bull Award.
- The 6th International Entrepreneur Excellent Award.
- The 50 Enterprise Award.
- Johnson Controls Best Supplier Award.
- Best Vendor Awards – Azman Hamzah Plastik Sdn Bhd.

RECENT AWARD

THE EDGE MALAYSIA | SEPTEMBER 26, 2022 S7 | special pullout

CONGRATULATIONS

PRESENTED BY
CIMB

THE EDGE
CENTURION Club
2022



TO THE WINNERS OF

THE EDGE
CENTURION Club
2022

ATRIUM REIT	KENANGA INVESTMENT BANK BHD
CI HOLDINGS BHD	KOTRA INDUSTRIES BHD
CB INDUSTRIAL PRODUCT HOLDING BHD	MICROLINK SOLUTIONS BHD
COASTAL CONTRACTS BHD	PARAMOUNT CORPORATION BHD
COMFORT GLOVES BHD	PECCA GROUP BHD
CSC STEEL HOLDINGS BHD	PINTARAS JAYA BHD
DELEUM BHD	REDTONE DIGITAL BHD
EUPE CORPORATION BHD	REXIT BHD
GDB HOLDINGS BHD	SAMCHEM HOLDINGS BHD
HARBOUR-LINK GROUP BHD	SARAWAK PLANTATION BHD
HARRISONS HOLDINGS (M) BHD	SEG INTERNATIONAL BHD
HCK CAPITAL GROUP BHD	T7 GLOBAL BHD
INNORISE PLANTATIONS BHD	TASCO BHD
INSAS BHD	UOA REIT
	VSTECs BHD



INDUSTRIAL PRODUCTS & SERVICES - Highest Returns to Shareholders Over Three Years
Pecca Group Bhd (Datuk Teoh Hwa Cheng, group managing director)

RECENT AWARD



The Edge Industries Products and Services Award

Highest Return to Stakeholders Over Three Years

26 September 2022



Mitsubishi Quality Appreciation Award

27 October 2022



FINANCIAL UPDATES

Key Highlights in Q2FY2023

REVENUE

RM53.48 million

PROFIT BEFORE TAX

RM11.13 million

PROFIT AFTER TAX

RM8.41 million

EPS

1.12 sen

KEY REVIEWS

Cash & Bank Balances RM 96.38 million
And RM10.92 million Borrowings

Q2FY2023 vs Q2FY2022

REVENUE

RM53.48 mil
+18.33 %

Q2FY2022: RM 45.20 mil

PROFIT BEFORE TAX

RM 11.13 mil
+ 45.30 %

Q2FY2022: RM7.66 mil

PROFIT AFTER TAX

RM8.41 million
+40.17%

Q2FY2022: RM6.00 mil

EPS

1.12 sen
- 65.64%

Q2FY2022: 3.26 sen

KEY REVIEWS

- Higher growth in sales volume in the automotive segment in Q2FY23
- Lower EPS due to number of shares increased as a result of the bonus issue as compared to the corresponding quarter

Q2FY2023 vs Q1FY2023

REVENUE

RM53.48 mil
-2.52%

Q1FY2023: RM 54.86 mil

PROFIT BEFORE TAX

RM 11.13 mil
+ 0.45%

Q1FY2023: RM 11.08mil

PROFIT AFTER TAX

RM8.41 mil
+0.72%

Q1FY2023: RM 8.35 mil

EPS

1.12 sen
+0.90 %

Q1FY2023: 1.11 sen

KEY REVIEWS

- Revenue had a slight decline by 3% as compared to the immediately preceding quarter Q1FY23
- Profit after taxation in the current quarter improved marginally by 1% to RM8.41 million

Financial Overview (Q2FY23 vs Q2FY22)



	Individual Quarter			
		Current Year Quarter	Preceding Year Quarter	Variance %
	Notes	31.12.2022 RM'000	31.12.2021 RM'000	
Revenue	A9	53,482	45,198	18%
Cost of sales		(37,917)	(33,237)	(14%)
Gross profit		15,565	11,961	30%
Other Income		924	353	162%
Selling and distribution expenses		(1,745)	(1,393)	(25%)
Administrative expenses		(3,547)	(3,252)	(9%)
Operating Profit		11,197	7,669	46%
Finance costs		(94)	(5)	(1780%)
Share of result of joint venture		29	-	100%
Profit before tax	B5	11,132	7,664	45%
Income tax expense	B6	(2,720)	(1,660)	(64%)
Profit for the period		8,412	6,004	40%

- In Q2FY23 revenue climbed to RM53.48 million, by approximately 18% more compared to the Q2FY22. The strong growth in revenue is mostly related to the segment's automotive sales volume increase.
- The Group's Gross profit improved by 30% to RM15.56 million from 11.96 million in Q2FY22
- The Group's profit after tax improved to RM8.41 million from RM6 million in the same quarter of last year Q2FY22.

Financial Overview (Q2FY23 vs Q1FY23)



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	Individual Quarter		Variance	
	Current Year Quarter	Preceding Quarter		
	31.12.2022 RM'000	30.09.2022 RM'000	RM'000	%
Revenue	53,482	54,864	(1,382)	(3%)
Cost of sales	(37,917)	(39,001)	1,084	3%
Gross profit	15,565	15,863	(298)	(2%)
Gross profit (%)	29%	29%		
Other Income	924	559	365	65%
Selling and distribution expenses	(1,745)	(1,478)	(267)	(18%)
Administrative expenses	(3,547)	(3,779)	232	6%
Finance costs	(94)	(62)	(32)	(52%)
Share of result of joint venture	29	(25)	54	216%
Profit before tax	11,132	11,078	54	0%
Income tax expense	(2,720)	(2,729)	9	0%
Profit for the period	8,412	8,349	63	1%
Profit for the period (%)	16%	15%		

- The Group's revenue decreased by 3% to RM53.48 million from RM54.86 million in Q1FY22
- Despite the decrease in revenue, the PAT in the current quarter has improved marginally by 1% to RM8.41 million from RM8.35 million, mainly due to lower direct labour cost in the production.
- As the Group has taken necessary actions to hire new foreign workers to replace more costly sub-contract labour in order to resolve labour shortage issue.

Financial Position (Q2FY23 vs Q4FY22)

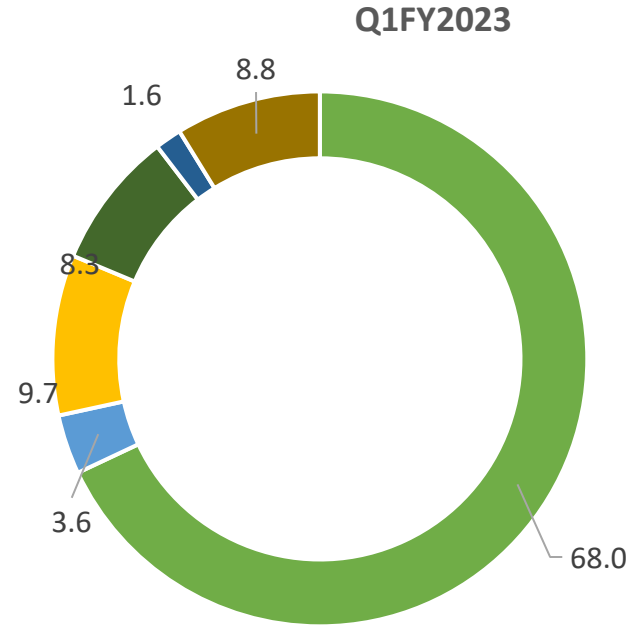
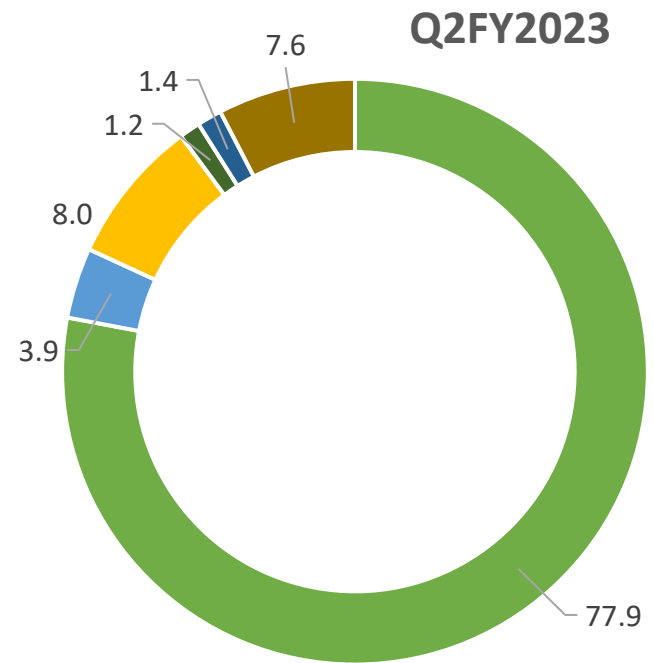


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	Unaudited 31.12.2022 RM'000	Audited 30.06.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	38,150	38,013
Right-of-use assets	19,733	20,036
Investment in joint venture	4	-
Other investments	418	418
	<u>58,305</u>	<u>58,467</u>
Current Assets		
Inventories	30,106	28,983
Trade and other receivables	55,500	46,544
Contract assets	-	337
Prepayments	3,352	3,287
Current tax assets	28	-
Amount owing by joint venture	500	-
Cash and bank balances	96,376	86,808
	<u>185,862</u>	<u>165,959</u>
Total assets	<u>244,167</u>	<u>224,426</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	135,702	135,702
Reserves	60,392	54,163
	<u>196,094</u>	<u>189,865</u>
Non-controlling interest	(72)	(72)
Equity attributable to owners of the Company	<u>196,022</u>	<u>189,793</u>
Liabilities		
Non-current liabilities		
Deferred tax liabilities	6,020	5,995
Borrowings	5,360	5,670
Lease liabilities	-	49
	<u>11,380</u>	<u>11,714</u>
Current Liabilities		
Trade and other payables	26,024	19,383
Borrowings	5,561	3,214
Lease liabilities	132	320
Current tax liabilities	5,048	2
	<u>36,765</u>	<u>22,919</u>
Total liabilities	<u>48,145</u>	<u>34,633</u>
Total equity and liabilities	<u>244,167</u>	<u>224,426</u>

- Property, plant and equipment net increased by RM137k, mainly due to additional of asset of RM2.6m such as Lectra Machine(RM1.16m), Solar Panel System (RM0.8m) and others, but partially offset by the depreciation expenses of RM2.2 million.
- Inventories mainly consist of raw materials which amounted to RM26.7m followed by finished goods at RM2.7mil and lastly WIP at RM0.7mil.
- Trade and other receivables mainly consists of 5 main debtors (Rentas Health, Fuji Seats, Toyota Boshoku, Tan Chong and APM Plastics) which account for RM35.8mil. The higher receivables mainly attributable to higher sales volume for the Automotive segment.
- Cash and bank balances remained strong for the quarter.
- Short term borrowing is mainly for working capital.

Business Segment Breakdown (%)



* Others consist of aviation, furniture and other loose items

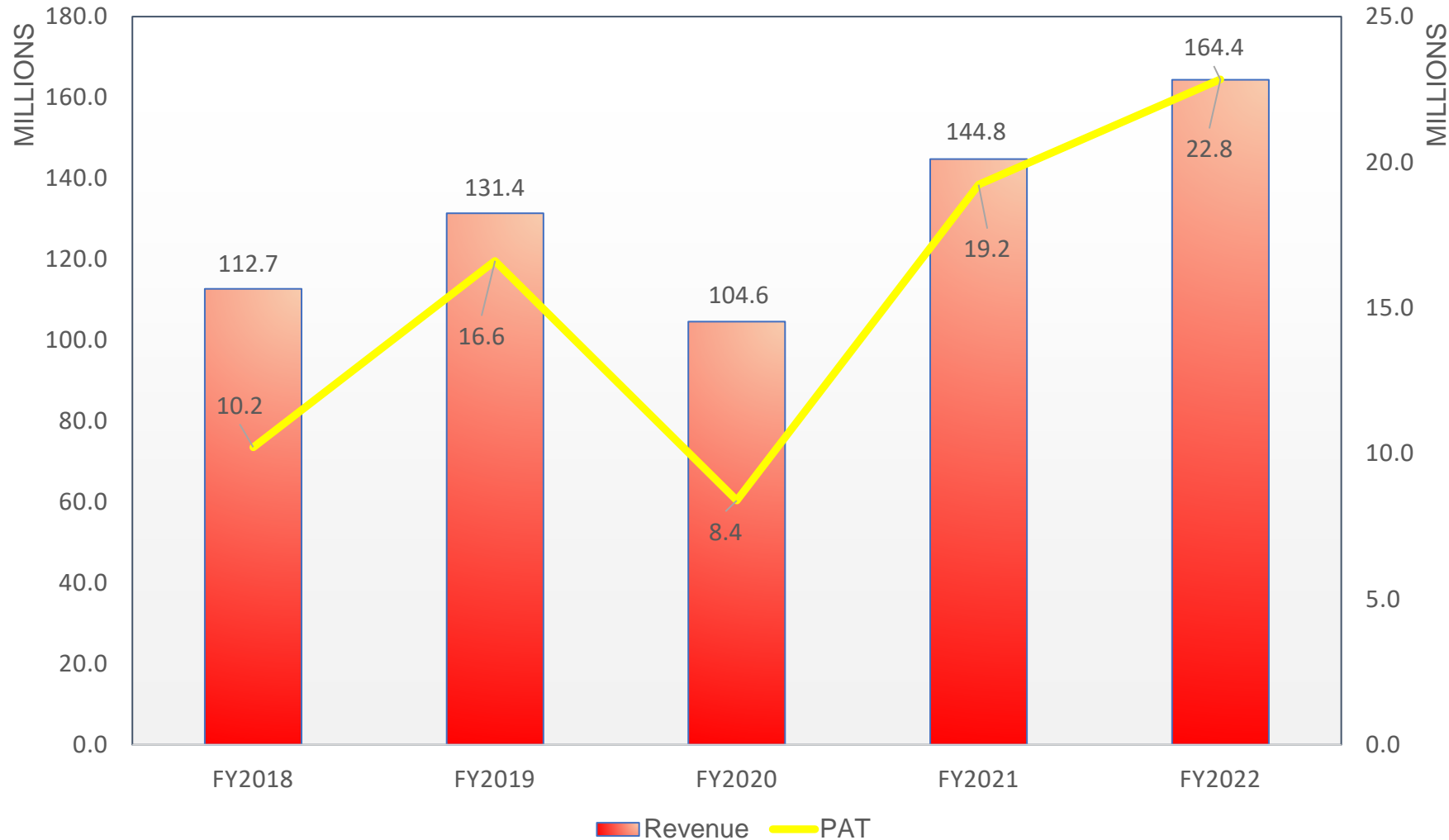
- OEM
- PDI
- Healthcare
- REM
- Leather Cut Pieces
- Others

Changes in Revenue (%)

OEM	+9.9
REM	+ 0.3
PDI	- 1.7
Leather Cut Pieces	- 7.1
Healthcare	- 0.2
Others	- 1.2

- Current business activities comprise three segments namely automotive, leather cut pieces and healthcare segments
- The Group's revenue was driven by upholstery car seat covers, sewing and supply of car accessories covers together with provision of wrapping and stitching services, contributed about 90%, 4% and 3% of the total revenue respectively.
- OEM leather car seat segment contributed about 87% of the total revenue for leather car seat covers whilst REM and PDI contributed about 4% and 9% respectively.

5-Year Financial Performance

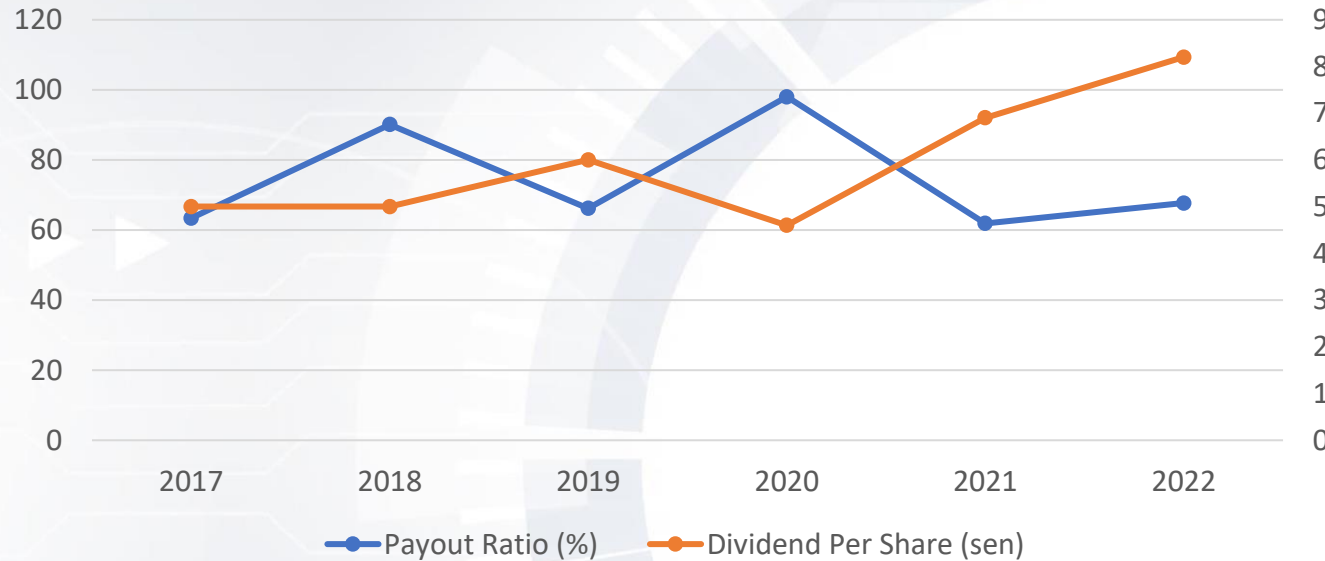


Year	Revenue (mil)	PAT (mil)
FY2018	112.7	10.2
FY2019	131.4	16.6
FY2020	104.6	8.4
FY2021	144.8	19.2
FY2022	164.4	22.8

*financial year ended June 30.

Shareholders Appreciation

Dividend Payout



Year	Payout Ratio (%)	Dividend Per Share (sen)
FY2017	63.4	5
FY2018	90.1	5
FY2019	66.2	6
FY2020	98.0	4.6
FY2021	61.9	6.9
FY2022	67.7	8.2*
FY2023 (First interim)	60.8	2.7*

(*To enable comparison with previous years, an assumption for no. of shares in FY2022 & FY2023 at 188 million before bonus shares were issued)

Rewarding our shareholders

We are a high growth company and committed to reward our shareholders through above 40% Dividend Payout ratio. With a total dividend payout of RM15.46 million

On 16th August 2022, Pecca has completed its payment of Interim Single Tier Dividend of 1.4 sen per ordinary share in respect of the financial year ended 30 June 2022.
(If based on the no. of shares before bonus issue, the value will be 5.6 sen per ordinary share.)

On 7th February 2023, Pecca has paid the Interim Single Tier Dividend of 0.68 sen per ordinary share for the financial year ending 30 June 2023.
(If based on the no. of shares before bonus issue, the value will be 2.72 sen per ordinary share.)

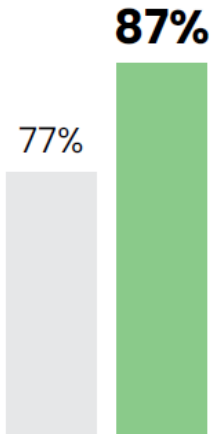




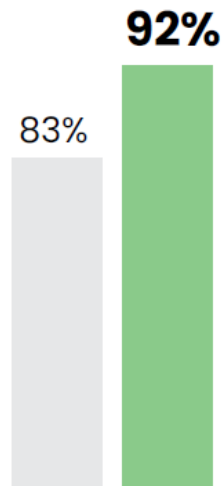
ESG UPDATES

Customer Satisfaction Level

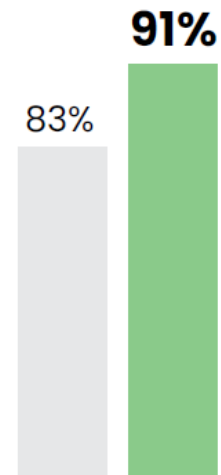
Our Product
Quality, cost, meeting requirements



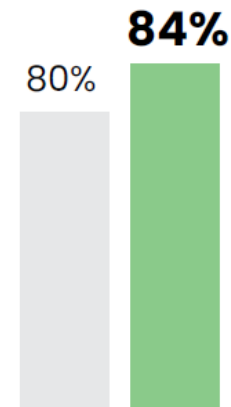
Our Service
Delivery schedule, responsiveness, sales support



Our People
Technical support, staff friendliness, helpfulness



Overall Satisfaction levels



■ FY2021 ■ FY2022

- The overall customer satisfaction level in FY2022 is recorded 84%, 4% improvement compared to FY2021.
- Improvement activities in terms of quality and cost by the operation and finance team at 87% satisfactory level
- Service achieved a great improvement of 9% to 92% (FY2021: 83%)
- 91% satisfaction level to people (FY2021:83%).

Training Program



First Aid Training

**OHS Awareness
and Training**



1,217

total hours of training

2.41

average training hours
per employee in FY2022



**Schedule Waste
& Disposal
Process Training**

**Machine Handling
Training for Face
Mask Department**



CSR Activities



Blood Donation Event (17th June 2022)

60 employees participated in the blood donation for the National Blood Centre



Gotong-royong Activity (25th June 2022)

Employees cleaned up the environment and surrounding areas of Pecca's premises



PECCA
GROUP BERHAD

THANK YOU

March 2023

