

PRESS RELEASE
IMMEDIATE RELEASE

Pecca ushers in FY23 with record-breaking Q1 profit

Net profit surged 16 times to RM8.35mil, revenue up 140.7% to RM54.86mil

KUALA LUMPUR, 23 November 2022 - Automotive leather upholstery maker **Pecca Group Berhad** (“Pecca” or “Group”) delivered its **strongest first-quarter net profit** in the July-September 2022 period, catapulted by its **OEM upholstery car seat covers** segment where **sales surged by almost four-folds**.

Pecca, which also enjoyed a strong **double-digit net profit margin of 15.2%** in the first quarter of financial year 2023 (“1QFY23”), expects its growth **momentum to continue in upcoming quarters**. With its major automotive clients including Perodua, Proton, Nissan, Toyota, Peugeot and Volkswagen seeing robust car sale orders, Pecca will remain a key beneficiary of the robust demand.

In 1QFY23, the Group’s **net profit surged by over 16 times to RM8.35 million** as compared to RM503,000 in the previous corresponding quarter. **Revenue also rose by 140.7%** year-on-year to RM54.86 million in the first quarter.

The compelling increase in revenue and profits were mainly **contributed by higher sales volume** achieved in the Automotive segment as compared to a shortened operating period in the same quarter last year due to Movement Control Order 3.0. The OEM upholstery car seat covers segment, which contributed about 84% of the total revenue for car seat covers, saw its revenue grow to RM37.3 million in 1QFY23 as compared to RM9.35 million a year earlier.

In terms of geographical markets, Pecca’s Malaysian market recorded a major growth after its sales more than doubled to RM52.54 million, contributing almost 96% of the Group’s overall revenue.

Mr. Foo Ken Nee, Chief Executive Officer of Pecca Group Berhad said:

“Despite concerns of economic slowdown, we have continued to deliver a stellar performance in the July-September 2022 period. Moving forward, Pecca will continue to build on its ‘4 Pillars’

strategy for a more sustainable business growth. Under Pillar 1 or the OEM business, we aim to capture additional orders for new models with existing customers. We will also enlarge OEM sales by focusing on the localisation of luxury brands, with the partnership with Malaysia Automotive Robotics and IoT Institute (MARii).

Under Pillar 2 or the Replacement and Maintenance (REM) segment, we intend to further expand our overseas presence into the US, Australia, New Zealand, Middle East, Singapore and Europe. As for local expansion, we are looking at setting up retail outlets.

As for the Aviation segment (Pillar 3), the Group is targeting to provide upholstery and refurbishment parts for both domestic and overseas registered commercial aircraft. The Group is currently working on obtaining certification from the European Aviation Safety Agency (EASA) for these services and this process should be completed by the first half of FY2023.

Finally, under Pillar 4, we are exploring new business opportunities, including in the Electric Vehicle (“EV”) space. Pillar 4 will be key in elevating Pecca into the next stage of growth.”

As part of the Pillar 4 initiatives, Pecca is working towards transforming itself into a Tier-1 player that manufactures the entire seat, rather than just the cover. It is also in the midst of expanding its production capacity to about 40,000 seats per month by end-2023, as compared to 20,000 to 22,000 seats currently, upon completion of its second manufacturing facility in Serendah.

On 31 October 2022, Pecca also announced that it will be making its physical debut into Indonesia, which is one of the biggest automotive markets in Southeast Asia. The Group is acquiring an 80% stake in PT Gemilang Maju Kencana, a company associated with Indonesia’s MPI Group of Companies. This acquisition would further boost Pecca’s future sales and diversify its operational markets.

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