



PECCA
GROUP BERHAD

Registration No.: 201001025617 (909531-D)



ADVANCING TECHNOLOGY

REDEFINING EXCELLENCE

Integrated
Annual
Report

20
25

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INTEGRATED ANNUAL REPORT 2025

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Abbreviations

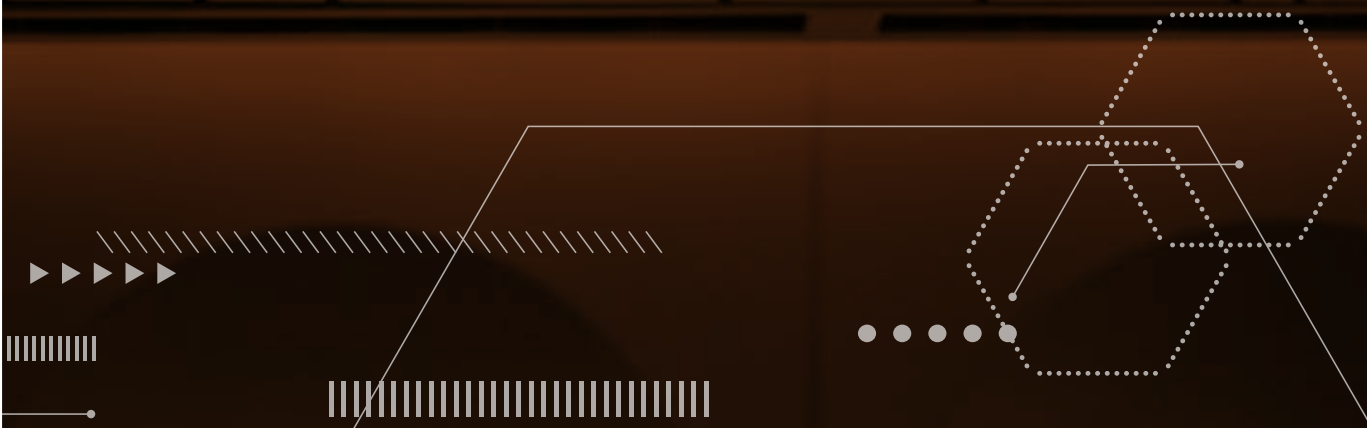


AAPG - Audit and Assurance Practice Guide	EPS - Earnings Per Share
ABAC - Anti-Bribery and Anti-Corruption	ESG - Environmental, Social, and Governance
AGM - Annual General Meeting	ESOS - Employees' Share Option Scheme
AMO - Approved Maintenance Organisation	EV - Electric Vehicle
ARMC - Audit and Risk Management Committee	F4GBM Index - FTSE4Good Bursa Malaysia Index
ASEAN - Association of Southeast Asian Nations	F4GBMS Index - FTSE4Good Bursa Malaysia Shariah Index
Board - Board of Directors	FMM - Federation of Malaysian Manufacturers
BOM - Bill of Materials	FY2021 - Financial Year from 1 July 2020 to 30 June 2021
Bursa Malaysia - Bursa Malaysia Securities Berhad	FY2022 - Financial Year from 1 July 2021 to 30 June 2022
Bursa Malaysia CG Guide - Bursa Malaysia Corporate Governance Guide (4th Edition)	FY2023 - Financial Year from 1 July 2022 to 30 June 2023
Bursa Malaysia MMLR - Bursa Malaysia Main Market Listing Requirements	FY2024 - Financial Year from 1 July 2023 to 30 June 2024
Bursa Malaysia SR Guide - Bursa Malaysia Sustainability Reporting Guide (3rd Edition)	FY2025 - Financial Year from 1 July 2024 to 30 June 2025
CAAM - Civil Aviation Authority of Malaysia	FY2026 - Financial Year from 1 July 2025 to 30 June 2026
CAAS - Civil Aviation Authority of Singapore	GHG - Greenhouse Gas
CAAT - Civil Aviation Authority of Thailand	GJ - Gigajoules
CAGR - Compound Annual Growth Rate	GMD - Group Managing Director
CEO - Chief Executive Officer	GRI Standards - Global Reporting Initiative Sustainability Reporting Standards 2022
CFO - Chief Financial Officer	HIRARC - Hazard Identification, Risk Assessment, and Risk Control
COO - Chief Operating Officer	HOD - Head of Department
COVID-19 - CoronaVirus Disease of 2019	IAQG - International Aerospace Quality Group
CPA - Certified Practising Accountant	IAR - Integrated Annual Report
CSR - Corporate Social Responsibility	IATA - International Air Transport Association
CSS - Customer Satisfaction Survey	IATF - International Automotive Task Force
DGCA - Directorate General of Civil Aviation of Indonesia	IoT - Internet of Things
DGTA - Directorate General Technical Airworthiness of Malaysia	IPCC - Intergovernmental Panel on Climate Change
DOSH - Department of Occupational Safety and Health	IPO - Initial Public Offering
EASA - European Union Aviation Safety Agency	<IR> Framework - International Integrated Reporting Framework
EBITDA - Earnings Before Interest, Taxes, Depreciation, and Amortisation	ISO - International Organisation for Standardisation
EESG - Economic, Environmental, Social, and Governance	KPI - Key Performance Indicator
EHS - Environmental, Health, and Safety	LED - Light-Emitting Diode
EMS - Environmental Management System	LIMA - Langkawi International Maritime and Aerospace Exhibition
	LPG - Liquefied Petroleum Gas
	LTI - Lost-Time Injury

Abbreviations



m - Metres	POA - Production Organisation Approval
M&A - Mergers and Acquisitions	PPE - Personal Protective Equipment
MAA - Malaysian Automotive Association	PT PGI - PT Pecca Gemilang Indonesia
MAIA - Malaysia Aerospace Industry Association	PU - Polyurethane
MACPMA - Malaysian Automotive Component Parts Manufacturers	PV - Photovoltaic
MARii - Malaysia Automotive, Robotics and IoT Institute	PVA - Proton Vendors Association
MASAAM - Motorcycle & Scooter Assemblers and Distributors Association of Malaysia	PVC - Polyvinyl Chloride
MCCG - Malaysian Code on Corporate Governance 2021	QA - Quality Assurance
MFRS - Malaysian Financial Reporting Standards	R&D - Research and Development
MIA - Malaysian Institute of Accountants	RC - Remuneration Committee
MIDA - Malaysian Investment Development Authority	RCP - Representative Concentration Pathways
MIS/IT - Management Information System/Information Technology	REM - Replacement Equipment Manufacturer
MITI - Ministry of Investment, Trade, and Industry	RM - Ringgit Malaysia
ML - Megalitre	ROE - Return on Equity
MOH - Ministry of Health	RPK - Revenue Passengers Kilometers
MOM - Manufacturing Operations Management	RPT - Related Party Transactions
MOU - Memorandum of Understanding	RRPT - Recurrent Related Party Transactions
MRO - Maintenance, Repair, and Overhaul	SAP - System Applications and Products in Data Processing
MT - Metric Tonne	SEA - Southeast Asia
mtCO₂e - Metric Tonnes of Carbon Dioxide Equivalent	SOP - Standard Operating Procedure
NC - Nomination Committee	SORMIC - Statement on Risk Management and Internal Control
NDA - Non-Disclosure Agreement	sq ft - Square Feet
NGFS - Network for Greening the Financial System	SS - Sustainability Statement
OEM - Original Equipment Manufacturer	SSM - Suruhanjaya Syarikat Malaysia
OHS - Occupational Health and Safety	SWC - Sustainability Working Committee
P2SA - Perodua Suppliers Association	SWG - Sustainability Working Group
PAT - Profit After Tax	TCFD - Task Force on Climate-Related Financial Disclosures
PBT - Profit Before Tax	TIV - Total Industry Volume
PDI - Pre-Delivery Inspection	UK - United Kingdom
Pecca/the Company - Pecca Group Berhad	UN SDGs - United Nations Sustainable Development Goals
Pecca Aviation - Pecca Aviation Services Sdn. Bhd.	US - United States of America
Pecca Group/the Group - Pecca and its subsidiaries	USD - United States Dollar
PO - Purchase Order	VAVE - Value Analysis and Value Engineering
	YoY - Year-on-Year



Overview

About This Report

05

INTEGRATED ANNUAL REPORT 2025

About This Report

Pecca Group is proud to present our inaugural IAR for FY2025, prepared in accordance with the <IR> Framework.

By adopting this framework, we aim to provide our stakeholders with a clearer view of how we integrate our strategy, operations, and sustainability efforts to create purposeful, sustainable value across the short, medium, and long term.



REPORTING FRAMEWORKS

Our IAR 2025 has been prepared in accordance with the following standards and guidelines:

- ▶ <IR> Framework
- ▶ Bursa Malaysia CG Guide
- ▶ Bursa Malaysia MMLR
- ▶ Malaysian Companies Act 2016
- ▶ MCCG
- ▶ MFRS

It is complemented by our SS 2025, which sets out our strategies and performance on material ESG matters, in alignment with key local and international frameworks:

- ▶ Bursa Malaysia MMLR
- ▶ Bursa Malaysia SR Guide
- ▶ GRI Standards
- ▶ TCFD Recommendations
- ▶ UN SDGs

Further details on our corporate governance framework, policies, procedures, as well as the online version of this IAR 2025, are available at our corporate website: <https://peccagroup.com>.

REPORTING SCOPE & BOUNDARY

Our IAR 2025 covers our operations, activities, and performance for the period from 1 July 2024 to 30 June 2025, and builds upon previous disclosures unless otherwise stated.

FORWARD-LOOKING STATEMENTS

This IAR contains certain forward-looking statements regarding our future plans, objectives, and strategies, as well as expectations and projections of our future performance.

About This Report

These statements involve uncertainty as they pertain to future events and are not definitive. Actual implementation and outcomes may vary due to various risk factors and market uncertainties, some of which may be unforeseeable.

The inclusion of forward-looking statements in this IAR should not be considered a representation or warranty that the Group's plans and objectives will be achieved. Readers should not place undue reliance on such forward-looking statements, and we do not undertake any obligation to publicly update or revise them, whether due to new developments, future events, or other factors.

STAKEHOLDER RELATIONSHIPS & MATERIALITY

In line with the <IR> Framework, we integrate the principle of stakeholder relationships and the concept of materiality within our value creation approach. This enables us to determine and prioritise the most significant issues and topics affecting our business and stakeholders, sharpening our focus on areas where we can make the most meaningful impact.

 *Read more: Key Stakeholder Engagement, page 48 & Material Matters, page 51*

VALUE CREATION

Our Value Creation Business Model details how our various resources – defined through the globally recognised Six Capitals of the <IR> Framework – are deployed to generate beneficial outputs and outcomes for our stakeholders. It aims to holistically convey how we create and sustain value, with references to our material matters, strategies, risks, and business processes.

 *Read more: Our Value Creation Story, page 44 & Value Creation Business Model, page 46*

OUR SIX CAPITALS

1. Financial Capital

Our financial assets, including cash generated from our operations and investments, and other sources of funding.

2. Manufactured Capital

Our physical assets, including our factories, machinery, technology, and other physical assets.

3. Intellectual Capital

Our established and systematic processes and procedures, collective knowledge and expertise, reputation, and brand values in our markets and industries of operation.

4. Human Capital

Our dynamic leadership, skilled workforce, their experience and competencies, and their contributions to the growth of our business.

5. Social & Relationship Capital

Our long-standing and trust-based relationships with our stakeholders.

6. Natural Capital

The natural resources we utilise in our business processes.

 *Read more: Our Value Creation Story, page 44 & Value Creation Business Model, page 46*

OUR KEY STAKEHOLDERS



Customers



Investors



Employees



Suppliers



Governments and
Regulators



Community

 *Read more: Key Stakeholder Engagement, page 48 & Stakeholder Engagement, page 76*

About This Report

OUR GROWTH STRATEGIES

Our growth strategies are built on 4 Key Pillars that drive our strategic development.

- ▼  Pillar 1: OEM
- ▼  Pillar 2: REM
- ▼  Pillar 3: Aviation
- ▼  Pillar 4: Emerging Ventures

 *Read more: Growth Strategies, page 57*

RISK FACTORS

Our risks are categorised into four segments, each reflecting their potential impact areas, to provide clearer insight and focus for risk management.

1. Strategic Risk

Risks that affect the Group from meeting its overall vision, mission, and strategic objectives.

2. Operational Risk

Risks that affect the effectiveness and efficiency of the operational conditions in the Group to meet its objectives.

3. Financial Risk

Risks that affect the financial position of the Group in meeting its objectives.

4. Compliance Risk

Risks that affect the Group's processes and efforts in ensuring all applicable requirements are complied with.

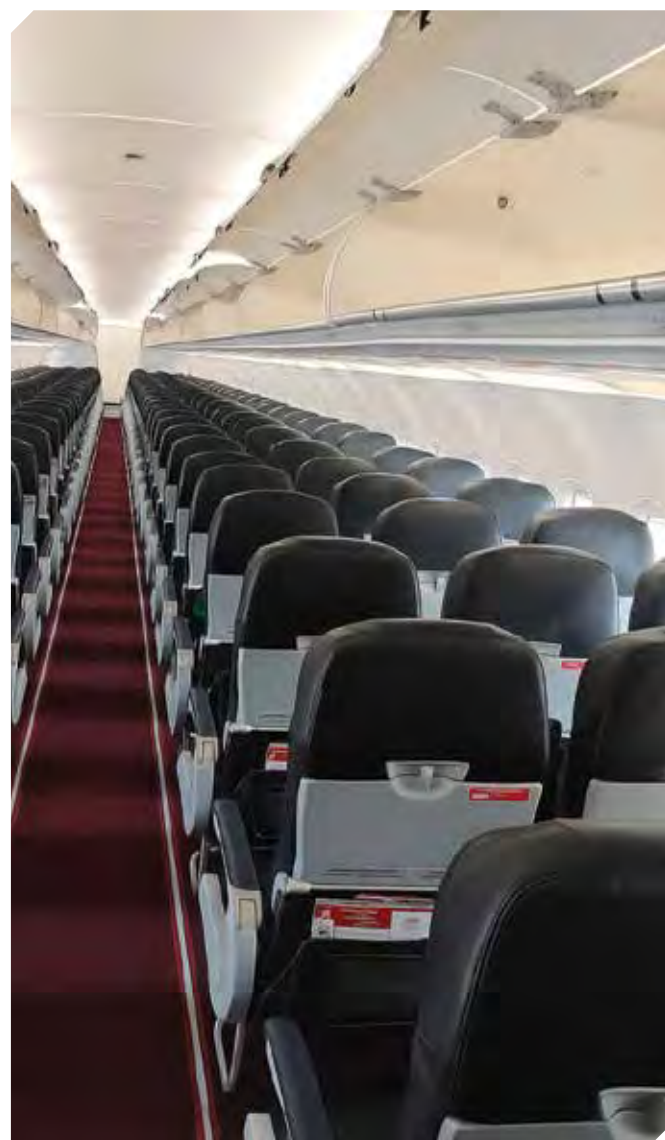
 *Read more: Key Risks & Mitigation Actions, page 54*

INTEGRATED REPORTING ACKNOWLEDGEMENT STATEMENT

The Board acknowledges its responsibility for the accuracy and integrity of this IAR, which it believes addresses all material matters affecting the Group's ability to create long-term value. Additionally, the Board is of the view that the report presents a balanced and comprehensive view of the Group's financial and non-financial performance.

Supported by a dedicated reporting team, the Board oversaw the preparation of this IAR with reference to the <IR> Framework to ensure that the content reflects the principles and requirements of integrated reporting.

This IAR 2025 was approved by the Board on 6 October 2025.



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About Pecca

Pecca Group Berhad is Malaysia's leading provider of car seat covers and was listed on the Main Market of Bursa Malaysia under the Industrial Products & Services sector on 19 April 2016.



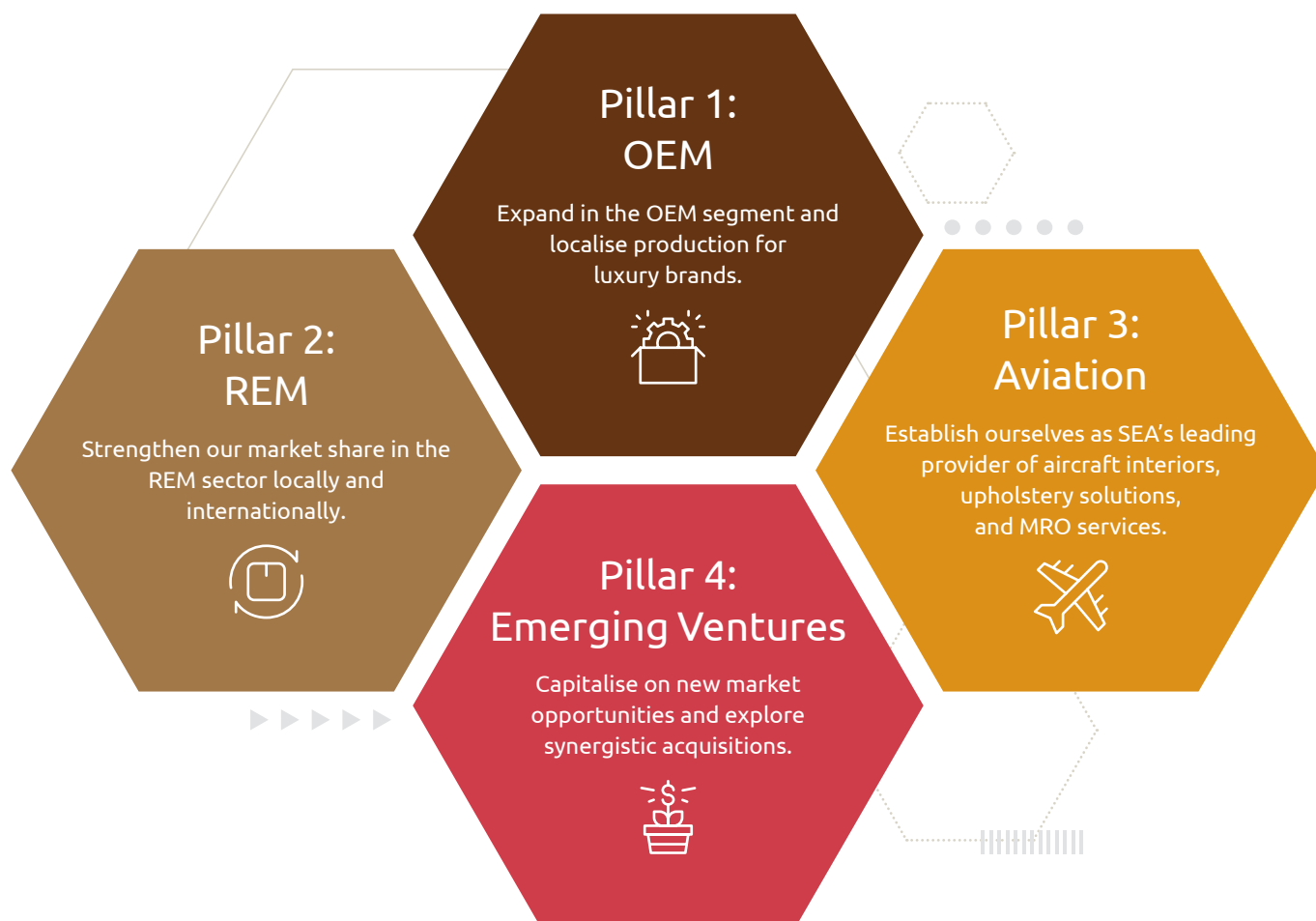
With in-house expertise, advanced manufacturing technology, and industry experience, we serve both local and international markets. Our customer base includes Malaysia's top carmaker, Perodua, Proton, and prominent Japanese automotive brands such as Toyota, Nissan, and Mitsubishi.

While our core expertise lies in automotive upholstery manufacturing, we are actively expanding into new business segments and markets. As part of this growth strategy, we have entered the Indonesian market, which has one of SEA's largest automotive industries.

Beyond the automotive sector, we have also ventured into the aviation MRO industry – a sector with higher margins and high barriers to entry. Leveraging decades of experience in upholstery design and manufacturing, we aim to become a key MRO player, serving airlines, lessors, and the broader aviation industry.

About Pecca

To drive business transformation and diversification, we have established a strategy built on 4 Key Pillars:



We remain committed to continuous improvement in quality, innovation, transparency, sustainability, and compliance, ensuring long-term value creation for stakeholders while positioning ourselves as a leader in the automotive and aviation industries.

CORPORATE MEMBERSHIPS & ASSOCIATIONS

We actively engage with industry associations to gain valuable insights into industry best practices and stay abreast of emerging trends and developments. We are a member of the following associations and organisations:

FMM FEDERATION OF MALAYSIAN MANUFACTURERS	IAQG IAQG	MAA MALAYSIA AUTOMOTIVE ASSOCIATION	MACPMA MACPMA
MAIA MAIA Malaysia Aerospace Industry Association	MASAAM MASAAM Malaysia Automobile Suppliers Association	P2SA PERODUA SUPPLIERS ASSOCIATION	PVA PERENNIAL VEHICLE ASSOCIATION

Our Guiding Principles



Vision

To be the leading upholstery manufacturer globally in the automotive industry and a top player for aircraft interiors and MRO in aviation industry



Mission

To keep exceeding our customers' expectations in design, quality and innovation, and fostering sustainability and long-term partnerships



Motto

Passion For Perfection



Our Presence



Malaysia



PECCA
GROUP BERHAD



PECCA
LEATHER



PECCA
AVIATION SERVICES



EVOLUSI
MOBILITI SDN BHD



Indonesia



PECCA GEMILANG
INDONESIA

Our Presence



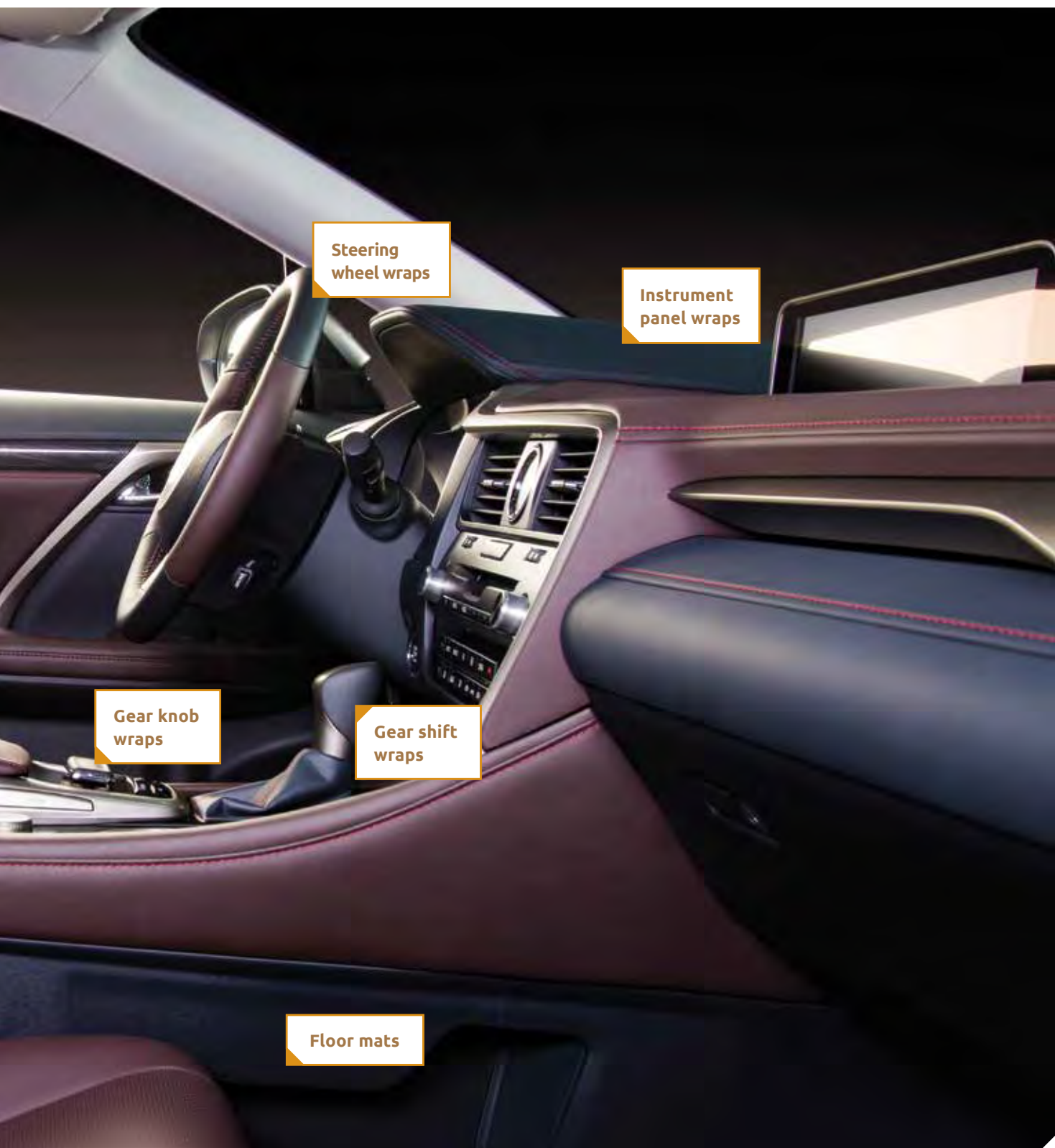
Products Introduction

Automotive



PHASES	OEM Development & Production	PDI Pre-Delivery	REM Aftermarket
OUR CUSTOMERS	OEM & Tier-1	OEM & Distributors	Suppliers & Workshops
MANUFACTURED FOR	Facelifts New Models	Special Editions Optional Accessories	Repairs/Replacements Customisations

Products Introduction



Steering
wheel wraps

Instrument
panel wraps

Gear knob
wraps

Gear shift
wraps

Floor mats

Products Introduction

Aviation



SERVICE CATEGORY	NEW SEAT COVER (EASA POA)	REFURBISHMENT (CAAM PART 145)	TRADE & SUPPLY
CUSTOMER BASE	Airline, MRO Operators, Private Owners	MRO Operators, Airline Maintenance	Airlines, MRO Operators, Private Owners
PRODUCT RANGE	Wrapping, cutting, and sewing of leather or fabric for aircraft seat dress covers, headrest covers, armrest covers, as well as interior soft cabin furnishings	Repair, refurbishment, and installation of aircraft seat covers and other products related to leather, fabric, plastic, and fibreglass	Supply of materials, 3D printing, and turnkey cabin solutions
CERTIFICATIONS	EASA POA EASA.21G.0075	Part 145 AMO/2017/12	-

Products Introduction



Attendant
seats

Headrests

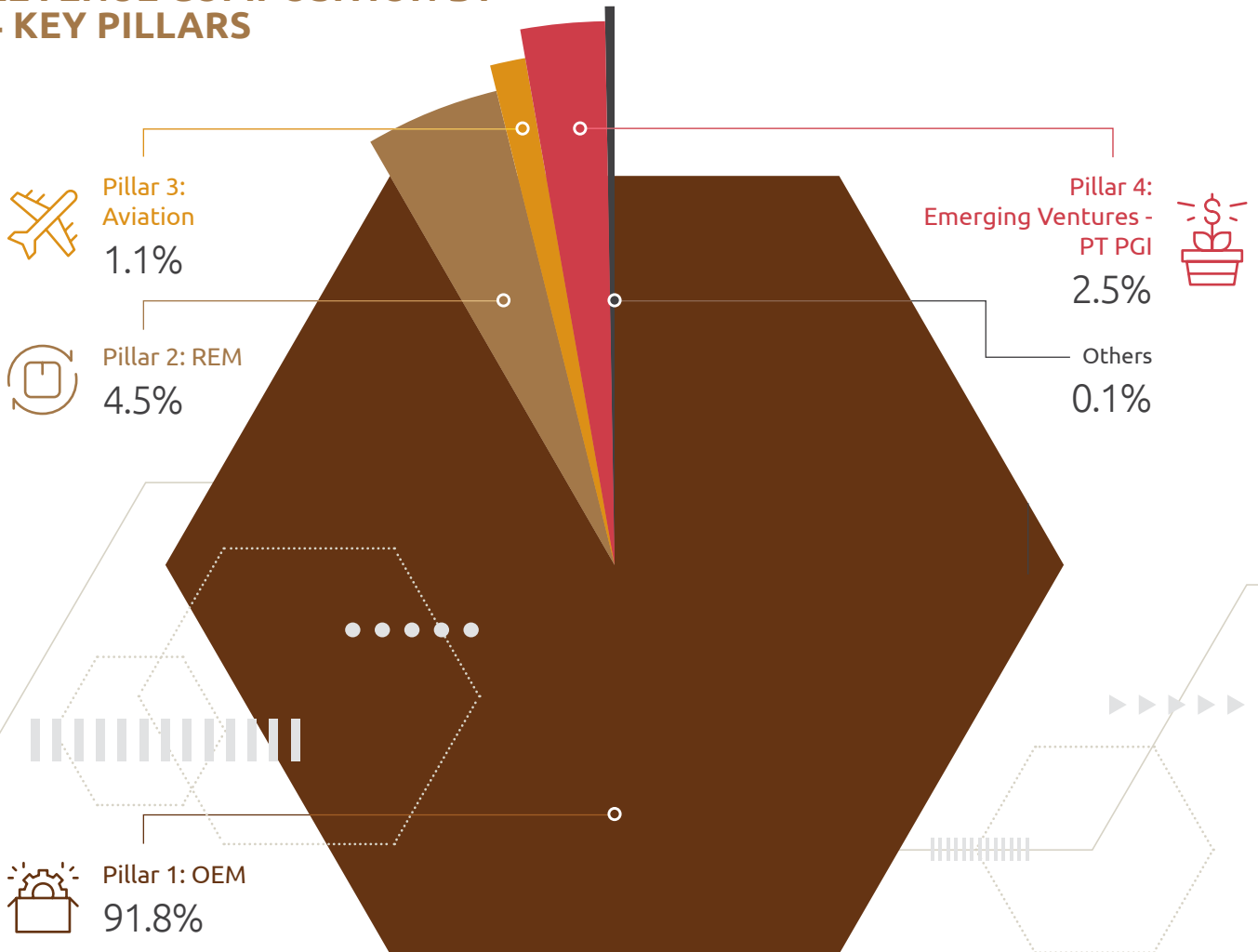
General seat
assembly parts

Seat
covers

FY2025 Snapshots

Financial Highlights

REVENUE COMPOSITION BY 4 KEY PILLARS



REVENUE



224.5 million

BASIC EPS



7.8 sen

PAT



RM 57.1 million

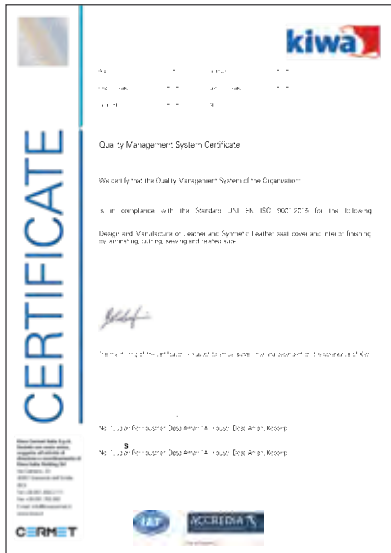
TOTAL EQUITY



RM 209.0 million

FY2025 Snapshots Certifications

AUTOMOTIVE



ISO 9001:2015
Quality Management System



IATF 16949:2016
Quality Management System



ISO 45001:2018
Occupational Health & Safety
Management System



ISO 14001:2015
Environmental Management
System



ISO 13485:2016
Quality Management System for
Medical Devices

FY2025 Snapshots Certifications

AVIATION

EASA
European Union Aviation Safety Agency

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PRODUCTION ORGANISATION APPROVAL CERTIFICATE

Reference: EASA.21G.0075

Pursuant to Regulation (EU) 2018/1139 of the European Parliament and of the Council and to Commission Regulation (EU) No 748/2012 for the time being in force and subject to the conditions specified herein, the EUROPEAN UNION AVIATION SAFETY AGENCY hereby certifies:

Pecca Aviation Services SDN BHD
No. 7, Jalan Perindustrian Desa Aman 1A, Industri Desa Aman, Kepong
52209 Kuala Lumpur, Malaysia

As a production organisation in compliance with the Annex I (Part 21), Section A of Regulation (EU) No 748/2012, is approved to produce products, parts and appliances listed in the attached approval schedule and issue related certificates using the above references.

CONDITIONS:

1. This approval is limited to that specified in the enclosed terms of approval, and;
2. The approval requires compliance with the procedures specified in the approval production organisation exposition, and;
3. This approval is valid while the approved production organisation remains in compliance with Annex I (Part 21) of Regulation (EU) No 748/2012;
4. Subject to compliance with the foregoing conditions, this approval shall remain valid for an unlimited duration unless this approval has previously been surrendered, superseded, suspended or revoked.

Date of original issue: 11 January 2023
Date of this revision: 10 January 2025
Revision No.: 1
Signed: Joseph DURAN
For the competent authority: EASA

EASA Form 006 issue 2

EASA
European Union Aviation Safety Agency

Terms of Approval TA: EASA.21G.0075

This document is part of Production Organisation Approval Number EASA.21G.0075 issued to:
Company name: **Pecca Aviation Services SDN BHD**

Section 1: SCOPE OF WORK:

PRODUCTION OF	PRODUCT/CATEGORIES
G2 Parts	Wrapping, Cutting and Sewing of leather or fabric of: - Aircraft Seat Dress Covers - Head Rest Covers - Armrest Covers - Interior soft cabin Furnishings

For details and instructions refer to the Production Organisation Exposition, Appendix 3

Section 2: LOCATIONS:

No. 7, Jalan Perindustrian Desa Aman 1A, Industri Desa Aman, Kepong
52209 Kuala Lumpur, Malaysia

Section 3: PRIVILEGES:

The Production Organisation is entitled to exercise, within its Terms of Approval and in accordance with the procedures of its Production Organisation Exposition, the privileges set forth in 21.A.163. Subject to the following:

Prior to approval of the design of the product an EASA Form 1 may be issued only for conformity purposes.

Date of original issue: 11 January 2023
Date of this revision: 10 January 2025
Revision No.: 1
Signed: Joseph DURAN
For EASA

EASA Form 006 issue 2

EASA Production Organisation Approval
Reference No. EASA.21G.0075
*The first EASA POA holder with full capability to
fabricate aircraft seat covers in SEA*

CAAM
CIVIL AVIATION AUTHORITY OF MALAYSIA

CERTIFICATE OF APPROVAL

APPROVAL NUMBER: AMO/2017/12

Pursuant to regulation 31 of Civil Aviation Regulations 2016 and subject to the conditions specified below, the following organisation:

PECCA AVIATION SERVICES SDN BHD
No. 7, Jalan Niryo 1
Taman Perindustrian Desa Aman
52209 Kepong
WILAYAH PERSEKUTUAN KUALA LUMPUR

Is approved as a **MAINTENANCE ORGANISATION**
in accordance with Civil Aviation Directive (CAD) 8 and CAD 8961

CONDITIONS:

1. The approval is limited to that specified in the Terms of Approval.
2. This approval requires compliance with the procedures specified in the latest revision of the Maintenance Organisation Exposition, as specified in the Terms of Approval.
3. This approval is valid while the approved Maintenance Organisation remains in compliance with CAD 8 and CAD 8961, and
4. Subject to compliance with the foregoing conditions, this approval shall remain valid until the expiry date as specified in the Terms of Approval, unless surrendered, suspended or revoked.

AIR 1
DATO' CAPTAIN NORAZMAN BIN MAMUD
For Civil Aviation Authority of Malaysia

Date of initial issue: 09-Mar-2018
Date of renewal: 13-May-2025
Date of revision: -
Revision number: 00

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CAAM
CIVIL AVIATION AUTHORITY OF MALAYSIA

TERMS OF APPROVAL

Approval Number: AMO/2017/12

Scope of Approval

The holder of this maintenance organisation approval has been approved to engage in maintenance and to issue maintenance releases, in respect of completion of maintenance, for the aeronautical products specified in the following table:

CLASS	RATING	SCOPE
Components Other Than Complete Engines or APU's	C5 (Equipment)	Components listed in the capability list ref: PCL/PAS/16 Revision 7 dated 08-Sep-2023 or later approved amendment.

Location(s)

Locations of maintenance facilities as per Part 1 of the latest Maintenance Organisation Exposition.

Validity of Approval

- a) Validity of this approval is subject to the organisation remaining in compliance with its maintenance organisation exposition ref.: MOE/PAS/01 Issue 1 Revision 6 dated 12 Feb 2024 or later approved amendment.
- b) The validity period of this approval is from 15 May 2023 to 14 May 2025.

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CAAM Approved
Maintenance Organisation
Reference No. AMO/2017/12

FY2025 Snapshots Awards & Recognition



PD Kawamura Kako
Manufacturing Sdn. Bhd.
Best Vendor - Child Part (2025)



Mitsubishi Best Supplier
Award for Local
Accessories (2024)



Mitsubishi Quality Appreciation
Award for Best Quality Local
Accessories (2024)



Mitsubishi Quality Appreciation Award for
Best Quality Local Accessories (2023)



PD Kawamura Kako Manufacturing
Sdn. Bhd. Overall Best Child Part Vendor (2023)



PD Kawamura Kako
Manufacturing Sdn. Bhd.
Best Vendor (2023)



PD Kawamura Kako
Manufacturing Sdn. Bhd.
Best Vendor (2022)



The Edge Industries Products
and Services Award for
Highest Returns to Shareholders
Over Three Years (2022)

Corporate Information

DIRECTORS

Dato' Mohamed Suffian Bin Awang
(Independent Non-Executive Chairman)

Datuk Teoh Hwa Cheng
(Group Managing Director)

Datin Sam Yin Thing
(Executive Director)

Teoh Zi Yi
(Executive Director)

Teoh Zi Yuen
(Executive Director)

Datuk Leong Kam Weng
(Independent Non-Executive Director)

Dato' Dr. Norhizan Bin Ismail
(Independent Non-Executive Director)

Dato' Seri Dr. Chen Chaw Min
(Independent Non-Executive Director)
Appointed on 8 April 2025

REGISTERED OFFICE

Boardroom Corporate Services Sdn. Bhd.
Registration No. 196001000110 (3775-X)
12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
T : (03) 7890 4800
F : (03) 7890 4650
E : boardroom-kl@boardroomlimited.com

BUSINESS ADDRESS

No. 1, Jalan Perindustrian Desa Aman 1A
Industri Desa Aman, Kepong
52200 Kuala Lumpur
T : (03) 6275 1800
F : (03) 6277 9809
E : corporate@peccaleather.com
W : <https://peccagroup.com/>

LISTING

Main Market of Bursa Malaysia
(Listed on 19 April 2016)
Stock Code : 5271
Stock Name : PECCA

AUDIT & RISK MANAGEMENT COMMITTEE

Datuk Leong Kam Weng (Chairman)
Dato' Mohamed Suffian Bin Awang
Dato' Dr. Norhizan Bin Ismail
Dato' Seri Dr. Chen Chaw Min
Appointed as Member on 8 April 2025

NOMINATION COMMITTEE

Dato' Mohamed Suffian Bin Awang (Chairman)
Datuk Leong Kam Weng
Dato' Dr. Norhizan Bin Ismail

REMUNERATION COMMITTEE

Datuk Leong Kam Weng (Chairman)
Dato' Mohamed Suffian Bin Awang
Dato' Dr. Norhizan Bin Ismail

AUDITORS

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
T : (03) 2788 9999

COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143 /
SSM Practising Certificate No. 202008001023)

Tai Yuen Ling (LS 0008513 /
SSM Practising Certificate No. 202008001075)

SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.
Registration No. 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
T : (03) 7890 4700
E : bsr.helpdesk@boardroomlimited.com

PRINCIPAL BANKERS

Hong Leong Islamic Bank Berhad
HSBC Amanah Malaysia Berhad
Maybank Islamic Berhad
OCBC Al-Amin Bank Berhad
United Overseas Bank (Malaysia) Berhad

Corporate Structure



PECCA GROUP BERHAD

Registration No.: 201001025617

(909531-D)

Investment holding activities

100%



PECCA LEATHER SDN. BHD.

Registration No. 200001015763
(518370-H)

Styling, manufacturing, distribution, and installation of leather car seat covers, supply of leather cut pieces to the automotive upholstery industry and other services related to the automotive upholstery industry

Manufacturing and distribution of healthcare products

80%



PECCA GEMILANG
INDONESIA

PT PECCA GEMILANG INDONESIA

Registration No. 8120002980356

Upholstery leather wrapping and seat cover production for the automotive industry in Indonesia

100%



PECCA AVIATION SERVICES SDN. BHD.

Registration No. 200901019805
(862902-W)

Manufacturing, repair, refurbishment, distribution, and installation of aircraft leather seat covers and other leather-related products for commercial and private aircraft

49%



PECCA LEATHER (THAILAND) COMPANY LIMITED

Registration No. 0115559022968
Supply of leather upholstery for the automotive industry

100%



PECCA PLUS SDN. BHD.

Registration No. 201101028085
(956220-V)

Supply of car seat covers and car accessories

100%



PECCA EV SDN. BHD.

Registration No. 202201023683
(1469380-W)

Importation, distribution, and trading of electric or motor vehicles, EV chargers, EV charging stations, spare parts, and accessories, as well as the provision of after sales services

30%



EVOLUSI MOBILITI SDN. BHD.

Registration No. 202201023651
(1469348-U)

Importation of motor vehicles, logistics, vehicle PDI, the provision of related services to vehicles at its PDI centre, and the sale of contractual vehicles

Leadership Statement

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Chairman & Group Managing Director Statement



“ Dear Valued Shareholders,

On behalf of the Board of Directors and the Management, it is with immense gratitude that we present to you the Group's inaugural **Integrated Annual Report for the financial year ended 30 June 2025**. This report provides a holistic account of how we created value in a challenging yet opportunistic operating landscape, culminating in a record-breaking performance and a robust financial position.

”

Chairman & Group Managing Director Statement

Our journey since IPO in 2016 has been one of exceptional value creation, with a fourfold growth in our market capitalisation to RM1.2 billion as at end-FY2025, a testament to the trust placed in us by our shareholders. This achievement underscores our dedication to creating sustainable value, guided by our enduring motto, *"Passion for Perfection"*.

A NEW CHAPTER IN TRANSPARENCY: INTEGRATED THINKING AND VALUE CREATION

This year marks our inaugural integrated report based on the <IR> Framework. While this framework is currently encouraged for companies with a market capitalisation above RM2.0 billion, we proactively embraced its principles.

We believe that true value creation demands a holistic view, where our financial strength is interconnected with our management of non-financial elements. This report moves beyond conventional reporting by outlining how we draw upon our Six Capitals — Manufactured, Intellectual, Human, Social & Relationship, Natural, and Financial, to create sustainable value over time, underscoring our commitment to transparency and accountability.

OUR STRATEGIC COMPASS

Leading in Automotive Leather Upholstery, with a Growing Aviation Footprint

FY2025 presented a complex global macroeconomic backdrop, with geopolitical tensions and supply chain disruptions. Domestically, the Malaysian economy showed resilience, with government policies and incentives driving consumer spending and investment, particularly within the automotive sector. While the market for new vehicles remained competitive, the demand for affordable and technologically advanced models was sustained.

Our success lies in our ability not only to navigate these external factors, but also to seize the opportunities they have presented. We are building a more resilient and sustainable business portfolio for the future by solidifying our leadership in automotive while actively pursuing diversification in high-potential sectors like aviation, alongside investing in innovation.

Operational Excellence – The Engine of Our Financial Success

Our operational performance in FY2025 reflects our strategic execution across our diversified business portfolio.

Automotive: Fortifying Our Market Leadership

We continued to strengthen our position as Malaysia's leading provider of automotive leather upholstery, a role we have held since 2000. Our capabilities are trusted by top automotive brands like Perodua, Toyota, Nissan, Proton, and Mitsubishi, with many of these partnerships lasting over a decade. This long-term collaboration is a testament to Pecca's consistent craftsmanship and reliable service.

Despite a more competitive post-pandemic landscape and a moderation of the TIV by 4.6% in the first half of 2025, our Group maintained a solid foothold. The ability to secure new projects for popular models highlights the strength of our long-standing OEM and PDI customer relationships. Our products are exported globally, supported by manufacturing operations in both Malaysia and Indonesia.

In the REM segment, we are actively expanding our market reach by forming new regional distributor partnerships and enhancing product innovation to meet the latest consumer preferences.

Aviation: Growing Footprint in a Resurgent Market

Our strategic diversification into the aviation MRO and interiors business saw significant maturation, fuelled by a robust recovery in the global air travel industry. This recovery is evident in the 10.4% YoY growth in the industry's RPK in 2024, which drives demand for MRO services and cabin refurbishment. As airlines invest in enhancing the passenger experience and extending the life cycles of their fleets, our Group is exceptionally well-positioned to meet this demand. We are uniquely supported by our EASA-certified capabilities and expanding track record in aircraft interior solutions.

A landmark achievement was the successful delivery of our first MRO job for a Europe-registered Airbus A320 passenger aircraft. Holding the stringent EASA POA certificate - one of the few in the SEA region - equips us to meet the rigorous quality and safety standards of the aerospace industry. Building on this, our expanding track record in aircraft interior solutions now covers a broader scope of cabin classes and project types, including seat cover solutions for civilian and government helicopters. We continue to serve both commercial and MRO customers across the region, integrating innovative solutions such as 3D printing to enhance customisation and turnaround.

Chairman & Group Managing Director Statement

FINANCIAL PERFORMANCE AND SHAREHOLDER VALUE

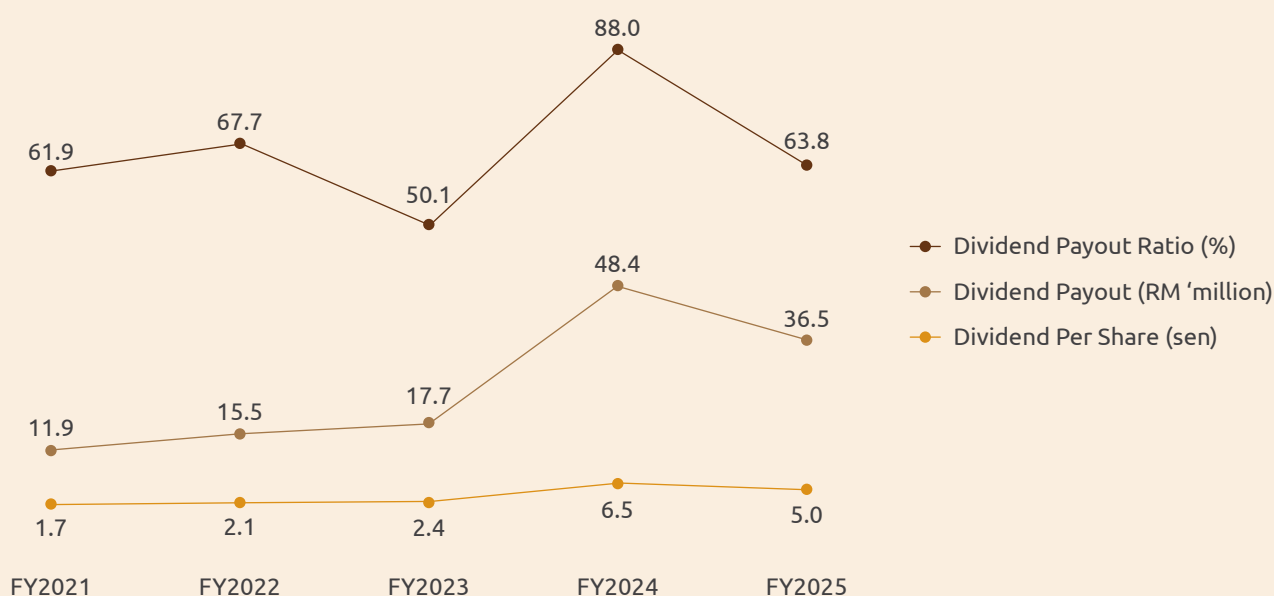
Our strategic and operational efforts translated into outstanding financial performance. The Group recorded its highest-ever net profit of RM57.1 million, a 3.8% YoY increase from RM55.0 million in FY2024. This was achieved despite a moderation in revenue to RM224.5 million amid normalised order flows from automotive customers.

Our strong bottom-line performance was supported by disciplined cost control, a more favourable product mix, and continued enhancements in operational efficiency. This translated to a higher net profit margin of 25.4%, compared to 22.7% in the previous year.

We ended the year with a robust financial position, backed by prudent capital management. As at 30 June 2025, our total assets stood at RM245.2 million, against total liabilities of RM36.2 million. The Group maintained a robust net cash position with cash and cash equivalents of RM104.9 million and minimal borrowings of just RM5.4 million. This solid foundation provides us with the agility to capitalise on future growth and strategic investments.



DIVIDEND



Reflecting our strong performance, we are pleased to have declared total dividends of 5.0 sen per share for the year, representing a payout ratio of 63.8%, above our policy of distributing at least 40.0% of our annual net profit.

Chairman & Group Managing Director Statement

ENGINE OF VALUE CREATION - OUR SIX CAPITALS IN ACTION

Our capacity to generate and sustain value is fundamentally linked to the strategic management and deployment of our capitals.

Manufactured Capital

Our manufactured capital, comprising our physical assets, production facilities, and technological infrastructure, is the engine that converts raw materials into high-quality products. In FY2025, our strategic investments were focused on enhancing this capital to improve efficiency, capacity, and sustainability.

Modernisation and Automation

We continued to install new machinery in our factory, boosting our production capabilities, substantially increasing production capacity, improving precision, and reducing material waste. This focus on modernising our operational footprint ensures we can meet the high-quality standards required by our automotive OEM customers while enhancing our environmental performance.

Infrastructure Expansion

To support our future growth and meet increasing demand, we continue to make progress in the proposed development of a new manufacturing facility that will significantly enhance our capacity, as well as capabilities to support wide-ranging requirements across the automotive and aviation segments.

This upcoming multi-phase project is designed to integrate advanced, energy-efficient production systems. Our ongoing investment in the maintenance and upgrading of our existing assets ensures operational reliability and reduces downtime, enabling us to meet tight delivery schedules and maintain customer satisfaction.

Intellectual Capital

Our commitment to innovation differentiates our market offerings. Our dedicated Product Development team continues to work on new and improved production of high-quality materials. Beyond our in-house efforts, we actively collaborate with government agencies, including MARii, and other industry partners to drive product development and knowledge transfer.

Human Capital

Our employees are our critical asset. We implemented a new talent management system and a new training centre to cultivate specialised skills for advanced technologies. Our commitment to employee well-being is reflected in our robust safety performance and a strong social record with zero incidents of discrimination.

Natural and Social Capitals

We recognise our responsibility to minimise our environmental impact. This year marks the first time we have expanded our reporting to include Scope 3 emissions. Through this, we aim to identify and gradually improve our GHG emission profile, further contributing towards the global UN SDGs aspiration.

Beyond our vital business relationships, we extend our commitment to the community as a core tenet of our social responsibility. With thorough planning and execution, we empower local communities via sponsorships and CSR initiatives.

Financial Capital

Our robust financial position is an outcome of our prudent management of the other five capitals. It provides us with the agility to fund operations, capitalise on strategic investments, and deliver consistent returns to our shareholders.



Chairman & Group Managing Director Statement

OUR STRATEGIC COMPASS: FOCUSED ON LONG-TERM GROWTH

Our strategic direction is anchored by our 4 Key Pillars—OEM, REM, Aviation, and Emerging Ventures—each designed to drive transformation and diversify our revenue streams, ensuring a balanced and resilient growth trajectory.

▶ OEM & REM

We continue to strengthen our foundational automotive business by deepening relationships with existing customers and exploring new opportunities. We continually invest in innovation in design, materials, and manufacturing processes to deliver superior quality and value as the automotive industry transitions towards EVs and new vehicle segments.

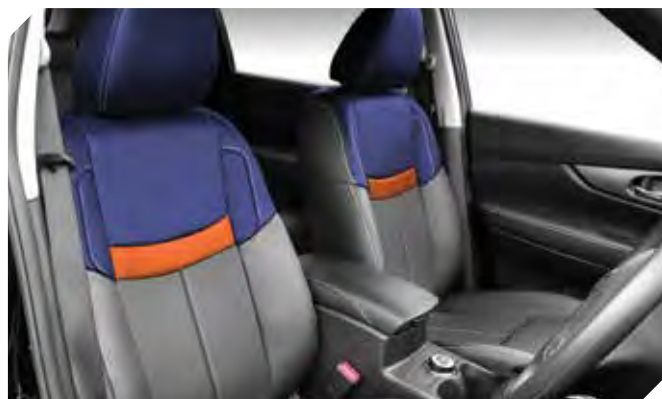
▶ Aviation

Building on our certifications and successful project deliveries, we are committed to expanding our MRO and cabin interiors capabilities by pursuing new customer types and broadening our service scope, including high-value cabin refurbishments.

We are also investing in talent development to cultivate the specialised skills required for advanced technologies, positioning us as a regional technology and service provider within the aviation manufacturing ecosystem.

▶ Emerging Ventures

We are actively exploring new avenues for growth that leverage our core competencies in manufacturing,



materials, and design. These ventures will be strategically aligned with future market demands and our vision for long-term value creation, including potential applications of our advanced manufacturing capabilities in new markets.

SUSTAINABILITY HIGHLIGHTS

We aspire to exceed the expectations of our stakeholders, focusing on profitability, reliability, stability, and market share.

Pecca is honoured to be included in both the F4GBM Index and the F4GBMS Index by Bursa Malaysia, effective 24 June 2024. This recognition underscores our sustainability progress and commitment to long-term value creation.

Through our sustainability governance, we managed to achieve:

ECONOMIC



RM228.7 million

in economic value generated for our stakeholders



100.0%

of suppliers assessed for compliance with environmental legislation and regulations



54.2%

of procurement spent on local suppliers

ENVIRONMENTAL



1,023.4 GJ

of renewable energy generated from solar panels



283.4 mtCO₂e

avoided due to installation of solar panels



22.4%

of waste diverted from disposal

Chairman & Group Managing Director Statement

SOCIAL


91.0%

overall grand total score for CSS


8.5 hours

of average training per employee


Zero

substantiated complaints concerning breaches of customer privacy


Zero

workplace fatalities


Zero

substantiated complaints concerning human rights violations


RM0.4 million

invested for the benefit of over 2,500 external beneficiaries

GOVERNANCE


Zero

confirmed incidents of corruption


Zero

confirmed whistleblowing cases


Zero

legal actions related to anti-competitive behaviour, anti-trust violations, or monopolistic practices

A FIRM FOUNDATION OF GOVERNANCE AND RISK MANAGEMENT

The Group's commitment to sound corporate governance is fundamental to our strategy. The Board provides comprehensive oversight and is accountable for high standards of ethical conduct, as reflected in our achievement of zero whistleblowing cases or confirmed instances of bribery, corruption, or legal actions related to anti-competitive behaviour.

Our robust governance framework underpins a proactive approach to managing operational, financial, and strategic risks, ensuring we are well-prepared for any unforeseen challenges. In a significant step towards enhancing our risk management practices and ESG disclosures, this report includes our first TCFD-aligned disclosures, providing stakeholders with better visibility into our climate-related risks and opportunities.

A LOOK AHEAD: FUTURE FORGED WITH PRECISION

As we step into FY2026, we are firmly focused on executing our growth strategies. We anticipate continued strong demand in

the aviation sector, driven by the global recovery in air travel and fleet upgrades, and will strategically navigate the evolution of the automotive market, especially with the rise of EVs. We remain focused on driving operational excellence, upholding disciplined cost control, and enhancing efficiency through greater adoption of automation across our manufacturing facilities.

We extend our deepest gratitude to our customers, suppliers, and business partners for their continued trust in the Group. Our appreciation also goes to our shareholders, financiers, regulatory authorities, and most importantly, our Board, Management team, and dedicated employees, whose unwavering commitment and collective efforts continue to drive our progress.

Guided by our unwavering principle, *"Passion for Perfection"*, we look ahead with optimism and confidence in the Group's continued success.

**Dato' Mohamed
Suffian Bin Awang**

Independent
Non-Executive Chairman

**Datuk Teoh Hwa Cheng
(Kelvin)**

Group Managing
Director

Directors' Profile



Independent
Non-Executive
Chairman

**Dato' Mohamed
Suffian Bin
Awang**

Malaysian, 54, Male

Dato' Mohamed Suffian Bin Awang was appointed to the Board on 3 December 2014, subsequently becoming an Independent Non-Executive Director on 26 December 2014, before being re-designated as an Independent Non-Executive Chairman on 4 February 2015.

He obtained a Diploma in Public Administration and Bachelor of Law degree from Universiti Teknologi MARA Shah Alam in 1992 and 1996, respectively. He has 14 years of legal practice and six years of working experience in the civil service.

At present, he chairs our NC, and is a member of both our ARMC and RC. He is also the Chairman of the Maritime Institute of Malaysia and sits on the Board of Sersol Berhad, a company that is listed on Bursa Malaysia.

He does not have any family relationships with any Director and/or major shareholder of the Company.

He attended all six (6) Board Meetings held during FY2025.



Group Managing
Director

**Datuk Teoh
Hwa Cheng
(Kelvin)**

Malaysian, 57, Male

Datuk Teoh Hwa Cheng, our founder, was appointed to the Board on 27 July 2010 and has served as GMD since then.

He has over 30 years of experience in the leather goods industry. His earlier career was rooted in leather craftsmanship and entrepreneurship, which provided the foundation for establishing and expanding our business in the automotive upholstery industry.

He has been instrumental in building our workforce capabilities, guiding us from being a small and medium enterprise into a group with a global business presence spanning Malaysia, Asia, North America, and Europe.

Currently, he oversees our overall strategy and business direction, reviews major investments and capital expenditure, and guides our corporate and financing proposals before recommending them to the Board for approval. While he drives strategic planning, day-to-day operations have been delegated to Teoh Zi Yi, Teoh Zi Yuen, and the Group's management team.

He is the spouse of Datin Sam Yin Thing and is the father of Teoh Zi Yi and Teoh Zi Yuen. He does not hold any directorship in other public companies or listed issuers.

He attended all six (6) Board Meetings held during FY2025.

Directors' Profile



Executive
Director

**Datin Sam
Yin Thing
(Christine)**

Malaysian, 54, Female

Datin Sam Yin Thing was appointed to the Board on 31 October 2011 and serves as one of our Executive Directors.

She has approximately 30 years experience in the leather industry, having developed deep expertise in sourcing and vendor management.

She has contributed to strengthening our procurement functions by overseeing our raw material supply chains and vendor development, particularly for leather, microfibre, and PVC.

She is married to Datuk Teoh Hwa Cheng and is the mother of Teoh Zi Yi and Teoh Zi Yuen. She does not hold any directorship in other public companies or listed issuers.

She attended five (5) of the six (6) Board Meetings held during FY2025.



Executive
Director

**Teoh Zi Yi
(Hugo)**

Malaysian, 32, Male

Teoh Zi Yi was appointed to our Board as an Executive Director on 16 October 2020.

He holds a Bachelor of Business Management degree from the University of East Anglia, England.

He has been pivotal in transforming our organisation from a family-run business into a professionally managed group, leading us to achieve the milestone of RM1 billion market capitalisation in FY2023.

Currently, he assists Datuk Teoh Hwa Cheng in executing our vision, policies, and business plans, with his responsibilities spanning operations, financial oversight, compliance, risk management, and stakeholder engagement. He also spearheads our aviation business segment, focusing on both domestic and international expansion.

He is the son of Datuk Teoh Hwa Cheng and Datin Sam Yin Thing, and sibling of Teoh Zi Yuen. He does not hold any directorship in other public companies or listed issuers.

He attended all six (6) Board Meetings held during FY2025.

Directors' Profile



Executive
Director

**Teoh Zi Yuen
(Kelly)**

Malaysian, 30, Female

Teoh Zi Yuen was appointed to our Board as an Executive Director on 16 October 2020.

Since her appointment to the Board, she has been instrumental in shaping the Group's growth trajectory and market positioning.

A key focus of her role is the strategic expansion of the Group's Business-to-Consumer marketing division. Under her leadership, this segment has been revitalised through data-driven digital strategies and enhanced brand engagement initiatives, directly connecting the Group's premium automotive products with a growing consumer base.

Her responsibilities extend to steering the Group's key strategic functions, including corporate strategy and business development, brand management and marketing communications, investor relations and corporate affairs, and ESG framework implementation.

She began her career at an immigration law firm in the US, an experience that honed her analytical and cross-cultural communication skills. She holds a Bachelor's Degree in Economics and Marketing from Pepperdine University in Los Angeles, California.

In 2025, she fortified her executive capabilities by completing a Master's in Public Policy from the prestigious Tsinghua University in Beijing. This advanced education provides her with a critical macroeconomic and geopolitical perspective, enabling her to navigate complex regulatory environments, anticipate global market trends, and guide the Group's long-term strategy with a distinct bird's-eye view.

She is the daughter of Datuk Teoh Hwa Cheng and Datin Sam Yin Thing, and sibling of Teoh Zi Yi. She does not hold any directorship in other public companies or listed issuers.

She attended five (5) of the six (6) Board Meetings held during FY2025.



Independent
Non-Executive
Director

**Datuk Leong
Kam Weng**

Malaysian, 61, Male

Datuk Leong Kam Weng joined our Board on 11 September 2014 and was appointed as an Independent Non-Executive Director on 26 December 2014.

He graduated with Bachelor of Economics and Bachelor of Laws degrees from Monash University, Australia, and is a CPA Australia fellow, MIA chartered accountant, and Malaysian Mediation Centre panel-certified mediator. Called to the Malaysian Bar in 1989, he practised law for three years before joining TA Enterprise Berhad in 1992. He previously served as chairman of Tokio Marine Life Insurance Berhad and retired after completing the maximum nine-year term for independent non-executive directors.

He currently chairs our ARMC and RC, and is a member of our NC. He also serves on the boards of Xin Hwa Holdings Berhad, Only World Group Holdings Berhad, Malayan United Industries Berhad, and Exsim Hospitality Berhad, all listed on Bursa Malaysia, in addition to other non-listed companies, including Asian Outreach (Malaysia) Bhd and Pusat Penyayang KSKA. Since 1999, he has been a partner at Messrs. Iza Ng Yeoh & Kit.

He does not have any family relationships with any Director and/or major shareholder of the Company.

He attended all six (6) Board Meetings held during FY2025.

Directors' Profile



Independent
Non-Executive
Director

**Dato' Dr.
Norhizan Bin
Ismail**

Malaysian, 64, Male

Dato' Dr. Norhizan Bin Ismail joined our Board on 17 September 2021 as an Independent Non-Executive Director.

He earned his Medical Doctor degree from Universiti Sains Malaysia in August 1986, followed by a Master of Public Health from Universiti Malaya in 1996. In 2002, he was designated as a public health physician in recognition of his extensive contributions to public health. Further strengthening his expertise, he completed a two-year Epidemic Intelligence Programme with the MOH Malaysia from 2004 to 2006.

In 2011, he was recognised as a public health specialist by MOH Malaysia and the Academy of Medicine of Malaysia, and subsequently listed in the National Specialist Register. He was later admitted as a fellow of Public Health Medicine Malaysia by the Council of the Malaysian Public Health Physicians' Association on 16 July 2018.

Over his nearly 35-year career with MOH Malaysia, he held key positions across all levels of healthcare services, including hospitals, district health offices, and state health departments. He served as state health director of both Pahang and Kedah, where his contributions were recognised with Datukship titles from both states. He went on to hold senior leadership roles, including Director of the Medical Development Division and, ultimately, Deputy Director General of Health (Medical) before his retirement on 17 August 2021.

He is currently a member of our ARMC, NC, and RC.

He does not have any family relationships with any Director and/or major shareholder of the Company, and does not hold any directorship in other public companies or listed issuers.

He attended all six (6) Board Meetings held during FY2025.



Independent
Non-Executive
Director

**Dato' Seri
Dr. Chen
Chaw Min**

Malaysian, 64, Male

Dato' Seri Dr. Chen Chaw Min was appointed to our Board as an Independent Non-Executive Director and a member of the ARMC on 8 April 2025.

He began his career with the Malaysian civil service in 1988 and has held various positions in the Malaysian government. During his service at the Ministry of Finance, he served in several divisions, including Budget, Investment, Housing Loan, Finance, and Fiscal and Economy. On 25 April 2014, he joined MOH Malaysia as deputy secretary general (Finance).

On 4 July 2015, he was appointed secretary general of MOH Malaysia, a role he held until his retirement on 4 February 2021. During this period, he was actively involved in several national policy task forces and health-related councils, and played a pivotal role in spearheading Malaysia's fight against COVID-19. He also served as chairman of Protect Health Malaysia and sat on the boards of various government-linked organisations, including Institut Jantung Negara, National Kenaf and Tobacco Board, Clinical Research Malaysia, Malaysia Healthcare Travel Council, and ProtectHealth Corporation Sdn. Bhd.

In addition to his public service, he has published research in both local and international journals, and presented papers at international conferences and seminars. He has also completed prestigious executive programmes at Harvard Business School, US, and Oxford University Saïd Business School, UK.

He currently serves as Independent Non-Executive Chairman of Optimax Holdings Berhad, Chairman of IJN Holdings Sdn. Bhd., and is a director of several private companies in Malaysia.

He does not have any family relationships with any Director and/or major shareholder of the Company.

He attended one (1) Board Meeting held during FY2025 since his appointment on 8 April 2025.

Directors' Profile

NOTES TO THE DIRECTORS' PROFILE

1. None of the Directors have any conflicts of interest or potential conflict of interest, including interest in any business that competes with Pecca or its subsidiaries;
2. None of the Directors have been convicted of any offence (other than traffic offences, if any) within the past five (5) years; and
3. None of the Directors have been subject to any public sanction or penalty imposed by relevant regulatory authorities during the financial year.



Key Senior Management Profile



Chief Financial Officer

**Tan Han Leong
(Mark)**

Malaysian, 49, Male

Tan Han Leong was appointed as the CFO of Pecca in 19 June 2025. He has over 27 years of experience in finance and reporting, compliance, corporate governance, treasury and fund management, costing, corporate exercises, risk management, and strategic planning in both multinational and public listed groups of companies. A seasoned finance professional, he holds a Degree in Accounting from Edith Cowan University, Australia, and is a Fellow Certified Public Accountant with CPA Australia, a Chartered Accountant with the Institute of Chartered Accountants England and Wales, as well as a member of MIA.

He began his career in 1998 as an auditor, before becoming a tax consultant with Messrs. Ernst & Young until 2004. During this period, he had a wide clientele and work exposure in audit and tax consultancy covering both multinational and public listed companies, most notably in the fast moving consumer goods, manufacturing, property development, oil and gas, as well as trading sectors. He then transitioned to the commercial sector, where he held key finance leadership roles, including a regional management position at Hewlett Packard. Thereafter, he served as Executive Director and CFO at Choo Bee Metal Industries Berhad, a public listed manufacturing company in Malaysia, prior to joining Pecca in 2025.

He does not have any family relationship with any Director and/or major shareholder of the Company.



Chief Operating Officer

**K. Karunakaran A/L
Karuppannan**

Malaysian, 58, Male

K. Karunakaran A/L Karuppannan was appointed as Pecca's Factory Manager on 4 August 2003. He advanced through the Group's ranks progressively and was promoted to COO on 1 October 2019.

He has over 30 years of experience in manufacturing industries, with specific involvement in the production of latex thread, power transformers for scientific and electronics applications, and gloves for medical and surgical applications. He also has extensive experience in occupational safety, QA, and good manufacturing practices. He brings a wealth of knowledge regarding the implementation of SOPs for operational processes and ISO certifications for manufacturing plants. In addition, he successfully assisted in the set-up of the Group's medical-grade face mask operation in 2020 and facilitated the Group's efforts to obtain EASA certification for Pecca Aviation in FY2023.

He was instrumental in incorporating lean management principles and methods across the Group to support its penetration into the OEM, PDI, and REM export businesses. He also led our team to obtain the ISO 9001:2015, IATF 16949:2016, ISO 14001:2015, ISO 45001:2018, and ISO 13485:2016 certifications. He now oversees overall plant operations and supply chain management for the Group.

He does not have any family relationship with any Director and/or major shareholder of the Company.

Key Senior Management Profile



Technical Director

Sam Chee Keng

Malaysian, 46, Male

Sam Chee Keng was appointed as the Factory Manager of Pecca Leather Sdn. Bhd. on 1 December 2000. He was subsequently promoted to Technical Director on 1 December 2012. He has more than 20 years of work experience, specialising in the R&D of upholstery car seat covers.

On 11 April 2023, he was appointed as the President Director of PT PGI, the 80.0%-owned subsidiary of the Group. In this role, he facilitates the transfer of technical knowledge involving the manufacturing of upholstery seat covers while developing new markets in Indonesia, with a focus on the OEM automotive segment.

He is the sibling of Datin Sam Yin Thing and brother-in-law of Datuk Teoh Hwa Cheng.



General Manager, Operations

Goh Soon Huang

Malaysian, 39, Male

Goh Soon Huang joined Pecca Leather Sdn. Bhd. on 1 December 2007 as an Assistant Planner. He has since advanced progressively through the Group and was promoted to General Manager, Operations, on 1 January 2024.

He has over 17 years of experience in the automotive manufacturing industry, focusing on overall MOM pertaining to production, planning, production costing, quality management, engineering, technical, VAVE, and new product development. In his role, he provides technical insight and expertise to optimise the efficiency and effectiveness of our end-to-end manufacturing processes, while also leveraging his extensive experience in warehouse and logistics operations management, and in the set-up and management of medical face mask manufacturing operations in accordance with ISO certifications for manufacturing plants.

He was instrumental in the implementation of MOM for the Group, enabling complete visibility into manufacturing processes and production performance through the analysis and consolidation of data. Through this innovation, the Group's production team is able to identify areas of inefficiency and enact action plans from a single source.

In addition, he has led the operations team in optimising production workflows, enhancing cost efficiency, and improving the Group's manufacturing execution systems. He is also actively involved in product development management, advanced planning and scheduling, and establishing contingency plans for the MOM system. Moreover, he continues to drive the Group's manufacturing automation efforts, leveraging Industry 4.0 technologies to develop innovative methods for managing operations across the entire plant.

He does not have any family relationship with any Director and/or major shareholder of the Company.

Key Senior Management Profile



Operation Director

Neo Hwee Leong

Malaysian, 39, Male

Neo Hwee Leong joined PT Multi Pratama Interbuana in December 2014 as the HOD for Production, Planning, Inventory and Control. Subsequently, he joined PT PGI as an Operational Manager in July 2017. In December 2021, he was promoted to General Manager of PT PGI to oversee the company's entire business operation. He was re-designated to Operation Director on 15 November 2022 while continuing to lead PT PGI's business operations.

He has a wealth of experience in operational management and commercial roles, encompassing enterprise resource planning, logistics system development, and dealings with distributors. He leverages his extensive commercial experience to drive the company's sales growth, expand its customer base, and widen distribution channels. His responsibilities in PT PGI include general management, operations, supply chain and procurement, sales and marketing, quality and regulatory matters, finance, human resources, and administrative functions.

He does not have any family relationship with any Director and/or major shareholder of the Company.

NOTES TO THE KEY SENIOR MANAGEMENT PROFILE

None of the Key Senior Management have:

- ▼ held any directorships in public companies or listed issuers;
- ▼ any conflict of interest or potential conflict of interest, including interest in any business that competes with Pecca or its subsidiaries;
- ▼ been convicted of any offences (other than traffic offences, if any) within the past five (5) years; and
- ▼ been subject to any public sanction or penalty imposed by relevant regulatory authorities during the financial year.

Key Senior Management Profile



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Strategic Review

A Year of Strategic Resilience and Growth

FY2025 was a year that demonstrated the strategic agility of our business model and validated its strength. As the Malaysian automotive sector moved into a more competitive landscape, we faced a normalisation in domestic order flows. Despite these headwinds, we demonstrated significant resilience, achieving a record-breaking profit driven by strategic diversification and our pursuit of growth opportunities. Our performance reflects a deep commitment to operational excellence and our focus on building a more diversified and resilient business portfolio for the long term.



Market Overview

AUTOMOTIVE GROWTH NORMALISES AMID RISING COMPETITION

The Malaysian automotive industry entered a more mature phase in 2025, influenced by evolving global economic and geopolitical dynamics. This was reflected in a 4.6% moderation in TIV during the first half of 2025 compared to the same period in 2024. This normalisation phase is expected to encourage players to sharpen their strategies in areas such as product positioning, after-sales support, and customer experience to stay competitive. In this context, our deep-rooted partnerships with key national brands and proven ability to adapt to new market demands have become more crucial than ever in maintaining our market leadership.

Within this landscape, national brands held firm with a 68.0% market share, supported by strong demand in the affordable segment and a shift in consumer preferences towards more affordable models. The competitive landscape continued to intensify as more automotive players, often with a focus on EVs, entered the market, quickly gaining traction with aggressive pricing and diverse product offerings. We are closely monitoring these trends and are confident that our focus on value, quality, and long-standing relationships with

established OEMs, including those leading the EV transition, enables us to thrive in this evolving environment.

AIR TRAVEL MOMENTUM LIFTS GLOBAL MRO MARKET ABOVE PRE-PANDEMIC LEVELS

The global aviation sector showcased a robust recovery, with the IATA reporting total industry RPK rising 10.4% YoY in 2024, surpassing pre-pandemic 2019 levels by 3.8%. The momentum was supported by airlines achieving a record-high passenger load factor of 83.5%, reflecting optimal aircraft utilisation. This positive trend extended into early 2025, with international RPK expanding at an average of 5.1% YoY in the first six months. The sustained growth in air travel is a key driver of robust demand for MRO services.

The global aviation MRO market fully recovered in 2024, reaching an estimated USD114 billion, a notable 7.2% above its pre-pandemic peak. As airlines continue to prioritise investments in enhancing the passenger experience and extending fleet life cycles, our EASA-certified capabilities and expanding track record position us favourably to support this segment and capitalise on the industry's resurgence.

Strategic Review

Outlook

We anticipate steady growth ahead, fuelled by strategic initiatives and favourable market developments across our main business areas, with our multipronged approach designed to leverage both domestic and international opportunities.

LOCAL AUTOMOTIVE MARKET TO HOLD STEADY, SUPPORTED BY NATIONAL AND AFFORDABLE BRANDS

The MAA forecasts TIV to reach 780,000 units in 2025. While this figure is lower than last year's record-high, it reflects a stabilisation of the market following the post-pandemic boom. We believe this measured growth environment plays to our strengths in areas like product quality and customer experience.

National brands are expected to remain competitive, with Perodua and Proton continuing to outperform non-national marques. This is supported not only by affordability but also by improved specifications and features.

Moving forward, national car brands are anticipated to strengthen their market position with new attractive models, which includes EV. These launches are crucial, as they will potentially drive robust demand for our products and further reinforce our role as a key upholstery supplier.

The government's target of increasing EV penetration of TIV also presents a significant opportunity. With incentives for local assembly of EVs in place until December 2027, OEMs are encouraged to ramp up local production. This shift allows us to expand our participation in the domestic EV value chain, placing us at the forefront of this new era of automotive manufacturing.

GROWING OPPORTUNITIES IN THE GLOBAL REM MARKET

With the domestic REM market in Malaysia reaching a saturation point, we are strategically focusing on international markets where demand is expanding at a faster pace. According to market research, the global automotive upholstery market, valued at USD7.5 billion in 2024, is projected to reach USD11.2 billion by 2032. This robust growth is driven by key trends such as rising demand for enhanced in-vehicle comfort, growing preference for premium interiors, and increasing production of electric and autonomous vehicles, which are spurring innovation in sustainable, lightweight, and smart upholstery materials.

North America, Europe, and Asia-Pacific represent the largest markets, with the US, in particular, offering significant potential due to its strong focus on comfort and safety. Beyond these core regions, emerging markets such as ASEAN and the Middle East are also expanding, supported by rising vehicle ownership and consumer appetite for customised automotive interiors. By leveraging these global opportunities and a product portfolio that is competitive on the international stage, we are well-positioned to capture a greater market share in the REM segment.

MALAYSIA AVIATION GAINS MOMENTUM AMID SLOWER GLOBAL GROWTH

Global passenger traffic is projected to grow by 5.8% YoY in 2025, down from 10.6% in 2024, according to IATA. The slower momentum reflects ongoing macroeconomic headwinds, which are constraining fleet expansion and delaying interior upgrade programmes.



Strategic Review

However, demand for aircraft cabin refurbishment and maintenance solutions is expected to remain firm, particularly for retrofit projects that extend fleet usability and enhance passenger comfort. Airlines continue to prioritise improvements in cabin standards and experience, especially as competition intensifies and consumers become more discerning. These trends are especially pronounced in Asia-Pacific, where regional and low-cost carriers remain key drivers of growth.

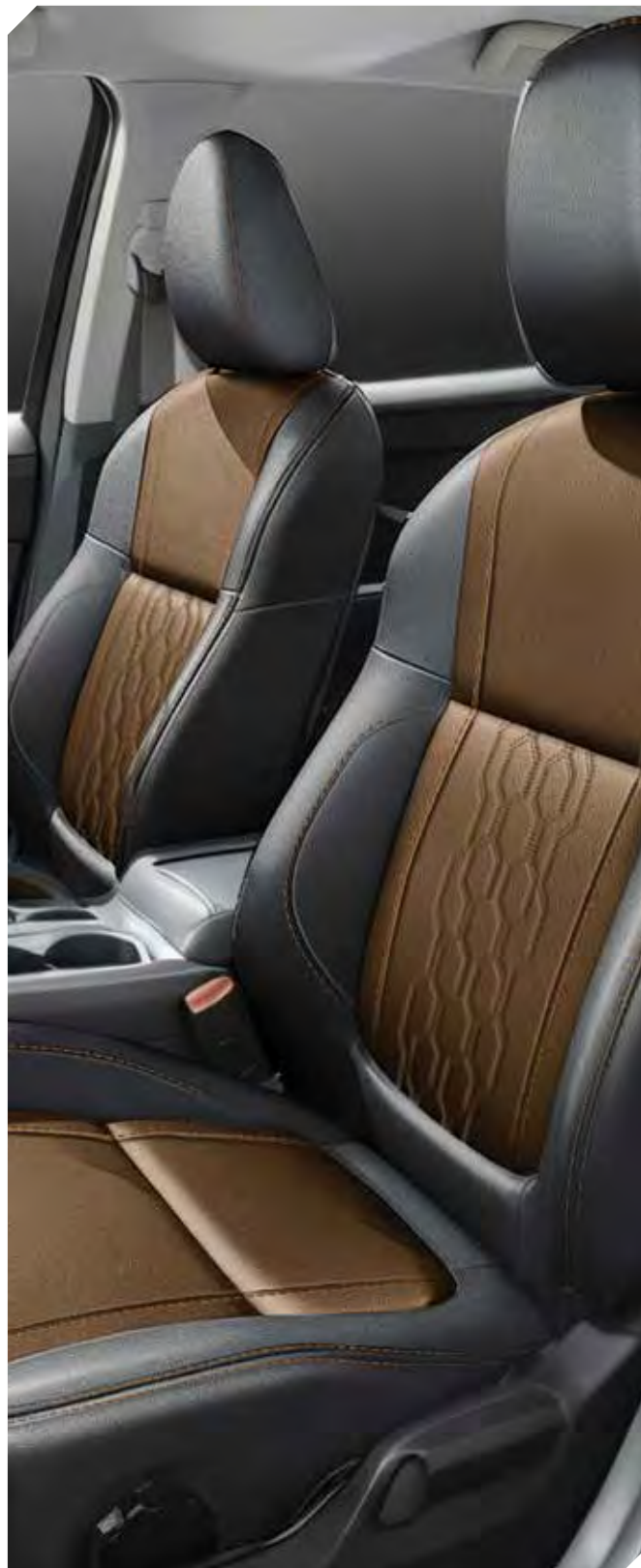
Malaysia's aerospace industry is also gaining strong momentum, with revenue projected by MITI to grow 20.0% to 25.0% this year from RM25.1 billion in 2024. The growth is supported by a strong aerospace workforce that continues to demonstrate excellence across the entire value chain, from aircraft structure manufacturing and engine components to avionics, MRO, and systems integration.

Ongoing fleet expansions by major airlines are expected to drive robust demand for aircraft interior refurbishment and related MRO activities in the future. Being one of the few specialised players in this niche, we are poised to benefit from emerging opportunities in the aviation refurbishment space, as airlines continue to seek reliable partners for high-quality, cost-effective, and customisable cabin interior solutions.

INDONESIAN AUTOMOTIVE REMAINS STEADFAST FOR LONG TERM

The Association of Indonesia Automotive Industries forecasts that car sales in Indonesia will reach 800,000 units in 2025, a minor decrease from the 865,723 units sold in the prior year. Despite the slight slowdown, the industry remains resilient, with export growth playing an increasingly important role. We believe the market is poised for further expansion, driven by robust population growth, urbanisation, and rising vehicle ownership, including the adoption of EVs. Through our strategic presence in Indonesia, we are well-positioned to capitalise on these opportunities by leveraging our established expertise working with prominent automotive brands.

As we look ahead, our confidence is built on a strong foundation of operational excellence and foresight. The achievements of FY2025, from our record profitability to our expanding global footprint, demonstrate our capacity to adapt and thrive. With a strong balance sheet, clear strategic compass, and robust business model, we are exceptionally suited to take advantage of future growth opportunities and continue delivering sustainable value to all our stakeholders.



Strategic Review

Our Value Creation Story



Strategic Review

We take a structured, stakeholder-informed approach to value creation, starting with a thorough assessment of our market landscape, which enables us to identify the material matters and key risks and mitigation strategies that underscore our strategic approach.

Our strategies align with our 4 Key Pillars – OEM, REM, Aviation, and Emerging Ventures – with each supporting the effective use of our Six Capitals and strengthening our competitive positioning. Value creation is primarily driven through our automotive and aviation segments, with profits reinvested into our operations to support continuous improvement, true to our motto, “*Passion for Perfection*”.

Central to this process is our commitment to sustainability. ESG considerations are embedded in our strategic and operational decisions to ensure long-term, inclusive value, with progress detailed in our SS 2025.

1. Market Overview & Outlook

We assess market conditions and trends to identify developments that may impact our value creation over the short, medium, and long term, providing critical insights to guide our strategic direction.

2. Key Stakeholder Engagement

We engage consistently with our key stakeholder groups to understand and meet their exacting needs and expectations, ensuring our strategies remain aligned with those most critical to our business.

- ▼  Customers
- ▼  Investors
- ▼  Employees
- ▼  Suppliers
- ▼  Governments and Regulators
- ▼  Community

3. Material Matters

Stakeholder feedback and market assessments feed into the identification of our five material matters – key areas with the greatest potential to influence our long-term value creation.

- ▼ Quality, Competitive and Reliable Products & Services
- ▼ Products, Services & Business Innovation
- ▼ Sustainable Performance & Expansion
- ▼ Responsible & Ethical Suppliers
- ▼ Talent Attraction, Development & Retention

4. Key Risks & Mitigation Actions

We assess and mitigate strategic, operational, financial, and compliance risks to strengthen our value creation model, with actions guided by our materiality priorities to support business resilience.

5. Growth Strategies

Our understanding of risks, opportunities, and material matters shapes our 4 Key Pillars that serve as the foundation of our business direction and operational evolution.

- ▼  Pillar 1: OEM
- ▼  Pillar 2: REM
- ▼  Pillar 3: Aviation
- ▼  Pillar 4: Emerging Ventures

6. Capital Inputs

We implement our strategies by leveraging our Six Capitals that underpin our operations and enable sustained value creation.

- ▼  Financial Capital
- ▼  Manufactured Capital
- ▼  Intellectual Capital
- ▼  Human Capital
- ▼  Social & Relationship Capital
- ▼  Natural Capital

7. Value Creation

By efficiently utilising our capitals, we generate and reinvest value through shareholder dividends, economic contributions, job creation, and social and environmental investments, driving ongoing capital enhancement and sustained growth.

8. ESG

Sustainability underpins our value creation model, with ESG factors embedded across our strategies, operations, and reporting to deliver long-term, shared value for our stakeholders and communities.

Strategic Review

Our Value Creation Business Model

Inputs



Financial Capital

- ▼ Sustained financial strength from our:
 - Steady performance
 - Share capital and shareholders' equity
 - Access to debt and capital markets



Manufactured Capital

- ▼ Our production facilities in:
 - Kepong, Kuala Lumpur, Malaysia (1)
 - Cikarang Selatan, Bekasi, Indonesia (1)



Intellectual Capital

- ▼ Our proprietary systems and technologies
- ▼ Our strong brand equity and market experience



Human Capital

- ▼ Our diverse and experienced leadership and workforce
- ▼ Our sound governance framework



Social & Relationship Capital

- ▼ Our longstanding stakeholder relationships
- ▼ Our Group's governing policies



Natural Capital

- ▼ The raw materials, energy and water used in our operations
- ▼ Our solar energy generation and consumption



Vision

To be the leading upholstery manufacturer globally in the automotive industry and a top player for aircraft interiors and MRO in aviation industry



Mission

To keep exceeding our customers' expectations in design, quality, and innovation, and fostering sustainability and long-term partnerships



Motto

Passion for Perfection

Our Key Stakeholders



Customers



Investors



Employees



Suppliers



Governments and Regulators



Community

Our 4 Key Pillars

- ▼ OEM
- ▼ REM
- ▼ Aviation
- ▼ Emerging Ventures

Material Matters

- ▼ Quality, Competitive and Reliable Products & Services
- ▼ Products, Services & Business Innovation
- ▼ Sustainable Performance & Expansion

- ▼ Responsible & Ethical Suppliers
- ▼ Talent Attraction, Development & Retention

Our Business Processes

Procurement

Collaborating with our suppliers to source raw materials that align with our stringent quality standards.

QA

Implementing robust systems and processes that ensure compliance with all applicable local and international quality standards.

Production

Driving production excellence by delivering high-quality products that enhance customer satisfaction.

Sales & Marketing

Leveraging our expertise and proven processes to deliver quality products and services, while actively incorporating customer feedback for ongoing improvement of our value creation.

Product Development

Enhancing product quality through targeted research and responsible resource and material management to ensure consistent delivery of innovative solutions.

Strategic Review

Outputs



Financial Capital

- ▼ Cash and cash equivalents: RM104.9 million
- ▼ Revenue: RM224.5 million
- ▼ PAT: RM57.1 million
- ▼ Basic EPS: 7.8 sen
- ▼ Net dividend per share: 5.0 sen
- ▼ Total equity: RM209.0 million



Manufactured Capital

- ▼ Our high-quality, safety-compliant products that are exported to 6 countries
- ▼ Our solar PV and water cooling systems, which drive improved operational and sustainability outcomes



Intellectual Capital

- ▼ Our internationally quality standard certified production facilities and products and services



Human Capital

- ▼ Zero work-related fatalities and high-consequence work-related injuries
- ▼ 7,282 total training hours
- ▼ RM35.6 million allocated for Director and employee remuneration and benefits



Social & Relationship Capital

- ▼ Over RM0.4 million contributed to local communities
- ▼ RM20.9 million paid in income taxes
- ▼ Improved stakeholder awareness of sustainable business practices



Natural Capital

- ▼ Our use of externally sourced, high-quality raw materials
- ▼ Total energy consumed: 14,941.5 GJ
- ▼ Total water consumed: 57.8 ML

Outcomes



Customers

- ▼ Strong, long-term relationships supported by reliable volume and quality delivery
- ▼ Ongoing expansion into local and international markets



Investors

- ▼ Sustained financial stability and operational resilience
- ▼ Increased shareholder value through capital gains and regular dividend payments



Employees

- ▼ A skilled, engaged, and diverse workforce
- ▼ Fair and inclusive workplace with equal opportunities for all
- ▼ Talent attraction and retention driven by:
 - Competitive rewards structure
 - Defined career advancement pathways
 - Structured training programmes
 - Compliance with global quality and safety standards



Suppliers

- ▼ Steady growth in supplier network
- ▼ Close collaboration to encourage innovation and technology adoption
- ▼ Promotion of ESG principles throughout the supply chain



Governments and Regulators

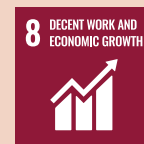
- ▼ Continued economic impact through sales revenue and tax contributions
- ▼ Strong corporate governance practices maintained
- ▼ Operations aligned with relevant government policies and regulations



Community

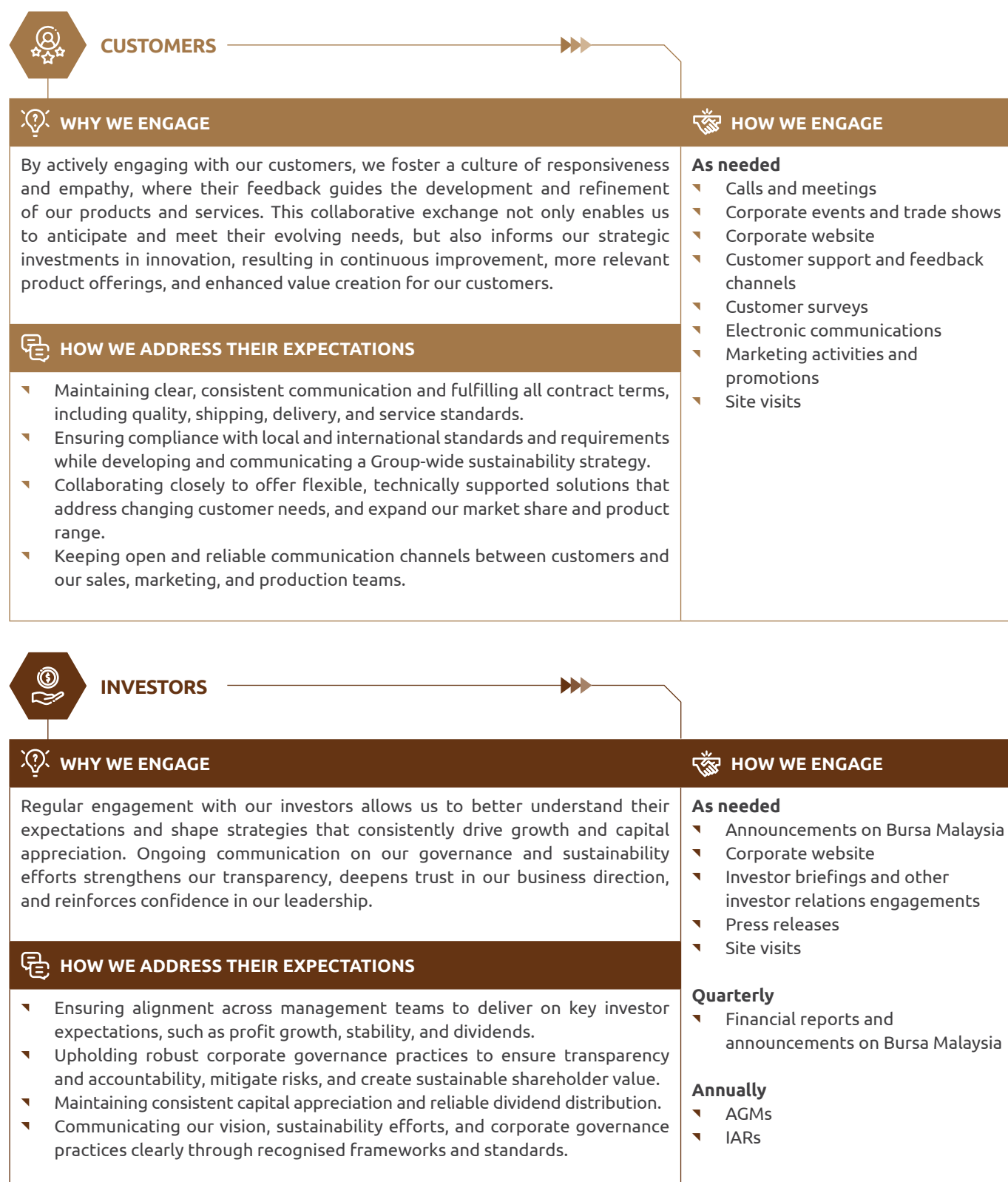
- ▼ Ongoing participation in meaningful CSR activities
- ▼ Stable employment opportunities for local communities

UN SDGs



Strategic Review

Key Stakeholder Engagement



Strategic Review



EMPLOYEES



WHY WE ENGAGE

Meaningful engagement with our employees deepens our understanding of their needs and strengths, providing valuable insights that guide the strategic allocation of resources to support sustainable growth. By aligning with their mindsets and preferences, we strengthen our ability to recognise talent and retain high-performing individuals, ensuring a competitive workforce that upholds our industry leadership.



HOW WE ADDRESS THEIR EXPECTATIONS

- ▶ Aligning performance-based incentives with organisational goals.
- ▶ Providing structured training and developmental programmes to support career growth.
- ▶ Embedding our corporate vision, business direction, and growth plans across all levels to unify our workforce.
- ▶ Ensuring a safe, healthy, and inclusive work environment in compliance with stringent OHS standards.



HOW WE ENGAGE

As needed

- ▶ Employee engagement programmes
- ▶ Internal communications
- ▶ Management meetings
- ▶ Employee meetings

Annually

- ▶ Employee appraisals and performance reviews



SUPPLIERS



WHY WE ENGAGE

Strong, long-term relationships with our suppliers enable us to secure favourable prices, terms, and service quality, while ensuring a reliable supply of high-quality raw materials. We also work closely with them to promote the adoption of sustainable and ethical business practices in line with established industry standards.



HOW WE ADDRESS THEIR EXPECTATIONS

- ▶ Setting clear expectations for quality, safety, and delivery based on industry benchmarks.
- ▶ Enforcing ethical procurement standards, particularly in environmental and social areas.
- ▶ Maintaining regular, open communication to stay aligned on market shifts and strategic planning.
- ▶ Facilitating seamless coordination between suppliers and our internal departments to ensure a consistent supply of quality inputs.



HOW WE ENGAGE

As needed

- ▶ Audits and site visits
- ▶ Calls and meetings
- ▶ Corporate website
- ▶ Electronic communications
- ▶ Supplier evaluations

Strategic Review



GOVERNMENTS AND REGULATORS

 WHY WE ENGAGE	 HOW WE ENGAGE
Regular communication with government agencies and regulators keeps us informed of evolving laws and regulations, allowing us to proactively mitigate risks to our multinational operations. These constructive relationships support strategic compliance and strengthen our ability to navigate regulatory complexities while meeting our business objectives.	As needed - Adoption of practices outlined in the MCCG - Announcements on Bursa Malaysia - Audits and assessments - Regulatory certification assessments - Regulatory compliance at all operational premises - Regulatory events organised by regulatory bodies - Support for government initiatives - Visits by government officials and/or regulatory agents
 HOW WE ADDRESS THEIR EXPECTATIONS - Providing timely reports and accurate information to relevant authorities. - Cooperating with audits and site visits. - Supporting government-led initiatives and contributing to national development through income tax payments. - Staying informed about legal updates through internal knowledge teams and external advisors. - Advancing national sustainability goals through operational and product innovation.	



COMMUNITY

 WHY WE ENGAGE	 HOW WE ENGAGE
Actively engaging with local communities provides us with valuable insights into their needs and preferences, which help shape our product development, employment practices, and sustainability initiatives, recognising their vital role as both consumers and a core part of our workforce.	As needed - Career fairs - CSR programmes - Corporate website - Print and digital media communications
 HOW WE ADDRESS THEIR EXPECTATIONS - Offering employment and career development opportunities. - Actively contributing to socioeconomic progress through local community initiatives. - Implementing responsible operational practices that protect the environment and promote long-term community well-being.	

Strategic Review

Material Matters

We undertake a rigorous materiality assessment process annually, and as needed, to identify critical issues that impact our ability to create value. This process takes various factors into account – including our evolving operating environment, our challenges and opportunities, and the input of our stakeholders. By doing so, we align our strategies and initiatives with sustainable value creation, reinforcing our long-term growth and resilience.

MATERIALITY DETERMINATION PROCESS



- With reference to the Six Capitals of the <IR> Framework, we internally identify relevant material matters for consideration based on their ability to affect value creation. This assessment includes an analysis of our business activities, industry landscape, and stakeholder considerations.
- We then evaluate the importance of each identified matter based on its potential impact on our value creation goals and our ability to meet stakeholder expectations.
- Finally, we conduct a thorough process to determine the materiality level of each matter, before setting boundaries and scopes for each, which, in turn, guide our reporting.

MATERIAL MATTERS	DESCRIPTION	ALIGNED		
		CAPITALS	STAKEHOLDERS	GROWTH STRATEGIES
QUALITY, COMPETITIVE, AND RELIABLE PRODUCTS & SERVICES	- Ensuring the production and delivery of high-quality products and refined services - Maintaining competitive pricing to drive customer preference - Maintaining continuous communication with customers to discuss and understand their requirements - Prioritising product safety within our production process to minimise the risk of negative outcomes for our customers - Driving operational excellence and ensuring full compliance with relevant standards and certifications			

Strategic Review

MATERIAL MATTERS	DESCRIPTION	ALIGNED		
		CAPITALS	STAKEHOLDERS	GROWTH STRATEGIES
PRODUCTS, SERVICES & BUSINESS INNOVATION	▶ Remaining abreast of and adaptive to advancements in technology to maximise operational efficiency, drive productivity, and introduce new design approaches, ultimately fulfilling customer needs ▶ Seeking opportunities to expand within local and international markets to maintain and grow our customer base ▶ Collaborating with external bodies such as government agencies, industry players, and potential customers to co-create products and solutions that create shared value and enhance our competitiveness	  	  	   
SUSTAINABLE PERFORMANCE & EXPANSION	▶ Integrating ESG practices and values into our day-to-day operations ▶ Upholding responsible and efficient resource management practices to reduce our environmental footprint ▶ Navigating risks and market uncertainties through the capable and ethical stewardship of our Management team ▶ Continuously exploring high potential markets to further expand our footprint	  	   	  

Strategic Review

MATERIAL MATTERS	DESCRIPTION	ALIGNED		
		CAPITALS	STAKEHOLDERS	GROWTH STRATEGIES
RESPONSIBLE & ETHICAL SUPPLIERS	- Requiring our supplier pool to consistently deliver high-quality raw materials to uphold our standards and support responsible sourcing - Establishing thorough controls, such as the Purchasing Control Framework and Hazardous Substance Declaration Form, to drive compliance and facilitate the effective assessment of the performance of our suppliers - Supporting our suppliers in adopting the necessary ESG practices within their operations - Ensuring ongoing communication with both customers and suppliers to strengthen relationships and enable timely responses to evolving needs and expectations across the value chain		  	  
TALENT ATTRACTION, DEVELOPMENT, & RETENTION	- Remaining updated on the latest developments and trends in the human resources space to drive continued competitiveness as an employer - Implementing the necessary remuneration, benefits, and other factors to support talent attraction, development, and retention - Providing purpose-fit training to upskill employees in skillsets that are relevant to our goals and aspirations - Maintaining a fair reward system that promotes meritocracy and incentivises excellent performance - Ensuring that workplace health and safety, and diversity, are prioritised and upheld across the organisation - Identifying and prioritising existing talents for leadership roles before looking for external candidates, supported by our succession planning framework	 	 	   

Strategic Review



Key Risks & Mitigation Actions

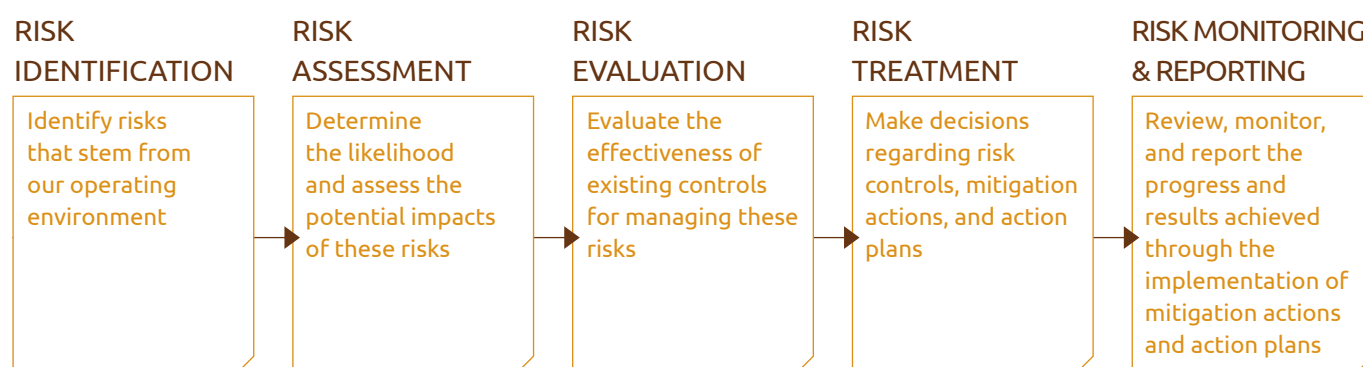
We take a comprehensive approach to risk management, seeking to proactively identify relevant issues and develop strategies to mitigate their impact. This approach minimises negative outcomes for our business and enables us to better protect the interests of our stakeholders.

Our risks are categorised by the following four factors:

RISK FACTORS	DESCRIPTION
 Strategic Risk	Risks that affect the Group from meeting its overall vision, mission, and strategic objectives
 Operational Risk	Risks that affect the effectiveness and efficiency of the operational conditions in the Group to meet its objectives
 Financial Risk	Risks that affect the financial position of the Group
 Compliance Risk	Risks that affect the Group's processes and efforts in ensuring all applicable regulatory requirements are complied with

Risks are determined through a five-step process, ensuring that all potential issues are thoroughly assessed and addressed.

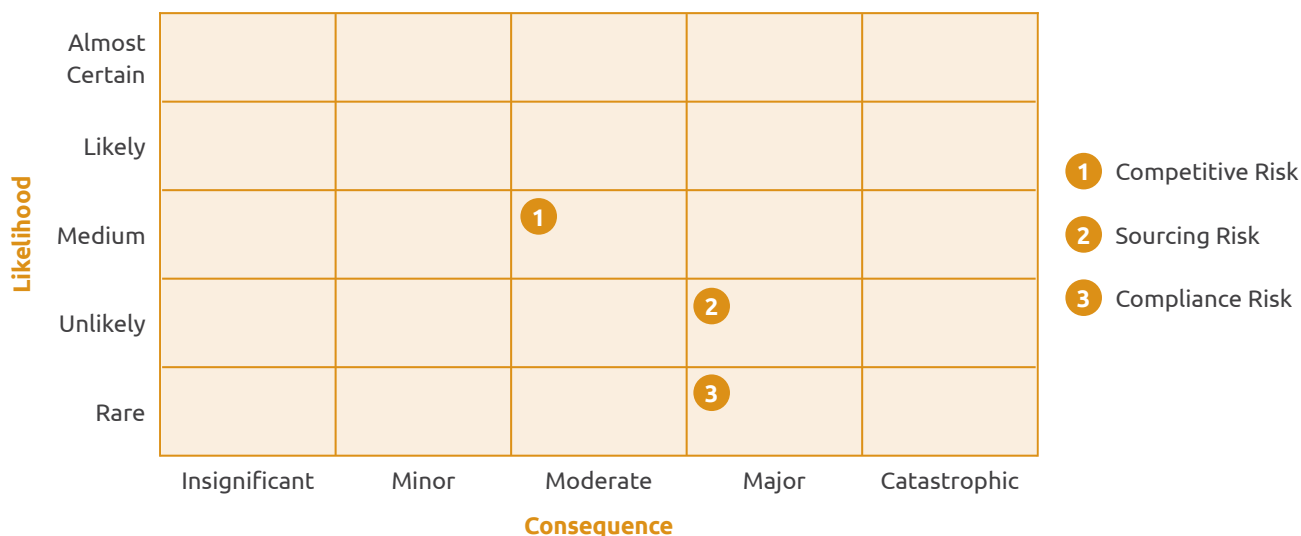
OUR RISK DETERMINATION PROCESS



Strategic Review

Based on the process undertaken during the second step – “Risk Assessment” – the likelihood and potential impact of each identified risk is determined, as shown below.

OUR RISK MATRIX



1 COMPETITIVE RISK

MATERIAL MATTERS IMPACTED	RISK FACTORS	STAKEHOLDERS INVOLVED	CAPITALS IMPACTED	GROWTH STRATEGIES
1 Quality, Competitive, and Reliable Products & Services 2 Products, Services & Business Innovation	 	  	 	 
DESCRIPTION				
As a leading automotive upholstery manufacturer in Malaysia, we continuously adapt to industry trends while striving to balance product quality, service excellence, and cost efficiency in order to meet evolving customer requirements and remain competitive. At the same time, we remain attuned external factors such as fluctuations in raw material and freight costs, as well as evolving standards in the automotive and leather upholstery sectors, as these factors may impact our access to markets, the affordability of our products, and other key factors.				
MITIGATION ACTIONS				
- Our automotive and aviation divisions have obtained internationally recognised certifications in quality, environmental management, and OHS, reinforcing our commitment to meeting and exceeding customer expectations. - To strengthen our competitive position, we focus on optimising production efficiency, enabling cost-effective operations while maintaining product excellence. We also prioritise supply chain efficiency, ensuring smooth coordination from raw material procurement to final product delivery. This approach supports our ability to provide reliable, timely service and maintain a competitive edge in the market.				

Strategic Review

2 SOURCING RISK

MATERIAL MATTERS IMPACTED	RISK FACTORS	STAKEHOLDERS INVOLVED	CAPITALS IMPACTED	GROWTH STRATEGIES
1 Responsible & Ethical Suppliers	  	 	  	  
DESCRIPTION				
The supply of raw materials is subject to various uncertainties, including shipping disruptions, disease outbreaks, and political instability. These factors pose a risk to our operations, as any interruption could significantly impact production. To mitigate this, we implement meticulous procurement strategies to ensure a steady and reliable supply.				
MITIGATION ACTIONS				
▶ We continuously refine our sourcing strategies to strengthen supply chain resilience, ensuring that we maintain adequate stock levels to fulfil both production and sales commitments. ▶ Additionally, we optimise delivery planning to prevent material shortages while upholding the quality of both raw materials and finished products, thereby sustaining operational efficiency.				

3 COMPLIANCE RISK

MATERIAL MATTERS IMPACTED	RISK FACTORS	STAKEHOLDERS INVOLVED	CAPITALS IMPACTED	GROWTH STRATEGIES
1 Quality, Competitive, and Reliable Products & Services	   		 	   
DESCRIPTION				
Given our presence across various industries, regulatory compliance is vital to our ability to maintain access to key markets and generate sustainable value. Any failure to meet local and international regulatory requirements – across the areas of accounting, transactions, customs, trade, and operations – could result in legal, financial, and reputational impacts, ultimately affecting our competitiveness and attractiveness to potential customers.				
MITIGATION ACTIONS				
▶ We regularly participate in professional training programmes organised by relevant bodies to stay updated on regulatory changes affecting our operations. ▶ We maintain frequent communication with local authorities to ensure that all legal and compliance requirements are met. ▶ We have established detailed internal controls, SOPs, and sound corporate governance practices that support ethical and legally-compliant practices.				

Strategic Review

Growth Strategies

Our strategic direction is anchored by 4 Key Pillars, each designed to drive transformation and diversify our revenue streams, ensuring a balanced and resilient growth trajectory.

PILLAR 1: OEM



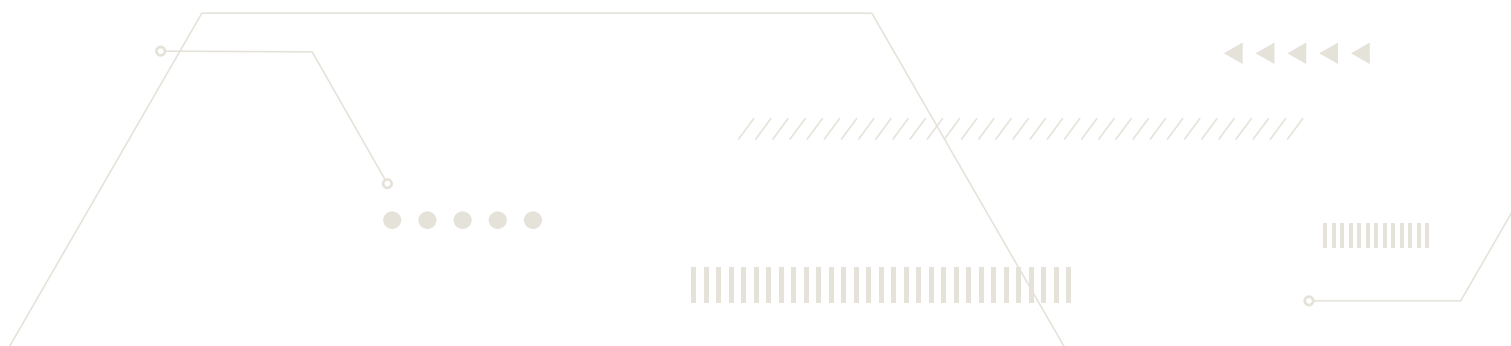
Our strategy is to continually broaden our customer base by leveraging our competitive advantages, which include a 20-year track record, enduring customer partnerships, and our one-stop solutions. We are committed to advancing the localisation of the automotive supply chain in Malaysia, collaborating closely with government agencies such as MITI and MIDA. Our focus remains on innovation in design, materials, and manufacturing processes to deliver superior quality and value.

In the OEM segment, our long-term objective is to eventually serve all major automotive brands, thereby ensuring a steady

and sustainable order book. Through these collaborations, we endeavour to support national initiatives that encourage global automotive brands to source from local suppliers, employ local talent, and establish operations in Malaysia.

In doing so, we aim to not only expand our role in the domestic value chain but also contribute to upskilling the local workforce and facilitating knowledge transfer in high-value manufacturing. These efforts are integral to our broader vision of elevating Malaysia's position as a competitive base for automotive and aviation production, while ensuring sustainable growth through human capital development and industrial localisation.

TIME FRAME (MEDIUM TERM: 1-3 YEARS) (LONG TERM: 4-6 YEARS)	MEDIUM AND LONG TERMS
Our Competitive Advantages	- Track record of over 20 years in automotive leather upholstery - Enduring relationships with key automotive customers spanning over a decade - One-stop solutions covering design, procurement, manufacturing, and installation - Patented in-house products - Strong production capacity - Strong financials with public-listed status - Accredited with internationally recognised industry certifications
Our Business Strategy	- Expanding our customer base - Maintaining long-term partnerships with existing customers - Upholding quality and delivery - Collaborating with MARii - Increasing production capacity - Promoting localisation and industry development



Strategic Review

PILLAR 2: REM

In the REM segment, we are building our presence in the US and concurrently exploring new export opportunities in markets such as the Middle East, Australia, Thailand, and Singapore. Our go-to-market strategy involves partnering with reputable and well-connected local distributors who can support effective market entry and sustained brand presence.



Product innovation remains a key enabler of our growth strategy, allowing us to stay relevant and responsive to market needs. In the REM segment, we are introducing practical enhancements such as slip-on seat cover designs that are user-friendly and do not require professional installation. These improvements cater to the mass market by offering greater convenience and accessibility.

TIME FRAME (MEDIUM TERM: 1-3 YEARS) (LONG TERM: 4-6 YEARS)	MEDIUM AND LONG TERMS
Our Competitive Advantages	- Track record of over 20 years in automotive leather upholstery - Patented in-house products - Heavy investment in R&D for product innovation - Strong production capacity - Accredited with internationally recognised industry certifications
Our Business Strategy	- Expanding into promising new markets - Leveraging our distributor and partner networks for global reach - Spearheading product innovation and development - Upholding quality and delivery - Complying with international standards and certifications - Actively participating in international trade fairs and industry exhibitions



Strategic Review



PILLAR 3: AVIATION



As we scale our operations, upholding the highest standards of quality and on-time delivery remains a fundamental priority. We continue to enhance our internal quality systems, invest in workforce upskilling, and work closely with suppliers to ensure consistency throughout the value chain.

The aviation sector, in particular, demands a superior level of precision, compliance, and operational discipline. To further elevate our aviation capabilities, we are in the process of applying for EASA Part 21 Sub Part J DOA (Design

Organisational Approval), which will enable in-house design engineering, streamline approval processes, and fully integrate our design-to-production workflow. We are also pursuing certifications from regional aviation authorities such as CAAT, CAAS, DGCA, and DGTA, which will facilitate expanded market access and readiness for cross-border projects.

To expand our customer base in aviation, we are working closely with multiple business partners and government agencies to explore further opportunities, including participation in global exhibitions to raise brand visibility and attract international customers.

TIME FRAME (MEDIUM TERM: 1-3 YEARS) (LONG TERM: 4-6 YEARS)	MEDIUM AND LONG TERMS
Our Competitive Advantages	▶ The first and one of the few EASA POA holders in ASEAN ▶ Certified by CAAM ▶ Track record of over 20 years in automotive leather upholstery ▶ Heavy investment in R&D for product innovation ▶ Strong production capacity ▶ High quality products at competitive costs compared to global peers
Our Business Strategy	▶ Leveraging our distributor and partner networks for global reach ▶ Spearheading product innovation and development ▶ Upholding quality and delivery ▶ Complying with international standards and certifications ▶ Actively participating in international trade fairs and industry exhibitions ▶ Spearheading talent acquisition ▶ Leveraging partnerships to drive industry development

Strategic Review

PILLAR 4: EMERGING VENTURES

In Indonesia, we are replicating our successful Malaysian OEM model by targeting multiple top-selling automotive brands, including brands we already serve effectively in our domestic market. This established expertise provides a strong foundation for us to become a leading OEM supplier in Indonesia’s expanding automotive market.

We are also capitalising on the strengths of our strategic partner from China – i.e. their proven R&D expertise across vehicle design, engineering, and prototyping – while we contribute our manufacturing know-how and regional market presence. These combined synergies serve to expand our capabilities, accelerate product development, and strengthen our pathway toward becoming a Tier-1 automotive component manufacturer.

TIME FRAME (MEDIUM TERM: 1-3 YEARS) (LONG TERM: 4-6 YEARS)		MEDIUM AND LONG TERMS
Our Competitive Advantages	- Track record of over 20 years in automotive leather upholstery - Enduring relationships with key automotive customers for over a decade - Extensive experience working with government entities and regulatory authorities - Strong financials with public-listed status	
Our Business Strategy	- Leveraging our distributor and partner networks for global reach - Replicating our established business model in Indonesia - Actively participating in international trade fairs and industry exhibitions - Spearheading talent acquisition - Leveraging partnerships to drive industry development - Focusing on niche or underserved markets	

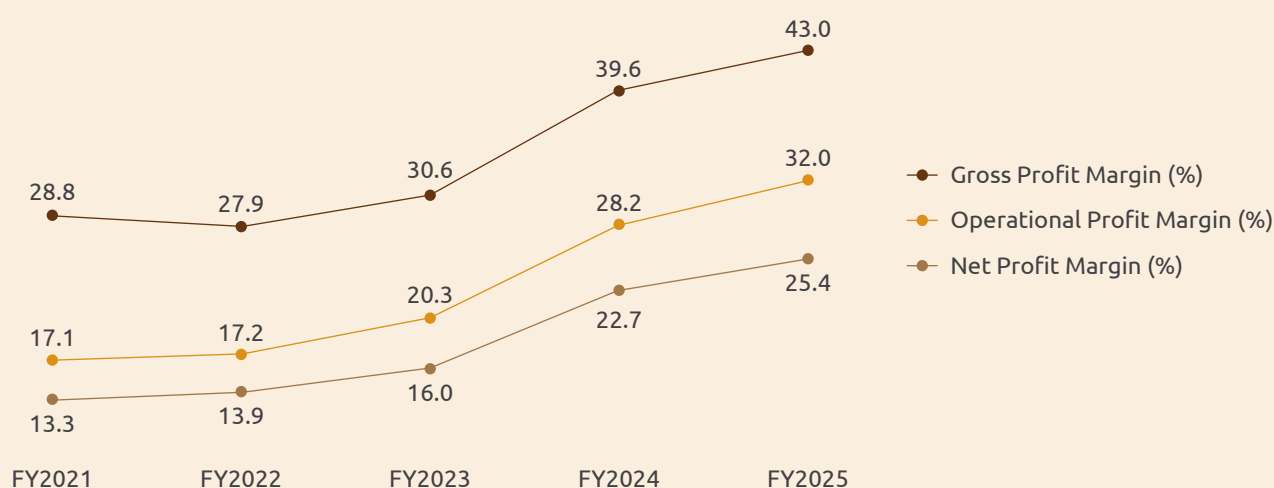


Financial Review

In FY2025, our focus on operational efficiency and value optimisation yielded record profitability, with net profit growing 3.8% to a high of RM57.1 million. This was achieved despite a more moderate growth environment, as Group revenue eased 7.4% to RM224.5 million from RM242.5 million in FY2024, due to slower domestic automotive orders. This exceptional bottom-line performance reflects our disciplined approach to cost management, favourable product mix, and significant gains in operational efficiency.

OPTIMISING PROFITABILITY THROUGH ENHANCED MARGINS

MARGIN ANALYSIS



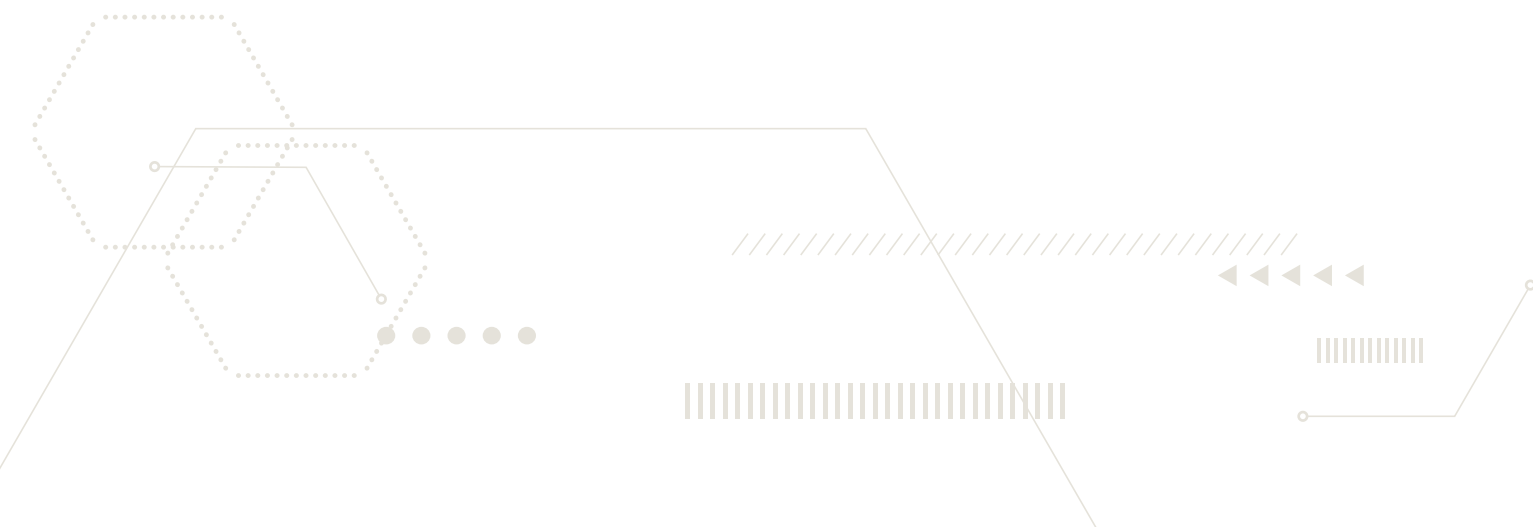
Our robust profitability was reflected in a significant expansion of our margin profile. Gross profit margin improved to 43.0% in FY2025 from 39.6% in FY2024, operating profit margin expanded to 32.0% from 28.2%, and net profit margin increased to 25.4% from 22.7%. These gains were driven by our increased implementation of automation and other continuous improvement initiatives.

By integrating automation and new technologies, we have enhanced material utilisation, optimised production speed, and streamlined logistics and operational workflows. These improvements, coupled with increased cost discipline, have driven improved profitability and enhanced the resilience of our business model.

Financial Review

DRIVING REVENUE GROWTH THROUGH BUSINESS SEGMENTS

	Revenue (RM'000)		Percentage within total Group revenue (%)		Percentage within segment revenue (%)
AUTOMOTIVE (MALAYSIA)					
Car Seat Covers (A)					
▼ OEM	185,068		82.4		85.6
▼ REM	7,618		3.4		3.5
▼ PDI	7,891		3.5		3.6
(A)	200,577	(i) = (A) / (K)*100%	89.3	(1) = (A) / (E)*100%	92.7
Sewing of fabric car seat covers					
(B)	11,418	(ii) = (B) / (K)*100%	5.1	(2) = (B) / (E)*100%	5.3
Manufacturing of leather/ PVC car accessories covers and miscellaneous seat covers, and provision of wrapping and stitching services					
▼ OEM	1,254		0.6		0.6
▼ REM	2,544		1.1		1.2
(C)	3,798	(iii) = (C) / (K)*100%	1.7	(3) = (C) / (E)*100%	1.8
Leather cut pieces supply					
(D)	477	(iv) = (D) / (K)*100%	0.2	(4) = (D) / (E)*100%	0.2
Sub-total					
(E) = (A) + (B) + (C) + (D)	216,270	(v) = (E) / (K)*100%	96.3	(5) = (E) / (E)*100%	100.0



Financial Review

	Revenue (RM'000)		Percentage within total Group revenue (%)		Percentage within segment revenue (%)
AUTOMOTIVE (INDONESIA)					
Car Seat Covers					
▼ REM	237		0.1		4.2
▼ PDI	1,512		0.7		26.8
(F)	1,749	(vi) = (F) / (K)*100%	0.8	(6) = (F) / (H)*100%	31.0
Manufacturing of leather/ PVC car accessories covers and miscellaneous seat covers, and provision of wrapping and stitching services					
(G)	3,890	(vii) = (G) / (K)*100%	1.7	(7) = (G) / (H)*100%	69.0
Sub-total					
(H) = (F) + (G)	5,639		2.5		100.0
AVIATION					
Sub-total (I)	2,329	(ix) = (I) / (K)*100%	1.1	(9) = (I) / (I)*100%	100.0
OTHERS					
Sub-total (J)	262	(x) = (J) / (K)*100%	0.1	(10) = (J) / (J)*100%	100.0
GRAND TOTAL					
(K) = (E) + (H) + (I) + (J)	224,500	(xi) = (K) / (K)*100%	100.0	(11) = (K) / (K)*100%	100.0

Financial Review



The Group's total revenue in FY2025 was predominantly derived from Malaysia's automotive segment, which contributed 96.3% of the financial year's revenue, with the remaining contribution coming from Indonesia's automotive segment (2.5%), the Aviation segment (1.1%), and others (0.1%).

Within our automotive segment in Malaysia, car seat covers sale made a prominent contribution of 92.7% of the segment's total revenue. This was further complemented by the sewing of fabric car seat covers (5.3%), the manufacturing of leather/PVC car accessories covers and miscellaneous seat covers, and the provision of wrapping and stitching services (1.8%), as well as leather cut pieces supply (0.2%).

Meanwhile, in Indonesia's automotive segment, car seat cover sales accounted for 31.0% of revenue, with the remaining 69.0% derived from the manufacturing of leather/PVC car accessories covers and miscellaneous seat covers, and the provision of wrapping and stitching services.

The Group's financial performance was also strengthened by its Aviation segment, which recorded a 130.0% increase in revenue compared to the previous financial year, amounting to approximately RM2.3 million from RM1.0 million in FY2024. This growth was largely driven by the completion of MRO projects during the financial year.

ROBUST BALANCE SHEET TO CAPTURE FUTURE OPPORTUNITIES

As at 30 June 2025, we maintained a robust financial standing. Total assets amounted to RM245.2 million, compared to RM288.6 million in FY2024. The decrease was largely due to the utilisation of cash to support production activities and expansion plans in line with our operational needs.

Total liabilities, meanwhile, reduced to RM36.2 million from RM54.1 million in the previous year, a result of efficient financial resource management, with borrowings declining to RM5.4 million from RM6.9 million a year ago.

We also sustained a solid liquidity position, backed by cash and cash equivalents of RM104.9 million. As a result, our net gearing remained healthy, and our current ratio stood at 7.2 times, indicating continued strength in our working capital position. With this strong balance sheet, we are well-placed to capitalise on new growth opportunities.

Financial Review

RM'000	FY2021	FY2022	FY2023	FY2024	FY2025	CAGR (%)
Extracts From Statements Of Profit Or Loss						
Revenue	144,750	164,394	221,258	242,545	224,500	11.6
Gross Profit	41,753	45,831	67,759	95,950	96,508	23.3
Results From Operating Activities	24,712	28,285	44,892	68,309	71,821	30.6
PBT	25,800	29,289	46,947	72,151	75,597	30.8
PAT	19,220	22,841	35,426	55,021	57,096	31.3
EBITDA	29,526	33,407	49,751	73,775	77,616	27.3
Profit Attributable To Owners Of The Company	19,234	22,852	35,404	54,994	57,121	31.3
Extracts From Statements Of Financial Position						
Total Assets	195,355	224,426	264,036	288,649	245,196	5.8
Cash And Cash Equivalents	78,132	86,808	111,232	153,682	104,910	7.6
Total Liabilities	28,418	34,633	50,816	54,135	36,163	6.2
Borrowings	-	8,884	11,870	6,888	5,382	N.A.
Total Equity	166,937	189,793	213,220	234,514	209,033	5.8
Extracts From Statements Of Cash Flows						
Net Cash From Operating Activities	14,836	11,025	39,660	75,950	47,581	33.8
Net Cash Used In Investing Activities	(7,289)	(10,542)	(2,346)	(188)	(703)	-44.3
Net Cash (Used in)/From Financing Activities	(7,624)	8,260	(13,367)	(33,171)	(95,312)	88.0
Financial Ratios						
Gross Profit Margin (%)	28.8	27.9	30.6	39.6	43.0	
Operational Profit Margin (%)	17.1	17.2	20.3	28.2	32.0	
Net Profit Margin (%)	13.3	13.9	16.0	22.7	25.4	
ROE ¹ (%)	11.5	12.0	16.6	23.5	27.3	
Current Ratio (times)	6.4	7.2	5.1	5.1	7.2	
Dividend Payout (RM'000)	11,910	15,461	17,742	48,387	36,467	
Dividend Payout Ratio (%)	61.9	67.7	50.1	88.0	63.8	
Dividend Per Share (sen) ²	1.7 ³	2.1 ⁴	2.4	6.5	5.0	

1 Profit attributable to owners of the Company as a percentage of equity.

2 Number of shares are assumed to include the effect of bonus shares issued on the basis of 3 bonus shares for every existing ordinary share held.

3 Adjusted based on weighted average cost of share dividend distributed on the basis of 1 treasury share for every 16 existing ordinary shares held.

4 Adjusted based on weighted average cost of share dividend distributed on the basis of 1 treasury share for every 41 existing ordinary shares held.

Operational Performance Review

KEY PERFORMANCE MILESTONES

FY2025 was a year of focused execution across our key business segments. Our operational performance was reinforced by an expanding market presence, strategic partnerships, product innovation, and continued investments in our core capabilities.

Pillar 1: OEM



The OEM segment remained our largest revenue contributor in FY2025. We solidified our market standing and leveraged enduring relationships with key OEM partners, including Perodua, Toyota, Nissan, Proton, and Mitsubishi, ensuring stable production volumes supported by steady orders.

Operational efficiency at our OEM production lines was maintained at approximately 80.0%, ensuring consistent throughput and reliable delivery timelines. During the year, we also secured new supply engagements with customers such as MG Motor, further expanding our footprint within the OEM value chain.

Additionally, we are making progress with plans for our new manufacturing facility at the UMW High Value Manufacturing Park in Serendah, an initiative aligned with our long-term capacity expansion and diversification plans. The plant is expected to double our current production capacity upon completion, supporting growing demand across our core automotive operations as well as new business verticals, including aviation and future joint ventures.

The project is currently in the planning and design phase. This forthcoming multi-phase project aims to implement advanced, energy-efficient production systems. The facility is being designed with built-in flexibility to support evolving production needs and a broader product portfolio.

In a move towards Industry 4.0 readiness, we are actively engaging with machinery suppliers to incorporate advanced technologies such as system integration, IoT connectivity, and autonomous robotics. These enhancements will improve automation, operational visibility, and production efficiency, positioning the Serendah plant as a future-ready hub for high-value manufacturing.

Pillar 2: REM



We made significant progress in expanding our global presence and diversifying our product offerings under the REM segment in FY2025. As part of our branding and market outreach efforts, we participated in the Kuala Lumpur International Mobility Show 2024, engaging directly with

aftermarket players and distributors from across the region. We also enriched our REM offerings by introducing new product lines catering to various market segments, including the Genuine Leather series and TurboSeat series.

A key commercial highlight during the year was securing a supply contract with a reputable American automotive upholstery manufacturer. The engagement covers several new vehicle models for the North American market, with the first shipment expected to be delivered between October 2025 and November 2025. This represents a breakthrough into one of the world's largest and most profitable REM markets, establishing a pathway for us to scale our international footprint and capture higher-margin opportunities.

We also advanced discussions with distributors in the Middle East, the UK, Australia, Thailand, and Singapore, laying the groundwork for broader international sales coverage and reinforcing our ambition to be a trusted aftermarket brand beyond Malaysia.



Operational Performance Review



Pillar 3: Aviation



FY2025 was a landmark year for our aviation segment, marked by notable achievements within the seat cover replacement programme through the servicing of both local and international civilian and government helicopters. Additionally, we completed multiple cabin interior refurbishment projects for local and international airlines throughout the year, while also securing a recurring on-demand project for a local airline. Furthermore, we are actively pursuing new contracts for commercial and general aircraft.

Our cabin interior refurbishment works during the year encompassed a range of commercial and government aircraft, including fixed-wing and rotary-wing aircraft. Projects included full seat restorations, headrest cover fabrication, interior painting, cabin insulation, and leather wrapping of seat assembly parts.

We also continued to expand our aviation customer base by securing new projects with customers across Asia and beyond, with the following highlights:

- ✦ Commissioned the fabrication of business class seat covers, curtain panels, and leather-wrapped components. The project also featured our first application of 3D-printed seat back panels, demonstrating our capabilities in rapid prototyping and customised cabin solutions.
- ✦ Completed 5 full and 10 partial cabin refurbishment works for A320 aircraft, with a total project value exceeding RM1.2 million.
- ✦ Commenced supply of aviation-grade consumables across multiple shipments.

Concurrently, we enhanced our manufacturing capabilities through a strategic partnership with a Singaporean company, enabling the adoption of additive manufacturing and carbon fibre composites. These technological advancements, which led to our first 3D-printed seat back panels, allow for rapid

prototyping and shorter turnaround times for cabin interior components.

To further build visibility and strengthen our networks within the aviation ecosystem, we actively participated in key industry events, including the Malaysia Aerospace Summit 2024, Selangor Aviation Show 2024, and LIMA 2025. At LIMA 2025, we formalised five strategic collaborations through the signing of MOUs and a General Collaboration Agreement, encompassing:

- ✦ Transforming manufacturing with the Centre of Excellence for Additive Manufacturing to adopt industrial 3D printing technology;
- ✦ Developing future talent through the supply of skilled human resources and the creation of job opportunities in aviation and non-aviation sectors;
- ✦ Expanding integrated aviation services by collaborating on cabin interior components and related aerospace products for commercial, military, and general aviation aircraft;
- ✦ Enhancing agile project collaboration on a project-by-project basis for aircraft cabin interiors and related services; and
- ✦ Investing in human capital development to promote internships, research, and training programmes.

Pillar 4: Emerging Ventures



The Group is accelerating its journey toward becoming a Tier-1 automotive component manufacturer. We are actively sourcing capable partners for collaboration and knowledge transfer in critical areas, including expertise in R&D, styling, body and chassis development, powertrain systems, performance analysis, prototype manufacturing, and full vehicle turnkey projects.

These initiatives are instrumental in reinforcing our position in the regional automotive value chain and expanding our capabilities.

Operational Performance Review

DELIVERING VALUE THROUGH CORE OPERATIONAL EXCELLENCE

Our success is built on a foundation of operational excellence and commitment to long-term sustainability. In FY2026, we will sharpen our focus on five core operational areas that are integral to delivering sustainable value to all stakeholders:

Product Quality **OUR COMMITMENT TO EXCELLENCE**



We go beyond meeting specifications and strive to exceed customer expectations at every stage. We use high-quality, certified materials, and enforce strict quality and reliability standards through rigorous checkpoints across all production stages. By proactively seeking customer feedback and conducting regular evaluations, we ensure every product we deliver upholds our brand promise of quality and precision.

Sustainability **WEAVING A BETTER FUTURE**



Sustainability is no longer a separate initiative; it has been woven into our business model. We are fully aligned with the 10 UN SDGs we adopted, and we annually review our 8 material matters to ensure our strategy remains aligned with stakeholder expectations. Our commitment extends from responsible sourcing to optimising energy, waste, and water use, promoting a diverse workforce, and upholding high standards of corporate governance.

Health & Safety **PUTTING OUR PEOPLE FIRST**



The well-being of our employees is paramount. We provide a safe, secure, and healthy workplace that meets all standards. Our safety protocols are a fundamental part of our culture, reinforced by an incentive system that rewards performance in quality, productivity, and safety. We are proud of our track record of zero fatalities and continuously enhance our practices with regular independent audits.

Knowledge & Skills **OUR STRATEGIC TALENT ADVANTAGE**



We foster a culture of continuous learning and professional development. We provide both in-house and external training, with Senior Management actively mentoring the next generation of leaders. We also strengthen management-employee relations through team-building activities, creating a more cohesive and collaborative environment.

Technology **A CATALYST FOR FUTURE GROWTH**



Technology is the catalyst for our future growth. We are advancing our capabilities by actively assessing the adoption of new technologies such as system integration, IoT connectivity, and autonomous robotics. These technologies are anticipated to improve automation and production efficiency, enhance operational visibility, and position our upcoming Serendah plant as a future-ready hub for high-value manufacturing.



Overview

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SUSTAINABILITY STATEMENT 2025

Overview

FY2025 Sustainability Highlights

Sustainability is central to maintaining our leadership in the industry, and we are committed to driving continuous improvement across EESG factors relevant to our business. Accordingly, this SS details the progress we have made over the past year in embedding sustainability into our operations, along with our performance across key metrics.



Overview

Our Sustainability Achievements

Pecca is proud to have been included by Bursa Malaysia as a constituent of both the F4GBM Index and the F4GBMS Index, effective 24 June 2024.



The F4GBM Index measures the performance of public listed companies with good liquidity that demonstrate strong ESG practices.

On the other hand, the F4GBMS Index tracks constituents in the F4GBM that are Shariah-compliant, in accordance with the Shariah Advisory Council screening methodology.

These inclusions reflect the Group's commitment to strong ESG practices, while the assessments provide our stakeholders with meaningful insights into our progress in sustainability and long-term value creation.



Reporting Practice

ABOUT THIS REPORT

We are honoured to present our annual SS for FY2025. It provides an overview of our sustainability performance for the period of 1 July 2024 to 30 June 2025, unless otherwise stated.

SCOPE AND BASIS OF SCOPE

This SS covers our sustainability performance and progress across both local and global operations, namely in Malaysia and Indonesia.

RESTATEMENT OF INFORMATION

Certain information and performance data disclosed in this SS have been restated to reflect enhanced accuracy and alignment with applicable reporting standards. Restatements were undertaken following refinements in data collection and calculation methodologies. All restated figures are duly noted to maintain transparency and to provide stakeholders with a reliable and comparable account of the Group's sustainability performance.

REPORTING FRAMEWORKS AND STANDARDS

This SS has been developed in accordance with the Bursa Malaysia MMLR, and with reference to the Bursa Malaysia SR Guide, the GRI Standards, the TCFD Recommendations, and the UN SDGs.

ASSURANCE

We have implemented robust governance and internal reporting processes to ensure the accuracy and reliability of this SS. Specifically, the statement's content has been subjected to a thorough review by our dedicated reporting team, and has been endorsed by our Board and SWC.

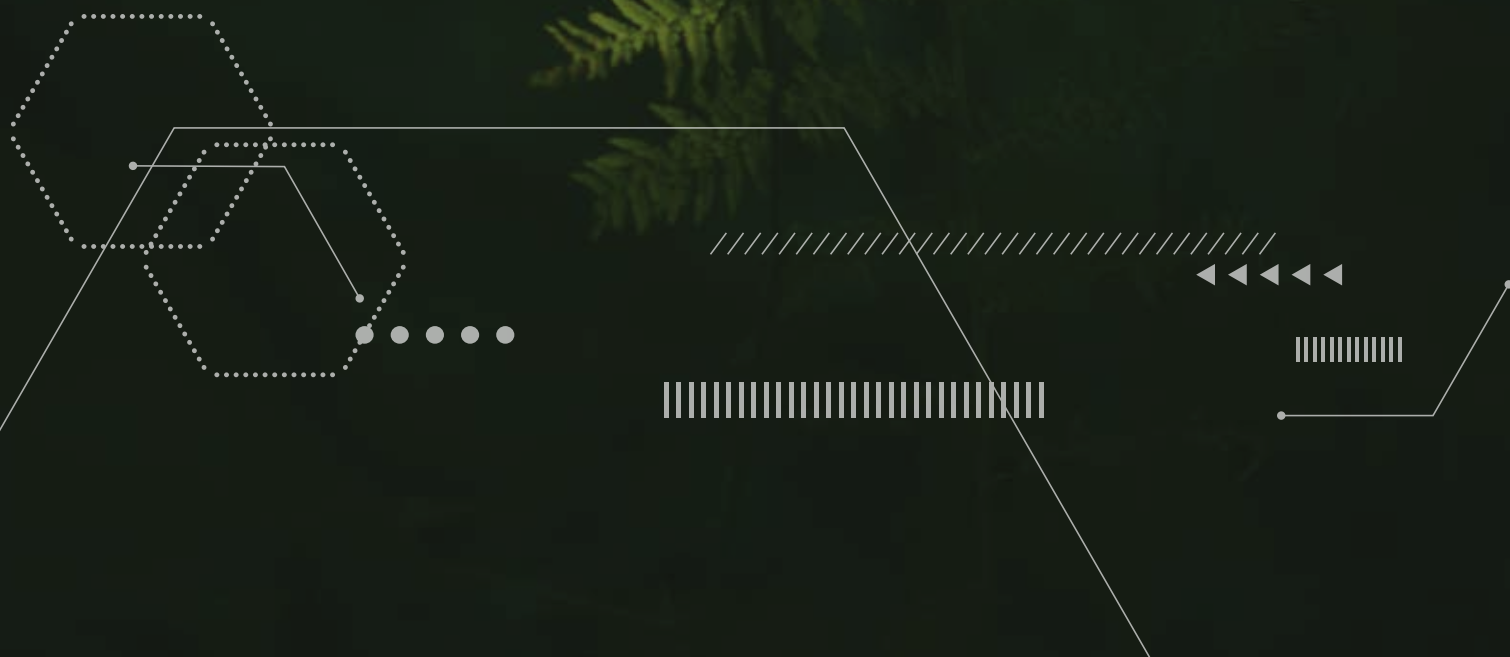
We are committed to enhancing the credibility and transparency of our SS. As we continue to advance our sustainability initiatives, we will consider obtaining external assurance for future statements.

FEEDBACK

We welcome and encourage our stakeholders to provide feedback regarding this SS and the issues covered. Please contact us at peccasr@peccaleather.com.

Sustainability Approach

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Sustainability Approach



Sustainability Governance

In line with our aspiration to embed sustainability across the organisation, the responsibilities of our Board and its SWC have been expanded to cover a broader range of sustainability matters. Under this updated division of responsibilities, the Board maintains overall accountability for defining our sustainability strategy, while the SWC supports its execution through delegated authority.

To ensure effective strategic oversight and improved performance, our sustainability governance is centred around the SWC. This structure enables strategic management and alignment across all material ESG areas. Chaired by the Board and supported by a Group-level Sustainability Team, the SWC includes representatives from various functions, enabling a coordinated, multidisciplinary approach.

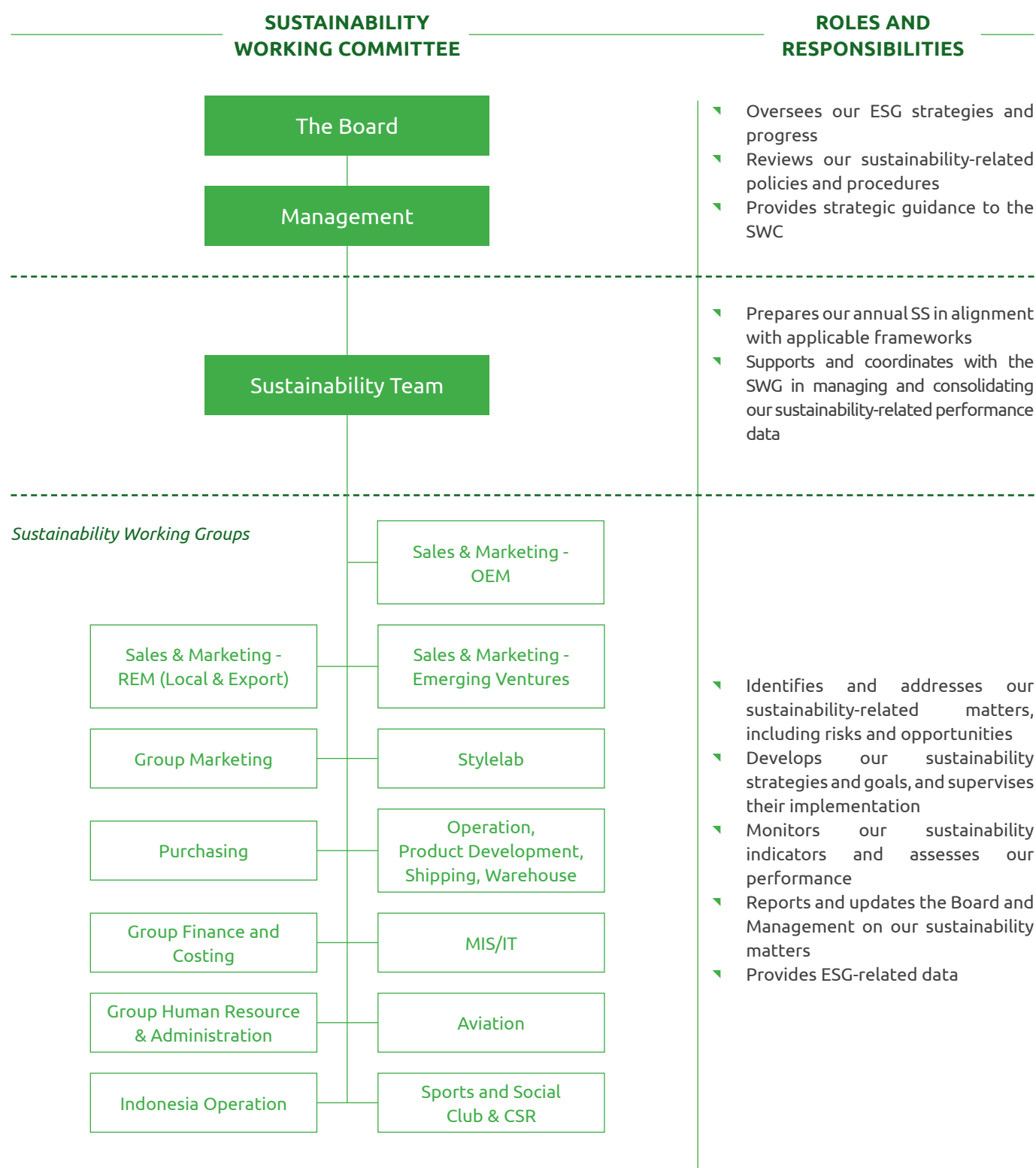
The SWC plays a key role in identifying sustainability issues and developing related strategies and action plans. It convenes to discuss relevant developments, challenges, and opportunities, fostering a shared understanding of ESG matters across the Group. In addition to acting as subject

matter experts, the SWC also coordinates our broader sustainability efforts, including performance tracking and leading the materiality assessment process.

The Board remains committed to strengthening its sustainability oversight, particularly in managing sustainability and climate-related risks and opportunities. Members participate in periodic capacity-building programmes, with ongoing evaluations of their sustainability competencies. This continuous development enhances the Board's ability to monitor our objectives, policies, and strategies, and to review the SWC's implementation progress.

The diagram below illustrates our sustainability governance structure and outlines the respective roles and responsibilities at each level.

Sustainability Approach



To reinforce accountability, the remuneration of our Directors and Senior Management is linked to key ESG performance indicators, including employee safety and health, renewable energy, cost savings in utilities, product innovation, employee engagement and well-being, as well as diversity and inclusion in recruitment.

Sustainability Approach

OUR POLICIES & PROCEDURES



ECONOMIC



ENVIRONMENTAL



SOCIAL



GOVERNANCE

Sustainability Approach

Stakeholder Engagement

At Pecca, we believe that open, consistent communication and meaningful engagement with both internal and external stakeholders are essential to our aspiration of becoming a reputable and sustainable business.

Our key stakeholder groups include customers, investors, employees, suppliers, governments and regulators, and members of local communities. These groups are identified based on their varying levels of influence over, and reliance on, our business, with their perspectives playing a key role in shaping our strategies and driving our efforts to achieve ongoing improvements.

We engage with our stakeholders through a mix of formal and informal channels, including public events, investor briefings, feedback surveys, and AGMs, with the frequency of engagement varying based on context. Our engagements enable us to identify relevant material matters, understand stakeholder concerns and expectations – including those related to the ESG impacts of our products and services – and anticipate emerging risks and opportunities.

The table below summarises our key stakeholder groups, their engagement platforms and frequencies, their areas of interest or concern, and our responses.

KEY STAKEHOLDERS	ENGAGEMENT PLATFORM	AREAS OF INTEREST OR CONCERN	OUR RESPONSE
Customers 	As needed - One-on-one and group meetings - Public engagement events (e.g. roadshows and campaigns) Ongoing - Customer support channels - Print, digital, and social media Annually - CSS - Feedback channels	- Product quality and safety - Product innovation - Ethical sourcing and production - Customer satisfaction - Customer data privacy	- Adhere to stringent product quality standards - Maintain an effective customer relationship management system for timely responses - Adhere to our Personal Data Protection Notice
Investors 	As needed - Press releases - One-on-one and group meetings Ongoing - Site visits Quarterly - Financial reports and announcements - Investor briefings Annually - AGMs - IARs	- Business strategies and future plans - Dividend payouts - Overall financial and non-financial performance and stability - Long-term growth and resilience - Ethical business practices - Good management and corporate governance - Timely and accurate announcements - Transparent financial reporting	- Provide timely updates on our strategy as well as financial and non-financial performance - Uphold good governance across our Group and supply chain - Monitor our sustainability targets and performance indicators

Sustainability Approach

KEY STAKEHOLDERS	ENGAGEMENT PLATFORM	AREAS OF INTEREST OR CONCERN	OUR RESPONSE
Employees 	As needed - Workshops and training sessions - Town halls Ongoing - Employee feedback surveys - Meetings - Internal communication (e.g. newsletters and emails) - Employee engagement programmes and events Annually - Employee appraisals and performance reviews	- Business growth and strategic direction - Remuneration and benefits - Workplace health, safety, and well-being - Diversity and equal employment opportunities - Training, career development, and upskilling opportunities - Corporate culture and values - Human rights - Employee welfare	- Promote open and transparent internal communication - Provide equal employment opportunities and non-discrimination - Offer industry-competitive remuneration and benefits - Provide relevant upskilling and development opportunities - Comply with relevant regulations through an effective OHS management system
Suppliers 	As needed - Meetings Ongoing - Purchasing Policies and Guidelines - Supplier selection forms - Supplier assessments and audits	- Ethical sourcing and procurement practices - Compliance with quality standards and performance expectations - Supply chain sustainability - Strategic partnerships	- Ensure transparent procurement processes - Conduct ESG briefings on our ESG practices and policies - Ensure adherence to our procurement practices
Governments and Regulators 	As needed - Scheduled and ad-hoc meetings Ongoing - Regulatory reporting and compliance submissions - Participation in government and regulatory events	- Compliance with regulations - Ethical and responsible business practices - Corporate governance practices - Contributions to the local economy - Public health and safety - Environmental and social impact	- Ensure full compliance with all applicable regulatory requirements - Adopt practices outlined in the MCCG - Support government initiatives
Community 	Ongoing - Print, digital, and social media - CSR programmes	- Environmental and social impact of our operations - Community development and well-being - CSR initiatives - Job creation and economic contributions	- Promote volunteerism through community initiatives - Actively support local infrastructures through our provision of services to the transportation and healthcare sectors

Sustainability Approach



Materiality Assessment

Our material issues influence our business strategies and resource allocation decisions, directly impacting our ability to generate long-term value for our business and stakeholders.

In FY2023, we conducted a full-scale materiality assessment involving our key stakeholders, with the intention of ensuring that their interests and concerns are addressed and that our priorities remain aligned with their expectations.

Further to this, we conducted annual reviews of our previously selected topics in both FY2024 and FY2025, making adjustments where necessary to ensure that they remained relevant to evolving strategic and stakeholder needs.

Further details on these exercises are provided below.

FY2023

- Conducted a full materiality assessment with our internal and external stakeholders, referencing the Bursa Malaysia SR Guide and the GRI Standards
- Identified nine relevant material matters and six key stakeholder groups, with outcomes reviewed by our SWC and endorsed by the Board

FY2024

- Reviewed our FY2023 materiality matrix – a visual summary of our material matters ranked by stakeholder importance and business impact – and list of key stakeholder groups
- Reaffirmed the continued relevance of our prioritised material matters and key stakeholder groups

FY2025

- Reviewed our FY2024 materiality assessment, referencing the Bursa Malaysia SR Guide and the GRI standards while benchmarking against industry peers
- Revised our material matters to eight while retaining our six key stakeholder groups, with outcomes reviewed by our SWC and endorsed by the Board

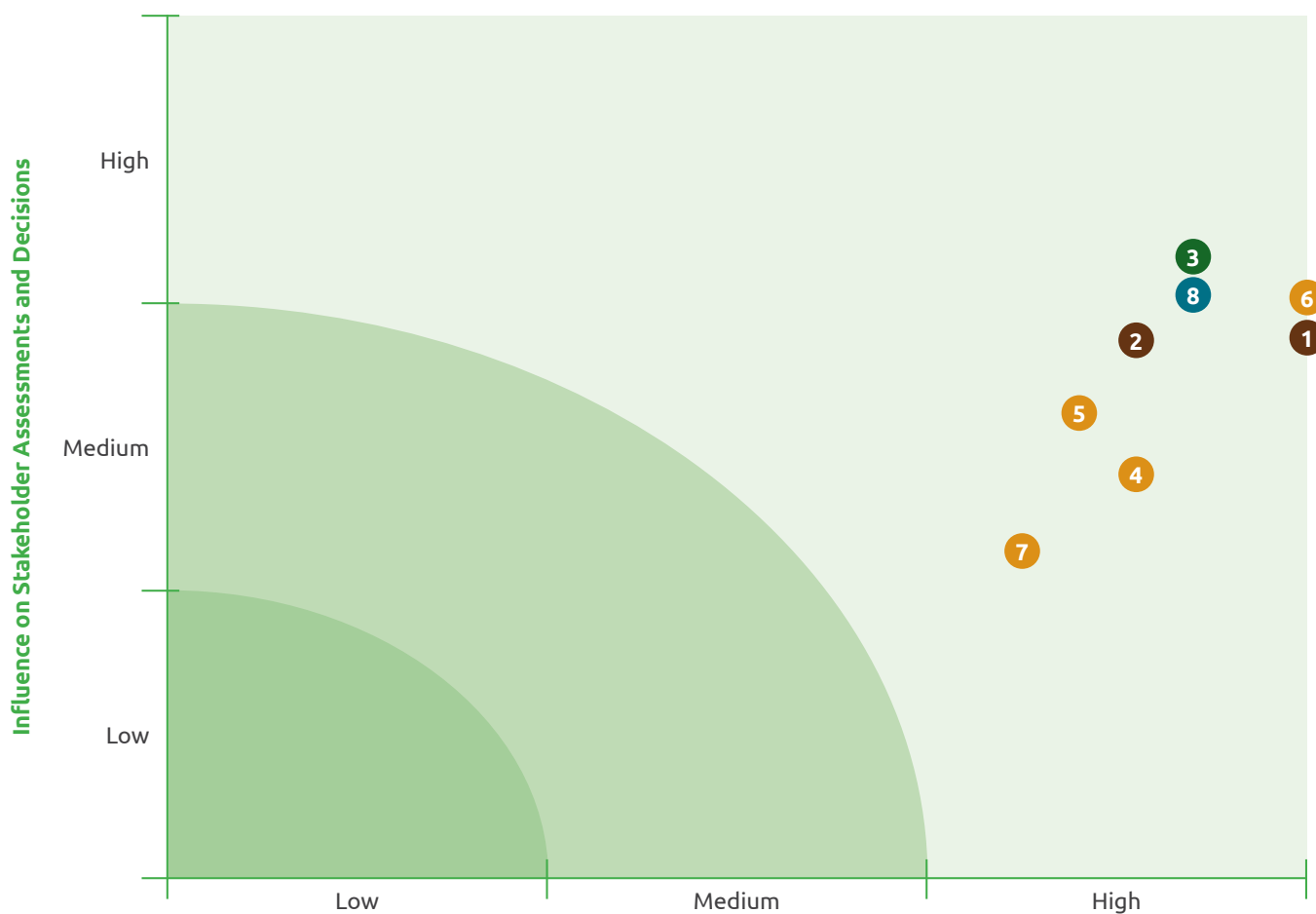
Sustainability Approach

OUR REVISED MATERIAL MATTERS



Both the materiality assessment process and the resulting materiality matrix have been reviewed and endorsed by the Board accordingly.

MATERIALITY MATRIX



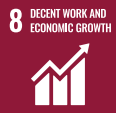
Significance of Pecca's Economic, Environmental and Social Impacts

Sustainability Approach

Risk Management

Recognising the importance of identifying and proactive mitigating against potential risks to our business, we maintain a comprehensive risk management process that is aligned with ISO 31000:2018 Risk Management Guidelines. Further to this, we adhere closely to our Risk Management Procedure, which provides us with a necessary overview of our risk landscape, helping us drive readiness and long-term resilience.

To ensure that our focus remain up to date, all identified risks within our risk appetite are monitored and – if necessary – revised by designated risk owners and the Management, with further deliberation by the Board's ARMC.

MATERIAL MATTERS	RISKS	OPPORTUNITIES	STAKEHOLDERS INVOLVED
CONTRIBUTING TO ECONOMIC GROWTH		  	
Economic Performance 	Economic downturns can adversely impact consumer spending in downstream markets, affecting demand for our products and impacting our ability to deliver long-term value for our stakeholders	Developing sustainable leather treatments, collaborating with partners on eco-friendly initiatives, and reinvesting in leading-edge technologies to future-proof our business	 
Sourcing Management 	Non-compliance of our suppliers or contractors to our procurement principles and expectations may potentially disrupt our operations or impact our ability to deliver our business strategies	Refreshing our supplier base and streamlining our procurement processes to prioritise environmental and social concerns	 
ENVIRONMENTAL CONSERVATION		  	
Environmental Footprint 	- Non-compliance with environmental regulations may impact our standing in the eyes of governments and authorities, leading to fines or penalties, with negative impacts compounded by activist action - Inadequate climate adaptation and mitigation actions may cause damage to our physical assets, lead to financial losses, or result in operational disruptions - Poor water management may lead to a scarcity of water resources, resulting in higher operating costs	- Introducing an effective mitigation and adaptation strategy to ensure business continuity - Adopting efficient water management practices to promote water conservation and reduce operational costs - Reducing waste and increasing resource efficiency to drive cost and operational efficiencies	 

Sustainability Approach

MATERIAL MATTERS	RISKS	OPPORTUNITIES	STAKEHOLDERS INVOLVED
PEOPLE FIRST		3 GOOD HEALTH AND WELL-BEING 4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH	
Employee Welfare 	- Accidents and injuries at the workplace may lead to a loss of productivity, legal repercussions, and reputational damage - Failure to engage or invest adequately in the professional development of our employees may lead to non-optimal productivity and performance, impacting our ability to meet our business targets	- By upholding a culture of safety and providing conducive working environments, we can support our employees to deliver their best - Effective talent development and upskilling programmes enable us to retain and attract top-quality industry talent and drive a high-performance culture	
Labour Practices 	- Discriminatory employment practices may impact the Group's reputation, affecting our ability to build strong stakeholder relationships and meet our targets - Unattractive benefits and remuneration packages may affect employee motivation and decrease our attractiveness as an employer	- By creating an inclusive, diverse, and empowering work culture, we can attract high-quality talent and bring a range of viewpoints to the table, enhancing the quality of our decision making - Attractive benefits and remuneration packages enable us to retain and attract top quality industry talent and build a high-performance culture	 
Quality Products and Services 	Any quality-related incidents may lead to product recalls, which would affect the trust of our customers and stakeholders as a whole	Taking proactive steps to maintain our image as a manufacturer of safe and high-quality products, and thereby establishing a strong competitive advantage	 
Community Engagement 	Organising community-based programmes incurs additional expenses, which may affect our ability to invest in business growth initiatives	By championing community causes, we can strengthen our reputation as a caring, socially responsible organisation	 

Sustainability Approach

MATERIAL MATTERS	RISKS	OPPORTUNITIES	STAKEHOLDERS INVOLVED
CORPORATE GOVERNANCE		8 DECENT WORK AND ECONOMIC GROWTH 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	
Ethical Governance 	▾ Poor corporate governance practices may undermine investor confidence and tarnish our reputation	▾ By maintaining robust governance practices and a strong track record in compliance, we can enhance our reputation and unlock business growth opportunities	



Sustainability Approach



Sustainability Framework

Our sustainability framework and its four focus areas are designed to align with our business strategy while meeting stakeholder expectations, minimising our environmental impact, and making a positive contribution to the communities where we operate. As illustrated below, each focus area aligns with our material matters, which we address by setting clear objectives and tracking progress through a performance scorecard to drive improvement and ensure accountability.

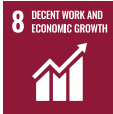
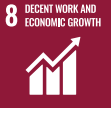
OUR FOCUS AREAS			
CONTRIBUTING TO ECONOMIC GROWTH	ENVIRONMENTAL CONSERVATION	PEOPLE FIRST	CORPORATE GOVERNANCE
Delivering stakeholder value through responsible business practices, with a strong focus on transparency, accountability, and long-term financial sustainability.	Identifying and actively working to reduce our environmental footprint through responsible resource use, waste minimisation, and other targeted initiatives.	Fostering a culture that values the well-being, safety, and development of our employees, customers, and communities.	Maintaining strong governance frameworks and upholding ethical business practices to support the sustainability of our business.
▶ Economic Performance ▶ Sourcing Management	▶ Environmental Footprint	▶ Employee Welfare ▶ Labour Practices ▶ Quality Products and Services ▶ Community Engagement	▶ Ethical Governance

Our sustainability efforts are aligned with the following UN SDGs:



Sustainability Approach

Our Sustainability Goals

MATERIAL MATTERS	GRI STANDARDS	SUSTAINABILITY GOALS	UN SDGs ALIGNMENT
CONTRIBUTING TO ECONOMIC GROWTH			
Economic Performance 	- GRI 201: Economic Performance 2016 - GRI 203: Indirect Economic Impacts 2016 - GRI 207: Tax 2019	- Enhance economic performance by promoting responsible financial practices - Increase value generated for our stakeholders - Foster economic growth within our communities	  
Sourcing Management 	GRI 204: Procurement Practices 2016	- Establish a responsible and sustainable supply chain - Ensure ethical sourcing	
ENVIRONMENTAL CONSERVATION			
Environmental Footprint 	- GRI 301: Materials 2016 - GRI 302: Energy 2016 - GRI 303: Water and Effluents 2018 - GRI 305: Emissions 2016 - GRI 306: Waste 2020	- Optimise energy consumption - Increase energy efficiency - Reduce GHG emissions - Prevent water pollution - Optimise water usage - Reduce waste generation - Promote recycling and responsible waste management	   
PEOPLE FIRST			
Employee Welfare 	- GRI 403: Occupational Health and Safety 2018 - GRI 404: Training and Education 2016	- Achieve zero workplace incidents - Ensure a safe and healthy work environment for all employees - Prioritise employee welfare, including physical and mental well-being - Provide training and educational opportunities for employees - Enhance employees' skills and knowledge - Contribute to personal growth and career development	   

Sustainability Approach

MATERIAL MATTERS	GRI STANDARDS	SUSTAINABILITY GOALS	UN SDGs ALIGNMENT
Labour Practices 	▶ GRI 202: Market Presence 2016 ▶ GRI 401: Employment 2016 ▶ GRI 402: Labour/Management Relations 2016 ▶ GRI 405: Diversity and Equal Opportunity 2016 ▶ GRI 406: Non-discrimination 2016 ▶ GRI 407: Freedom of Association and Collective Bargaining 2016 ▶ GRI 408: Child Labour 2016 ▶ GRI 409: Forced or Compulsory Labour 2016	▶ Promote diversity and inclusion	
Quality Products and Services 	▶ GRI 416: Customer Health and Safety 2016 ▶ GRI 417: Marketing and Labeling 2016 ▶ GRI 418: Customer Privacy 2016	▶ Prioritise customer requirements and stay updated with current market developments and trends	
Community Engagement 	▶ GRI 413: Local Communities 2016	▶ Acknowledge the impacts and influence of our business on local communities through continuous engagement	
CORPORATE GOVERNANCE			
Ethical Governance 	▶ GRI 205: Anti-corruption 2016 ▶ GRI 206: Anti-competitive Behavior 2016	▶ Ensure full compliance with applicable laws and regulations ▶ Promote responsible and ethical business conduct	8 DECENT WORK AND ECONOMIC GROWTH  12 RESPONSIBLE CONSUMPTION AND PRODUCTION  16 PEACE, JUSTICE AND STRONG INSTITUTIONS 

Sustainability Approach

Our Sustainability Performance Scorecard

 **Achieved**
 **Ongoing**

Below are our key targets and progress to date:

FOCUS AREAS	MATERIAL MATTERS	TARGETS	FY2025 PERFORMANCE	CURRENT PROGRESS
Contributing to Economic Growth	Economic Performance	Achieve economic value generation of at least RM 200.0 million	Achieved economic value generation of RM 228.7 million	
	Sourcing Management	Assess 100% of suppliers for compliance with relevant environmental laws and regulations ¹	Assessed 100% of suppliers for compliance with relevant environmental laws and regulations	
Environmental Conservation	Environmental Footprint	Reduce Scope 1 and Scope 2 GHG emissions by 5.0% from the 2025 baseline by 2030 ¹	Accounted for a total of 2,137.8 mtCO ₂ e of Scope 1 and Scope 2 GHG emissions	
		Reduce water consumption intensity per revenue by 5.0% from the 2025 baseline by 2030 ¹	Accounted for a total of 0.3 ML/RM mil of water consumption intensity per revenue	
		Increase waste diversion rate to 10.0% by 2030	Increased waste diversion rate to 22.4%	
People First	Employee Welfare	Achieve zero workplace fatalities annually	Achieved zero workplace fatalities	
		Achieve an average of at least 8.0 training hours per employee	Achieved an average of 8.5 training hours per employee	
	Labour Practices	Achieve at least 30.0% women representation at the Senior Management level annually	Achieved 25.0% women representation at the Senior Management level	
		Record zero substantiated complaints of human rights violations annually	Recorded zero substantiated complaints of human rights violations	
	Quality Products and Services	Achieve a minimum overall CSS grand total score of 80.0% annually	Achieved an overall CSS grand total score of 91.0%	
		Record zero substantiated complaints concerning breaches of customer privacy and losses of customer data annually	Recorded zero substantiated complaints concerning breaches of customer privacy and losses of customer data	
Corporate Governance	Ethical Governance	Record zero confirmed incidents of corruption annually	Recorded zero confirmed incidents of corruption	

Note:

- The targets are internal benchmarks established by the Group and have been revised in line with the Group's ongoing internal assessments.

Sustainability Topics

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▾ Community Engagement	114
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▾ Ethical Governance	116



Sustainability Topics



Economic Growth

Economic Performance



WHY IS THIS IMPORTANT?

Our economic performance supports our ability to invest in innovative leather treatments, expand our product offerings, and maintain the artisanal quality that sets us apart, driving our resilience and enhancing our ability to create long-term value.

OUR APPROACH

Undertaking Strategic Business Planning

We drive economic performance by undertaking strategic business planning in close alignment with evolving market trends and stakeholder expectations. Through continuous awareness and responsiveness to these trends and needs, we are able to develop and execute strategies effectively, delivering a strong financial performance and maintaining a healthy balance sheet.

Additionally, we have identified 4 Key Pillars – OEM, REM, Aviation, and Emerging Ventures – as part of our sustainability initiatives to ensure long-term growth and drive strong economic performance for all our stakeholders. Concurrent to this, we continue to expand and diversify our market presence

to enhance our reach and access a larger customer base, thereby improving our ability to generate economic value.

Carefully Managing Risks

Conscious of the increasingly complex risk landscape, we allocate resources to identify such trends and capitalise on emerging opportunities affecting our business and industry. Our Board-led ARMCM oversees a comprehensive risk management framework, supporting a healthy enterprise risk profile.

In line with the growing importance placed on considering climate-related impacts, we have undertaken an assessment of climate-related risks and opportunities, encompassing our Scope 1, Scope 2 and Scope 3 emissions. This is reflected in the publication of our first TCFD-Aligned disclosures in this report. By thoughtfully evaluating how climate change may affect our business, we aim to strengthen stakeholder trust and position ourselves for success in an evolving landscape.

Read more:

1. TCFD-Aligned Disclosures, page 119
2. Audit and Risk Management Committee Report, page 153

Sustainability Topics

Tax Governance

We view responsible tax governance as a key pillar of sustainable economic growth. Our approach here is guided by transparency, regulatory compliance, and proactive engagement with tax authorities, whereby we:

- Comply with all applicable tax laws and regulations across all jurisdictions
- Maintain open and constructive dialogue with tax authorities
- Address queries and concerns promptly and comprehensively
- Settle tax obligations in a timely and accurate manner

The Group's Finance Department is responsible for ensuring adherence to our tax approach, working closely with tax

authorities and auditors to maintain transparent, compliant disclosures and implement sound tax-related risk management practices.

OUR PERFORMANCE

Value Generation

Our primary source of revenue is the automotive segment, where we design, manufacture, distribute, and install leather seat covers, as well as supply leather cut pieces to the automotive upholstery industry. Beyond OEM product offerings, we are also spearheading efforts to expand our REM and Aviation segments through various initiatives, diversifying our revenue generating capabilities. This is also closely tied to our ability to generate value for our stakeholders.

	UNIT	FY2023	FY2024	FY2025
Revenue	RM mil	221.3	242.5	224.5
Financial investment income (i.e. interest income and investment income)	RM mil	2.4	4.2	4.1
Revenue from sales of assets (i.e. sale of physical or intangible assets)	RM mil	0.3	0.4	0.1
Economic Value Generated (A)	RM mil	224.0	247.1	228.7

	UNIT	FY2023	FY2024	FY2025
Operating costs	RM mil	153.5	146.6	128.0
Employee wages and benefits	RM mil	35.9	43.1 ¹	35.6
Payment to providers of capital	RM mil	15.9	28.0	62.8
* Dividend to shareholders	RM mil	15.6 ¹	27.7 ¹	62.5
* Finance costs	RM mil	0.3	0.3	0.3
Payments to governments (i.e. tax)	RM mil	7.7	17.5	20.9
Community investments (i.e. donations and charity)	RM mil	0.1	0.2	0.4
Economic Value Distributed (B)	RM mil	213.1 ¹	235.5 ¹	247.7

	UNIT	FY2023	FY2024	FY2025
Economic Value Retained (A-B)	RM mil	10.9 ¹	11.6 ¹	(19.0) ²

Note:

1. FY2023 and FY2024 figures have been updated to align with the Group's current calculation methodology.
2. Primarily attributable to dividend payments made to shareholders, reflecting the Group's appreciation for their unwavering support, alongside its continued growth.

Sustainability Topics

Sourcing Management



WHY IS THIS IMPORTANT?

Sourcing is a key area of our operational focus as it directly influences product quality, cost control, and supply chain reliability, all of which are essential to meeting customer expectations and maintaining our reputation. Effective sourcing also enables us to manage environmental, social, and regulatory risks while supporting stable, long-term supplier relationships.

OUR APPROACH

Supplier Engagement

We take a responsible and structured approach to sourcing to ensure our products meet high-quality standards.

Our Purchasing Department briefs all active direct local and overseas suppliers on our policies, covering social responsibility, environmental sustainability, workplace safety, and ethical business conduct. These sessions highlight our zero-tolerance stance on bribery and corruption, the enforcement of NDAs to safeguard intellectual property and confidential information, and our expectation that all suppliers uphold the highest standards of integrity, fairness, and transparency in their operations.

To further strengthen ESG practices across our supply chain, we are enhancing engagement with our direct material suppliers. The objective here is to ensure they not only understand ESG requirements, but are also encouraged to actively participate in initiatives that promote sustainability, compliance, and responsible business conduct.

Through continuous communication, policy reinforcement, training, and supplier audits, we aspire to build a supply chain that meets regulatory and compliance standards, and reflects our corporate values of trust, accountability, and long-term sustainability.

Supplier Audits & Assessments

As part of our supplier onboarding and development, the Purchasing Department performs factory audits for new potential suppliers to ensure compliance with our quality, operational, and sustainability standards. These audits are conducted as needed based on the criticality of the component and supplier's background.

Additionally, we conduct yearly assessments on our supplier pool – covering the areas outlined below – to ensure a continuous supply of quality raw materials and exceed customers' expectations.

CRITERIA	ASSESSMENT CRITERIA
Delivery	- On-time delivery without repeated follow-ups - Accurate fulfilment of goods and services - Short order lead times and availability of buffer stock
Quality	- Reliable supply of quality products and services - Willingness to address defects or complaints - Accurate documentation - Consistency in product and service quality
Price/Cost	- Competitive price and overall value - Price stability - Cost-saving mechanisms such as volume rebates and flexible payment terms
Services	- Fast and reliable response times - Regular updates on market trends - Accessible sales or customer service teams - Availability of technical support
EHS & ESG	- Relevant certifications, including ISO 14001 and ISO 45001 - Compliance with relevant environmental laws and regulations - Integration of ESG-related practices into their operations

Sustainability Topics

Material & Product Knowledge Expansion

As part of our continuous improvement and professional development, the Purchasing Department actively explores opportunities to enhance our sourcing portfolio and support future business needs. In addition to discovering new product possibilities, this exercise enables us to benchmark current market standards, compare technical specifications, and assess the competitiveness of existing and potential suppliers.

By learning from industry experts and exchanging insights with other professionals, purchasers strengthen their sourcing expertise and broaden their understanding of product innovation and supplier capability. This knowledge is crucial for identifying new opportunities, supporting product development initiatives, and making informed sourcing decisions that align with both quality and cost-efficiency goals.

The insights and connections gained are also incorporated into our sourcing evaluations and shared internally to drive cross-functional improvement and supplier development.

OUR PERFORMANCE

Supplier Adherence

In the current reporting period, we completed a full assessment of our suppliers for compliance with relevant environmental laws and regulations. This reflects our ongoing efforts to strengthen responsible sourcing practices and support environmental sustainability within our supply chain. By engaging with suppliers and monitoring their adherence to applicable requirements, we aim to minimise compliance risks and encourage continuous improvement in environmental performance across our value chain.

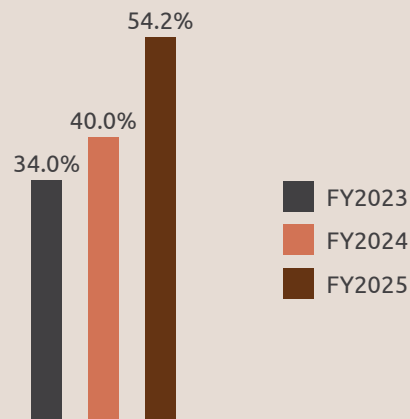
Local Supplier Pool

To support the local economy, we prioritise the sourcing of goods and services from local suppliers whenever feasible. This helps build sustainable partnerships while reducing logistical challenges and our environmental impacts. However, factors such as raw material availability and customer supplier preferences influence the size of our supplier pool, which in turn determines the mix of local and foreign suppliers we engage with. Due to this, foreign purchases account for a higher percentage of our total procurement, as key materials such as leather, PVC, fabric, and microfibre are only available overseas.

In FY2025, nonetheless, we managed to increase our proportion of spending on local suppliers to 54.2%, up from 39.6% in FY2024.



PROPORTION OF SPENDING ON LOCAL SUPPLIERS (%)



Leather Supplier Certification

As we embed sustainability within our supply chain, we recognise the importance of responsible leather manufacturing. To that end, we are proud to disclose that our main leather suppliers are Leather Working Group-certified (gold-rated) tanneries.

By working with these tanneries, we ensure that our raw materials are produced to audited standards in water and energy efficiency, chemical management, waste treatment, and traceability, ultimately reinforcing our commitment to offering high-quality, responsibly manufactured leather goods.

Sustainability Topics



Environmental Performance

Environmental Footprint —



WHY IS THIS IMPORTANT?

With escalating concerns over climate change and environmental degradation, reducing our environmental footprint is essential to maintaining our good standing as an organisation. Inadequate action may lead to regulatory risk, reputational damage, operational disruption, and lasting harm to ecosystems and communities. Conversely, the proactive management of our environmental impacts helps safeguard natural resources, enhances our business resilience, and contributes to long-term, sustainable growth in a resource-constrained world.

OUR APPROACH

Environmental Stewardship

Guided by our Environmental Policy, we are committed to addressing the potential impacts of our operations on the environment. To this end, we are committed to doing the following through our facilities:

1. Complying with all applicable environmental legislation and regulations

2. Carrying out environmental protection by organising and prioritising environmental management, involving all employees and interested parties
3. Promoting environmental management programmes to mitigate and minimise environmental impacts and prevent pollution
4. Providing sufficient education, training, and awareness to all employees on risk-based thinking, life cycle perspectives, and environmental impact, driving greater awareness and fostering continual improvement in management skills

Ongoing initiatives to promote environmental stewardship within our facilities include:

1. Utilisation of solar PV systems
2. Utilisation of auto motion sensor lighting and solar-powered lighting
3. Utilisation of solar-powered LEDs for street lighting
4. Utilisation of LEDs for office and production area lighting
5. Utilisation of water-based cooling systems in our employee hostel and factory
6. Consolidation of shipments for fleet efficiency

Sustainability Topics



Upholding Globally Recognised Best Practices

In line with our goal to uphold global best practices in environmental management, our main manufacturing facility in Malaysia continues to be certified by ISO 14001:2015 - the international standard for EMS. To maintain this accreditation, we thoroughly integrate and prioritise environmental considerations throughout our manufacturing processes, while meeting customer expectations and regulatory requirements.

Our Malaysian factory, in line with ISO 14001:2015 standards, also has an EMS in place. It facilitates our policy setting, planning, execution, performance evaluation, and improvement relating to environmental concerns, driving our stringent adherence to environmental laws and regulations.

Addressing Climate-related Risks & Opportunities

Our business may be impacted by various physical and transitional climate-related risks, and it is imperative that we consider such risks comprehensively within our business strategies and processes. Furthermore, there is growing demand from stakeholders for transparency and accountability in environmental disclosures, heightening the need for in-depth climate-related analyses to be undertaken.

To meet these expectations, we closely monitor global developments and evolving regulations, continuously evaluating our internal controls to ensure compliance. We have also conducted a qualitative scenario analysis to contextualise and assess our climate-related risks and opportunities, examining both business-as-usual and net-zero pathways. Moving forward, we aim to broaden and deepen the scope of this analysis to support more informed decision-making on climate-related issues.

 [Read more:](#)

1. *Economic Performance*, page 88
2. *TCFD-Aligned Disclosures*, page 119

Energy & Carbon Emission Monitoring

Through our EMS, we systematically record and monitor energy consumption across our facilities, enabling us to evaluate

performance data for opportunities in energy optimisation. In addition, we continuously work to strengthen and enhance our EMS to drive greater cost efficiency while effectively tracking and managing our carbon emissions. On top of the existing Scope 1 and Scope 2 carbon emissions, we are also expanding this system to cover Scope 3 emissions, particularly those arising from business travel and employee commuting.

Water Management

Although our manufacturing processes do not involve intensive water usage - with water consumption primarily limited to domestic purposes and sourced from third-party water providers - we remain committed to responsible water management throughout our operations. As an ISO 14001:2015 certified facility, we continuously monitor and strive to improve our water consumption patterns. We also foster responsible water use across our workforce by raising awareness through strategically placed signages and notices, highlighting the importance of mindful consumption.

Material Tracking

We believe that proper management of raw materials used in our production processes will minimise resource wastage. In this respect, we ensure efficient usage via the SAP accounting software system. A BOM is also utilised to record resource usage and ensure the correct number of materials are used for each job specification.

Waste Management

Through our EMS, meanwhile, we implement structured pollution control and waste management procedures to ensure proper handling across all operations. In compliance with local regulatory requirements, we segregate applicable waste before disposal, effectively reducing the volume of industrial waste sent to local landfills.

Additionally, we also implement the recognised 3Rs Approach: Reduce, Reuse, and Recycle within our manufacturing facility. In line with this effort, we fully optimise materials' cutting layout, utilise balance-cut leather to make souvenir products, and recycle scrap materials wherever possible.

OUR PERFORMANCE

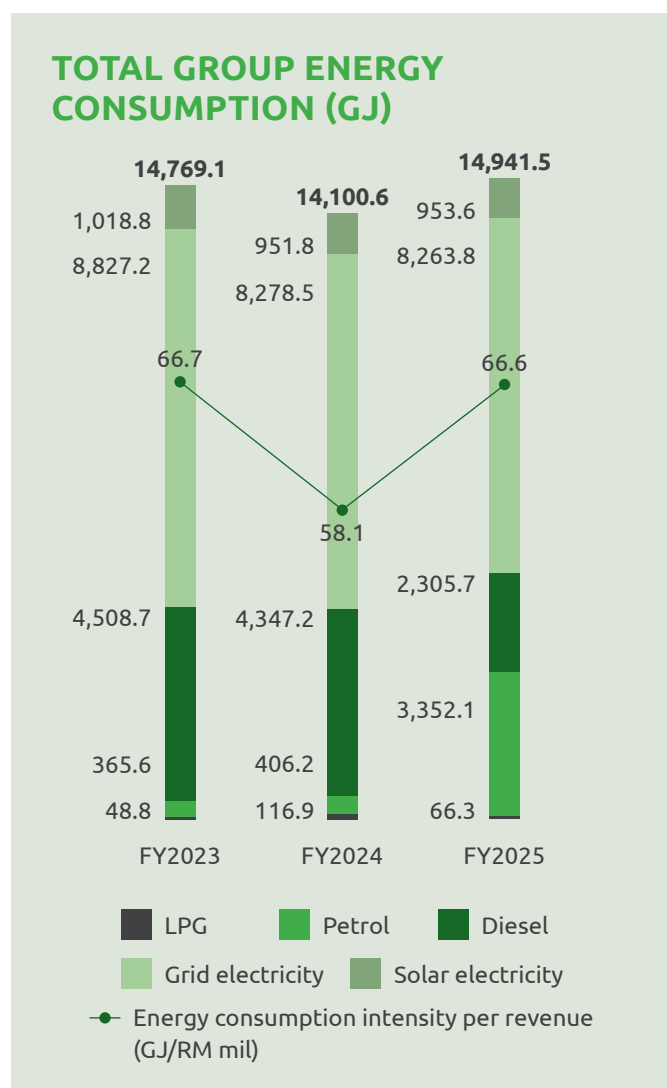
Regulatory Environmental Compliance

For the current reporting period, we recorded zero incidents of non-compliance with environmental laws and regulations relating to energy, emissions, water, and waste management. This achievement reflects our strong commitment to environmental stewardship and adherence to all applicable standards, ensuring our operations are conducted responsibly.

Sustainability Topics

Energy

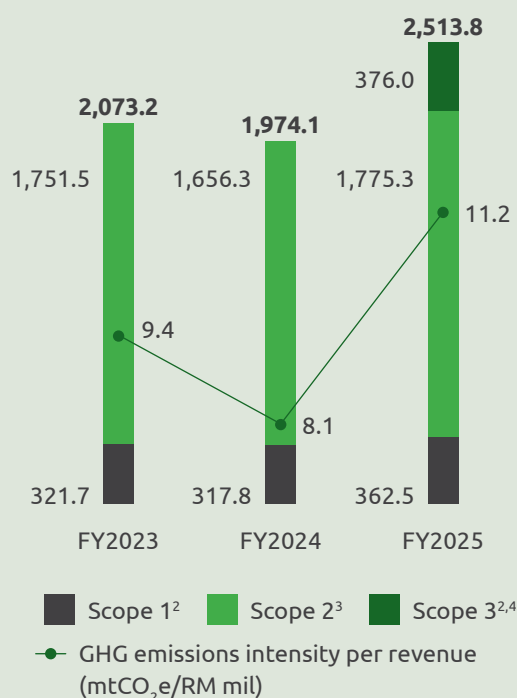
In FY2025, we consumed over 14,900 GJ of energy, the majority of which supported our manufacturing operations and business travels. Although renewable energy accounted for only 6.4% of our total energy consumption during the year, we remain committed to exploring ways to enhance our energy profile. Additionally, our solar panels had a total yield of 1,023.4 GJ, of which 69.8 GJ was sold to Tenaga Nasional Berhad, demonstrating our efforts to increase renewable energy composition within the national energy mix.



GHG Emissions

In FY2025, our total GHG emissions increased to 2,513.8 mtCO₂e. This rise reflects improved data collection, the inclusion of Scope 3 emissions for the first time, and more detailed tracking of our energy consumption, which has provided clearer visibility into our emissions profile.

TOTAL GROUP EMISSIONS (mtCO₂e)¹



Notes:

1. GHG emissions were calculated following the methodology outlined in the GHG Protocol: A Corporate Accounting and Reporting Standard (2004)
2. Emission factors were obtained from the UK's Department for Energy Security and Net Zero
3. The grid emission factor for Malaysia was taken from Suruhanjaya Tenaga's Grid Emission Factor, and for Indonesia, from the national electricity provider, PT Perusahaan Listrik Negara
4. Scope 3 reporting commenced in FY2025, covering Category 6: Business Travel and Category 7: Employee Commuting

At our main manufacturing facility, Pecca Leather Sdn. Bhd., we have installed solar panels as part of our renewable energy adoption drive. This enabled us to avoid up to 283.4 mtCO₂e of emissions in FY2025, as compared to 183.6 mtCO₂e in the previous financial year.

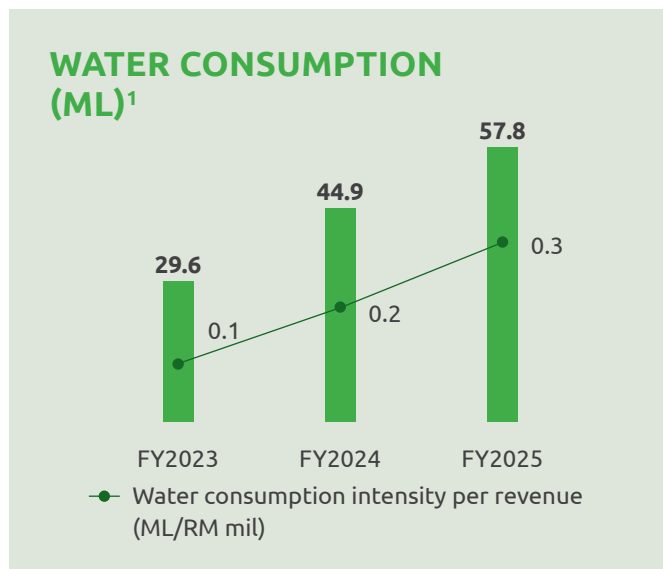
	FY2024	FY2025
Emissions avoided due to utilisation of solar panels (mtCO ₂ e)	183.6	283.4

Sustainability Topics

Additionally, by installing a water-cooling system at both our Malaysian manufacturing site and employee hostel, we reduced our reliance on conventional air-conditioning systems that rely on refrigerants, a key contributor to fugitive emissions, further displaying our efforts towards environmental improvement efforts.

Water Utilisation

As our operations rely more on manual labour than on complex machinery or hazardous substances - and our wastewater contains no harmful industrial pollutants - local authorities do not require us to undertake water discharge monitoring. Nonetheless, we conduct annual wastewater testing to ensure compliance with current regulations and to mitigate any potential environmental impact.



Notes:

1. Water consumption volume is equal to the amount drawn from the municipal water supply
2. Water consumption volume and water consumption intensity units have been updated to align with current Group calculation methodology

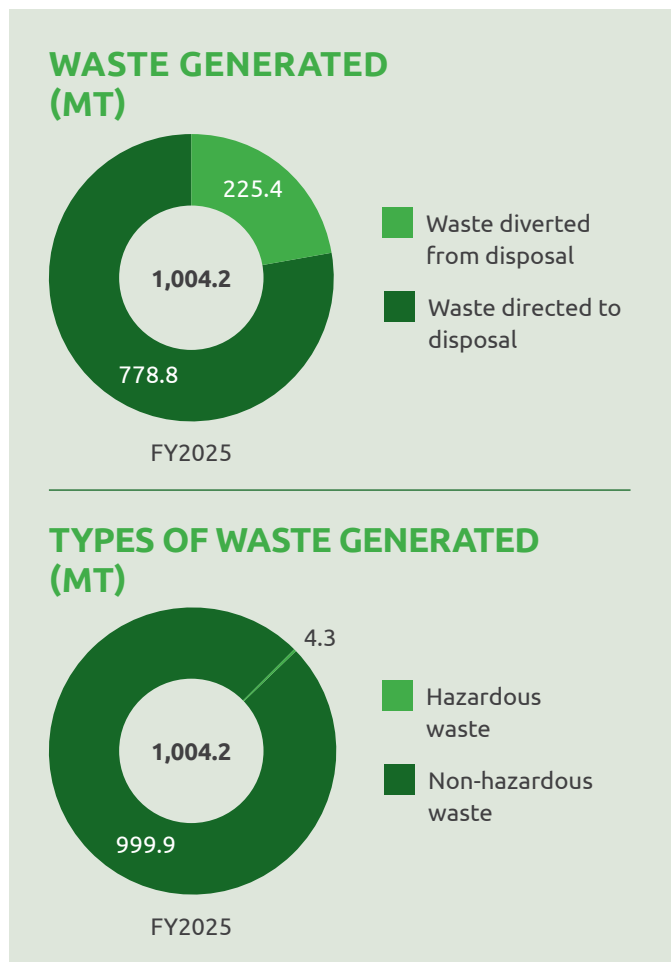
Material Consumption

For the current reporting period, we utilised more than 4,000,000 metres of raw materials in our manufacturing processes. This figure reflects the scale of our production activities and provides a baseline for monitoring material efficiency. By keeping track of usage levels, we are able to assess performance over time and identify areas for improvement in resource management.

MATERIAL CONSUMPTION	FY2025
Leather (sq ft)	6,304,745.1
Fabric (m)	1,363,998.8
PVC (m)	625,369.7
Microfibre (m)	38,213.9
Foam (m)	1,842,892.5
Carpet (m)	299,110.1
PU (m)	6,846.2

Waste Generation

As a manufacturing organisation, we acknowledge the importance of responsible waste management in our operations. In FY2025, we generated a total of 1,004.2 MT of waste, comprising 4.3 MT of hazardous waste and 999.9 MT of non-hazardous waste. Of this amount, 225.4 MT, or 22.4% of the total waste generated, was successfully diverted from disposal through recycling and recovery initiatives.



Sustainability Topics

Material Circularity

Among the outcomes of our efforts to improve material circularity is the utilisation of balance-cut leather from our production process in the manufacturing of souvenirs. This practice contributes to minimising production waste and supports our resource efficiency initiatives by ensuring that off-cuts are not discarded unnecessarily. This is in line with our waste management and sustainability aspirations, helping us optimise material usage while reinforcing our dedication to responsible production practices.



Sustainability Topics



People
First

Employee Welfare



WHY IS THIS IMPORTANT?

As a key player in the automotive upholstery industry, it is vital for us to maintain a competent and motivated workforce, protect our people from workplace safety and health hazards, and provide platforms for their continuous growth and development. Doing so enables them to work more effectively and achieve their respective departments' objectives and targets.

OUR APPROACH

Continuous Learning Culture

We are committed to providing our employees with opportunities to enhance their professional skills, cognisant of the important role that continuous professional development plays in helping them reach their full potential. In doing so, we focus our training on upholding the highest standards of quality, making it mandatory for employees from relevant departments to undergo specialised training in product quality standards, including ISO 9001:2015, IATF 16949:2016, Advanced Product Quality Planning, and the Product Part Approval Process.

At the same time, we recognise the importance of staying up-to-date with evolving trends and requirements in the automotive and aviation industries. To this end, we encourage our employees to participate in relevant external training.

Health & Safety Governance

Our local Health and Safety Committees, comprising both employee and management representatives, work collaboratively to make decisions on workplace safety. They are responsible for planning, coordinating, and overseeing EHS programmes, as well as monitoring the workplace environment to ensure health and safety standards are maintained.

We have established an OHS framework to foster a culture of safety. Through our OHS Policy, we aim to promote ongoing health and safety improvements by proactively mitigating potential occupational hazards, thereby ensuring the well-being of our skilled workforce. To support this, we have implemented an emergency response flow that includes certified first aiders and trained firefighters, allowing us to take immediate action when required.

Sustainability Topics

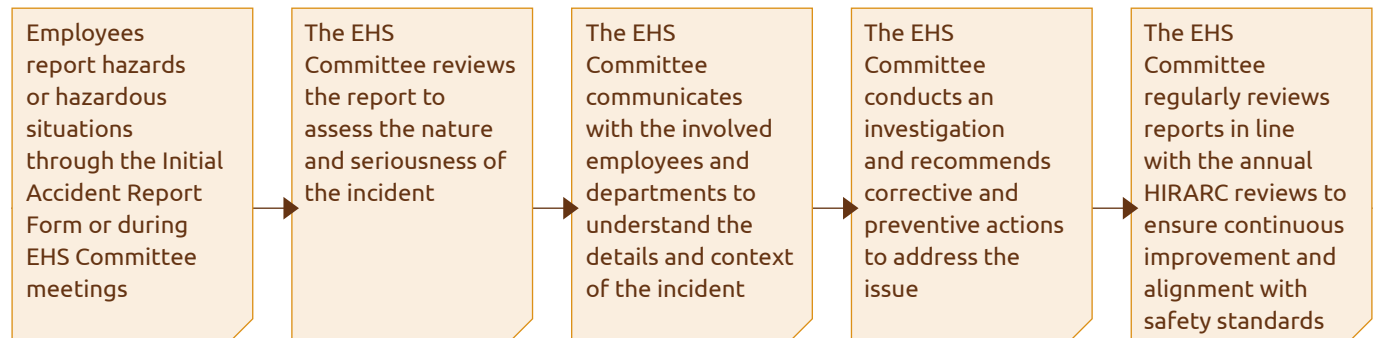
Furthermore, we have adopted measures in line with our ISO 45001:2018 certification to:

- ▶ Prevent work-related injuries, illnesses, and deaths
- ▶ Motivate and engage staff to promote health, safety, and competency across the organisation
- ▶ Provide a safe and healthy workplace
- ▶ Improve OHS performance and effectiveness
- ▶ Demonstrate corporate responsibility, including compliance with applicable legal and regulatory requirements

Hazard Identification, Risk Assessment & Risk Control

At our factory in Malaysia, we identify work-related hazards and assess risks in accordance with the Guidelines for HIRARC 2008, as outlined by DOSH Malaysia. HIRARC reviews are conducted annually by trained personnel, led by a Safety and Health Officer. Any reported high risks or hazards are addressed promptly through corrective responses and are flagged as part of our OHS management system improvement programme.

HAZARD AND INCIDENT REPORTING PROCESS



We also conduct monthly self-assessments of risk management, as required by our customers. These assessments cover the safety aspects of our operations, including workplace conditions, environmental impact, safety systems, and hazardous material handling, as well as cost, quality, and delivery.



Sustainability Topics

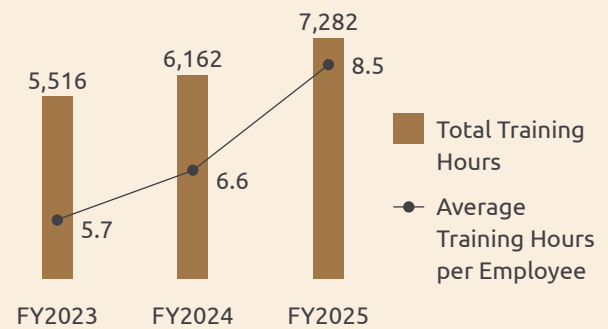
OUR PERFORMANCE

Capacity Building & Development

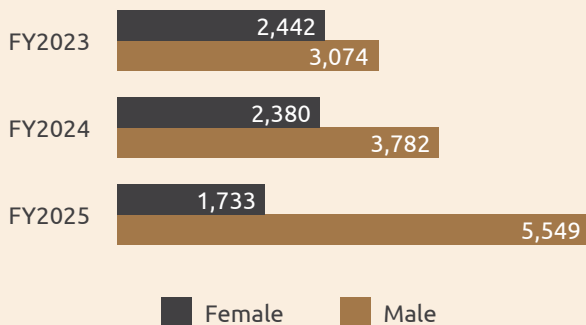
In FY2025, our employees collectively completed 7,282 hours of training and development, which among others, covered the following topics:

1. Branding & Marketing Strategy
2. Risk Management
3. OHS Standards & Requirements
4. Finance & Costing

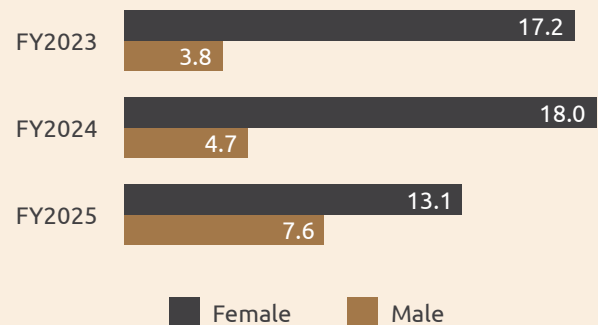
TOTAL TRAINING HOURS



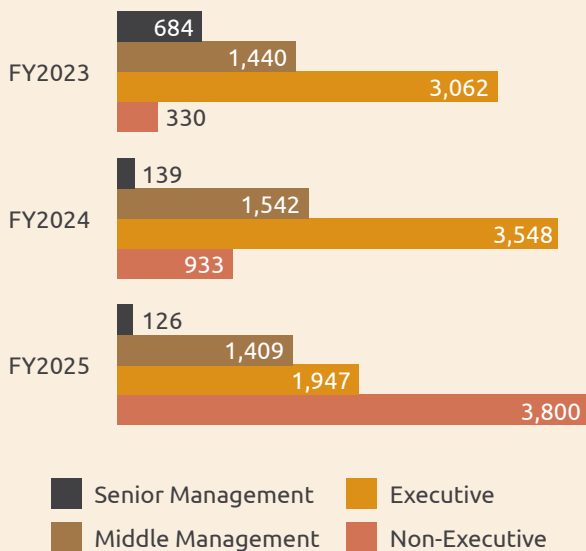
TOTAL TRAINING HOURS BY GENDER



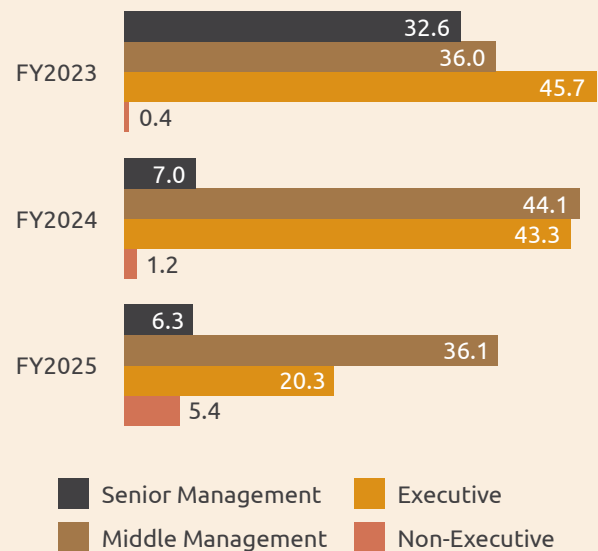
AVERAGE TRAINING HOURS BY GENDER



TOTAL TRAINING HOURS BY EMPLOYEE CATEGORY



AVERAGE TRAINING HOURS BY EMPLOYEE CATEGORY



Sustainability Topics

In addition to work-related training, we support personal development and well-being beyond the workplace by offering recreational and team-building opportunities through our Sports and Social Club. Activities held during the year included volleyball, badminton, and bowling tournaments, along with other fun activities.



Healthcare Benefits

We provide our employees with access to non-occupational medical and healthcare services through our outpatient and dental treatment scheme. All employees are also covered by insurance that includes hospitalisation. In parallel, we ensure full compliance with statutory social security and health insurance contribution requirements in every region where we operate, extending coverage to all employees.

OHS Prioritisation

In FY2025, our Malaysian facility maintained a Grade A rating in the workplace audit conducted by the DOSH. This achievement reflects our consistent efforts in upholding strong OHS practices. Building on this foundation, we remain committed to further strengthening our OHS performance by embedding a culture of safety, ensuring compliance, and continuously improving workplace health and safety standards.

Health & Safety Training

As means of instilling a safety-first culture within our operations, all our new hires undergo compulsory health and safety induction during their onboarding process. This enables us to foster a responsible and secure work environment from day one.

To maintain high standards in health and safety, our employees also took part in the following training sessions throughout the financial year:

1. Medical surveillance briefing
2. First aid training
3. Forklift safety & competency training
4. Fire prevention training
5. Chemical safety training
6. Noise exposure safety training

	FY2023	FY2024	FY2025
Number of employees trained on health and safety standards	537	470	322
Work-related Injuries			
Number of fatalities as a result of work-related injuries	0	0	0
Number of high-consequence work-related injuries	0	0	0
Number of recordable (minor) work-related injuries	3	4	0
Number of LTIs	2	4	0
Total lost days	4	58	0
Number of close calls	0	0	0
Incident Rate per Million Hours Worked			
Rate of fatalities as a result of work-related injuries	0	0	0
Rate of high-consequences work-related injuries	0	0	0
Rate of recordable (minor) work-related injuries/Incident rate	1.9	1.8	0
LTI rate	1.2	1.8	0

Sustainability Topics

Labour Practices



WHY IS THIS IMPORTANT?

Fair labour practices are fundamental to driving employee satisfaction as they ensure our people feel valued, respected, and treated fairly, thereby leading to improved performance, productivity, and talent retention. Additionally, by promoting inclusivity and equal treatment, we foster diverse work environments that bring together a variety of perspectives - driving innovation and enhancing the sustainability of our business.

OUR APPROACH

Adhering to Good Governance Practices

We uphold strong corporate governance through our various internal policies including, but not limited to: the Board Charter, Code of Ethics for Directors, Diversity Policy, and Grievance Mechanism, each of which are designed to meet employee needs and comply with current employment standards.

Read more: Ethical Governance, page 116

Upholding Employee & Human Rights

Respect for human rights is the cornerstone of our commitment to treating people with dignity, fairness, and respect. We uphold human rights through the following policies and practices:

▼ **Prohibition of Child & Forced Labour**

As outlined in our Employee Handbook, we strictly prohibit all forms of child and forced labour within our operations. This standard is also extended to our suppliers and business partners, whom we actively encourage to adopt and maintain the same practices.

▼ **Freedom of Association & Collective Bargaining**

We engage constructively with recognised trade unions and workers' representatives, supporting collective bargaining to establish fair employment terms, address workplace concerns, and enhance employee well-being, all while complying with internationally recognised labour standards. Additionally, notice period and provisions for consultation and negotiation are also specified in our collective agreements.

▼ **Fair Compensation & Benefits**

Our Group Human Resource & Administration Department strives to ensure fair and equitable remuneration, guaranteeing that entry-level wages meet legal minimums with a 1:1 gender ratio, and that all contributions are recognised appropriately.

▼ **Non-Discrimination & Equal Opportunities**

In accordance with legal standards and human rights principles, we maintain a workplace free from discrimination where no one is treated unfairly because of personal attributes such as race, ethnicity, gender, gender identity, religion or beliefs, disability, age, or sexual orientation. Likewise, all employment decisions are based on merit, qualifications, and performance.

▼ **Diversity & Inclusion**

We actively promote a diverse and inclusive work environment where everyone feels respected, valued, and able to contribute meaningfully. Our Diversity Policy guides inclusive hiring, training, leadership development, and daily practices to ensure these principles are embedded throughout the organisation.

▼ **Grievance Mechanism**

Clear and accessible grievance procedures are in place – and communicated to all employees via our Employee Handbook – providing an avenue for concerns to be raised and addressed fairly.

Caring for our Employees

We provide our employees with a suite of competitive benefits on top of meeting the requirements of labour laws and regulations. These include:

Company vehicles	Employee hostel
Employee purchase programme	Employee wellness activities
Group term life and personal accident insurance	Coverage for outpatient and dental treatment
Subsidies for professional fees	Staggered working hours

Sustainability Topics

Additionally, as part of our efforts to foster greater productivity among our employees, we have introduced the following initiatives:



Subsidised meals and beverages



Night shift allowance



Hostel cleanliness competition award



Best production line of the month



Subsidised laundry



Skills allowance



Competency allowance



Best attendance award



Line leader allowance



Team building programmes

Supporting Well-Rounded Development

We invest in continuous learning, offering internal and external training programmes to equip employees with the skills needed to meet evolving industry and customer demands.

Additionally, as Pecca strives to foster a continuous development culture, we ensure our workforce receive annual performance and career development reviews. This involves the implementation of KPIs that are meticulously planned under four pillars, Financial, Customer, Internal Process, and Learning & Growth. These pillars are strategically aligned with critical indicators such as the Group’s financial year budget, profitability, market and industry benchmarking, and adherence to the bell curve model.

OUR PERFORMANCE

Safeguarding Human Rights & Labour Standards

For the current reporting period, we recorded no incidents of human rights or labour standards violations across our operations. This reflects our ongoing responsibility to fair treatment, compliance with labour regulations, and respect for human rights. We continue to maintain oversight of our practices to support a responsible and ethical working environment.

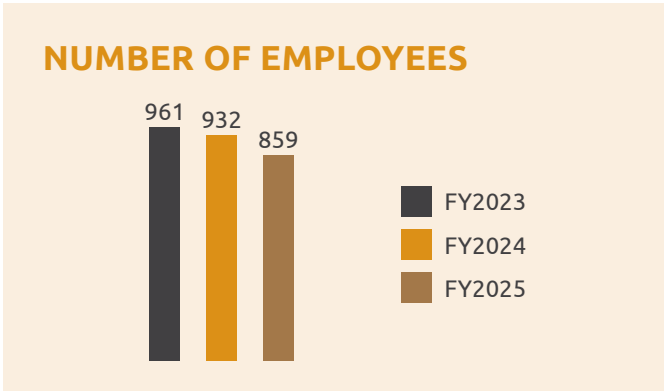
Prioritising the well-being of our employees, our Malaysian facility has achieved certification under Jabatan Tenaga Kerja’s Act 446 for employee accommodation. We are also working to enhance the overall workplace experience through planned upgrades to amenities such as the canteen, offices, production floor, and other shared facilities.

	FY2023	FY2024	FY2025
Number of complaints received concerning human rights violations	0	0	0
Number of discrimination incidents	0	0	0
Number of child labour incidents	0	0	0
Number of forced or compulsory labour incidents	0	0	0

Maintaining a Strong Talent Pool

Maintaining a strong talent pool is critical to business continuity. To this end, we closely track the size of our workforce and assess performance across key indicators that influence our ability to attract and retain high-quality employees. This disciplined approach allows us to sustain an optimal workforce-to-operation ratio year-round.

Additionally, reflecting our commitment to prioritise local talents, all members of our Senior Management team are locally hired.



Sustainability Topics

Supporting Workplace Diversity

Mindful that diversity drives productivity and underpins our success, we are committed to equitable treatment, equal opportunities for advancement, and the promotion of inclusive, non-discriminatory practices.

Board Diversity

GENDER	FY2023		FY2024		FY2025	
Female	2	28.6%	2	28.6%	2	25.0%
Male	5	71.4%	5	71.4%	6	75.0%
Total	7	100.0%	7	100.0%	8	100.0%

AGE	FY2023		FY2024		FY2025	
<30	1	14.3%	1	14.3%	0	0.0%
30-50	1	14.3%	1	14.3%	2	25.0%
>50	5	71.4%	5	71.4%	6	75.0%
Total	7	100.0%	7	100.0%	8	100.0%

Workforce by Employee Category & Age Group

	FY2023			Total	Percentage
	<30	31-50	>50		
Senior Management	3	11	7	21	2.2%
Middle Management	8	27	5	40	4.1%
Executive	18	43	6	67	7.0%
Non-Executive	527	300	6	833	86.7%
Total	556	381	24	961	100.0%
Percentage	57.9%	39.6%	2.5%	100.0%	

	FY2024			Total	Percentage
	<30	31-50	>50		
Senior Management	2	12	6	20	2.1%
Middle Management	1	28	6	35	3.8%
Executive	28	47	7	82	8.8%
Non-Executive	460	326	9	795	85.3%
Total	491	413	28	932	100.0%
Percentage	52.7%	44.3%	3.0%	100.0%	

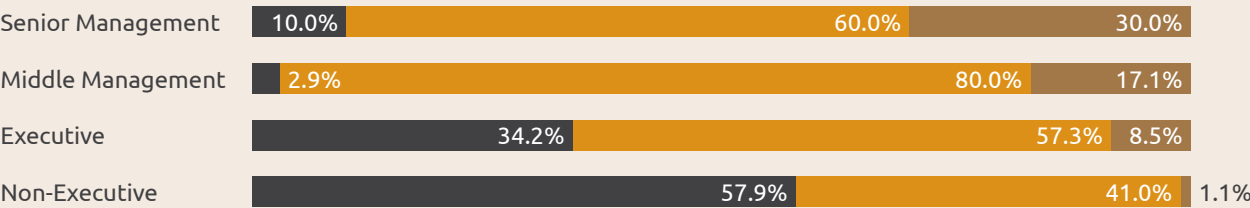
Sustainability Topics

	FY2025			Total	Percentage
	<30	31-50	>50		
Senior Management	0	16	4	20	2.3%
Middle Management	1	35	3	39	4.5%
Executive	35	53	8	96	11.2%
Non-Executive	346	352	6	704	82.0%
Total	382	456	21	859	100.0%
Percentage	44.5%	53.1%	2.4%	100.0%	

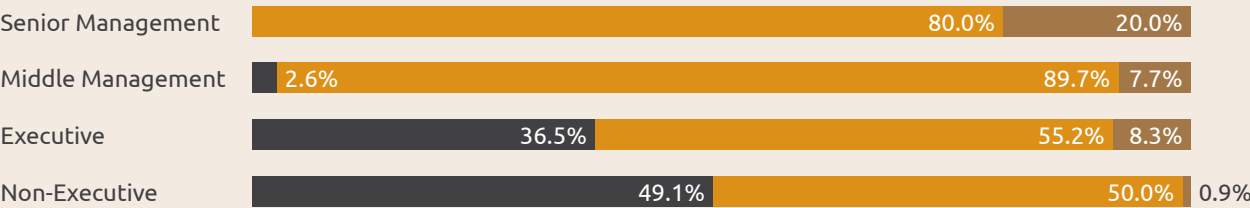
FY2023



FY2024



FY2025



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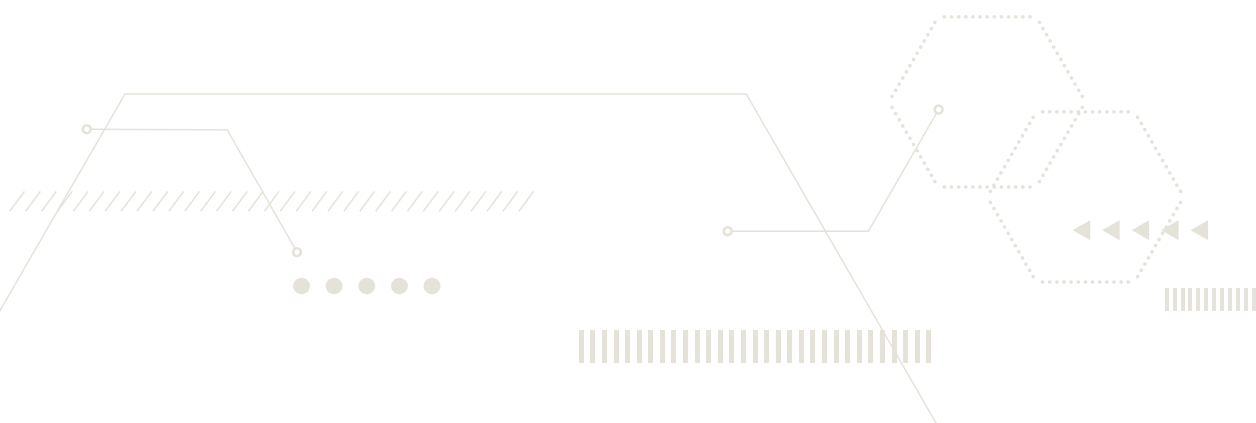
Sustainability Topics

Workforce by Employee Category & Gender

	FY2023			
	Female	Male	Total	Percentage
Senior Management	7	14	21	2.2%
Middle Management	12	28	40	4.1%
Executive	35	32	67	7.0%
Non-Executive	88	745	833	86.7%
Total	142	819	961	100.0%
Percentage	14.8%	85.2%	100.0%	

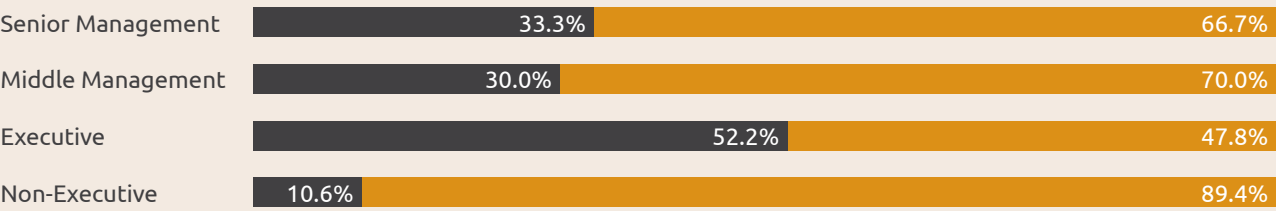
	FY2024			
	Female	Male	Total	Percentage
Senior Management	6	14	20	2.1%
Middle Management	7	28	35	3.8%
Executive	49	33	82	8.8%
Non-Executive	70	725	795	85.3%
Total	132	800	932	100.0%
Percentage	14.2%	85.8%	100.0%	

	FY2025			
	Female	Male	Total	Percentage
Senior Management	4	16	20	2.3%
Middle Management	9	30	39	4.5%
Executive	53	43	96	11.2%
Non-Executive	66	638	704	82.0%
Total	132	727	859	100.0%
Percentage	15.4%	84.6%	100.0%	

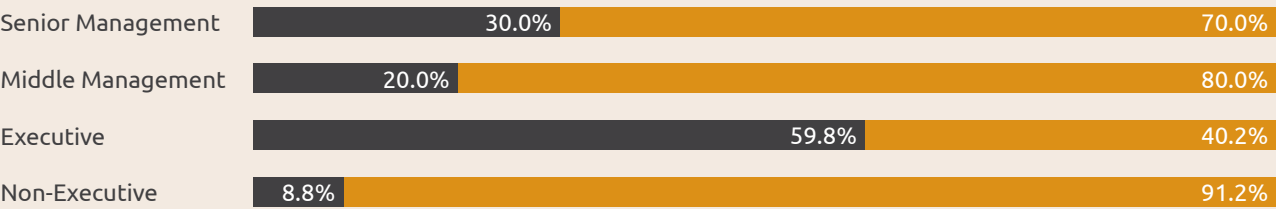


Sustainability Topics

FY2023



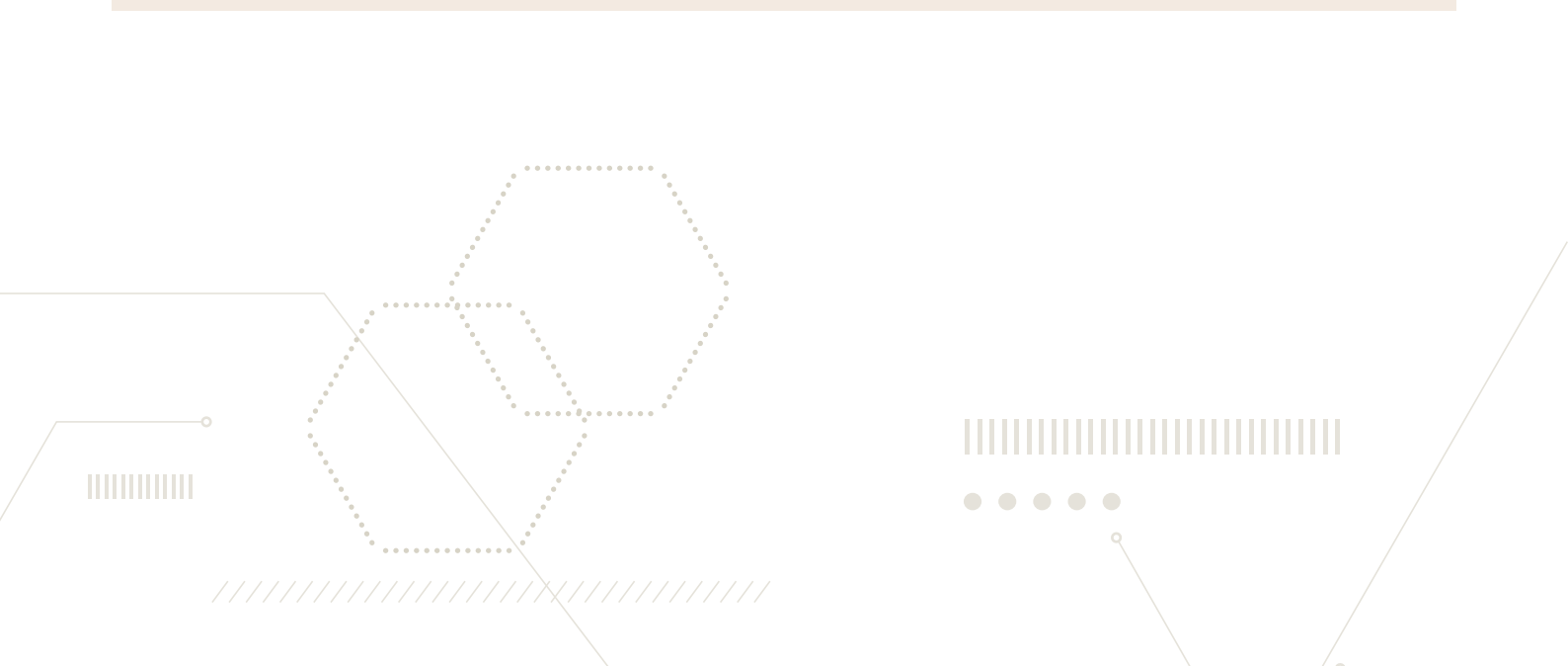
FY2024



FY2025



Female Male



Sustainability Topics

Workforce by Employment Type

	FY2023	FY2024	FY2025
Permanent	94.6%	95.2%	94.2%
Contract/Temporary	5.4%	4.8%	5.8%

Total New Hires

	FY2023	FY2024	FY2025
Total	547	130	98
Rate	74.6%	13.7%	10.9%

Note:

Total new hire rate = Total new hires/Average of employee headcount at the beginning and at the end of the financial year x 100%

EMPLOYEE CATEGORY	FY2025	
Senior Management	3	3.0%
Middle Management	13	13.3%
Executive	25	25.5%
Non-Executive	57	58.2%
Total	98	100.0%

GENDER	FY2023		FY2024		FY2025	
Female	35	6.4%	35	26.9%	29	29.6%
Male	512	93.6%	95	73.1%	69	70.4%
Total	547	100.0%	130	100.0%	98	100.0%

AGE	FY2023		FY2024		FY2025	
<30	374	68.4%	64	49.2%	34	34.7%
31-50	170	31.1%	62	47.7%	64	65.3%
>50	3	0.5%	4	3.1%	0	0.0%
Total	547	100.0%	130	100.0%	98	100.0%

REGION	FY2023		FY2024		FY2025	
Malaysia	539	98.5%	109	83.8%	88	89.8%
Indonesia	8	1.5%	21	16.2%	10	10.2%
Total	547	100.0%	130	100.0%	98	100.0%

Sustainability Topics

Total Employee Turnover

	FY2023	FY2024	FY2025
Total	147	95	208
Rate	20.0%	10.0%	23.2%

Note:

Total employee turnover rate = Total employee turnover/Average of employee headcount at the beginning and at the end of the financial year x 100%

EMPLOYEE CATEGORY	FY2025	
Senior Management	9	4.3%
Middle Management	15	7.2%
Executive	25	12.0%
Non-Executive	159	76.5%
Total	208	100.0%

GENDER	FY2023		FY2024		FY2025	
Female	48	32.7%	40	42.1%	160	76.9%
Male	99	67.3%	55	57.9%	48	23.1%
Total	147	100.0%	95	100.0%	208	100.0%

AGE	FY2023		FY2024		FY2025	
<30	74	50.3%	46	48.4%	124	59.6%
31-50	72	49.0%	47	49.5%	80	38.5%
>50	1	0.7%	2	2.1%	4	1.9%
Total	147	100.0%	95	100.0%	208	100.0%

REGION	FY2023		FY2024		FY2025	
Malaysia	128	87.1%	68	71.6%	188	90.4%
Indonesia	19	12.9%	27	28.4%	20	9.6%
Total	147	100.0%	95	100.0%	208	100.0%

Sustainability Topics

Parental Leave Utilisation

Recognising the importance of childcare and valuing work-life balance, we offer parental leave to eligible new parents in line with contractual terms and applicable regional legal requirements.

PARENTAL LEAVE UTILISATION		FY2023		FY2024		FY2025	
Number of employees entitled to parental leave	Female	68	193	49	194	40	159
	Male	125		145		119	
Number of employees who took parental leave	Female	6	14	11	28	4	9
	Male	8		17		5	
Number of employees that returned to work after parental leave ended	Female	6	14	11	28	4	9
	Male	8		17		5	
Number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work	Female	2	4	5	9	3	8
	Male	2		4		5	
Return to work rate of employees that took parental leave	Female	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	Male	100.0%		100.0%		100.0%	
Retention rate of employees that took parental leave ¹	Female	33.3%	28.6%	45.5%	32.1%	75.0%	88.9%
	Male	25.0%		23.5%		100.0%	

Note:

1. FY2023 and FY2024 retention rates have been updated to align with the Group's current calculation methodology.

Sustainability Topics

Quality Products and Services —



WHY IS THIS IMPORTANT?

As a leading player in the automotive upholstery industry, we take great pride in delivering high-quality products and services. This commitment not only drives customer satisfaction but also strengthens the loyalty and trust of our customer base. This, in turn, reinforces our brand recognition and secures steady demand for our products and services, enhancing the long-term resilience of our business.

OUR APPROACH

Sales Processing & Planning

To ensure that our quality standards are upheld, we adhere to our Sales Processing and Planning Framework. The framework details systematic and efficient end-to-end processes for our teams to adhere to when processing all customers' sales orders, maximising our ability to meet the exacting and evolving requirements of our customers.

SALES PROCESSING AND PLANNING FRAMEWORK – KEY COMPONENTS

Customer Inquiries and Order Handling	- Customer enquiries - Feasibility study and quotation preparation - Letter of intent/purchase agreement - Customer PO - Customer-provided items
Amendment of Order	Letter of amendment or new PO
Customer Feedback/Satisfaction	- Customer feedback - Direct communication - Second-party audit - Customer complaint - CSS
Records	All related records shall be maintained and controlled in accordance with the Control of Records
Customer Property	- Initial inspection activities - Secure storage conditions - Adequate identification
Risk and Opportunity Assessment	- Changes in processes, raw material usage, equipment/machines, and products/services - Changes in legislation, policy, or organisational structure - New control measures to be taken after a complaint

Customer Satisfaction Survey

We conduct our annual CSS every year end to assess customer perceptions and identify opportunities for improvement. The survey focuses on key performance areas that demonstrate our commitment to quality, service excellence, and customer-centricity:

Product

Encompasses the quality and pricing of our offerings, along with how well we meet customer requirements consistently

Service

Covers delivery timelines, responsiveness to enquiries or concerns, and the effectiveness of our sales support

People

Evaluates the technical expertise of our team, as well as their approachability, professionalism, and helpfulness

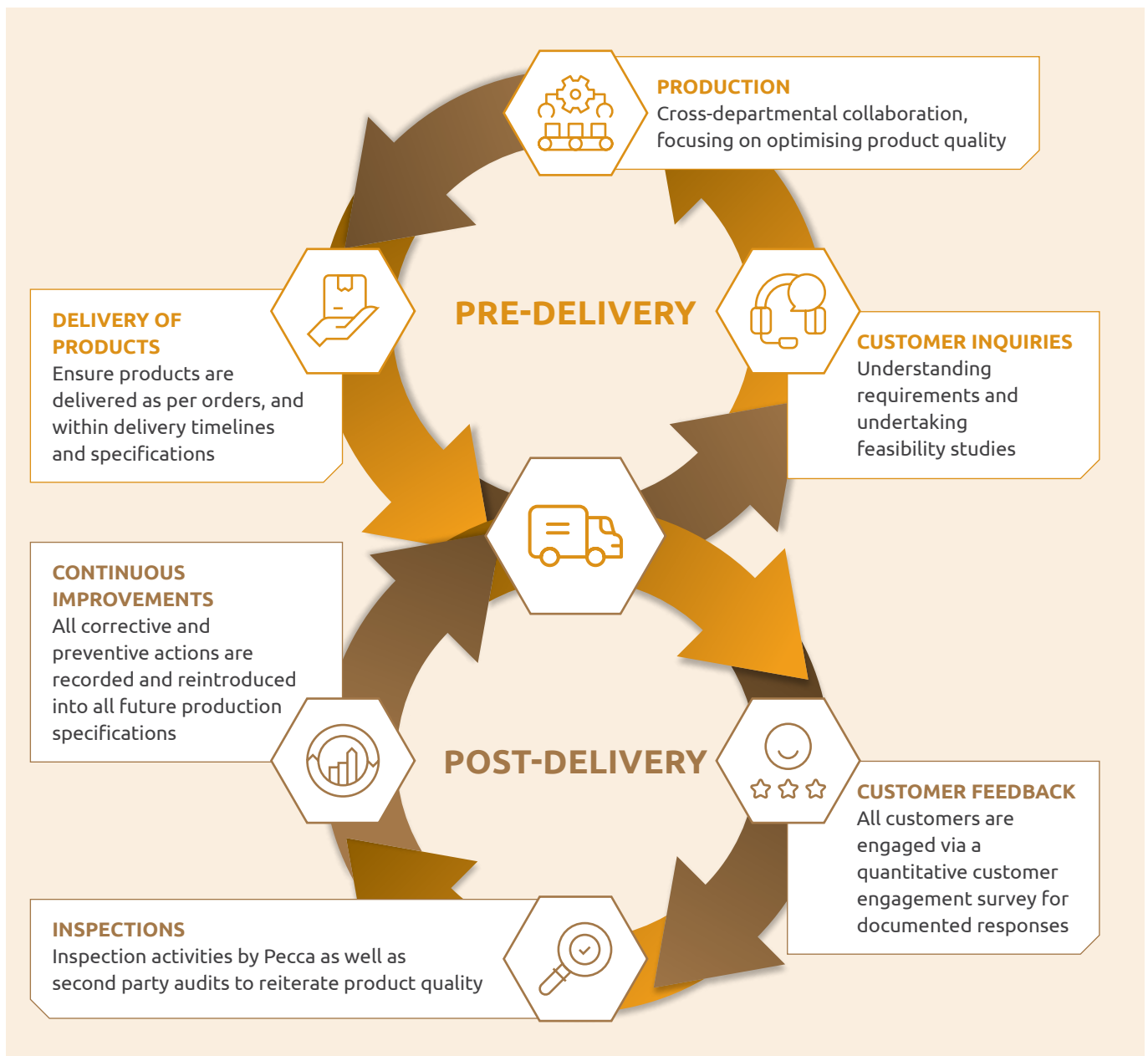
Sustainability Topics

Quality Assurance

In addition to the framework, our well-established production management system adheres to the following globally recognised standards:

- IATF 16949:2016 Automotive Quality Management Systems
- ISO 9001:2015 Quality Management System
- ISO 13485:2016 Quality Management System for Medical Devices
- ISO 14001:2015 Environmental Management System
- ISO 45001:2018 Occupational Health & Safety Management System

Furthermore, we carry our meticulous quality checks at every stage of production, covering attributes such as flexing endurance, tensile strength, rub fastness, abrasion, and colour. This enables us to accurately identify and speedily rectify non-conformities to customer standards and requirements, minimising the risk of inadequate products reaching the market.



Sustainability Topics

OUR PERFORMANCE



Sustainability Topics

We observed an increase in our overall customer satisfaction score to 91.0% in FY2025, compared to 90.0% in the previous financial year.

As part of our commitment towards ever-improving customer satisfaction levels and self-improvement, we have outlined areas of improvement covering quality, cost, design, delivery, and service.

In addition, we also managed to achieve the following results in FY2025:



Sustainability Topics

Community Engagement



WHY IS THIS IMPORTANT?

In line with our role as a responsible corporate citizen, we are committed to driving the advancement of local communities in the vicinity of our business. Through our support of meaningful social programmes, we promote inclusion, strengthen community resilience, and drive sustainable development, contributing to a more equitable and prosperous future for all.

OUR APPROACH

Local communities are integral to our sustainability journey, and we recognise their role as key stakeholders of our business. We create value for them through volunteering in community-based initiatives, donating to meaningful causes and via our bespoke CSR programmes, as well as through the job opportunities we provide.

To guide and coordinate these efforts, we have established a dedicated team of employees who work closely with grassroots organisations and local partners. Through this collaborative approach, we ensure that our initiatives are well-executed, inclusive, relevant, and aligned with defined priorities, thereby enhancing positive impact. Our commitment goes beyond implementation. We embed continuous monitoring, feedback loops, and strategic adjustments to enhance the effectiveness and long-term impact of our initiatives. This enables us to foster enduring, trust-based relationships, generate shared value, and reaffirm our dedication to inclusive growth and meaningful social impact.

Supporting Local Education

We continue to support the development of local talent by offering internship placements to undergraduates from nearby institutions. These placements aim to promote valuable learning experiences and deliver robust, practical training, enabling young individuals to develop the competencies needed to become future leaders in society.

Promoting Volunteerism

We actively promote a culture of volunteering among our stakeholders, encouraging them to contribute their time, skills, and resources towards meaningful causes that benefit the community. By fostering this spirit of giving back, we not only create opportunities for positive social impact but also cultivate a deeper sense of purpose, unity, and compassion within our organisation. Through various initiatives and programmes, we provide platforms for our stakeholders to participate in community service and charitable activities. In doing so, we strive to inspire personal growth, strengthen social responsibility, and empower them to find fulfilment in making a real difference in society.

Enhancing Local Infrastructure

As a responsible corporate citizen, we take pride in advancing the development and well-being of the communities we serve. Our contributions are focused on two essential infrastructure sectors – transportation and healthcare – where our products and services help meet critical local needs.

INFRASTRUCTURE SECTOR	HOW WE SUPPORT	IMPACT ON LOCAL COMMUNITIES
Transportation	Our automotive and aviation segments support the transportation industry by providing and manufacturing high-quality upholstery	- Improve commuting comfort - Reduce dependency on imports
Healthcare	Our healthcare segment supports the healthcare industry by manufacturing and supplying face masks, face shields, and PPE	- Generate employment opportunities - Strengthen technical skills

Sustainability Topics

OUR PERFORMANCE

Community Outreach

In the current reporting period, we carried out CSR initiatives aimed at uplifting local communities, with total contributions exceeding RM400,000, covering over 2,500 beneficiaries. Through this, we hope to provide the communities we are in with the necessities to develop and grow, as well as establish

an industry-community communication platform to address the impact of our operations on them.

Our CSR engagements in FY2025 include:

- ▶ Multiple sponsorships to schools, universities, and community events amounting to over RM 270,000.00
- ▶ Donations to local cultural and religious associations amounting to over RM 134,700.00

	FY2023	FY2024	FY2025
Total amount invested where the target beneficiaries are external to Pecca (RM)	77,374.10	230,737.20	409,728.00
Total number of beneficiaries of the investment in communities	1,068	2,268	2,545

Notable examples include:



Clockwise from top left: Iftar with Balai Bomba Sungai Buloh, Blood Donation Drive, and Syawal Smiles Raya Open House

Sustainability Topics



Corporate Governance

Ethical Governance



WHY IS THIS IMPORTANT?

We recognise the vital role that good corporate governance plays in driving sustainable and mutually beneficial outcomes. Our commitment in this crucial area begins from the top, with responsible and ethical practices embedded into our leadership and cascaded across all subsidiaries. This consistent governance approach, underpinned by integrity, ethics, and accountability, strengthens our reputation among stakeholders and provides a solid foundation for business growth and long-term success.

OUR APPROACH

Comprehensive Governance

Governance of the Group is spearheaded by the Board, which is responsible for establishing and reinforcing our values and standards, and ensuring that our obligations to its stakeholders are continuously met. The Board also oversees risk management, ensuring that leadership capabilities, strategic direction, and internal controls are in place to mitigate potential risks.



Sustainability Topics

To support this, we have implemented a comprehensive set of governance policies, including Pecca's Code of Ethics for Directors, the ABAC Policy, the Whistle-blower Policy, and the Diversity Policy. We ensure that all relevant stakeholders, including customers, investors, employees, and suppliers, are well-informed of these policies throughout their engagement with the Group. Our governance policies are reviewed and updated as necessary and can be accessed via our corporate website: <https://peccagroup.com/group/corporate-governance/>

Regulatory Compliance

We are committed to upholding strict compliance with all applicable laws, regulations, and industry standards, ensuring that our operations are conducted with the highest level of integrity. In doing so, we remain dedicated to executing our business activities fairly, transparently, and responsibly, fostering trust among our stakeholders. This commitment extends across every aspect of our operations, reflecting our unwavering focus on ethical conduct and accountability as the foundation of long-term, sustainable success.

Adoption of ABAC & Whistle-blower Policies

As a responsible corporate citizen, we uphold a zero-tolerance stance against corruption and bribery, as set forth in our ABAC Policy. This policy provides clear guidance on definitions, responsibilities, and escalation procedures to ensure integrity across our operations. Complementing this, we have also established a Group-level Whistle-blower Policy that enables stakeholders to report any suspected or actual malpractices, misconduct, or wrongdoing. We strongly uphold a non-retaliation principle while safeguarding the anonymity of whistleblowers. To further reinforce transparency and independence, reports can be made directly to the Chairman of the ARMC, supported by a structured follow-up process to ensure timely and appropriate action is taken.

Read more:

1. *Our Policies and Procedures*, page 75
2. *Corporate Governance Overview Statement*, page 134

OUR PERFORMANCE

We uphold high standards of corporate governance, integrity, and ethical conduct across all aspects of our operations through a robust governance framework. This approach ensures compliance, fosters transparency and accountability, strengthens stakeholder trust, and supports sustainable value creation while effectively mitigating risks.

Our commitment delivered the following outcomes:



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Additional Information

TCFD-Aligned Disclosures

We recognise that climate change presents both material risks and significant opportunities. As such, and in response to increasing stakeholder expectations and regulatory developments, we have taken steps to embed the TCFD Recommendations into our sustainability reporting.

This integration marks an important step in aligning our strategic approach with long-term climate resilience and positioning our business to successfully navigate a low-carbon future.

GOVERNANCE

Our governance structure ensures accountability for climate-related risks and opportunities at the highest levels.

The Board is ultimately responsible for overseeing climate matters and sets the tone for climate governance across the organisation. It is supported by the ARMC, which takes the lead in incorporating climate considerations into our Enterprise Risk Management processes. Climate-related issues, in addition to other material sustainability topics, are addressed through structured discussions at quarterly Board meetings.

At the operational level, climate risks and opportunities are identified, assessed, and managed by the SWG, which ensures the integration of climate considerations across departments and decision-making processes.

STRATEGY

We are developing a more climate-resilient business model by evaluating potential climate impacts on our operations and identifying areas for strategic response. As a starting point, we have held focus groups with key internal stakeholders to assess our exposure to climate-related risks.

In addition to this, we have conducted our first qualitative scenario analysis using the RCP adopted by the IPCC and NGFS scenarios.

Two contrasting scenarios were used to model the potential impacts of climate-related risks and opportunities:

SCENARIO	DESCRIPTION	FOCUS
IPCC RCP 8.5/4°C	High-emissions, business-as-usual pathway with limited mitigation efforts and severe warming	Physical risks
NGFS Net Zero 2050	Aggressive decarbonisation by 2050 scenario with stringent climate policies and rapid innovation	Transition risks and opportunities



Additional Information

These scenarios enabled us to better assess the effects of climate change on our operations, supply chains, and business continuity – as detailed below:

SCENARIO INSIGHTS AND BUSINESS IMPACTS

SCENARIO	RISK/ OPPORTUNITY CATEGORY	ISSUE	POTENTIAL IMPACT
IPCC RCP 8.5/4°C	Physical Risk – Acute	Increased occurrence of extreme weather events such as floods	▼ Flooding can cause significant damage to factory infrastructure, disrupt supply chain activities, and compromise the health and safety of our employees ▼ Additional financial resources are required to implement effective mitigation and preventive measures
NGFS Net Zero 2050	Transition Risk – Regulation	Impacts from the introduction of carbon pricing mechanisms	▼ Complying with carbon pricing mechanisms would lead to higher operating costs
	Transition Risk – Reputation	Perception of climate inaction amongst stakeholders	▼ The Group's reputation may suffer if stakeholders perceive inaction or neglect on climate-related risks ▼ Shareholders may divert their investments towards companies with stronger sustainability commitments
	Opportunity – Markets	Growing demand for low-emission products	▼ By aligning with evolving consumer preferences towards sustainability, we can strengthen our long-term competitive position ▼ Introducing low-emission products and services gives us the opportunity to open new, sustainable revenue streams
	Opportunity – Resilience	Adoption of renewable energy solutions	▼ Renewable energy adoption leads directly to a reduction in our emissions footprint ▼ By diversifying energy sources, we can reduce reliance on the national grid, enhancing both resource efficiency and energy security

Additional Information



INFORMATION MANAGEMENT

The Board recognises the importance of maintaining an effective approach to identify, manage, and report climate-related risks. To this end, we have integrated climate-related risks into our overall risk management framework, which is aligned with ISO 31000:2018.

Accordingly, risks are identified, assessed, and managed through the following processes:

- 1. Risk Identification:** Each key function or operating unit is responsible for identifying and documenting relevant risks, including climate-related risks, that may hinder progress towards achieving the Group's business objectives. All functions and operating units are required to conduct semi-annual reviews of their risk profiles.
- 2. Risk Assessment and Prioritisation:** We assess and rank risks based on their likelihood of occurrence and potential impact on the Group, with risks categorised into four ratings – low, medium, significant, or high – which are subsequently mapped to our overall risk profile. This prioritisation ensures that critical risks are addressed first.
- 3. Strategic Response and Control Measures:** We formulate appropriate control measures to either:
 - a. Mitigate the risks with control plans
 - b. Transfer the risks to insurance providers where appropriate
 - c. Accept the risk
 - d. Avoid activity that increases the risk

- 4. Risk Deliberation:** The Board reviews and updates the risk management framework semi-annually to ensure alignment with our strategic objectives and the evolving risk landscape.

METRICS AND TARGETS

We actively track a range of climate-related metrics, including but not limited to:

- ▼ Scope 1, Scope 2, and selected Scope 3 emissions (business travel and commuting) (mtCO₂e)
- ▼ Energy consumption (GJ)
- ▼ Waste generation (MT)
- ▼ Water consumption (ML)

Our emissions reporting follows the GHG Protocol Corporate Accounting and Reporting Standard guidelines. For the reporting year, we recorded:

- ▼ Scope 1 emissions: 362.5 mtCO₂e
- ▼ Scope 2 emissions: 1,775.3 mtCO₂e
- ▼ Scope 3 emissions (business travel and employee commuting): 376.0 mtCO₂e

Looking to the future, we aim to set comprehensive, measurable, time-bound targets to reduce our carbon footprint and improve resource efficiency. These targets will be aligned with best practices and evolving regulatory expectations, thus supporting meaningful progress in our climate action journey.

Additional Information

GRI Content Index

GRI STANDARDS	DISCLOSURE		REFERENCE
General Disclosures			
GRI 2: General Disclosures 2021	2-1	Organisational details	About Pecca, page 9 Corporate Structure, page 23
	2-2	Entities included in the organisation’s sustainability reporting	Reporting Practice, page 71
	2-3	Reporting period, frequency, and contact point	Reporting Practice, page 71
	2-4	Restatement of information	Reporting Practice, page 71
	2-5	External assurance	Reporting Practice, page 71
	2-6	Activities, value chain, and other business relationships	Corporate Structure, page 23
	2-7	Employees	Labour Practices, page 101
	2-8	Workers who are not employees	Labour Practices, page 101
	2-9	Governance structure and composition	Corporate Information, page 22 Labour Practices, page 101 Sustainability Governance, page 73
	2-10	Nomination and selection of the highest governance	Corporate Governance Overview Statement, page 134
	2-11	Chair of the highest governance body	Directors’ Profile, page 31
	2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Governance, page 73 Corporate Governance Overview Statement, page 134
	2-13	Delegation of responsibility for managing impacts	Sustainability Governance, page 73
	2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance, page 73
	2-15	Conflicts of interest	Directors’ Profile, page 31 Corporate Governance Overview Statement, page 134
	2-16	Communication of critical concerns	Ethical Governance, page 116 Audit and Risk Management Committee Report, page 153 Statement on Risk Management and Internal Control, page 158
	2-17	Collective knowledge of the highest governance body	Corporate Governance Overview Statement, page 134

Additional Information

GRI STANDARDS	DISCLOSURE		REFERENCE
General Disclosures (Cont'd)			
GRI 2: General Disclosures 2021 (Cont'd)	2-18	Evaluation of the performance of the highest governance body	Corporate Govenance Overview Statement, page 134
	2-19	Remuneration policies	Sustainability Governance, page 73 Corporate Governance Overview Statement, page 134
	2-20	Process to determine remuneration	Corporate Govenance Overview Statement, page 134
	2-22	Statement on sustainable development strategy	Chairman & Group Managing Director Statement, page 25
	2-23	Policy commitments	Labour Practices, page 101 Corporate Governance Overview Statement, page 134
	2-24	Embedding policy commitments	Corporate Govenance Overview Statement, page 134
	2-25	Process to remediate negative impacts	Corporate Govenance Overview Statement, page 134
	2-26	Mechanisms for seeking advice and raising concerns	Corporate Governance Overview Statement, page 134
	2-27	Compliance with laws and regulations	Ethical Governance, page 116
	2-28	Membership associations	About Pecca, page 9
	2-29	Approach to stakeholder engagement	Key Stakeholder Engagement, page 48 Stakeholder Engagement, page 76
	2-30	Collective bargaining agreements	Labour Practices, page 101
Material Topics			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Materiality Assessment, page 78 Material Matters (Appendix), page 131
	3-2	List of material topics	Materiality Assessment, page 78 Material Matters (Appendix), page 131

Additional Information

GRI STANDARDS	DISCLOSURE		REFERENCE
Economic Performance			
GRI 3: Material Topics 2021	3-3	Management of material topics	Economic Performance, page 88
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	Economic Performance, page 88
	201-2	Financial implications and other risks and opportunities due to climate change	TCFD-Aligned Disclosures, page 119
	201-3	Defined benefit plan obligations and other retirement plans	Financial Statements, page 164
	201-4	Financial assistance received from government	Financial Statements, page 164
GRI 207: Tax 2019	207-1	Approach to tax	Economic Performance, page 88
	207-2	Tax governance, control and risk management	Economic Performance, page 88
	207-3	Stakeholder engagement and management of concerns related to tax	Economic Performance, page 88
Sourcing Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	Sourcing Management, page 90
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Sourcing Management, page 90
Environmental Footprint			
GRI 3: Material Topics 2021	3-3	Management of material topics	Environmental Footprint, page 92
GRI 301: Materials 2016	301-1	Materials used by weight or volume	Environmental Footprint, page 92
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Environmental Footprint, page 92
	302-3	Energy intensity	Environmental Footprint, page 92
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	Environmental Footprint, page 92
	303-3	Water withdrawal	Environmental Footprint, page 92
	303-5	Water consumption	Environmental Footprint, page 92
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Environmental Footprint, page 92
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental Footprint, page 92
	305-3	Other indirect (Scope 3) GHG emissions	Environmental Footprint, page 92
	305-4	GHG emissions intenstity	Environmental Footprint, page 92

Additional Information

GRI STANDARDS	DISCLOSURE		REFERENCE
Environmental Footprint (Cont'd)			
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Environmental Footprint, page 92
	306-2	Management of waste-related impacts	Environmental Footprint, page 92
	306-3	Waste generated	Environmental Footprint, page 92
	306-4	Waste diverted from disposal	Environmental Footprint, page 92
	306-5	Waste directed to disposal	Environmental Footprint, page 92
Employee Welfare			
GRI 3: Material Topics 2021	3-3	Management of material topics	Employee Welfare, page 97
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Employee Welfare, page 97
	403-2	Hazard identification, risk assessment, and incident investigation	Employee Welfare, page 97
	403-3	Occupational health services	Employee Welfare, page 97
	403-4	Worker participation, consultation, and communication on occupational health and safety	Employee Welfare, page 97
	403-5	Worker taining on occupational health and safety	Employee Welfare, page 97
	403-6	Promotion of worker health	Employee Welfare, page 97
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Employee Welfare, page 97
	403-8	Workers covered by an occupational health and safety management system	Employee Welfare, page 97
	403-9	Work-related injuries	Employee Welfare, page 97
	403-10	Work-related ill health	Employee Welfare, page 97
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Employee Welfare, page 97
	404-2	Programmes for upgrading employee skills and transition assistance programme	Employee Welfare, page 97
	404-3	Percentage of employees receiving regular performance and career development reviews	Employee Welfare, page 97

Additional Information

GRI STANDARDS	DISCLOSURE		REFERENCE
Labour Practices			
GRI 3: Material Topics 2021	3-3	Management of material topics	Labour Practices, page 101
GRI 202: Market Presence 2016	202-1	Ratios of standard entry-level wage by gender compared to local minimum wage	Labour Practices, page 101
	202-2	Proportion of senior management hired from the local community	Labour Practices, page 101
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	Labour Practices, page 101
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Labour Practices, page 101
	401-3	Parental leave	Labour Practices, page 101
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	Labour Practices, page 101
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance body and employees	Labour Practices, page 101
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Labour Practices, page 101
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Labour Practices, page 101
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk of incidents of child labor	Labour Practices, page 101
GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk of incidents of forced or compulsory labor	Labour Practices, page 101
Quality Products and Services			
GRI 3: Material Topics 2021	3-3	Management of material topics	Quality Products and Services, page 110
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service category	Quality Products and Services, page 110
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Quality Products and Services, page 110
GRI 417: Marketing and Labelling 2017	417-2	Incidents of non-compliance concerning product and service information and labelling	Quality Products and Services, page 110
	417-3	Incidents of non-compliance concerning marketing communications	Quality Products and Services, page 110
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Quality Products and Services, page 110

Additional Information

GRI STANDARDS	DISCLOSURE		REFERENCE
Community Engagement			
GRI 3: Material Topics 2021	3-3	Management of material topics	Community Engagement, page 114
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programmes	Community Engagement, page 114
	413-2	Operations with significant actual and potential negative impacts on local communities	Community Engagement, page 114
Ethical Governance			
GRI 3: Material Topics 2021	3-3	Management of material topics	Ethical Governance, page 116
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	Ethical Governance, page 116
	205-2	Communication and training about anti-corruption policies and procedures	Ethical Governance, page 116
	205-3	Confirmed incidents of corruption and actions taken	Ethical Governance, page 116
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust and anti-monopoly practices	Ethical Governance, page 116

Additional Information

Performance Data Table

Indicator	Measurement Unit	2023	2024	2025
Economic performance				
Economic value generated	MYR	224,000,000.00	247,100,000.00	228,700,000.00
Economic value distributed	MYR	213,100,000.00	235,500,000.00 *	247,700,000.00
Economic value retained	MYR	10,900,000.00	11,600,000.00 *	0.00 ¹
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	34.00	40.00	54.17
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	0.64	0.61 *	0.65
Bursa (Emissions management)				
Bursa C11(a) Scope 1 emissions in tonnes of CO ₂ e	Metric tonnes	321.70	317.80	362.51
Bursa C11(b) Scope 2 emissions in tonnes of CO ₂ e	Metric tonnes	1,751.50	1,656.30	1,775.29
Bursa C11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	-	376.01
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	29.600000	44.900000	57.754000
Bursa (Waste management)				
Bursa C10(a) Total waste generated	Metric tonnes	283.48	1,260.19 *	1,004.17
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	282.38	332.19 *	225.37
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	1.10	928.00 *	778.80
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	1.20	1.80	0.00
Bursa C5(c) Number of employees trained on health and safety standards	Number	537	470	322
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Senior management	Hours	684	139	126
Middle management	Hours	1,440	1,542	1,409
Executive	Hours	3,062	3,548	1,947
Non-executive	Hours	330	933	3,800
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	5.40	4.80	5.82

Additional Information

Indicator	Measurement Unit	2023	2024	2025
Bursa (Labour practices and standards)				
Bursa C6(c) Total number of employee turnover by employee category				
Senior management	Number	0	1	9
Middle management	Number	0	13	15
Executive	Number	0	15	25
Non-executive	Number	0	39	159
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Senior management Under 30	Percentage	14.30	10.00	0.00
Senior management 31-50	Percentage	52.40	60.00	80.00
Senior management Above 50	Percentage	33.30	30.00	20.00
Middle management Under 30	Percentage	20.00	2.90	2.60
Middle management 31-50	Percentage	67.50	80.00	89.70
Middle management Above 50	Percentage	12.50	17.10	7.70
Executive Under 30	Percentage	26.90	34.20	36.50
Executive 31-50	Percentage	64.10	57.30	55.20
Executive Above 50	Percentage	9.00	8.50	8.30
Non-executive Under 30	Percentage	63.30	57.90	49.10
Non-executive 31-50	Percentage	36.00	41.00	50.00
Non-executive Above 50	Percentage	0.70	1.10	0.90
Gender Group by Employee Category				
Senior management Male	Percentage	66.70	70.00	80.00
Senior management Female	Percentage	33.30	30.00	20.00
Middle management Male	Percentage	70.00	80.00	76.90
Middle management Female	Percentage	30.00	20.00	23.10
Executive Male	Percentage	47.80	40.20	44.80
Executive Female	Percentage	52.20	59.80	55.20
Non-executive Male	Percentage	89.40	91.20	90.60
Non-executive Female	Percentage	10.60	8.80	9.40

Additional Information

Indicator	Measurement Unit	2023	2024	2025
Bursa (Diversity)				
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	71.40	71.40	75.00
Female	Percentage	28.60	28.60	25.00
Under 30	Percentage	14.30	14.30	0.00
31-50	Percentage	14.30	14.30	25.00
Above 50	Percentage	71.40	71.40	75.00
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	77,374.10	230,737.20	409,728.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	1,068	2,268	2,545
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Senior management	Percentage	0.00	70.00	40.00
Middle management	Percentage	0.00	88.60	30.80
Executive	Percentage	0.00	63.40	37.50
Non-executive	Percentage	0.00	3.80	7.20
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0

Note:

- The performance data table's formatting adhere strictly to Bursa Malaysia's ESG Reporting Platform standards and cannot be amended

Additional Information

Material Matters (Appendix)

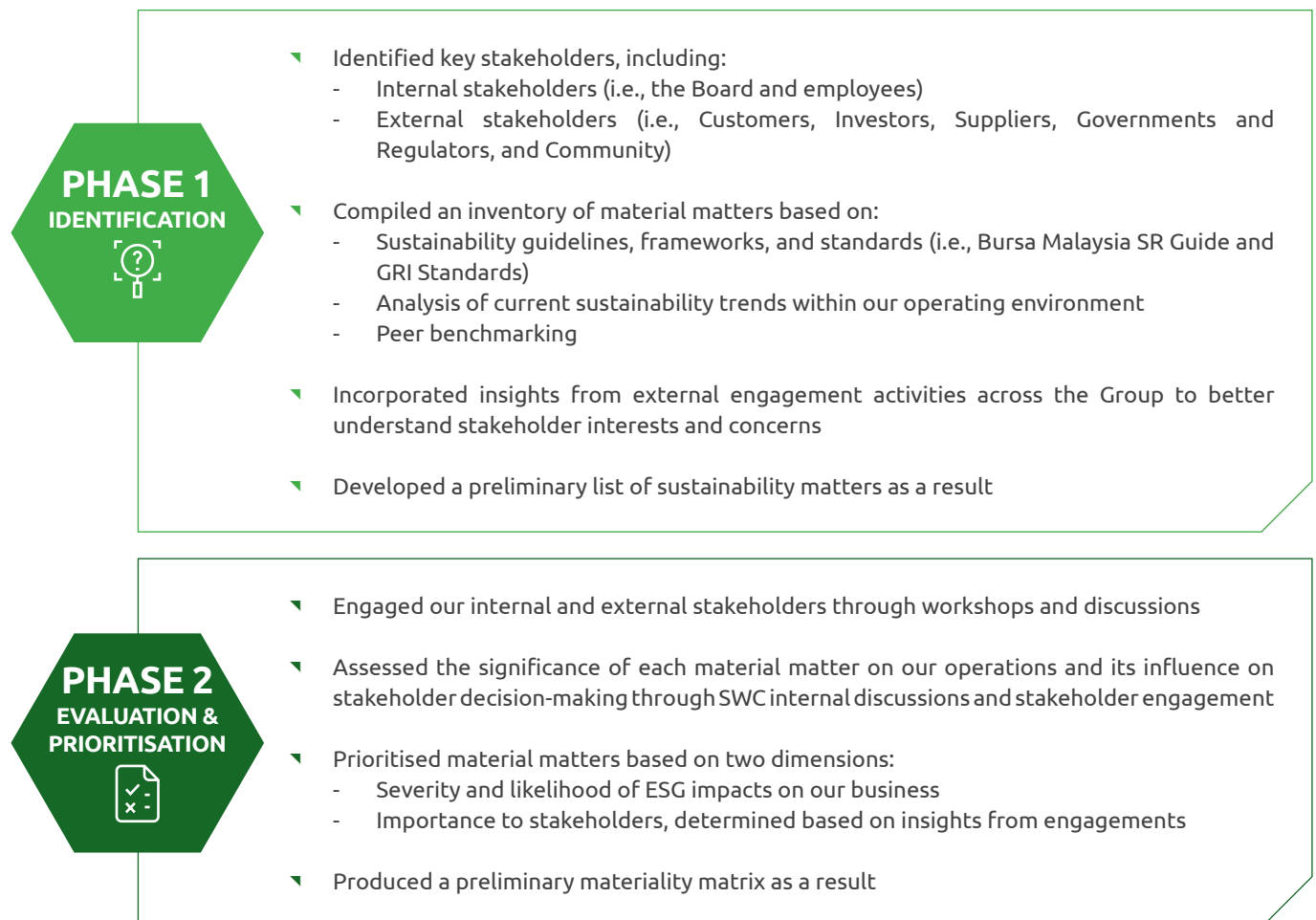
Understanding how our sustainability matters impact our business – and how our practices affect our stakeholders and environment – is essential to creating long-term value.

Materiality assessments enable us to evaluate key sustainability risks and opportunities, identify and prioritise key sustainability matters, and effectively manage such issues, while also forming the foundation for shaping our overarching sustainability strategies and goals.

Full-scale materiality assessments are conducted every three years, with both our internal and external stakeholders engaged to identify the issues most critical to them and our business. This process also helps us reassess and realign our strategies in response to evolving expectations.

In FY2025, we carried out a materiality assessment process structured around three phases – Identification, Evaluation & Prioritisation, and Review & Validation.

OUR MATERIALITY ASSESSMENT PROCESS



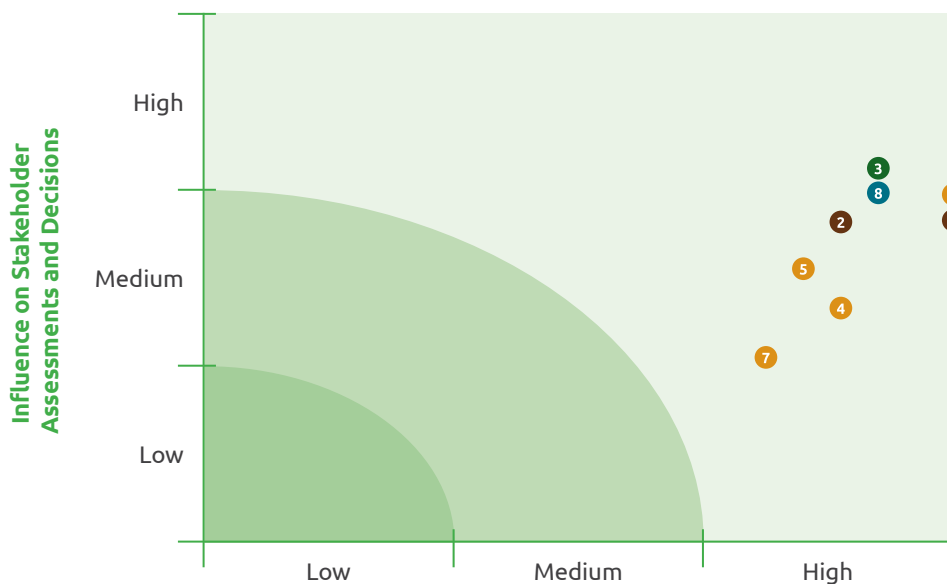
Additional Information

PHASE 3 REVIEW & VALIDATION



- ▶ The SWC reviewed the preliminary materiality matrix generated to ensure alignment with our overall strategic direction
- ▶ Refined the materiality matrix and submitted it to the Board for formal endorsement
- ▶ Both Management and the Board will review the materiality assessment process undertaken by the SWC on a yearly basis to identify any gaps for further improvement of future assessments

MATERIALITY MATRIX



Significance of Pecca's Economic, Environmental, and Social Impacts

1 Economic Performance

Creating and distributing economic value to stakeholders through improved financial performance

2 Sourcing Management

Enhancing our supply chain by establishing a sustainable leather supplier base, streamlining our procurement practices and diversifying our suppliers

3 Environmental Footprint

Adapting our operations in response to natural and climate phenomena through monitoring of our resource consumption, emissions, and biodiversity impacts

4 Employee Welfare

Empowering our people through capacity-building and by fostering a healthy, safe, and conducive working environment

5 Labour Practices

Upholding employee rights through fair, just, and ethical employment practices

6 Quality Products and Services

Enhancing the customer experience by improving the quality of our products

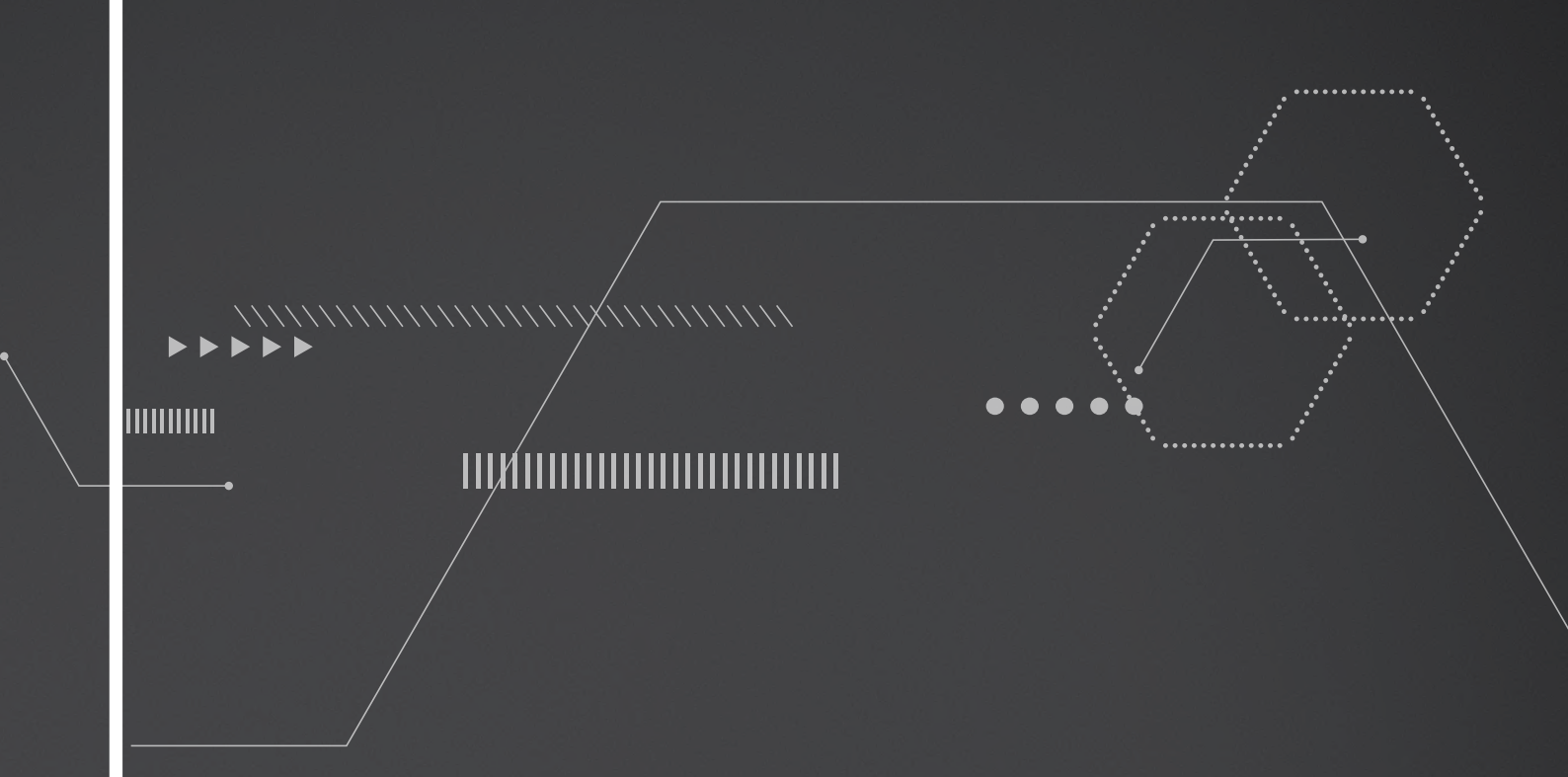
7 Community Engagement

Contributing to society through meaningful and positive community engagement initiatives

8 Ethical Governance

Promoting ethical business practices and transparency across our operations

[Read more: Materiality Assessment, page 78](#)



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CORPORATE GOVERNANCE & COMPLIANCE

Corporate Governance Overview Statement

The Board of Directors ("Board") of Pecca Group Berhad ("Pecca" or the "Company") is pleased to present the Corporate Governance Overview Statement of the Company for the financial year ended 30 June 2025 ("FY2025"), guided by the principles set out in the Malaysian Code on Corporate Governance 2021 ("MCCG").

This statement is prepared in compliance with Paragraph 15.25(1) of the Bursa Malaysia Main Market Listing Requirements ("Bursa Malaysia MMLR"), and further guided by Practice Note 9 of the Bursa Malaysia MMLR, as well as the Bursa Malaysia Corporate Governance Guide (4th edition) ("Bursa Malaysia CG Guide").

Detailed application of each practice of the MCCG during FY2025 is disclosed in the Company's Corporate Governance Report 2025, which is available on the Company's website at <https://peccagroup.com/> as well as via announcements on the website of Bursa Malaysia.

This statement should be read together with other statements in this Integrated Annual Report ("IAR") 2025 (e.g., Statement on Risk Management and Internal Control ("SORMIC"), Audit and Risk Management Committee ("ARMC") Report, and Sustainability Statement as the application of certain governance enumerations may be more evidently expressed in their respective contexts.



PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS



PRINCIPLE B

EFFECTIVE AUDIT AND RISK MANAGEMENT



PRINCIPLE C

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I Board Responsibilities

1. Establishing clear roles and responsibilities of the Board

Pecca and its subsidiaries (the "Group") are headed by an experienced and effective Board. The Board assumes overall responsibility for leading the strategic direction, future expansion, corporate governance, risk management, human resource planning and development, and investments made by the Group, and overseeing the proper conduct of the Group's business.

The Board acts in the best interest of the Group and assumes the following key roles in fulfilling its fiduciary duties:

- (a) Reviewing and adopting strategic plans as well as monitoring their implementation by the Management;
- (b) Overseeing and evaluating the conduct and sustainability of the Group;
- (c) Implementing appropriate internal controls and mitigation measures to address identified risks;
- (d) Carrying out a periodic review of the Group's financial performance, operating results, and major capital commitments; and
- (e) Reviewing the adequacy and integrity of the Group's internal control system.

In order to ensure the effective discharge of its stewardship role, the Board delegates some of its responsibilities to the Board Committees, namely the ARMC, Nomination Committee ("NC"), and Remuneration Committee ("RC"), which operate under their own defined Terms of Reference. The Chairs of the respective Board Committees report to the Board on key matters deliberated at the respective Board Committee meetings, and make recommendations to the Board for final decisions, where necessary.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I Board Responsibilities (Cont'd)

1. Establishing clear roles and responsibilities of the Board (Cont'd)

Although specific powers are delegated to the Board Committees, the Board keeps itself abreast of key issues and/or decisions made by each Board Committee through reports tabled by the Chairman or representative of each Board Committee, as well as the circulation of Board Committee Minutes of the applicable period for notation by the Board. The ultimate responsibility for decision-making lies with the Board.

2. Separation of positions of the Chairman and Group Managing Director ("GMD")

The Board is headed by an Independent Non-Executive Chairman who is responsible for its leadership, integrity, and the effectiveness of its governance. The responsibilities of the Chairman are set out in the Board Charter.

There is a clear division of roles and responsibilities between the Chairman and GMD to ensure a balance of power and authority in the Company. The Chairman is responsible for leading the Board and ensuring the effectiveness of all aspects of its role, whilst the GMD acts as the conduit between the Board and Management to facilitate the successful implementation of the Company's governance and management functions.

3. Company Secretaries

The Board is supported by qualified and competent Company Secretaries, and has direct access to their advice and services. The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution, Board policies and procedures, corporate governance, and compliance with relevant regulatory requirements and legislation. The Company Secretaries are suitably qualified, competent, and capable of carrying out the duties required of them.

The Board recognises that its decision-making process is highly dependent on the quality of information furnished. Accordingly, every Director has access to all information within the Company, and all meeting materials are prepared and issued to the Board and Board Committee members at least five (5) business days before so they receive the information in a timely manner.

4. Access to Information and Advice

To ensure the effective functioning of the Board, all Directors have individual and independent access to the advice and support services of the Company Secretaries, Internal Auditors, and External Auditors, and may seek advice from Management on issues within their respective purview. Board members have full and timely access to all information within the Group, and Board papers are distributed before Board meetings to enable Directors to obtain relevant information and have sufficient time to deliberate on the issues to be raised at the meetings, thereby allowing them to discharge their duties diligently.

Board papers, which include the meeting agenda and related reports, cover strategic, financial, operational, and regulatory compliance matters, among others, that require the Board's approval.

Board meeting proceedings are duly minuted and circulated to all Directors for their perusal before confirmation by the Chairman as a correct record. The Company Secretaries record the proceedings of all meetings, including pertinent issues, the substance of inquiries, if any, and responses thereto, members' suggestions, decisions made, as well as the rationale for those decisions. By doing so, the Company Secretaries keep the Board updated on follow-up actions arising from the Board's decisions and/or requests at subsequent meetings. This enables the Board to perform its fiduciary duties and fulfil its oversight role in instituting a culture of transparency and accountability within the Company.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I Board Responsibilities (Cont'd)

5. Board Charter

The Board Charter adopted by the Board serves as a source of reference and the primary guide to the Board as it sets out the role, functions, composition, operation, and processes of the Board.

The Board Charter delineates the duties and responsibilities of the Board, Board Committees, and individual Directors, including the following matters that are solely reserved for the Board's decision:

- (a) Conflict of interest ("COI") issues relating to a substantial shareholder or Director, including approving related party transactions;
- (b) Material acquisitions and disposition of assets not in the ordinary course of business, including significant capital expenditures;
- (c) Strategic investments, mergers and acquisitions, and corporate exercises;
- (d) Corporate strategic plans;
- (e) Budgets;
- (f) Quarterly and annual financial statements for announcements; and
- (g) Corporate governance policies.

The Board Charter also serves as primary induction material, guiding newly appointed and existing Board members on the duties and functions of the Board and its Committees.

The Board Charter is periodically reviewed by the Board to be in line with regulatory changes and reflect changes made to the Terms of Reference of the Board Committees. The Board Charter is available on the Company's website at <https://peccagroup.com/>.

6. Code of Ethics

The Board has formalised a Code of Ethics for Directors and adheres to the Code of Conduct expected for them, as set out in the Company's Code of Ethics promulgated by the Companies Commission of Malaysia, which reflects our underlying core ethical values and commitment to uphold standards of integrity, transparency, accountability, and corporate social responsibility. Our Code of Ethics for Directors is available on the Company's website at <https://peccagroup.com/>.

7. Whistle-blower Policy

The Company has put in place a Whistle-blower Policy to ensure that its business relationships and dealings are conducted with the highest level of integrity and accountability, and adopts a zero-tolerance approach toward any misconduct that would jeopardise its good standing and reputation. The policy is intended to encourage and enable the Directors, employees, and stakeholders of the Group to raise concerns about suspected and/or known malpractices, misconduct, or wrongdoings. The Whistle-blower Policy is available on the Company's website at <https://peccagroup.com/>.

8. Anti-Bribery and Anti-Corruption ("ABAC") Policy

The Board maintains a zero-tolerance approach toward all forms of bribery and corruption, in line with the Company's ABAC Policy, which is grounded in the core principles of our Code of Ethics and provides guidance on addressing bribery and corruption in the course of business. The ABAC Policy is available on the Company's website at <https://peccagroup.com/>.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

I Board Responsibilities (Cont'd)

9. Directors' Fit and Proper Policy

The Company has adopted a Directors' Fit and Proper Policy to ensure a formal and transparent process for the appointment and re-election of Directors, as well as the appointment of Key Senior Management. Execution of the policy is delegated to the NC, and is subject to periodic review and approval by the Board. The policy is available on the Company's website at <https://peccagroup.com/>.

10. Conflict of Interests Disclosure

The COI disclosure outlines the obligations of each Director and Key Senior Management with respect to actual or potential COIs to ensure systematic identification, disclosure, and management of COIs in an effective and timely manner.

Any Director who identifies a COI, potential conflict, material personal interest, or relationship that could reasonably influence their decision-making must immediately disclose it to the Board and abstain from discussions or voting on the relevant matter.

The objective of this disclosure is to ensure that COIs are handled appropriately, fostering a culture of transparency, honesty, accountability, and good governance within the Group.

II Board Composition

1. Board Composition and Balance

The Board is well balanced, comprising experienced businessmen and qualified professionals of diverse ages and ethnicities. Directors collectively bring with them diverse knowledge, skills, extensive experience, and expertise in areas such as strategic planning, business development, finance, corporate affairs, information technology, marketing, and operations.

As at 30 June 2025, the Board has eight (8) members, comprising four (4) Independent Non-Executive Directors, three (3) Executive Directors, and one (1) GMD. This complies with Paragraph 15.02 of the Bursa Malaysia MMLR, which requires at least two (2) or one-third ($\frac{1}{3}$) of the Board of the Company, whichever is higher, to be Independent Directors.

Dato' Seri Dr. Chen Chaw Min was appointed as an Independent Non-Executive Director on 8 April 2025. He brings with him vast experience in public service and healthcare governance, which complements the Group's healthcare-related initiatives.

A brief profile of each Director is presented in the Directors' Profile section of this IAR 2025.

The NC conducts annual reviews of the composition of the Board and Board Committees. In FY2025, the NC determined that the Board comprises an appropriate balance of members from relevant key areas to support the Group's sustainability efforts, taking into consideration the complexity and nature of its businesses.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

2. Board Independence

The Board recognises that independence and objective judgement are crucial and imperative in decision-making. Independent Non-Executive Directors play a significant role in providing unbiased and independent views, advice, and judgement, taking into account the interests of relevant stakeholders, including minority shareholders of the Group.

Pursuant to Practice 5.3 of the MCGG, the tenure of an Independent Director does not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director.

However, the retention of Independent Directors who have served a cumulative term of nine (9) years shall be subject to annual assessment by the NC on their independence and contributions, as well as annual shareholders' approval through a two-tier voting process at a general meeting. In such cases, the Board shall provide valid justifications in the explanatory notes to the resolution in the notice of that general meeting. Notwithstanding the above, the tenure of an Independent Director should not exceed a cumulative term of twelve (12) years, in compliance with the Bursa Malaysia MMLR.

Dato' Mohamed Suffian Bin Awang and Datuk Leong Kam Weng have served on the Board as Independent Directors for a cumulative term of more than nine (9) years each. The Board, after considering the recommendation of the NC and without the participation of Dato' Mohamed Suffian Bin Awang and Datuk Leong Kam Weng, resolved to retain them as Independent Directors as they bring a wealth of knowledge and experience to the Company. In addition, they provide effective checks and balances in Board proceedings, and continue to exercise their independence and objective judgement in Board deliberations and Board Committee meetings.

3. Boardroom Diversity

The Board acknowledges the importance of Boardroom diversity and recognises the value of providing fair and equal opportunities while fostering diversity within the Group. The Company endeavours to have a balanced representation in terms of skills, knowledge, experience, background, expertise, age, gender, and ethnicity. The Board considers diversity as an essential element in maintaining a competitive advantage by leveraging different perspectives on various issues and enhancing the quality of decision-making, which in turn contributes to the Company's development and sustainability.

At present, the Board has two (2) female Directors, which is less than 30% of its composition. The Board adopted a Diversity Policy in May 2018. The Board, with the Head of Group Human Resources, will continue to monitor the scope and applicability of the Diversity Policy, and consider taking in additional suitable female Directors to meet the 30% women directors target.

4. Appointment of Directors

The NC is entrusted with developing policies and procedures to formalise the approach to the recruitment process and annual assessments of Directors, which serve as guides for the NC in discharging its duties relating to the nomination, evaluation, selection, and appointment of new Directors.

The appointment of any additional Director is made as and when it is deemed necessary by the Board, upon recommendation from the NC. All nominees and candidates to the Board are first considered by the NC, taking into consideration, inter-alia, their competency, knowledge, expertise, experience, professionalism, integrity, and time commitment, including, where appropriate, the criteria for assessing the independence of candidates for appointment as Independent Non-Executive Directors.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

4. Appointment of Directors (Cont'd)

In identifying candidates for appointment as Directors, the NC uses a variety of approaches and sources to ensure that it identifies the most suitable candidates, and does not limit itself solely to recommendations from existing Board members, Management, or major shareholders.

In compliance with the Bursa Malaysia MMLR, the Company has in place a Directors' Fit and Proper Policy, which sets out the selection criteria for the appointment and/or re-election of Directors and appointment of Key Senior Management.

5. Re-election of Directors

In accordance with the Company's Constitution, an election of Directors shall take place each year at an Annual General Meeting ("AGM"), with one-third ($\frac{1}{3}$) of the Directors subject to retirement by rotation. In any event, each Director shall retire from office once every three (3) years. The Directors to retire in each year are those who have been longest in office since their last appointment or re-election. Directors appointed by the Board during the financial year are subject to retirement at the next AGM following their appointments, in accordance with the Company's Constitution. All retiring Directors are eligible for re-election.

Based on the schedule of rotation, the following Directors are subject to retirement by rotation pursuant to the Company's Constitution at the forthcoming Fifteenth (15th) AGM: -

- (a) Datuk Teoh Hwa Cheng (Clause 97)
- (b) Datin Sam Yin Thing (Clause 97)

Pursuant to Clause 105 of the Company's Constitution, Dato' Seri Dr. Chen Chaw Min, who was appointed as Independent Non-Executive Director on 8 April 2025, shall also retire at the forthcoming 15th AGM.

The aforesaid Directors have expressed their intention to seek re-election during the forthcoming 15th AGM. The NC has recommended to the Board the re-election of Datuk Teoh Hwa Cheng, Datin Sam Yin Thing, and Dato' Seri Dr. Chen Chaw Min. The Board is satisfied with the skills and contributions of these retiring Directors and recommends their re-election as Directors of the Company, which will be tabled at the forthcoming 15th AGM.

6. Directors' Commitment

The Board meets on a quarterly basis, with additional meetings convened when necessary to deal with urgent and important matters requiring its attention. All pertinent issues discussed at Board meetings, together with the decisions and conclusions reached, are properly recorded by the Company Secretaries. The Board is satisfied with the level of commitment demonstrated by the Directors in fulfilling their roles and responsibilities, as most Directors attended all Board meetings during the financial year under review.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

6. Directors' Commitment (Cont'd)

The Board met six (6) times in FY2025. Details of the Directors' attendance at the Board and Board Committees meetings during the financial year under review are set out below: -

Name	Board	ARMC	NC	RC
Dato' Mohamed Suffian Bin Awang <i>Independent Non-Executive Chairman</i>	6/6	4/5	2/2	2/2
Datuk Teoh Hwa Cheng <i>Group Managing Director</i>	6/6	-	-	-
Datin Sam Yin Thing <i>Executive Director</i>	5/6	-	-	-
Teoh Zi Yi <i>Executive Director</i>	6/6	-	-	-
Teoh Zi Yuen <i>Executive Director</i>	5/6	-	-	-
Datuk Leong Kam Weng <i>Independent Non-Executive Director</i>	6/6	5/5	2/2	2/2
Dato' Dr. Norhizan Bin Ismail <i>Independent Non-Executive Director</i>	6/6	5/5	2/2	2/2
Dato' Seri Dr. Chen Chaw Min ^(a) <i>Independent Non-Executive Director</i>	1/1	1/1	-	-

Remark:

(a) Appointed as an Independent Non-Executive Director and a member of the ARMC on 8 April 2025.

7. Directors' Training

The Board acknowledges that continuous education is vital for Board members to keep abreast of the latest developments in the industry and business environment, as well as changes to statutory requirements and regulatory guidelines.

All Directors of the Company have attended the Mandatory Accreditation Programme, as well as the Mandatory Accreditation Programme Part II on sustainability, as prescribed in the Bursa Malaysia MMLR. The Directors will continue to identify and attend other training courses to equip themselves effectively to discharge their duties as Directors continuously.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

7. Directors' Training (Cont'd)

During the financial year under review, the Directors attended the following training programmes:

Directors	Name of Seminar and Training Programmes	Organised by	Event Date
Dato' Mohamed Suffian Bin Awang	▼ ABAC Policy for 2025	Messrs. Ling & Tan Law Chambers	8 August 2025
Datuk Teoh Hwa Cheng	▼ Future Proof Leadership: Passion for Extraordinary Performance Training	Lawrence Walter Seminars Strategic Group	29-30 May 2025
	▼ ABAC Policy for 2025	Messrs. Ling & Tan Law Chambers	8 August 2025
Datin Sam Yin Thing	▼ Future Proof Leadership: Passion for Extraordinary Performance Training	Lawrence Walter Seminars Strategic Group	29-30 May 2025
	▼ ABAC Policy for 2025	Messrs. Ling & Tan Law Chambers	8 August 2025
Teoh Zi Yi	▼ Future Proof Leadership: Passion for Extraordinary Performance Training	Lawrence Walter Seminars Strategic Group	29-30 May 2025
	▼ ABAC Policy for 2025	Messrs. Ling & Tan Law Chambers	8 August 2025
Teoh Zi Yuen	▼ Future Proof Leadership: Passion for Extraordinary Performance Training	Lawrence Walter Seminars Strategic Group	29-30 May 2025
	▼ ABAC Policy for 2025	Messrs. Ling & Tan Law Chambers	8 August 2025

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

7. Directors' Training (Cont'd)

Directors	Name of Seminar and Training Programmes	Organised by	Event Date
Datuk Leong Kam Weng	▼ The Risk Landscape: Navigating Climate Transition Risks in a Circular Economy	KPMG Asia Pacific	11 July 2024
	▼ Navigating Capital Gains Tax	KPMG Malaysia	17 July 2024
	▼ e-Invoicing for Law Firms	Bar Council Malaysia	29 July 2024
	▼ Practical Aspects on How Law Firms Can Manage Dawn Raids	Bar Council Malaysia	15 August 2024
	▼ Cybersecurity Oversight: Board Responsibilities in Light of the Cybersecurity Bill 2024	KPMG Malaysia	11 September 2024
	▼ Unclaimed Monies Act 1965	Malaysian Institute of Accountants	19 September 2024
	▼ Geopolitical Risks and the Strategic Imperatives for Boards and C-Suite	KPMG Asia Pacific	17 October 2024
	▼ AOB Conversation with Audit Committees	Securities Commission Malaysia	19 November 2024
	▼ Strategic Data & Framework in Board Governance	Institute of Corporate Directors Malaysia	2 December 2024
	▼ Building and Strengthening Your Directorship Competency	Institute of Corporate Directors Malaysia	6 March 2025
	▼ Strategic Oversight for Directors: Mastering Financial Reporting	MUI Group	17 April 2025
	▼ Tax Reimagined: Understanding Data Warehouses and Their Relevance for Tax Functions	KPMG Malaysia	7 May 2025
	▼ Webinar on Sales Tax Revision and Service Tax Expansion 2025	Crowe Malaysia	19 June 2025
	▼ Decoding Malaysia's New Stamp Duty Regime: Key Changes, Risks, & Compliance Register Now	CPA Australia	24 June 2025
Dato' Dr. Norhizan Bin Ismail	▼ Healthcare Today & Tomorrow	MAHSA University	13 February 2025

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

7. Directors' Training (Cont'd)

Directors	Name of Seminar and Training Programmes	Organised by	Event Date
Dato' Seri Dr. Chen Chaw Min	▼ e-invoice Accounting and Its Implementation Mechanism	Institute of Professional Advancement	27 September 2024
	▼ Speaker: Seminar on Inside Government Strategic Engagement and Influence	Humanology Sdn. Bhd.	27-28 August 2024
	▼ Speaker: Government Insights Unveiled: Secrets of dealing with government sectors seminar	Humanology Sdn. Bhd.	24-25 September 2024
	▼ Basic Life Support Module	Institut Jantung Negara	14 March 2025
	▼ Speaker: Think Like a Leader: A Leadership Upskilling	Razak School of Government	21-22 June 2025

The Company Secretaries circulate relevant guidelines on statutory and regulatory requirements from time to time and update the Board on the same at Board meetings. The External Auditors also brief Board members on any current and future changes to the Malaysian Financial Reporting Standards ("MFRS") that may affect the Group's financial statements.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

8. Board Committees

In discharging its fiduciary duties, the Board has delegated specific tasks to Board Committees. These Board Committees have the authority to examine particular issues and report to the Board on their proceedings and deliberations, together with their recommendations. However, the ultimate responsibility for all decisions lies with the entire Board as a whole.

(a) ARMC

The ARMC assists the Board in its oversight of the Company's financial statements and reporting, in fulfilling its fiduciary responsibilities relating to internal controls, financial and accounting records and policies, as well as financial reporting practices of the Group.

A copy of the Terms of Reference of the ARMC is available for viewing on the Company's website at <https://peccagroup.com/>.

The composition and activities of the ARMC during the financial year under review are set out in the ARMC Report of this IAR 2025.

(b) NC

The NC comprises exclusively of Independent Non-Executive Directors, as follows:

Dato' Mohamed Suffian Bin Awang (Chairman)
Independent Non-Executive Chairman

Datuk Leong Kam Weng (Member)
Independent Non-Executive Director

Dato' Dr. Norhizan Bin Ismail (Member)
Independent Non-Executive Director

The Board is of the view that all Independent Directors of the Company should always be within reach of shareholders and issues be discussed openly at meetings. Accordingly, the Board has not nominated a Senior Independent Non-Executive Director at this juncture.

The NC assists the Board in carrying out annual assessments of the effectiveness of the Board as a whole, the Board Committees, and the contribution or performance of each Director. The NC also assists the Board in assessing the level of independence of the Independent Directors annually.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

8. Board Committees (Cont'd)

(b) NC (Cont'd)

The principal duties and responsibilities of the NC, as defined in its Terms of Reference, include but are not limited to the following:

- (i) Recommending candidates for directorships to the Board, considering their skills, knowledge, expertise, experience, professionalism, integrity, time commitment, character, competence, and number of directorships, and in the case of candidates for the position of Independent Non-Executive Director, ensuring they meet the independence requirements.
- (ii) Assisting the Board in carrying out annual assessments of the effectiveness of the Board, Board Committees, and performance of each Director.
- (iii) Conducting annual review assessments of the independence of Independent Directors.
- (iv) Carrying out annual reviews on the mix of skills, experience, and other qualities of the Board, including the core competencies required of Non-Executive Directors, and disclosing this in our IARs.
- (v) Making recommendations to the Board concerning the re-election and re-appointment of Directors at each AGM.

A copy of the Terms of Reference of the NC is published and available for viewing on the Company's website at <https://peccagroup.com/>.

Summary of Works

During the financial year under review, the NC undertook the following activities:

- (i) Assessed and was satisfied with the effectiveness of the Board as a whole and the Board Committees as a whole, and the contributions of each Director.
- (ii) Reviewed and was satisfied with the mix of skills, knowledge, expertise, experience, composition, and size of the Board in terms of gender, ethnicity, and age, as well as environmental, social, and governance considerations.
- (iii) Assessed the independence of the Independent Directors and concluded that they comply with the criteria of independence set out in the Bursa Malaysia MMLR.
- (iv) Assessed and was satisfied with the character, experience, integrity, competence, and time commitment of the Directors and Chief Executive Officer ("CEO").
- (v) Assessed the fit and properness of Directors due for retirement by rotation, and recommended eligible Directors for re-election to the Board, subject to shareholders' approval at the forthcoming 15th AGM.
- (vi) Reviewed the terms of office of the ARMC and assessed the performance, effectiveness, and financial literacy of its members in discharging their duties and obligations in accordance with its Terms of Reference.
- (vii) Discussed training programmes for Directors to enhance their skills and knowledge.
- (viii) Reviewed and recommended the appointment of a new Director and an ARMC member.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

8. Board Committees (Cont'd)

(b) NC (Cont'd)

Summary of Works (Cont'd)

- (ix) Assessed the independence of Independent Directors who had served on the Board for a cumulative term of more than nine (9) years in accordance with the MCCG, and recommended continuation to the Board, subject to shareholders' approval at the forthcoming 15th AGM.
- (x) Assessed the fitness and propriety of a new Chief Financial Officer ("CFO") candidate and recommended their appointment to the Board for approval.

(c) RC

The RC comprises exclusively of Independent Non-Executive Directors, as follows:

Datuk Leong Kam Weng (Chairman)
Independent Non-Executive Director

Dato' Mohamed Suffian Bin Awang (Member)
Independent Non-Executive Chairman

Dato' Dr. Norhizan Bin Ismail (Member)
Independent Non-Executive Director

The RC is governed by its Terms of Reference, which outline its remit, duties, and responsibilities. These include, but are not limited to the following:

- (i) Ensuring that remuneration for Directors is set at a competitive level to recruit, attract, retain, and motivate high-calibre individuals.
- (ii) Recommending to the Board appropriate remuneration packages for the Executive Directors, Non-Executive Directors, and Key Management.
- (iii) Reviewing the performance of the Executive Directors and GMD, and recommending to the Board specific adjustments in remuneration and/or reward payments, if any, to reflect their contributions for the year.
- (iv) Ensuring that the level of remuneration is aligned with the business strategy and long-term objectives of the Company, complexity of the Company's activities, and experience and level of responsibilities undertaken by the Directors and Key Senior Management.
- (v) Reviewing Directors' fees and benefits, including any compensation for loss of employment of a former or current Director, and recommending these for Board approval, subject to shareholders' approval at the forthcoming 15th AGM.

A copy of the Terms of Reference of the RC is published and available for viewing on the Company's website at <https://peccagroup.com/>.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II Board Composition (Cont'd)

8. Board Committees (Cont'd)

(c) RC (Cont'd)

Summary of Works

Below is a summary of key activities undertaken by the RC during the financial year under review:

- (i) Reviewed the Directors' fees and benefits payable, and recommended the same to the Board, subject to shareholders' approval at the forthcoming 15th AGM.
- (ii) Reviewed the remuneration packages of the Executive Directors and Key Management of the Company and its subsidiaries, and recommended the same to the Board for approval.
- (iii) Reviewed and recommended the Directors' fees and benefits payable to the newly appointed Directors, from their appointment date until the conclusion of the forthcoming 15th AGM in 2025.
- (iv) Reviewed and recommended the remuneration package of the newly appointed CFO in accordance with the terms of his employment letter, for Board approval.

9. Annual Assessment on Effectiveness of the Board and Individual Directors

The NC has put in place a formal evaluation process to assess the effectiveness of the Board as a whole, the effectiveness of the Board Committees, the contribution and performance of each Director, and the performance of ARMC members on an annual basis.

The evaluation process is led by the NC Chairman, who is an Independent Non-Executive Director, and supported by the Company Secretaries. The evaluation process is conducted via questionnaires to review the effectiveness of the Board and its Board Committees, and is based on self-review and peer assessment. The NC reviews the outcomes of the assessment and reports to the Board areas for improvement, in particular, and uses the results as the basis for recommending relevant Director(s) for re-election at the AGM.

The NC reviews the effectiveness of the Board by taking into account the composition of the Board, time commitment, Boardroom activities, and overall performance. Independence of Independent Directors, meanwhile, is assessed with a focus on whether they can exercise objective judgement and act in the best interest of the Group.

Upon its FY2025 assessment conducted on the effectiveness of the Board and Board Committees; character, experience, integrity, competence, and time commitment of each Director and the CFO; mix of skills and experience of the Board; level of independence of the Directors; and term of office and performance of the ARMC and each of its members, the NC concluded that the Directors had discharged their duties satisfactory. The NC was also satisfied with the performance of the Board and Board Committees. As for the balance and composition of the Board, the NC concluded that the Directors have the appropriate mix of skills, experience, knowledge, and professional qualifications to contribute positively to the Board Committees and Board as a whole.

Corporate Governance Overview Statement

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

III Remuneration

The RC has established a Directors' and Senior Management's Remuneration Policy which is linked to the strategic performance and long-term objectives of the Company to ensure that it is able to attract and retain capable Directors and Senior Management to run the Group successfully. Executive Directors' remuneration is structured to link rewards to corporate and individual performances, while Non-Executive Directors' remuneration reflects their experience and level of responsibilities.

In determining the remuneration of the Directors and Senior Management, the Company aims to provide fair and competitive remuneration to its Board and/or Senior Management in order for the Company to benefit by attracting and retaining a high-quality team. The RC is authorised by the Board to seek appropriate professional advice within and outside the Group as and when it considers necessary.

The annual salaries, incentive arrangements, service arrangements, and other employment conditions for the Executive Directors and/or Senior Management are reviewed by the RC and recommended to the Board for approval, and where necessary, subject to shareholders' approval.

Senior Management personnel who report directly to the Executive Directors are evaluated annually, premised on annual measurements and targets set. Thereafter, the Executive Directors approve the remuneration of the Senior Management personnel based on their performance.

Directors abstain from deliberating and voting on their own remuneration at Board meetings.

The remuneration of Non-Executive Directors for the financial year under review was determined by the Board as a whole, with the total quantum recommended by the Board for shareholders' approval at the forthcoming 15th AGM.

Details of Directors' remuneration for FY2025 in respect of the Group and Company, including fees, salaries, bonus, benefit-in-kinds, allowances, and other components of individual Directors on a named basis, are provided under Practice 8.1 of the Corporate Governance Report 2025, which is available on the Company's website at <https://peccagroup.com/>.

In determining the remuneration packages of the Group's Senior Management, factors taken into consideration include individual responsibilities, skills, expertise, and contributions to the Group's performance, and whether the remuneration package is competitive and sufficient to ensure that the Group is able to attract and retain executive talent.

Although the MCGG stipulates that the Company should disclose on a named basis the top five (5) Senior Management's detailed remuneration, including salary, bonus, benefits-in-kind, and other emoluments in bands of RM50,000, other than the disclosure of the CEO's remuneration, the Board has not done so as it is of the opinion that such disclosure may cause tension and unhealthy competition among Senior Management. In addition, such disclosure would not be in the best interest of the Group given the high possibility of these employees being poached.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I ARMC

1. Composition

The ARMC is responsible for assisting the Board in fulfilling its statutory and fiduciary responsibilities of monitoring the Group's management of its financial risk processes, accounting, and financial reporting practices, ensuring the efficacy of the Group's system of internal control, and maintaining oversight of both the internal and external audit functions.

The ARMC comprises four (4) members, all of whom are Independent Non-Executive Directors. The ARMC Chairman, Datuk Leong Kam Weng, is an Independent Non-Executive Director and not Chairman of the Board. Datuk Leong Kam Weng is also a Fellow of Certified Practising Accountant ("CPA") Australia and Chartered Accountant of the Malaysian Institute of Accountants ("MIA").

The independence, objectivity, and integrity of the members of the ARMC are the key requirements that the Board of the Company recognises as essential for an effective and independent ARMC. None of the members of the ARMC is a former key audit partner. Based on the recommendation of MCCG, the Audit Committee requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the ARMC.

More information on the ARMC and its activities during the financial year is set out in the ARMC Report of this IAR 2025.

2. Financial Reporting

The Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy the financial position of the Group at any time, and ensuring that the financial statements of the Group comply with the Companies Act 2016 and applicable approved financial reporting standards in Malaysia.

The ARMC assists the Board in discharging its fiduciary duties by ensuring that the audited financial statements and quarterly financial reports are prepared in accordance with the MFRS and Bursa Malaysia MMLR. In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Board aims to present a balanced and fair assessment of the Company's financial position and prospects. The ARMC reviews the Company's quarterly financial results and annual audited financial statements to ensure accuracy, adequacy, and completeness prior to presentation to the Board for its approval.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

I ARMC (Cont'd)

3. Suitability and Independence of External Auditors

The Board maintains a good professional relationship with the External Auditors through the ARMC by discussing with them their audit plans, audit findings, and financial statements. The ARMC invites the External Auditors at least twice a year to discuss their findings and the audited financial statements of the Group. In FY2025, the ARMC also met with the External Auditors without the presence of the Executive Directors, GMD, and Senior Management of the Company.

The ARMC is responsible for the recommendation on the appointment and re-appointment of the Company's External Auditors, and the audit fees. During the year, the ARMC carried out an assessment of the performance and suitability of the External Auditors based on the quality of services, sufficiency of resources, communication and interaction, and independence and objectivity.

Messrs. Crowe Malaysia PLT, the External Auditors of the Company, have confirmed to the ARMC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence criteria set out by the MIA.

The ARMC is satisfied with the suitability and independence of Messrs. Crowe Malaysia PLT based on the quality and competency of services delivered, sufficiency of the firm, and professional staff assigned to the annual audit, as well as the non-audit services performed for FY2025.

For FY2025, the fees paid and payable to the External Auditors, Messrs. Crowe Malaysia PLT, and its affiliated firms by the Company and the Group are stated in the table below:

Nature of Services	Company (RM)	Group (RM)
Audit fees	58,000	182,000
- Messrs. Crowe Malaysia PLT		
Non-Audit fees:	7,000	7,000
- Messrs. Crowe Malaysia PLT		
Total	65,000	189,000

* The amounts disclosed include non-audit fees incurred for reviewing the SORMIC and other information included in the IAR 2025.

Corporate Governance Overview Statement

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II Risk Management and Internal Control Framework

1. Risk Management and Internal Controls

The Board assumes overall responsibility for establishing a risk management framework and maintaining a sound system of risk management and internal control throughout the Group, which provides reasonable assurance of the effectiveness and efficiency of the Group's operations, encompassing not only financial aspects but also operational and regulatory compliance. The ARMC has been entrusted by the Board to ensure the effectiveness of the Group's internal control systems. The ultimate objectives are to protect the Group's assets and safeguard shareholders' investments.

The Board acknowledges that while the internal control system is devised to cater for particular needs of the Company, risk management only provides reasonable assurance against material misstatements or loss.

The SORMIC, as set out in this IAR 2025, provides an overview of the state of risk management and internal controls within the Group.

2. Internal Audit Function

The Board acknowledges the significance of a sound system of risk management and internal control to manage the overall risk exposure of the Group.

The Group has an internal audit function, which is outsourced to GovernAce Advisory & Solutions Sdn. Bhd. and reports directly to the ARMC. The resources and scope of work covered by the internal audit function during the financial year under review, including its observations and recommendations, are provided in the ARMC Report of this IAR 2025. Details on the person responsible for the internal audit are set out below:

Name	: Chong Chee Seng
Qualification	: Certified Internal Auditor, Fellow Certified Practising Accountant with CPA Australia, Chartered Member of Institute of Internal Auditors Malaysia, and Accountant registered with the MIA
Independence	: Does not have any family relationship with any director and/or major shareholder of the Company
Public Sanction or penalty	: Has no convictions for any offences within the past five (5) years, other than traffic offences, if any, and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year

The ARMC meets regularly to review the risks identified, discuss mitigation actions in place, and report to the Board on a quarterly basis. Details of the internal audit function are set out in the SORMIC and ARMC Report of this IAR 2025.

The Board affirms its overall responsibility with established and clear functional responsibilities and accountabilities, which are carried out and monitored by the ARMC. The adequacy and effectiveness of the internal controls and risk management framework are reviewed by the ARMC.

Further information may be found in the SORMIC of this IAR 2025.

Corporate Governance Overview Statement

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIPS WITH STAKEHOLDERS

I Communication with Stakeholders

The Board has formalised corporate disclosure policies and procedures to enable comprehensive, accurate, and timely disclosures of the Group to regulators, shareholders, and stakeholders, not only to comply with the disclosure requirements stipulated in the Bursa Malaysia MMLR, but also to specify the persons authorised and responsible for approving and disclosing material information in accordance with the Bursa Malaysia MMLR.

The Board has established a dedicated section for corporate information on the Company's website at <https://peccagroup.com/>, where information on the Company's announcements, financial information, share prices, and IARs may be accessed. It also contains all announcements made to Bursa Malaysia, as well as the contact details of a designated person to address any queries.

It has always been the Group's practice to maintain good relationships with its shareholders. Major corporate developments and happenings in the Group have always been duly and promptly announced to all shareholders, in line with Bursa Malaysia's objectives of ensuring transparency and good corporate governance practices.

The Group's financial performance, major corporate developments, and other relevant information are promptly disseminated to shareholders and investors via announcements of its quarterly results, IARs, corporate announcements to Bursa Malaysia, and press conferences. Further updates of the Group's activities and operations are also disseminated to shareholders and investors through dialogue with analysts, fund managers, investor relations roadshows, and the media.

II Conduct of General Meetings

The 14th AGM of the Company was held physically in 2024. The AGM is the principal forum for dialogue with shareholders, providing an opportunity for them to understand the financial and operational performance of the Company and pose questions to the Chairman, other Directors, and Key Management. The Chairman allocated sufficient time to encourage the shareholders, proxies, and corporate representatives to ask questions pertaining to the matters tabled at the general meeting or voice any concerns. The Board, Management team, and the Company's External Auditors were present at the meetings to answer questions raised and provide clarification as required by the shareholders, proxies, and corporate representatives.

Notice of the 14th AGM, which sets out these resolutions together with the Company's Annual Report 2024, was circulated to shareholders at least twenty-eight (28) days prior to the meeting to provide shareholders with sufficient time for consideration and make informed decisions. Shareholders unable to attend were allowed to appoint proxies to attend, speak, and vote on their behalf. Voting at the 14th AGM was conducted through electronic poll voting, and the votes cast were validated by an independent scrutineer. The outcome of all resolutions proposed at the AGM was announced to Bursa Malaysia at the end of the meeting day, while the minutes of the AGM were circulated to shareholders not later than 30 business days after the meeting.

This Corporate Governance Overview Statement was approved by the Board of the Company on 6 October 2025.

Audit and Risk Management Committee Report

The Board of Directors (the "Board") of Pecca Group Berhad ("Pecca" or the "Company") is pleased to present the Audit and Risk Management Committee ("ARMC") Report for the financial year ended 30 June 2025 ("FY2025").

The ARMC's role is to carry out the functions of an audit committee as set out in Paragraph 15.12 of the Bursa Malaysia Main Market Listing Requirements ("Bursa Malaysia MMLR"), and oversee the risk management framework and policies of Pecca and its subsidiaries (the "Group").

Details of the composition, authority, responsibilities, and procedures of the ARMC are formalised in its Terms of Reference, which is available on our corporate website at <https://peccagroup.com/>.

1. COMPOSITION

The ARMC comprises the following Independent Non-Executive Directors:

- Datuk Leong Kam Weng¹ (Chairman)
- Dato' Mohamed Suffian Bin Awang (Member)
- Dato' Dr. Norhizan Bin Ismail (Member)
- Dato' Seri Dr. Chen Chaw Min² (Member)

Remarks:

1. Also a member of the Malaysian Institute of Accountants ("MIA")
2. Appointed as an ARMC member on 8 April 2025

The ARMC Chairman, Datuk Leong Kam Weng, is a Fellow of Certified Practising Accountant ("CPA") Australia and Chartered Accountant of the MIA. ARMC members are equipped with the skills, experience, and competency to carry out their functions and responsibilities effectively. For the financial year under review, the Board evaluated the performance and effectiveness of the ARMC via the Nomination Committee's ("NC") review of the term of office and performance of the ARMC and its members, and was satisfied that the ARMC members were able to and had discharged their functions and responsibilities in accordance with their Terms of Reference.

2. MEETINGS OF THE COMMITTEE

During FY2025, five (5) ARMC meetings were held, with details of attendance as follows:

Name	Total Meetings Attended	Percentage
Datuk Leong Kam Weng	5/5	100%
Dato' Mohamed Suffian Bin Awang	4/5	80%
Dato' Dr. Norhizan Bin Ismail	5/5	100%
Dato' Seri Dr. Chen Chaw Min	1/1	100%

During ARMC meetings, representatives of the External Auditor, Internal Auditor, and other officers of the Group are present, only upon the ARMC's invitation, to brief the ARMC on relevant issues. The ARMC ensures that the External and Internal Auditors have direct communication with the ARMC and that the External Auditors are able to meet the ARMC without the presence of other Directors or members of Key Senior Management at least twice a year.

Audit and Risk Management Committee Report

3. SUMMARY OF ACTIVITIES OF THE ARMC

Key activities carried out by the ARMC for FY2025 were as follows:

i. Financial Reporting

- a. Reviewed the Group's unaudited quarterly financial results for the first quarter (ended 30 September 2024), second quarter (ended 31 December 2024), third quarter (ended 31 March 2025), and fourth quarter (ended 30 June 2025), before recommending them for the Board's approval to release the results to Bursa Malaysia. The reviews focused on, amongst others, ensuring compliance with relevant financial reporting standards such as the Malaysian Financial Reporting Standards ("MFRS"), and other requirements such as the Bursa Malaysia MMLR.
- b. Reviewed the Group and the Company's annual audited financial statements for FY2025 together with the External Auditor, Messrs. Crowe Malaysia PLT, before recommending them for the Board's approval. The ARMC obtained assurance from the External Auditor that the financial statements give a true and fair view of the financial position and financial performance of the Group and of the Company for FY2025, in accordance with relevant financial reporting standards.
- c. Reviewed the impact of changes to and implementation of accounting policies, and adoption of new accounting standards and significant matters highlighted in the financial statements.
- d. The ARMC Chairman briefed the Board on key issues and considerations discussed by the ARMC when tabling the unaudited quarterly financial results and annual audited financial statements to the Board.

ii. External Audit

- a. Reviewed the External Auditor's audit plan for FY2025, including its scope of work, anticipated key audit matters, reporting timelines, and their fees. The ARMC also obtained written confirmation from the External Auditor that its engagement team members have complied with the relevant requirements regarding professional independence during the presentation of the audit plan.
- b. Reviewed the External Auditor's audit results and findings for the annual audited financial statements for FY2025, including any audit or accounting issues raised. The ARMC also obtained written confirmation from the External Auditor that its engagement team members have complied with professional independence requirements throughout the conduct of the audit engagement.
- c. Conducted two private sessions with the External Auditor without the presence of the Group Managing Director ("GMD"), Executive Directors, and Key Management of the Group to enable the External Auditor to raise any other matters noted during the course of the audit to the ARMC and discuss the assistance given by the management to the External Auditor during the audit.
- d. Reviewed and approved the scope, nature, and fees for non-audit services by the External Auditor and its affiliates before they were rendered. The review and approval processes were carried out in accordance with the Group's policy on non-audit services, established to ensure non-audit services by external auditors do not compromise their objectivity and independence.
- e. Assessed the suitability, objectivity, and independence of the External Auditor, considering, amongst others, their competence, audit quality, and resource capacity via a formalised "Evaluation of the Performance and Independence of the External Auditor", and upon review and being satisfied with the results of said assessment, the same was recommended to the Board for approval.
- f. Reviewed and recommended to the Board for approval the proposed re-appointment of Messrs. Crowe Malaysia PLT as the External Auditor of the Company, and authorised the Board to fix their remuneration.

Audit and Risk Management Committee Report

3. SUMMARY OF ACTIVITIES OF THE ARMC (CONT'D)

Key activities carried out by the ARMC for FY2025 were as follows: (Cont'd)

iii. Internal Audit

- a. Reviewed the annual internal audit plan proposed by the outsourced Internal Auditor, GovernAce Advisory & Solutions Sdn. Bhd., considering, amongst others, the internal audit scope, approach, and fees.
- b. Reviewed the internal audit reports presented by the Internal Auditor, including the Internal Auditor's evaluation of the internal control system, highlights of any weaknesses identified, their recommendations, and the outcome of follow-up audits pertaining to audit findings and action plans arising from previous audits. The ARMC also invited the relevant Management personnel to clarify or address issues highlighted, share their action plans, and provide status updates, as necessary.
- c. Conducted two private sessions with the Internal Auditor without the presence of the GMD, Executive Directors, and Key Management of the Group to enable the Internal Auditor to raise any other issues noted during the conduct of internal audit activities.
- d. Reviewed the performance and effectiveness of the Internal Auditor based on, amongst others, its objectivity and independence, resources, competency, qualification, and whether internal audit activities were carried out in accordance with a recognised framework.

iv. Review of Related Party Transactions ("RPT")

- a. Reviewed the RPT and Recurrent Related Party Transactions ("RRPT") of the Group and the Company to ensure they were made on terms not more favourable to the related party than those generally available to the public, and that they comply with the Bursa Malaysia MMLR.
- b. Reviewed the Circular to Shareholders in relation to the proposed renewal of their mandate for RRPT of revenue or trading nature, and submitted its recommendation to the Board for approval.

v. Risk Management

- a. Reviewed the Risk Profile of the Group on a semi-annual basis, ensuring key risks of the Group were properly managed. The Risk Profile of the Group was prepared by the Senior Management team, led by the GMD and assisted by the Chief Financial Officer ("CFO"), in accordance with the Group's Risk Management Procedure.
- b. Reviewed the adequacy and effectiveness of the risk management and internal control systems of the Group, amongst others, through meetings with and updates by the Management, the internal audit function, and assurance by the GMD, CEO, and CFO.
- c. Reviewed the Statement on Risk Management and Internal Control ("SORMIC"), which was also reviewed by the External Auditor, and recommended it for the Board's approval for inclusion in the Company's Integrated Annual Report ("IAR") for FY2025.

vi. Ethical and Integrity Areas

The ARMC did not receive any reports under the Group's Whistle-blower Policy in FY2025. The Committee takes the implementation of this policy very seriously, particularly in ensuring the confidentiality and protection of whistleblowers.

Audit and Risk Management Committee Report

3. SUMMARY OF ACTIVITIES OF THE ARMC (CONT'D)

Key activities carried out by the ARMC for FY2025 were as follows: (Cont'd)

vii. Others

- a. Reviewed and recommended for the Board's approval, the Chairman & GMD Statement, Management Discussion and Analysis, Sustainability Statement, Corporate Governance Overview Statement, Corporate Governance Report, and ARMC Report, for inclusion in the IAR for FY2025.
- b. Reviewed and recommended for the Board's approval the Circular to Shareholders in relation to the proposed renewal of authority for the Company to purchase its own ordinary shares.
- c. Reviewed the results of the financial year ended 30 June 2025 and compared it to the budgeted results for the financial year.
- d. Reviewed potential and actual conflicts of interest of Directors and Key Senior Management to ensure they act in the best interests of the Group when a conflict of interest arises or potentially arises, thereby enabling systematic identification, disclosure, and management of conflicts of interest in an effective and timely manner.
- e. Reviewed the proposed dividend payout, taking into consideration cash flow requirements, before recommending it for the Board's approval.

4. SUMMARY OF THE ACTIVITIES OF INTERNAL AUDIT FUNCTIONS

The Group's internal audit function is outsourced to GovernAce Advisory & Solutions Sdn. Bhd., a professional internal audit service provider which reports directly to the ARMC. The main role of the Internal Auditor is to provide reasonable assurance on the adequacy and operating effectiveness of the risk management and internal control system of Pecca to the Board, through the ARMC. The internal audit function is independent of the activities it audits.

The Internal Auditor has adopted a risk-based approach in developing the annual internal audit plan, which was reviewed and approved by the ARMC. The Internal Auditor carries out internal audit activities based on the approved annual internal audit plan and is guided by the International Professional Practices Framework for internal auditing issued by the Institute of Internal Auditors. The Internal Auditor has the necessary authority to carry out its internal audit work, including access to documents, systems, and personnel. In addition, the Internal Auditor performs follow-up audits to review whether action plans agreed by Management pertaining to previous internal audit cycles have been implemented.

The summary of activities carried out by the Internal Auditor in FY2025 is as follows:

- i. Proposed the annual internal audit plan for the ARMC's approval;
- ii. Performed its internal audit, including internal control review, on the following areas:
 - ▼ Warehouse;
 - ▼ Planning;
 - ▼ Purchasing; and
 - ▼ Costing.

Audit and Risk Management Committee Report

4. SUMMARY OF THE ACTIVITIES OF INTERNAL AUDIT FUNCTIONS (CONT'D)

The summary of activities carried out by the Internal Auditor in FY2025 is as follows: (Cont'd)

- iii. Performed follow-up audits on the following areas:
 - ▾ Marketing and Sales;
 - ▾ Information Technology;
 - ▾ Production;
 - ▾ Warehouse;
 - ▾ Planning; and
 - ▾ Purchasing.
- iv. Presented the results and findings arising from the internal and follow-up audits to the ARMC, including recommendations to strengthen the system of internal controls and address the weaknesses identified.

The ARMC discussed these findings with the Internal Auditor and, where necessary, sought Management's clarification on relevant matters. The ARMC took note of the findings raised by the Internal Auditor and their corresponding remedial action plans as agreed by Management, which shall be monitored for implementation and progress in the following internal audit cycles.

The internal audit team that carried out said internal audit and follow-up audit activities comprised four personnel with relevant qualifications and experience, amongst whom was an Engagement Partner who is also a Certified Internal Auditor, Fellow of CPA Australia, Chartered Member of the Institute of Internal Auditors Malaysia, and Accountant registered with the MIA. The total cost incurred by the internal audit function of the Group in respect of FY2025 amounted to RM66,000.

This Report is dated 6 October 2025.

Statement on Risk Management and Internal Control

This Statement on Risk Management and Internal Control ("SORMIC") is made pursuant to Paragraph 15.26(b) of the Bursa Malaysia Main Market Listing Requirements ("Bursa MMLR") and Malaysian Code on Corporate Governance 2021 ("MCCG"). The SORMIC outlines the nature and scope of Pecca and its subsidiaries' (the "Group") system of risk management and internal control, including the risk management framework and processes, which was in place in the financial year ended 30 June 2025 ("FY2025") and up to the date of approval of the SORMIC. Preparation of the SORMIC was made in consideration of the mandatory contents outlined in the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers published by Bursa Malaysia.

THE BOARD'S RESPONSIBILITY AND GOVERNANCE STRUCTURE

The Board of Directors ("Board") acknowledges its responsibility to establish a sound system of risk management and internal control to safeguard the assets of Pecca Group Berhad ("Group") and its shareholders' investments. This includes the responsibility to regularly review the adequacy and operating effectiveness of the Group's system of risk management and internal control. Whilst acknowledging its responsibilities, the Board is aware of the limitations that are inherent in any system of internal control and risk management, which can only manage, rather than eliminate, risks that may impede the achievement of the Group's business objectives. Accordingly, such a system can only provide reasonable, but not absolute, assurance against material misstatement or losses, fraud, or breaches of laws or regulations.

The Board assumes, in its Board Charter, the following duties and responsibilities, which are also in line with the Principles and Practices of the MCCG:

- ▶ Ensuring there is a sound framework for internal control and risk management;
- ▶ Understanding the principal risks of the Group's business and recognising that business decisions involve the taking of appropriate risks; and
- ▶ Setting the risk appetite within which the Board expects the Management team to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage, and monitor significant financial and non-financial risks.

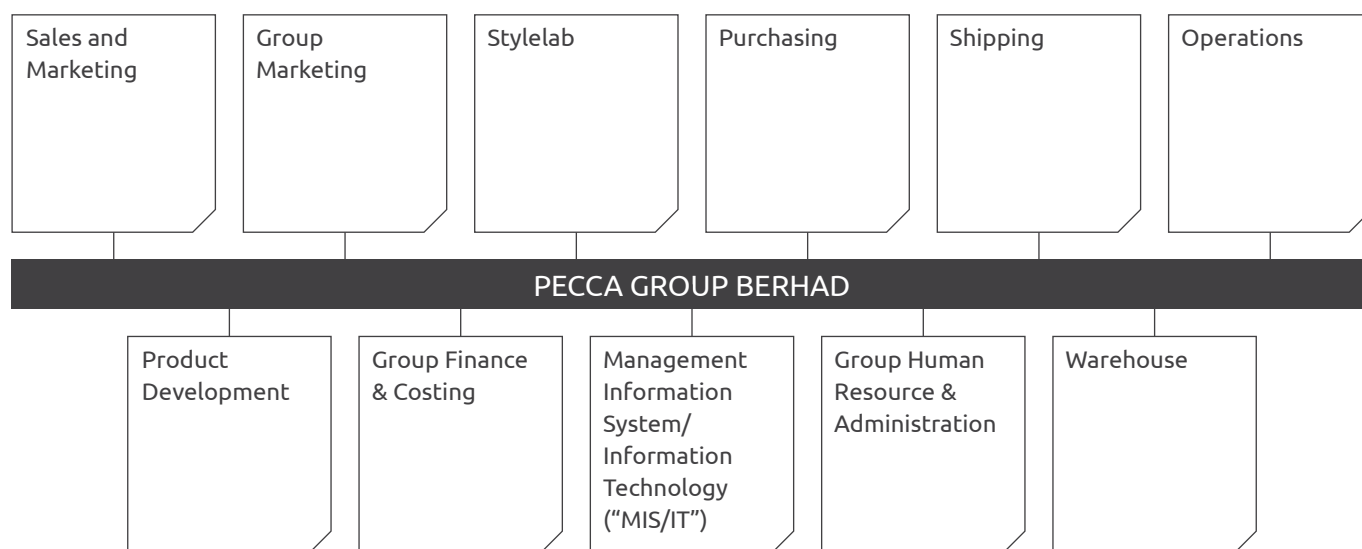
To assist the execution of the Board's duties and responsibilities, the Audit and Risk Management Committee ("ARMC") is entrusted by the Board to oversee the risk management framework and policies of the Group, including overseeing the implementation, reviewing the adequacy and operating effectiveness of the Group's system of risk management and internal control, and reviewing and monitoring the Group's risk profiles and the management of key risks identified from time to time. The ARMC is comprised of 4 Independent Non-Executive Directors and is supported by the Management team, led by the Group Managing Director ("GMD").

The Management team includes the GMD, Executive Directors ("ED"), Chief Executive Officer ("CEO"), Chief Financial Officer ("CFO"), Chief Operating Officer ("COO"), and the heads of the respective departments are responsible for implementing the risk management framework and policies, including the processes on risk identification, evaluation, management, monitoring, and reporting.

Statement on Risk Management and Internal Control

RISK MANAGEMENT

The Board recognises that an effective risk management framework enables the Group to systematically identify, evaluate, manage, and report risks. As such, the Group has established a risk management framework – formalised in the Group's Risk Management Procedure – which incorporates a risk management methodology guided by international standards on risk management, i.e. ISO 31000:2018. The risk management framework is applied across the Group, including the following key functions or operating units:



The risk management framework provides guidance for the Group's systematic approach towards identifying, assessing, managing, and reporting risks of the Group and its operations. The Group's risks are identified and assessed taking into consideration the Group's strategic plans approved by the Board. The assessment of risks considers the potential sources of risks, their likelihood of occurrence, and impacts, if they materialise. These risks are then prioritised and documented in risk registers, including the Management's action plans to address these risks, as guided by the risk appetite approved by the Board. The Group's Risk Profile is prepared to present a consolidated overview of the significant risks faced by the Group and is tabled for review, deliberation, and approval by the Board, through the ARMC. Subsequent to the approval by the Board, the Management team is responsible for implementing action plans to mitigate risks to their desired levels as approved in the Risk Profile. The GMD provides the leadership for the Group's risk management culture, where all employees are responsible for managing the Group's risks.

The Group's risks, as identified, are broadly categorised as follows:

Strategic Risk	Operational Risk	Financial Risk	Compliance Risk
Risks that affect the Group or department in meeting its overall vision, mission, and strategic objectives	Risks that affect the effectiveness and efficiency of the operational conditions within the Group or department in meeting its objectives	Risks that affect the financial position of the Group or department in meeting its objectives	Risks that affect the processes and effort of the Group or department in ensuring all applicable regulatory requirements are complied with

Statement on Risk Management and Internal Control

SUMMARY OF RISK MANAGEMENT ACTIVITIES DURING THE FINANCIAL YEAR

The highlights of the Group's risk management activities conducted during the financial year under review are as follows:

- ✦ The Management team performed semi-annual updates on the Group's Risk Profile, including relevant updates to the management of key risks and emerging risks. The ARMC reviewed the Group's Risk Profile, which was subsequently tabled to the Board.
- ✦ The Management team updated the ARMC on their strategies and action plans for addressing changes in the Risk Profile, including emerging risks. The ARMC reviewed and deliberated on the Management's updates and subsequently updated the Board. Amongst others, the emerging topics focused on during the financial year included compliance with relevant standard operating procedures set by the government to ensure smooth manufacturing activities and product shipments, while keeping everyone safe.
- ✦ The ARMC reviewed the adequacy and effectiveness of the risk management and internal control system of the Group through the work of the Management, External and Internal Auditors, and assurance by the GMD, ED, CEO, CFO, and COO.

INTERNAL CONTROL SYSTEM

The key elements of the Group's internal control system are as follows:

1. Organisation Structure

The organisation structure sets out clear segregation of roles and responsibilities, lines of accountability, and levels of authority to ensure effective and independent stewardship and checks and balances. The Board, which is responsible for the overall direction, strategy, performance, and management of the Group, is governed by its Board Charter. The Board Charter sets out, amongst others, the roles and responsibilities of the Board, as well as matters on which the Board reserves full decision-making powers. In providing direction and oversight, the Board is supported by the Board committees, namely the ARMC, Nomination Committee ("NC"), and Remuneration Committee ("RC"). Each committee has clearly defined terms of reference and responsibilities. The Management team, led by the GMD, is delegated with the necessary authority to manage the day-to-day business of the Group.

2. Code of Ethics

The Group is committed to conducting business fairly, impartially, ethically, and in compliance with all laws and regulations. In order to set the right tone at the top, a Code of Ethics for Directors is in place to set out the standards of ethical behaviour for Directors and uphold the spirit of social responsibility and accountability in line with the laws, regulations, and guidelines governing a company. The Code of Ethics for Directors is applicable to all Directors of the Group and addresses topics including corporate governance, relationships with stakeholders, social and environmental responsibilities, human rights, safety, anti-corruption, conflict of interest situations, as well as the duties, responsibilities, and professionalism of Directors. The Code of Ethics for Directors also provides mechanisms to report unethical conduct and suspected violations of the Code. The ethical conduct and behaviours of employees are also governed by the Group's Employees' Code of Ethics and Conduct.

3. Policies and Procedures

Standard operating policies and procedures are in place to ensure the Group's employees carry out operations and business activities in a properly guided, effective, and standardised manner. The Group's standard operating policies and procedures cover the Group's key functions, including Sales and Marketing, Group Marketing, Stylelab, Purchasing, Shipping, Operations, Product Development, Group Finance & Costing, MIS/IT, Group Human Resources & Administration, and Warehouse. The standard operating policies and procedures were developed considering, amongst others, internal controls to address risks identified, and appropriate control activities such as approval, verification, reconciliation, and segregation of key conflicting functions. These policies and procedures are reviewed and updated from time to time to adapt to the changing business environment.

Statement on Risk Management and Internal Control

INTERNAL CONTROL SYSTEM (CONT'D)

The key elements of the Group's internal control system are as follows: (Cont'd)

4. Annual Surveillance and Process Audit

The Group's key subsidiary, Pecca Leather Sdn. Bhd., is an IATF 16949:2016-certified manufacturer and also holds the ISO 9001:2015, ISO 14001:2015, ISO 45001:2018, and ISO 13485:2016 certifications. As such, the Company is subject to annual surveillance audits by a certification body, Kiwa International Certifications (M) Sdn. Bhd., a business partner of Kiwa Cermet Italia, to ensure that the Company continues to meet quality standards requirements.

The Group's aviation segment, its wholly-owned subsidiary, Pecca Aviation Services Sdn. Bhd., is an Approved Maintenance Organisation ("AMO") Part 145; Scope C6, and Production Organisation Approval ("POA") Part 21; Scope C2 certificate holder. As such, the Company is subject to annual surveillance audits by certification bodies, i.e. the Civil Aviation Authority of Malaysia ("CAAM") and European Union Aviation Safety Agency ("EASA"), to ensure that the Company continues to meet quality standards requirements.

5. Internal Audit

The Group has engaged an independent external service provider, GovernAce Advisory & Solutions Sdn. Bhd., as Internal Auditors to carry out the internal audit function in the Group, providing independent advice and assurance on the adequacy and operating effectiveness of the Group's system of risk management and internal control. In carrying out its internal audit work, the Internal Auditors are guided by the International Professional Practices Framework, which is a globally recognised framework on internal auditing. The Internal Auditors are independent of the activities they audit and report directly to the ARMC. Internal audit findings, such as internal control weaknesses, are highlighted to the ARMC, who will monitor the Management's action plans and progress in addressing such weaknesses. For FY2025, 4 cycles of internal audit were carried out. Further details on the roles and activities of the internal audit function are set out in the ARMC Report on pages 153 to 157 of this Integrated Annual Report ("IAR").

6. Whistle-blower Policy

As the Group expects the highest standards of integrity, probity, transparency, and accountability from all employees to preserve and protect the Group's interests and reputation, the Group takes a serious view of any acts of wrongdoing by any of its employees. The Board has approved a Whistle-blower Policy to allow employees to raise concerns, without fear of reprisals, on possible improprieties in matters pertaining to, amongst others, corruption or bribery, financial reporting, compliance, and other malpractices, at the earliest opportunity and in an appropriate manner. The Whistle-blower Policy provides protection to the whistleblower in the form of identity confidentiality and against retaliation. Furthermore, the Whistle-blower Policy also provides a reporting channel to an Independent Non-Executive Director.

7. Anti-Bribery and Anti-Corruption ("ABAC") Policy

The ABAC Policy was established to provide clear guidance to the Group's employees and associated persons on maintaining ethical conduct in business dealings. It aims to prevent involvement in bribery and corruption when dealing with business partners and suppliers, public officials, gift and hospitality, political contributions, sponsorships and charitable donations, facilitation payments, and record-keeping.

8. Management Representation

The Board has received assurance from the GMD that the Group's risk management and internal control system was operating adequately and effectively, in all material respects, during FY2025.

Statement on Risk Management and Internal Control

INTERNAL CONTROL SYSTEM (CONT'D)

The key elements of the Group's internal control system are as follows: (Cont'd)

9. Strategic Business Planning Process

Appropriate business plans are established in which the Group's business objectives, strategies, and targets are articulated. Business planning and budgeting are undertaken annually to establish plans and targets against which performance is monitored on an ongoing basis.

10. Performance Monitoring and Reporting

The Management team, led by the GMD, ED, CEO, CFO, COO and the heads of the respective departments, monitors and reviews financial and operational results of the Group regularly, including reporting of its performance against the operating plans and targets. The Management team formulates and implements action plans to address identified areas of concern.

Monitoring and review is carried out via weekly Management meetings, bi-weekly credit control meetings, monthly Group management meetings, weekly operation meetings, weekly sales meetings, monthly forecast meetings, annual budgeting meetings, and presentations to the Board on our quarterly results against the budget, annual budget, and business plan, and annual Sustainability Statements.

THE BOARD'S CONCLUSION

Considering the assurance obtained from the GMD, together with input from relevant parties, including the reports, findings, and feedback from the Internal Auditors, the Board is of the view that the system of risk management and internal control is adequate and operating effectively, in all material aspects, to achieve its objectives, and there were no significant weaknesses which resulted in material losses, contingencies, or uncertainties that would require separate disclosure in this IAR. The Board is committed to ensuring adequate measures are taken to enhance the ongoing adequacy and operating effectiveness of the system of risk management and internal control.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this SORMIC pursuant to the scope set out in the Audit and Assurance practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the SORMIC included in the Annual Report issued by the MIA, for inclusion in the IAR of the Group for FY2025, and reported to the Board that nothing has come to their attention that causes them to believe that the SORMIC intended to be included in the IAR of the Group, in all material respects:

- a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers; or
- b) is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' SORMIC covers all risks and controls, or form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system, including the assessment and opinion by the Board and Management team thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the IAR will, in fact, remedy the problems.

This SORMIC was approved by the Board on 6 October 2025.

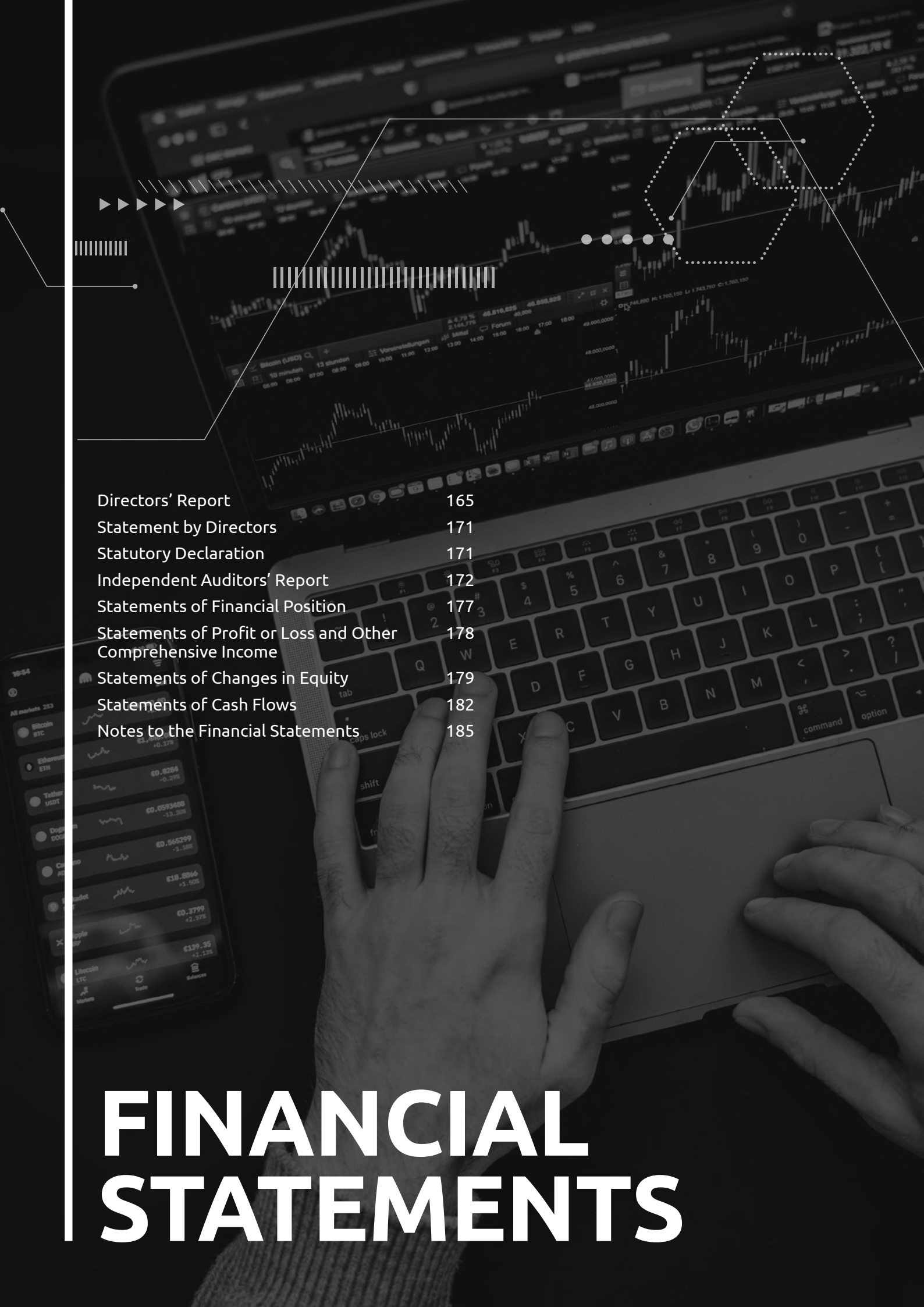
Directors' Responsibility Statement

The Board of Directors (the "Board") is responsible for ensuring that the financial statements prepared for each financial year are in accordance with the applicable approved accounting standards and the provisions of the Companies Act 2016 so as to give a true and fair view of the state of affairs of Pecca and its subsidiaries (the "Group") and Pecca Group Berhad ("Pecca" or the "Company") at the end of the financial year and of the results and cash flows of the Group and the Company for the financial year.

In preparing the financial statements for the financial year ended 30 June 2025, the Board has:

- ▼ Adopted appropriate and relevant accounting policies which were consistently applied;
- ▼ Made judgments and used estimates that are prudent and reasonable;
- ▼ Ensured that all applicable approved accounting standards have been complied;
- ▼ Ensured that proper accounting and other records are kept to sufficiently explain the transactions recorded;
- ▼ General responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and the Company;
- ▼ Taken reasonable steps to prevent and detect fraud and other irregularities; and
- ▼ Prepared the audited financial statements on a going concern basis, having made inquiries that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future.

This Statement was approved by the Board on 6 October 2025.



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FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2025.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of its subsidiaries are as stated in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to:-		
Owners of the Company	57,121	57,895
Non-controlling interests	(25)	-
	<u>57,096</u>	<u>57,895</u>

DIVIDENDS

Dividends paid or declared by the Company since 30 June 2024 are as follows:-

	RM'000
<u>In respect of the financial year ended 30 June 2024</u>	
Third interim single-tier dividend of 1.50 sen per ordinary share, paid on 25 July 2024	11,277
Fourth interim single-tier dividend of 1.50 sen per ordinary share, paid on 20 September 2024	11,126
Special interim single-tier dividend of 1.50 sen per ordinary share, paid on 13 December 2024	10,948
<u>In respect of the financial year ended 30 June 2025</u>	
First interim single-tier dividend of 1.50 sen per ordinary share, paid on 20 December 2024	10,948
Second interim single-tier dividend of 1.50 sen per ordinary share, paid on 21 March 2025	10,948
Third interim single-tier dividend of 1.00 sen per ordinary share, paid on 20 June 2025	7,298
Fourth interim single-tier dividend of 1.00 sen per ordinary share, paid on 26 September 2025	7,273
	<u>69,818</u>

The directors do not recommend the payment of any further dividends for the financial year.

DIRECTORS' REPORT

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

TREASURY SHARES

During the financial year, the Company purchased 24,507,400 of its issued ordinary shares from the open market at an average price of RM1.26 per share. The total consideration paid for the purchase was RM30,926,277 including transaction costs. The shares purchased are being held as treasury shares in accordance with Section 127(16) of the Companies Act 2016 and are presented as a deduction from equity.

As at 30 June 2025, the Company held as treasury shares a total of 24,724,268 of its issued and fully paid-up ordinary shares. The treasury shares are held at a carrying value of RM30,986,450. The details of the treasury shares are disclosed in Note 13 to the financial statements.

Subsequent to end of the financial year, the Company re-purchased additional 2,820,800 number of shares at an average purchase price of RM1.47 per share for a total consideration of RM4,138,356.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

DIRECTORS' REPORT

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

At the date of this report, there does not exist:-

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

DIRECTORS' REPORT

DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Datuk Teoh Hwa Cheng
 Datin Sam Yin Thing
 Dato' Mohamed Suffian Bin Awang
 Datuk Leong Kam Weng
 Teoh Zi Yi
 Teoh Zi Yuen
 Dato' Dr. Norhizan Bin Ismail
 Dato' Seri Dr. Chen Chaw Min (Appointed on 8.4.2025)

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Sam Chee Keng
 Mudhieng Sae-tan
 Herny Pramana
 Neo Hwee Leong
 K Karunakaran A/L Karuppannan
 Zulhilmi Bin Zahidi (Appointed on 1.7.2025)
 Yeo Bee Hwan (Resigned on 15.7.2024)
 Junaidy Bin Sulaiman (Resigned on 30.6.2025)

DIRECTORS' INTERESTS

The interests and deemed interests in the shares of the Company and its related corporations (other than wholly-owned subsidiaries) of those who were directors at financial year end (including the interests of the spouses or children of the directors who themselves are not directors of the Company) as recorded in the Register of directors' shareholdings are as follows:-

Company	At 1.7.2024/ At date of appointment #	Number of ordinary shares		At 30.6.2025
		Bought	Sold	
Direct Interests				
Datin Sam Yin Thing	51,961,276	1,500,000	-	53,461,276
Datuk Teoh Hwa Cheng	24,367,296	-	-	24,367,296
Datuk Leong Kam Weng	435,364	-	-	435,364
Dato’ Mohamed Suffian Bin Awang	435,364	-	-	435,364
Teoh Zi Yi	1,293,032	-	-	1,293,032
Dato’ Seri Dr. Chen Chaw Min [#]	1,700,048	-	-	1,700,048
Indirect Interests*				
Datuk Teoh Hwa Cheng	373,075,532	-	-	373,075,532
Datin Sam Yin Thing	373,075,532	-	-	373,075,532

DIRECTORS' REPORT

DIRECTORS' INTERESTS (CONT'D)

The interests and deemed interests in the shares of the Company and its related corporations (other than wholly-owned subsidiaries) of those who were directors at financial year end (including the interests of the spouses or children of the directors who themselves are not directors of the Company) as recorded in the Register of directors' shareholdings are as follows (Cont'd):-

* Deemed interested in shares held by MRZ Leather Holdings Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

Shares held at date of appointment as a Director of the Company pursuant to Section 219 of the Companies Act 2016.

By virtue of their interest in shares of the Company, Datuk Teoh Hwa Cheng and Datin Sam Yin Thing are deemed interested in the shares of all subsidiaries disclosed in Note 5 to the financial statements to the extent that the Company has an interest.

None of the other directors holding office at 30 June 2025 had any interest in the ordinary shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" section of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 29(b)(ii) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the director to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Company during the financial year are as follows:-

	From the Company RM'000	From the Subsidiaries RM'000	Total RM'000
Fees	276	60	336
Salaries, bonuses and other benefits	30	2,243	2,273
Defined contribution benefits	-	196	196
	<u>306</u>	<u>2,499</u>	<u>2,805</u>

INDEMNITY AND INSURANCE COSTS

During the financial year, the amount of insurance effected for the directors and officers of the Company and its subsidiaries was RM5,000,000.

No indemnity was given to or insurance effected for the auditors of the Company.

DIRECTORS' REPORT

HOLDING COMPANY

The holding company is MRZ Leather Holdings Sdn. Bhd., a company incorporated in Malaysia.

SUBSIDIARIES

The details of the subsidiary name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary are disclosed in Note 5 to the financial statements.

The available auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration of the Group and of the Company for the financial year are as follows:-

	Group	Company
	RM'000	RM'000
Audit fees	182	58
Non-audit fees	7	7
	<u>189</u>	<u>65</u>

Signed in accordance with a resolution of the directors dated 13 October 2025.

Datuk Teoh Hwa Cheng

Datin Sam Yin Thing

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Datuk Teoh Hwa Cheng and Datin Sam Yin Thing, being two of the directors of Pecca Group Berhad, state that, in the opinion of the directors, the financial statements set out on pages 177 to 233 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 June 2025 and their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 13 October 2025.

Datuk Teoh Hwa Cheng

Datin Sam Yin Thing

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Tan Han Leong (MIA Membership Number: 18698), being the officer primarily responsible for the financial management of Pecca Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 177 to 233 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Tan Han Leong,
at Kuala Lumpur
in the Federal Territory
on this 13 October 2025

Tan Han Leong

Before me

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PECCA GROUP BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Pecca Group Berhad, which comprise the statements of financial position of the Group and of the Company as at 30 June 2025, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 177 to 233.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2025, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PECCA GROUP BERHAD (CONT'D)

Key Audit Matters (Cont'd)

We have determined the matter described below to be the key audit matter to be communicated in our report.

Recoverability of Trade Receivables

Refer to Note 9 and Note 26.4(iii) to the financial statements

Key Audit Matter	How our audit addressed the key audit matter
As at 30 June 2025, the Group has significant trade receivable balances of approximately RM36,482,000. The details of trade receivables and its credit risks are disclosed in Note 26.4(iii) to the financial statements. The management applied assumptions in assessing the level of allowance for impairment losses on trade receivables based on the following:- • specific known facts or circumstances on customers' ability to pay; and/or • by reference to past default experiences The Group assessed at each of the reporting date whether there is any objective evidence that trade receivables are impaired based on the validity of contractual terms, analysis of customer creditworthiness, past historical payment trends and expectation of repayment. The impairment assessment involved significant judgements and there is inherent uncertainty in the assumptions applied by the management to evaluate the adequacy of the allowance for impairment losses and estimation of future cash collection. We determined this to be a key audit matter due to the inherent subjectivity that is involved in making judgement in relation to credit risk exposures to assess the recoverability of trade receivables.	Our audit procedures included, amongst others:- • Reviewed and understand the management's assessment of recoverability of major trade receivables; • Reviewed contractual terms to ensure the Group has contractual right to recognise revenue and collect payments; • Reviewed recoverability of major trade receivables including but not limited to the review of subsequent collections; • Enquired management on receivables status for major customers; • Obtained written confirmations for certain selected trade receivables. For the non-replies, we have performed alternative procedures; • Reviewed collections and sales trends during the financial year of major trade receivables; and/or • Reviewed management's basis of estimation on the adequacy of the Group's allowance for impairment losses on trade receivables.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PECCA GROUP BERHAD (CONT'D)

Key Audit Matters (Cont'd)

Valuation of Inventories

Refer to Note 8 to the financial statements

Key Audit Matter	How our audit addressed the key audit matter
The Group has significant inventories balances of approximately RM23,824,000 as at 30 June 2025. There is judgement involved in assessing the level of allowance required for slow-moving and obsolete inventories. Accordingly, there is a risk that allowance for slow-moving and obsolete inventories have not been adequately provided for.	Our audit procedures included, amongst others:- • We have obtained an understanding of the process on allowance for slow-moving and obsolete inventories and the design and control effectiveness over slow-moving inventories; • We have observed the physical inventory count including sighting the conditions of the inventories; • We have compared the carrying amount of the inventories to their corresponding net realisable values; • We have reviewed the slow-moving inventories by taking into consideration the ageing profile of the inventories and enquired management plan to realise the slow-moving inventories; and • We have assessed the adequacy of the allowance for slow-moving and obsolete inventories.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include in the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PECCA GROUP BERHAD (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group or of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PECCA GROUP BERHAD (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Crowe Malaysia PLT
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Kuala Lumpur

13 October 2025

Kaw Hoong Siang
03379/06/2026 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AS AT 30 JUNE 2025

		Group		Company	
	Note	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Assets					
Property, plant and equipment	3	42,538	41,655	34	44
Right-of-use assets	4	23,508	23,617	-	-
Investments in subsidiaries	5	-	-	103,851	103,851
Other investments	6	418	418	-	-
Goodwill	7	140	140	-	-
Total non-current assets		66,604	65,830	103,885	103,895
Inventories	8	23,824	24,223	-	-
Trade and other receivables	9	45,232	42,485	2,941	13,850
Contract assets	10	-	7	-	-
Prepayments	11	4,552	1,777	22	30
Current tax assets		74	645	12	18
Cash and cash equivalents	12	104,910	153,682	7,868	32,501
Total current assets		178,592	222,819	10,843	46,399
Total assets		245,196	288,649	114,728	150,294
Equity					
Share capital	13.1	135,702	135,702	135,702	135,702
Treasury shares	13.2	(30,986)	(60)	(30,986)	(60)
Reserves	13.3	103,749	98,202	9,833	3,206
Total equity attributable to owners of the Company		208,465	233,844	114,549	138,848
Non-controlling interests		568	670	-	-
Total equity		209,033	234,514	114,549	138,848
Liabilities					
Deferred tax liabilities	14	7,128	5,735	-	-
Lease liabilities	15	108	37	-	-
Post-employment benefits		25	42	-	-
Borrowings	16	4,069	4,645	-	-
Total non-current liabilities		11,330	10,459	-	-
Trade and other payables	17	20,144	22,282	179	169
Dividend payable	18	-	11,277	-	11,277
Current tax liabilities		3,056	7,456	-	-
Lease liabilities	15	320	418	-	-
Borrowings	16	1,313	2,243	-	-
Total current liabilities		24,833	43,676	179	11,446
Total liabilities		36,163	54,135	179	11,446
Total equity and liabilities		245,196	288,649	114,728	150,294

The annexed notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

	Note	Group		Company	
		2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Revenue	19	224,500	242,545	58,400	27,200
Cost of sales		(127,992)	(146,595)	-	-
Gross profit		96,508	95,950	58,400	27,200
Other income		753	3,035	-	-
Selling and distribution expenses		(6,974)	(7,064)	-	-
Administrative expenses		(19,976)	(22,406)	(995)	(863)
Impairment gain/(loss) on:					
- financial instruments		26	(206)	-	-
- non-financial instruments		1,484	(1,000)	-	-
Results from operating activities		71,821	68,309	57,405	26,337
Finance income	20	4,104	4,181	520	1,188
Finance costs		(328)	(339)	-	-
Profit before taxation	21	75,597	72,151	57,925	27,525
Income tax expense	22	(18,501)	(17,130)	(30)	(20)
Profit for the financial year		57,096	55,021	57,895	27,505
Other comprehensive expenses, net of tax					
<u>Items that will be reclassified subsequently to profit or loss</u>					
Foreign currency translation differences on foreign operation		(393)	(153)	-	-
Actuarial gain/(loss) on post-employment benefits		10	(7)	-	-
		(383)	(160)	-	-
Total comprehensive income for the financial year		56,713	54,861	57,895	27,505
Profit attributable to:-					
Owners of the Company		57,121	54,994	57,895	27,505
Non-controlling interests		(25)	27	-	-
Profit for the financial year		57,096	55,021	57,895	27,505
Total comprehensive income attributable to:-					
Owners of the Company		56,815	54,865	57,895	27,505
Non-controlling interests		(102)	(4)	-	-
Total comprehensive income for the financial year		56,713	54,861	57,895	27,505
Basic and diluted earnings per ordinary share (sen)	23				
- basic		7.80	7.32		
- diluted		7.80	7.32		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

		Attributable to owners of the Company										Non-	
		Distributable					Non-distributable					controlling	
		Share capital	Treasury shares	Merger deficit	Translation reserve	Revaluation reserve	Other reserve	Retained earnings	Total			interests	Total equity
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group	Note												
At 1 July 2024		135,702	(60)	(60,822)	(24)	18,965	(7)	140,090	233,844	670	234,514		
Profit after taxation for the financial year		-	-	-	-	-	-	57,121	57,121	(25)	57,096		
Other comprehensive income for the financial year:													
- actuarial gain on post-employment benefits		-	-	-	-	-	8	-	8	2	10		
- foreign currency translation differences on foreign operations		-	-	-	(314)	-	-	-	(314)	(79)	(393)		
Total comprehensive income for the financial year		-	-	-	(314)	-	8	57,121	56,815	(102)	56,713		
Dividend distributions to owners of the Company	24	-	-	-	-	-	-	(51,268)	(51,268)	-	(51,268)		
Purchase of own shares	13.2	-	(30,926)	-	-	-	-	-	(30,926)	-	(30,926)		
At 30 June 2025		135,702	(30,986)	(60,822)	(338)	18,965	1	145,943	208,465	568	209,033		

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

		Attributable to owners of the Company									
		Non-distributable			Distributable		Non-				
Group	Note	Share capital RM'000	Treasury shares RM'000	Merger deficit RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Other reserve RM'000	Retained earnings RM'000	Total RM'000	controlling interests RM'000	Total equity RM'000
At 1 July 2023		135,702	(60)	(60,822)	100	18,965	(2)	118,927	212,810	410	213,220
Profit after taxation for the financial year		-	-	-	-	-	-	54,994	54,994	27	55,021
Other comprehensive income for the financial year:											
- actuarial loss on post-employment benefits		-	-	-	-	-	(5)	-	(5)	(2)	(7)
- foreign currency translation differences on foreign operations		-	-	-	(124)	-	-	-	(124)	(29)	(153)
Total comprehensive income for the financial year		-	-	-	(124)	-	(5)	54,994	54,865	(4)	54,861
Dividend distributions to owners of the Company	24	-	-	-	-	-	-	(33,831)	(33,831)	-	(33,831)
Effect of change in equity interest held in subsidiaries		-	-	-	-	-	-	-	-	264	264
At 30 June 2024		135,702	(60)	(60,822)	(24)	18,965	(7)	140,090	233,844	670	234,514

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

		Attributable to owners of the Company			
		Non-distributable		Distributable	
Note		Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
		135,702	(60)	9,532	145,174
		-	-	27,505	27,505
24		-	-	(33,831)	(33,831)
		135,702	(60)	3,206	138,848
		-	-	57,895	57,895
24		-	-	(51,268)	(51,268)
13.2		-	(30,926)	-	(30,926)
		135,702	(30,986)	9,833	114,549

Company

At 1 July 2023

Profit and total comprehensive income for the financial year
Dividend distributions to owners of the Company

At 30 June 2024/1 July 2024

Profit and total comprehensive income for the financial year
Dividend distributions to owners of the Company
Purchase of own shares

At 30 June 2025

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

		Group		Company	
	Note	2025 RM'000	2024 RM'000	2025 RM'000	2024 RM'000
Cash flows from/(for) operating activities					
Profit before taxation		75,597	72,151	57,925	27,525
<i>Adjustments for:</i>					
Depreciation of:					
- property, plant and equipment	3	5,046	4,669	10	6
- right-of-use assets	4	749	797	-	-
Dividend income		-	-	(58,400)	(27,200)
Finance income	20	(4,104)	(4,181)	(520)	(1,188)
Finance costs		328	339	-	-
Gain on:					
- derecognition of lease		(1)	-	-	-
- disposal of property, plant and equipment		(61)	(258)	-	-
- lease modification		(14)	-	-	-
Inventories:	8				
- written down		918	-	-	-
- written off		26	1,767	-	-
- written back		(146)	(750)	-	-
Impairment (gains)/losses on:					
- plant and machineries		(1,484)	1,000	-	-
- trade receivables		(26)	206	-	-
Property, plant and equipment written off		2	18	-	-
Unrealised (gain)/loss on foreign exchange	21	(38)	83	-	-
Operating profit/(loss) before working capital changes		76,792	75,841	(985)	(857)
Changes in inventories		(399)	3,170	-	-
Changes in trade and other receivables		(2,808)	11,868	(2)	440
Changes in contract assets		7	123	-	-
Changes in prepayments		(2,775)	(251)	8	(20)
Changes in trade and other payables		(1,954)	3,045	9	22
Changes in post-employment benefits		(17)	5	-	-
Cash generated from/(for) operations		68,846	93,801	(970)	(415)
Net income tax paid		(20,937)	(17,512)	(24)	(9)
Interest paid		(328)	(339)	-	-
Net cash from/(for) operating activities		47,581	75,950	(994)	(424)

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

		Group		Company	
	Note	2025	2024	2025	2024
		RM'000	RM'000	RM'000	RM'000
Cash flows (for)/from investing activities					
Acquisition of property, plant and equipment	3	(4,540)	(4,738)	-	(50)
Acquisition of right-of-use asset		(332)	-	-	-
Proceeds from disposal of property, plant and equipment		65	369	-	-
Advances to subsidiaries		-	-	(1,088)	(1,133)
Dividends received		-	-	70,400	23,200
Interests received		4,104	4,181	520	1,188
Net cash (for)/from investing activities		(703)	(188)	69,832	23,205
Cash flows for financing activities					
Dividends paid		(62,545)	(27,666)	(62,545)	(27,666)
Payment of lease liabilities	15	(335)	(523)	-	-
Net repayment of borrowings		(1,506)	(4,982)	-	-
Purchase of own shares	13.2	(30,926)	-	(30,926)	-
Net cash for financing activities		(95,312)	(33,171)	(93,471)	(27,666)
Net (decrease)/increase in cash and cash equivalents		(48,434)	42,591	(24,633)	(4,885)
Effects of foreign exchange translation		(338)	(141)	-	-
Cash and cash equivalents at the beginning of financial year		153,682	111,232	32,501	37,386
Cash and cash equivalents at the end of financial year		104,910	153,682	7,868	32,501

Cash outflows for leases as a lessee

	Group	2025	2024
		RM'000	RM'000
Included in net cash from/(for) operating activities:			
Interest paid in relation to lease liabilities		54	10
Included in net cash for financing activities:			
Payment of lease liabilities		335	523
Total cash outflow for leases		389	533

The annexed notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025 (CONT'D)

Reconciliation of movement in lease liabilities to cash flows arising from financing activities:

Group	At 1 July 2024 RM'000	Acquisition of new lease RM'000	Changes due to lease modification RM'000	Exchange differences RM'000	Derecognition due to lease modification RM'000	Net changes from financing cash flows RM'000	At 30 June 2025 RM'000
Lease liabilities	455	6	367	(22)	(43)	(335)	428

Reconciliation of movement in borrowings to cash flows arising from financing activities:

Group	At 1 July 2024 RM'000	(Repayment)/ Drawdown RM'000	At 30 June 2025 RM'000
Term loan	5,040	(630)	4,410
Trade financing	1,199	(1,199)	-
Hire purchase payables	649	323	972
	6,888	(1,506)	5,382

The annexed notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

Pecca Group Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:-

Principal place of business

No. 1, Jalan Perindustrian Desa Aman 1A
Industri Desa Aman, Kepong
52200 W.P. Kuala Lumpur

Registered office

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan

These financial statements comprise both separate and consolidated financial statements. The financial statements of the Company are separate financial statements, while the financial statements of the Group are consolidated financial statements that include those of the Company and its subsidiaries as of the end of the reporting period. The Company and its subsidiaries are collectively referred to as "Group" and individually referred to as the "Company".

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

Holding company

The holding company is MRZ Leather Holdings Sdn. Bhd., a company incorporated in Malaysia.

Principal activities

The Company is principally engaged in investment holding activities, whilst the principal activities of the subsidiaries are as stated in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 13 October 2025.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

1. BASIS OF PREPARATION

The financial statements of the Group and of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under material accounting policy information, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia.

- 1.1 During the current financial year, the Group and the Company have adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

Amendments to MFRS 16: Lease Liability in a Sale and Leaseback
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current
Amendments to MFRS 101: Non-current Liabilities with Covenants
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the financial statement of the Group and of the Company.

- 1.2 The Group and the Company have not applied in advance the following accounting standards and/or interpretations (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:-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)

Effective Date

Amendments to MFRS 121: Lack of Exchangeability	1 January 2025
Annual Improvements to MFRS Accounting Standards - Volume 11	1 January 2026
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group and of the Company upon their initial application except as follows:-

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 'Presentation and Disclosure in Financial Statements' will replace MFRS 101 'Presentation of Financial Statements' upon its adoption. This new standard aims to enhance the transparency and comparability of financial information by introducing new disclosure requirements. Specifically, it requires that income and expenses be classified into 3 defined categories: "operating", "investing" and "financing" and introduces 2 new subtotals: "operating profit or loss" and "profit or loss before financing and income tax". In addition, MFRS 18 requires the disclosure of management-defined performance measures and sets out principles for the aggregation and disaggregation of information, which will apply to all primary financial statements and the accompanying notes. The statement of financial position and the statement of cash flows will also be affected. The Group and the Company are currently assessing the impact of implementing this new standard.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Critical Accounting Estimates and Judgements

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Depreciation of Property, Plant and Equipment and Right-of-use Assets

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment and right-of-use assets are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment and right-of-use assets will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Note 3 and Note 4 to the financial statements respectively.

(b) Property, Plant and Equipment and Right-of-use Assets under Revaluation

Certain properties of the Group held under property, plant and equipment and right-of-use assets are reported at revalued amounts which are based on valuations performed by independent professional valuers. The valuers used judgement in determining the factors used in the valuation process and have also applied judgement in estimating prices for not readily observable external parameters by reference to the selling prices of recent transactions and asking prices of similar properties of nearby locations and where necessary, adjusting for tenure, location, size, market trends and others. Other factors such as model assumptions, market dislocations and unexpected correlations can also materially affect these estimates and the resulting valuations. The carrying amounts of related properties and right-of-use assets measured at revaluation as at the reporting date are disclosed in Note 3 and Note 4 to the financial statements respectively.

(c) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group and the Company recognise tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amounts of current tax assets and current tax liabilities of the Group and of the Company as at the reporting date are approximately RM74,000 and RM3,056,000 (2024: RM645,000 and RM7,456,000) and RM12,000 and Nil (2024: RM18,000 and Nil) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.1 Critical Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(d) Impairment of Property, Plant and Equipment and Right-of-use Assets

The Group determines whether an item of its property, plant and equipment and right-of-use assets are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Note 3 and Note 4 to the financial statements respectively.

(e) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 8 to the financial statements.

(f) Impairment of Trade Receivables

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amount of trade receivables as at the reporting date is disclosed in Note 9 to the financial statements.

(g) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss if a default happens (loss given default). It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amount of other receivables as at the reporting date is disclosed in Note 9 to the financial statements.

(h) Discount Rates used in Leases

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.1 Critical Accounting Estimates and Judgements (Cont'd)

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

2.2 Financial Instruments

(a) Financial Assets

Financial Assets through Profit or Loss

The financial assets are initially measured at fair value. Subsequent to the initial recognition, the financial assets are remeasured to their fair values at the reporting date with fair value changes recognised in profit or loss. The fair value changes do not include interest and dividend income.

Financial Assets at Amortised Cost

The financial assets are initially measured at fair value plus transaction costs except for trade receivables without significant financing component which are measured at transaction price only. Subsequent to the initial recognition, all financial assets are measured at amortised cost less any impairment losses.

(b) Financial Liabilities

Financial Liabilities at Amortised Cost

The financial liabilities are initially measured at fair value less transaction costs. Subsequent to the initial recognition, the financial liabilities are measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.2 Financial Instruments (Cont'd)

(c) Equity

Ordinary Shares

Ordinary shares are recorded on initial recognition at the proceeds received less directly attributable transaction costs incurred. The ordinary shares are not remeasured subsequently.

Treasury Shares

Treasury shares are recorded on initial recognition at the consideration paid less directly attributable transaction costs incurred. The treasury shares are not remeasured subsequently.

No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the treasury shares. If such shares are issued by resale, any difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity. Where treasury shares are cancelled, their carrying amounts are shown as a movement in retained profits.

2.3 Goodwill

Goodwill is initially measured at cost. Subsequent to the initial recognition, the goodwill is measured at cost less accumulated impairment losses, if any. A bargain purchase gain is recognised in profit or loss immediately.

2.4 Investment in Subsidiaries

Investments in subsidiaries which are eliminated on consolidation, are stated in the separate financial statements of the Company at cost less impairment losses, if any.

2.5 Property, Plant and Equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to the initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any accumulated impairment losses.

Land and buildings are subsequently measured at valuation less any accumulated depreciation and any accumulated impairment losses.

The Group revalues its land and buildings every five (5) years and at a shorter interval whenever the fair value of the revalued assets is expected to differ materially from their carrying value. Additions subsequent to their revaluation are stated in the financial statements at costs until the next revaluation exercise.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.5 Property, Plant and Equipment (Cont'd)

Surpluses arising from the revaluation are recognised in other comprehensive income and accumulated in equity under the revaluation reserve to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss. Deficits arising from the revaluation, to the extent that they are not supported by any previous revaluation surpluses, are recognised in profit or loss.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over the estimated useful lives. The principal annual depreciation rates are:-

Buildings	50 years
Plant and machineries	3 - 10 years
Motor vehicles	5 years
Office equipment	4 - 10 years
Furniture and fittings	10 years
Computer	2 - 5 years
Renovation	3 - 10 years

Capital work-in-progress included in property, plant and equipment are not depreciated until such time when the asset is available for use.

2.6 Right-of-use Assets and Lease Liabilities

(a) Short-term Leases and Leases of Low-value Assets

The Company apply the "short-term lease" and "lease of low-value assets" recognition exemption. For these leases, the Group recognise the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more appropriate.

(b) Right-of-use Assets

Right-of-use assets are initially measured at cost. Subsequent to the initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities.

The right-of-use assets are depreciated using the straight-line method from the commencement date to the earlier of the end of the estimated useful lives of the right-of-use assets or the end of the lease term.

(c) Lease Liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the entities' incremental borrowing rate. Subsequent to the initial recognition, the lease liabilities are measured at amortised cost and adjusted for any lease reassessment or modifications.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.7 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost incurred in bringing the inventories to their present location and condition are accounted for as follows:-

- Raw materials: purchase costs of leather and certain non-leather materials purchased in batches are on first-in first-out basis while other materials are on weighted average basis.
- Finished goods: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a first-in first-out basis.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

3. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings RM'000	Plant and machineries RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Computers RM'000	Renovation RM'000	Capital work- in-progress RM'000	Total RM'000
Cost/Valuation									
At 1 July 2023	25,350	25,292	3,988	2,033	4,292	2,303	12,118	349	75,725
Additions	-	854	2,825	125	48	711	149	26	4,738
Disposals	-	-	(1,385)	-	-	(15)	-	-	(1,400)
Written off	-	(105)	-	-	-	-	-	-	(105)
Exchange rate	-	(105)	-	(10)	-	-	(36)	-	(151)
At 30 June 2024/1 July 2024	25,350	25,936	5,428	2,148	4,340	2,999	12,231	375	78,807
Additions	-	879	2,179	133	114	375	77	783	4,540
Disposals	-	(10)	(380)	-	(9)	-	-	-	(399)
Written off	-	-	-	(4)	(1)	(7)	-	-	(12)
Reclassification	-	-	-	-	-	178	-	(178)	-
Exchange rate	-	(141)	-	(13)	-	-	(43)	(17)	(214)
At 30 June 2025	25,350	26,664	7,227	2,264	4,444	3,545	12,265	963	82,722

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Buildings RM'000	Plant and machineries RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Computers RM'000	Renovation RM'000	Capital work- in-progress RM'000	Total RM'000
Accumulated depreciation									
At 1 July 2023	-	14,758	3,326	1,640	3,320	1,559	6,338	-	30,941
Additions	507	2,025	460	152	193	388	944	-	4,669
Disposals	-	-	(1,286)	-	-	(3)	-	-	(1,289)
Written off	-	(87)	-	-	-	-	-	-	(87)
Exchange rate	-	(67)	-	(7)	-	-	(8)	-	(82)
At 30 June 2024/1 July 2024	507	16,629	2,500	1,785	3,513	1,944	7,274	-	34,152
Additions	507	1,869	938	153	179	468	932	-	5,046
Disposals	-	(6)	(380)	-	(9)	-	-	-	(395)
Written off	-	-	-	(2)	(1)	(7)	-	-	(10)
Exchange rate	-	(93)	-	(9)	-	-	(23)	-	(125)
At 30 June 2025	1,014	18,399	3,058	1,927	3,682	2,405	8,183	-	38,668

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Buildings RM'000	Plant and machineries RM'000	Motor vehicles RM'000	Office equipment RM'000	Furniture and fittings RM'000	Computers RM'000	Renovation RM'000	Capital work- in-progress RM'000	Total RM'000
Impairment loss									
At 1 July 2023	-	2,000	-	-	-	-	-	-	2,000
Addition	-	1,000	-	-	-	-	-	-	1,000
At 30 June 2024/1 July 2024	-	3,000	-	-	-	-	-	-	3,000
Reversal	-	(1,484)	-	-	-	-	-	-	(1,484)
At 30 June 2025	-	1,516	-	-	-	-	-	-	1,516
Carrying amounts									
At 30 June 2024	24,843	6,307	2,928	363	827	1,055	4,957	375	41,655
At 30 June 2025	24,336	6,749	4,169	337	762	1,140	4,082	963	42,538

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	2025 RM'000	2024 RM'000
Computers		
Cost		
At 1 July	50	50
Accumulated depreciation		
At 1 July	6	-
Additions	10	6
At 30 June	16	6
Carrying amount		
At 30 June	34	44

In June 2023, the buildings have been revalued by an independent professional valuer. The market values of these properties were determined by the valuer using the comparison and cost method based on the nature of the properties and the availability of suitable evidence. Surplus of RM5,380,000 arising from the revaluation, net of deferred tax, has been credited to other comprehensive income and accumulated in equity under the revaluation reserve.

Had the buildings been carried at historical cost less accumulated depreciation, the carrying amount of the buildings that would have been included in the financial statements at the end of the financial year would be as follows:-

Group	2025 RM'000	2024 RM'000
Buildings		
At cost	17,161	17,161
Accumulated depreciation	(5,349)	(5,013)
	11,812	12,148

Fair Value Information

Fair value of the buildings are categorised as follows:-

Group	Level 3 2025 RM'000	2024 RM'000
Buildings	25,350	25,350

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

3. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Policy on Transfer between Levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. As of the financial year end, there has been no transfer between all levels of fair value.

Valuation Process Applied by the Group

Level 3 Fair Value

Level 3 fair value is estimated using inputs with significant adjustments for the buildings. Fair values of buildings have been generally derived using the comparison and cost method.

Under the comparison method, sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size and location. The most significant unobservable input into this valuation approach is price per square foot of comparable properties.

Under the cost method, the building value is determined by the building layout, design and specification, cost of construction and depreciation.

4. RIGHT-OF-USE ASSETS

Group	Leasehold land RM'000	Buildings RM'000	Storage RM'000	Motor vehicle RM'000	Office equipment RM'000	Total RM'000
At 1 July 2023	23,200	958	286	25	-	24,469
Depreciation	(273)	(327)	(191)	(6)	-	(797)
Exchange differences	-	(55)	-	-	-	(55)
At 30 June 2024/ 1 July 2024	22,927	576	95	19	-	23,617
Additions	332	-	-	-	6	338
Depreciation	(262)	(294)	(186)	(6)	(1)	(749)
Derecognition due to lease modification	-	(28)	-	-	-	(28)
Exchange differences	-	(37)	-	-	-	(37)
Modification of lease liabilities (Note 15)	-	-	367	-	-	367
At 30 June 2025	22,997	217	276	13	5	23,508

The leasehold land is amortised over the lease terms of 99 years.

In June 2023, the leasehold land was revalued by an independent professional valuer. The market value of the land was determined by the valuer using the comparison method based on the nature of the properties and the availability of suitable evidence. The surplus of RM2,820,000 arising from the revaluation, net of deferred tax, had been credited to other comprehensive income and accumulated in equity under the revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

4. RIGHT-OF-USE ASSETS (CONT'D)

Had the leasehold land been carried at historical cost less accumulated depreciation, the carrying amount of the leasehold land would have been included in the financial statements at the end of the financial year would be as follows:-

Group	2025 RM'000	2024 RM'000
Leasehold land		
At cost:-	13,352	13,352
Accumulated depreciation	(1,104)	(961)
	<u>12,248</u>	<u>12,391</u>

The Group has leased a number of office buildings for a period from 2 to 3 (2024: 2 to 3) years, with an option to renew the lease after that date. The Group is not allowed to sublease the office buildings.

The Group leases storage that runs for a period of two years, with an option to renew the lease after that date.

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the portfolio of leased asset and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

Fair Value Information

Fair value of the leasehold land is categorised as follows:-

	Level 3	
Group	2025 RM'000	2024 RM'000
Leasehold land	<u>23,200</u>	<u>23,200</u>

Policy on Transfer between Levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. As of the financial year end, there has been no transfer between all levels of fair value.

Valuation Process Applied by the Group

Level 3 Fair Value

Level 3 fair value is estimated using inputs with significant adjustments for the leasehold land. Fair value of leasehold land has been generally derived using the comparison method.

Under the comparison method, sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size and location. The most significant unobservable input into this valuation approach is price per square foot of comparable properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

5. INVESTMENTS IN SUBSIDIARIES

	Company	
	2025	2024
	RM'000	RM'000
Cost of investment	103,962	103,962
Less: Impairment losses	(111)	(111)
	103,851	103,851

Details of the subsidiaries are as follows:-

Name of entity	Principal place of business / Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2025	2024
			%	%
Evolusi Mobiliti Sdn. Bhd. ("EMSB") [#]	Malaysia	Dormant.	30.00	30.00
Pecca Aviation Services Sdn. Bhd.	Malaysia	Manufacturing, repair, refurbishment, distribution and installation of aircraft leather seat covers and other leather related products for commercial and private aircrafts.	100.00	100.00
Pecca Leather Sdn. Bhd. ("PLEather")	Malaysia	Styling, manufacturing, distribution and installation of leather car seat covers, supply of leather cut pieces to the automotive upholstery industry and other services related to the automotive upholstery industry and manufacturing and distribution of healthcare products.	100.00	100.00
PT Pecca Gemilang Indonesia ("PT Gemilang") [*]	Indonesia	Manufacturing and supply of upholstery leather car seat wrapping and seat cover.	80.00	80.00
Pecca EV Sdn. Bhd.	Malaysia	Dormant.	100.00	100.00
Pecca Leather (Thailand) Company Limited ("PThailand") ^{***}	Thailand	Dormant.	49.00/ 82.77	49.00/ 82.77
Pecca Plus Sdn. Bhd.	Malaysia	Dormant.	100.00	100.00

* Audited by a firm other than Crowe Malaysia PLT.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (Cont'd):-

- # Although the Group owns less than half of the ownership interest in EMSB, the directors have determined that the Group has de facto control over this entity on the basis that the Group:
- i) is exposed, or has rights, to variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity; and
 - ii) has the operational knowledge and financial means to direct the activities of the entity that significantly affect the investee's return.
- ## Although the Group owns less than half of the ownership interest in PThailand, the directors have determined that the Group controls this entity on the basis that the Group:
- i) possesses 2,450 Class A shares with 5 voting rights per share which translates to a majority voting rights of 83% over PThailand;
 - ii) is exposed, or has rights, to variable return from its involvement with the entity and has the ability to affect those returns through its power over the entity; and
 - iii) has current ability to direct the activities of the entity that significantly affect the investee's return.

5.1 Significant changes to investments in subsidiaries:-

5.1.1 In the previous financial year:-

On 2 April 2024, PT Gemilang increased its authorised, issued and fully paid-up share capital from 3,594 shares to 10,000 shares with par value per share of Rp1 million which represent approximately RM294 per share.

As of that date, PLeather subscribed for 5,124 of the additional shares issued by PT Gemilang for a total cash consideration of RM1,506,456. This resulted in the equity interest held by PLeather in PT Gemilang reduce from 80.02% to 80.00%.

5.2 Summarised financial information of the non-controlling interests in PThailand and PT Gemilang have not been presented as the related information is not individually material to the Group.

The Company's and PLeather's shareholdings in non-wholly owned subsidiaries during the financial year are as follows:-

	At 1.7.2024	Number of equity shares		At 30.6.2025
		Bought	Sold	
Interests held by the Company:				
- PThailand	2,450	-	-	2,450
- EMSB	300	-	-	300
Interests held via PLeather:				
- PT Gemilang	8,000	-	-	8,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

6. OTHER INVESTMENTS

	Group	
	2025	2024
	RM'000	RM'000
Non-current		
Financial assets at fair value through profit or loss:		
- club memberships	418	418
Others	-	*
	<u>418</u>	<u>418</u>

* Amount less than RM1,000

The club memberships include an amount of RM367,500 (2024: RM367,500) of a club membership registered in the name of a director of the Company.

7. GOODWILL

	Group	
	2025	2024
	RM'000	RM'000
At cost:		
At 30 June	<u>140</u>	<u>140</u>

The carrying amounts of goodwill is allocated to the subsidiary in Indonesia, PT Gemilang as the cash generating unit ("CGU").

The goodwill arose from the PLeather's acquisition of approximately 80.02% equity interest by PLeather in PT Gemilang in the year of aquisition.

No impairment testing is done on goodwill allocated to the CGU as it is considered immaterial to the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

8. INVENTORIES

	Group	
	2025	2024
	RM'000	RM'000
At cost:		
- raw materials	14,144	19,077
- finished goods	2,906	3,134
- work-in-progress	890	1,033
- goods in transit	4,386	-
	22,326	23,244
At net realisable value:		
- raw materials	1,498	979
	23,824	24,223
Recognised in profit or loss:-		
Inventories recognised as cost of sales	127,194	145,578
Inventories written down	918	-
Inventories written back	(146)	(750)
Inventories written off	26	1,767

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

9. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2025	2024	2025	2024
		RM'000	RM'000	RM'000	RM'000
Trade receivables					
Amount due from third parties	9.1	37,535	38,319	-	-
Less: Allowance for impairment losses	26.4(iii)	(1,207)	(1,244)	-	-
		36,328	37,075	-	-
Amount due from related parties	9.1	154	4,115	-	-
		36,482	41,190	-	-
Non-trade receivables					
Amounts due from subsidiaries:	9.2				
- advances		-	-	3,141	2,050
- dividend receivable from a subsidiary		-	-	-	12,000
Less: Allowance for impairment losses	26.4(iii)	-	-	(200)	(200)
		-	-	2,941	13,850
Amount due from holding company	9.2	1	-	-	-
Other receivables	9.3	588	1,023	-	-
		589	1,023	2,941	13,850
Deposits	9.4	8,161	272	-	-
		45,232	42,485	2,941	13,850

9.1 The Group's normal trade credit terms range from 30 to 90 (2024: 30 to 90) days.

9.2 These are non-trade amounts which are unsecured, interest-free and repayable on demand.

9.3 Included in other receivables of the Group is an amount of approximately RM215,000 (2024: RM450,000) outstanding from non-trade related services rendered to certain companies substantially owned by certain directors of the Company.

The amounts due from all non-trade receivables are unsecured, interest-free and repayable on demand.

9.4 Included in deposits is an amount of approximately RM7,736,000 (2024: Nil), representing payments made to third parties for the acquisition of a piece of leasehold land.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

10. CONTRACT ASSETS

	Group	
	2025	2024
	RM'000	RM'000
At 1 July	7	130
Completed performance obligations	(7)	(123)
At 30 June	-	7

The contract assets primarily related to the Group's right to consideration for work completed but not yet billed as at the previous reporting date. The contract assets were transferred to trade receivables once the Group issued billings in the manner as established in the contracts with customers.

11. PREPAYMENTS

The prepayments of the Group mainly consist of advance payments made to suppliers for purchase of raw materials.

12. CASH AND CASH EQUIVALENTS

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	15,544	8,276	3,464	267
Liquid investments	89,366	145,406	4,404	32,234
	104,910	153,682	7,868	32,501

The liquid investments represent money market instruments held via unit trust funds. The liquid investments are deemed as cash and cash equivalents in view of their high liquidity and insignificant risk of changes in fair value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

13. SHARE CAPITAL AND RESERVES

13.1 Share Capital

	Group and Company			
	2025	2024	2025	2024
	Number of shares ('000)		RM'000	
Issued and fully paid ordinary shares with no par value classified as equity instruments:-				
At 1 July/30 June	752,000	752,000	135,702	135,702

Ordinary Shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company, except that all rights to the treasury shares are suspended until those shares are reissued.

13.2 Treasury Shares

	Group and Company			
	2025	2024	2025	2024
	Number of shares ('000)		RM'000	
At 1 July	217	217	60	60
Additions during the financial year	24,507	-	30,926	-
At 30 June	24,724	217	30,986	60

The shareholders of the Company, by a special resolution passed at the annual general meeting held on 21 November 2024, approved to renew the authority for the Company to repurchase its own shares. The directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company has purchased 24,507,400 (2024: Nil) of its issued ordinary shares from the open market at an average price of RM1.26 (2024: Nil) per share. The total consideration paid for the purchase was RM30,926,277 (2024: Nil) including transaction costs. The ordinary shares purchased are held as treasury shares in accordance with Section 127(16) of the Companies Act 2016.

As at 30 June 2025, the Company held as treasury shares a total of 24,724,268 (2024: 216,868) of its issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM30,986,450 (2024: RM60,173).

Subsequent to end of the financial year, the Company re-purchased additional 2,820,800 number of shares at an average purchase price of RM1.47 per share for a total consideration of RM4,138,356.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

13. SHARE CAPITAL AND RESERVES (CONT'D)

13.3 Reserves

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Merger deficit	(60,822)	(60,822)	-	-
Translation reserve	(338)	(24)	-	-
Revaluation reserve	18,965	18,965	-	-
Other reserve	1	(7)	-	-
Retained earnings	145,943	140,090	9,833	3,206
	103,749	98,202	9,833	3,206

Merger Deficit

The merger deficit represents the difference between the cost of acquisition and the nominal value of the shares of subsidiaries acquired in previous years.

Translation Reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the foreign subsidiaries with functional currencies other than RM.

Revaluation Reserve

The revaluation reserve represents the surplus on revaluation of leasehold land and buildings of the Group, net of deferred tax.

Other Reserve

Other reserve represents cumulative actuarial gains and losses of a subsidiary arising from experience adjustments and changes in actuarial assumptions that have been charged or credited to other comprehensive income in the statements of other comprehensive income up to the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

14. DEFERRED TAX LIABILITIES

Recognised Deferred Tax Assets/(Liabilities)

Deferred tax assets/(liabilities) are attributable to the following:-

Group	Assets		Liabilities		Net	
	2025	2024	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revaluation surplus of leasehold land and buildings	-	-	(4,288)	(4,358)	(4,288)	(4,358)
Property, plant and equipment	-	-	(3,811)	(4,036)	(3,811)	(4,036)
Provisions	974	2,652	-	-	974	2,652
Other temporary differences	(3)	7	-	-	(3)	7
Tax assets/(liabilities)	971	2,659	(8,099)	(8,394)	(7,128)	(5,735)
Set off against liabilities	(971)	(2,659)	971	2,659	-	-
Net tax liabilities	-	-	(7,128)	(5,735)	(7,128)	(5,735)

Movement in temporary differences during the financial year

Group	Recognised in		At		Recognised in		At	
	1.7.2023	profit or loss (Note 22)	30.6.2024/ 1.7.2024	profit or loss (Note 22)	1.7.2024	profit or loss (Note 22)	30.6.2025	At
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revaluation surplus of leasehold land and buildings	(5,619)	1,261	(4,358)	70	(4,358)	70	(4,288)	(4,288)
Property and equipment	(2,638)	(1,398)	(4,036)	225	(4,036)	225	(3,811)	(3,811)
Provisions	1,656	996	2,652	(1,678)	2,652	(1,678)	974	974
Others	(31)	38	7	(10)	7	(10)	(3)	(3)
	(6,632)	897	(5,735)	(1,393)	(5,735)	(1,393)	(7,128)	(7,128)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

14. DEFERRED TAX LIABILITIES (CONT'D)

Unrecognised Deferred Tax Assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):-

Group	2025 RM'000	2024 RM'000
Unutilised tax losses	3,921	3,640
Unabsorbed capital allowances	99	88
Other taxable temporary differences	(28)	(37)
	<u>3,992</u>	<u>3,691</u>

The unutilised tax losses from a Year of Assessment ("YA") can only be carried forward to be utilised against future taxable income up to 10 (2024: 10) consecutive YA from the year in which the losses were incurred, whilst the unabsorbed capital allowances do not expire under the current tax legislation.

The unutilised tax losses at the end of the reporting period expire between 2029 to 2033 (2024: expire between 2029 to 2032). The deferred tax assets have not been recognised in respect of above because it is not probable that future taxable profits will be available against which the subsidiary having these losses can utilise the benefits therefrom.

15. LEASE LIABILITIES

	Group	
	2025 RM'000	2024 RM'000
At 1 July	455	1,012
Addition	6	-
Changes due to lease modification (Note 4)	367	-
Derecognition due to lease modification	(43)	-
Interest expenses recognised in profit or loss	54	10
Repayment of principal	(335)	(523)
Payment of interest expenses	(54)	(10)
Exchange difference	(22)	(34)
At 30 June	<u>428</u>	<u>455</u>
Analysed by:-		
Current liabilities	320	418
Non-current liabilities	108	37
	<u>428</u>	<u>455</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

16. BORROWINGS

	Group	
	2025	2024
	RM'000	RM'000
Non-current		
Hire purchase payables	289	235
Term loan	3,780	4,410
	4,069	4,645
Current		
Hire purchase payables	683	414
Trade financing	-	1,199
Term loan	630	630
	1,313	2,243
	5,382	6,888

The details of the term loan at the reporting date is as follows:-

	Number of Monthly Instalments	Monthly Instalment RM	Date of Commencement of Repayment
Term loan	120	52,500	July 2023

The hire purchase payables of the Group are secured by the related motor vehicles acquired under hire purchase with lease terms ranging 1 to 3 (2024: 1 to 2) years.

The contractual interest rates and the maturity analysis of borrowings are disclosed in Note 26.5 to the financial statements.

All the borrowings of the Group are secured by corporate guarantee from the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Trade				
Trade payables	16,144	12,553	-	-
Non-trade				
Other payables and accruals	4,000	9,729	179	169
	20,144	22,282	179	169

The normal credit term granted by the trade payables of the Group range from 30 - 90 (2024: 30 - 90) days.

18. DIVIDEND PAYABLE

	Group and Company	
	2025	2024
	RM'000	RM'000
Third interim single-tier of 1.50 sen per ordinary share	-	11,277

19. REVENUE

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Revenue recognised at point in time (Note 19.1)				
Revenue from contracts with customers	224,500	242,545	-	-
Revenue from other sources				
Dividend income	-	-	58,400	27,200
	224,500	242,545	58,400	27,200

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

19. REVENUE (CONT'D)

19.1 Disaggregation of Revenue

Group	Automotive segment		Non-automotive segment		Total	
	2025	2024	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Primary geographical markets						
Malaysia	207,975	226,582	2,564	1,748	210,539	228,330
Asia Pacific	8,037	8,286	27	86	8,064	8,372
Europe	3,677	3,554	-	186	3,677	3,740
North America	1,806	1,679	-	-	1,806	1,679
Oceania	414	424	-	-	414	424
	221,909	240,525	2,591	2,020	224,500	242,545
Revenue from car seat covers:						
- original equipment manufacturer	185,068	195,373	-	-	185,068	195,373
- replacement equipment manufacturer	7,855	7,860	-	-	7,855	7,860
- pre-delivery inspection	9,403	16,637	-	-	9,403	16,637
Other sales	8,165	8,397	-	-	8,165	8,397
Other services	11,418	12,258	2,591	2,020	14,009	14,278
	221,909	240,525	2,591	2,020	224,500	242,545

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

19. REVENUE (CONT'D)

19.2 Nature of Goods and Services

The following information reflects the typical transactions of the Group:-

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Warranty
Car seat covers	Revenue is recognised at a point in time when the goods are delivered and accepted by the customer.	Credit period ranges from 30 to 90 days (2024: 30 to 90 days) from invoice date.	Not applicable.	Assurance warranties of 3 to 5 years are given to customers.
Pre-delivery inspection	Revenue is recognised at a point in time when the services are rendered.	Credit period ranges from 30 to 90 days (2024: 30 to 90 days) from invoice date.	Not applicable.	Not applicable.
Other sales	Revenue is recognised at a point in time when the goods are delivered and accepted by the customer.	Credit period ranges from 30 to 90 days (2024: 30 to 90 days) from invoice date.	Not applicable.	Assurance warranties of 3 to 5 years are given to customers.
Other services	Revenue is recognised at a point in time when the services are rendered.	Credit period ranges from 30 to 90 days (2024: 30 to 90 days) from invoice date.	Not applicable.	Not applicable.
Dividend income	Revenue is recognised on the date that when the right to receive payment is established.	Not applicable.	Not applicable.	Not applicable.

20. FINANCE INCOME

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Interest income from money market unit trust investments	3,928	3,399	406	1,120
Interest income on financial assets at amortised costs, calculated using effective interest method	176	782	114	68
	4,104	4,181	520	1,188

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

21. PROFIT BEFORE TAXATION

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging/(crediting):				
<i>Auditors' remuneration</i>				
Audit fees:				
- auditors of the Company	182	173	58	58
- other auditors	34	35	-	-
Non-audit fees:				
- auditors of the Company	7	7	7	7
- member firm of the auditors of the Company	-	28	-	4
<i>Material expenses/(income)</i>				
Compensation income	-	(1,818)	-	-
Depreciation of:				
- property, plant and equipment	5,046	4,669	10	6
- right-of-use assets	749	797	-	-
Dividend income from a subsidiary	-	-	(58,400)	(27,200)
(Gain)/Loss on foreign exchange:				
- realised	(12)	(144)	-	-
- unrealised	(38)	83	-	-
Impairment (gain)/loss on plant and machineries	(1,484)	1,000	-	-
Inventories:				
- written down	918	-	-	-
- written off	26	1,767	-	-
- written back	(146)	(750)	-	-
Rental income	(401)	(439)	-	-
Staff costs:				
- defined contribution benefits	2,068	2,076	-	-
- wages, salaries, bonuses and others	33,506	41,049	306	276
<i>Expenses arising from leases</i>				
Expenses relating to short-term leases	230	272	-	-
<i>Net Impairment (gains)/losses on financial instruments</i>				
Financial assets at amortised costs	(26)	206	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

22. INCOME TAX EXPENSE

Recognised in Profit or Loss

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Current tax expense				
Current financial year	17,074	18,818	30	25
Under/(Over)provision in the previous financial years	34	(791)	*	(5)
	17,108	18,027	30	20
Deferred tax income/(expense) (Note 14)				
Origination/(Reversal) of temporary differences	1,373	(1,022)	-	-
Underprovision in the previous financial years	20	125	-	-
	1,393	(897)	-	-
Income tax expense	18,501	17,130	30	20
Reconciliation of income tax expense				
Profit before taxation	75,597	72,151	57,925	27,525
Income tax calculated using Malaysian tax rate of 24% (2024: 24%)	18,143	17,316	13,902	6,606
Non-deductible expenses	1,074	718	235	160
Utilisation of reinvestment allowances	-	(160)	-	-
Non-taxable income	(889)	(327)	(14,107)	(6,741)
Deferred tax assets not recognised during the financial year	72	254	-	-
Differential in tax rates of foreign jurisdiction	47	(5)	-	-
Under/(Over)provision of tax expense in the previous financial years:				
- current tax	34	(791)	*	(5)
- deferred tax	20	125	-	-
	18,501	17,130	30	20

* Amount less than RM1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

23. EARNINGS PER ORDINARY SHARE

The calculation of basic earnings per ordinary share at the end of the reporting period was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:-

	Group	
	2025	2024
	RM'000	RM'000
Profit attributable to owners of the Company		
Continuing operations	57,121	54,994

Weighted average number of ordinary shares outstanding

	Group	
	2025	2024
	RM'000	RM'000
Issued ordinary shares at 1 July	752,000	752,000
Effect of weighted average treasury shares	(19,709)	(217)
Weighted average number of shares (basic) at 30 June	732,291	751,783

	Group	
	2025	2024
	Sen	Sen
Basic earnings per ordinary share		
From continuing operations	7.80	7.32

Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary shares at 30 June 2025 and 30 June 2024, accordingly no diluted earnings per share has been presented.

24. DIVIDENDS

Dividends recognised by the Company are as follows:-

	RM per share	Total amount RM'000	Date of payment
2025			
<u>In respect of the financial year ended 30 June 2024</u>			
Fourth interim single-tier dividend	0.0150	11,126	20 September 2024
Special interim single-tier dividend	0.0150	10,948	13 December 2024
<u>In respect of the financial year ended 30 June 2025</u>			
First interim single-tier dividend	0.0150	10,948	20 December 2024
Second interim single-tier dividend	0.0150	10,948	21 March 2025
Third interim single-tier dividend	0.0100	7,298	20 June 2025
		51,268	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

24. DIVIDENDS (CONT'D)

Dividends recognised by the Company are as follows (Cont'd):-

	RM per share	Total amount RM'000	Date of payment
2024			
<u>In respect of the financial year ended 30 June 2023</u>			
Third interim single-tier dividend	0.0100	7,518	29 September 2023
<u>In respect of the financial year ended 30 June 2024</u>			
First interim single-tier dividend	0.0100	7,518	8 December 2023
Second interim single-tier dividend	0.0100	7,518	27 March 2024
Third interim single-tier dividend	0.0150	11,277	25 July 2024
		<u>33,831</u>	

On 25 August 2025, the Company declared the following single-tier interim dividend in respect of the current financial year:-

	RM per share	Total amount RM'000	Date of payment
2026			
<u>In respect of the financial year ended 30 June 2025</u>			
Fourth interim single-tier dividend	0.0100	<u>7,273</u>	26 September 2025

The above dividend will be recognised in the financial year ending 30 June 2026.

The directors do not recommend any final dividend to be paid for the financial year ended 30 June 2025.

25. OPERATING SEGMENT

The Group's resources allocation is assessed on a quarterly basis in accordance to the business performance and requirements of the respective business segments as reviewed and determined by the Group's Chief Operating Decision Maker ("CODM") whom is also the Managing Director of the Group. Hence, segment information is presented by business segment that the Group operates in. The format of the business segment is based on the Group's operation management and internal reporting structure.

Non-automotive segments related to the Group's healthcare, aviation and furniture industry and the Company's investment holding activities. These segments do not meet the quantitative threshold as reportable reporting segments in 2025 and 2024.

Segment assets and liabilities information are neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment asset and liability.

Segment capital expenditure is the total costs incurred during the financial year to acquire property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

25. OPERATING SEGMENT (CONT'D)

Business Segment

The Group comprises the following business segment:-

Automotive industry: Styling, manufacturing, distribution and installation of automotive leather upholstery for car seat covers and accessories covers.

	Automotive	
	2025	2024
	RM'000	RM'000
<i>Revenue from car seat covers:-</i>		
Original Equipment Manufacturer	185,068	195,373
Replacement Equipment Manufacturer	7,855	7,860
Pre-Delivery Inspection Services	9,403	16,637
	202,326	219,870
Others	19,583	20,655
	221,909	240,525
Segment profit before taxation	77,072	76,079
<i>Included in the measurement of segment profit before taxation are:-</i>		
Depreciation and amortisation	3,994	4,822
Net impairment (gains)/losses on trade receivables	(26)	206
<i>Not included in the measurement of segment profit before taxation but provided to Managing Director:-</i>		
Income tax expense	(18,448)	(17,105)

Geographical Segments

The Group operates primarily in Malaysia. In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers.

	Automotive	
	2025	2024
	RM'000	RM'000
Malaysia	207,975	226,582
Asia Pacific	8,037	8,286
Europe	3,677	3,554
North America	1,806	1,679
Oceania	414	424
	221,909	240,525

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

25. OPERATING SEGMENT (CONT'D)

Major Customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:-

	Automotive	
	2025	2024
	RM'000	RM'000
Customer A	128,453	135,986
Customer B	53,331	51,988
	181,784	187,974

Reconciliations of Reportable Segment Revenues and Profit or Loss

	Group	
	2025	2024
	RM'000	RM'000
Revenue		
Total revenue from automotive segment	221,909	240,525
Other non-automotive segments	2,591	2,020
Consolidated revenue	224,500	242,545
Profit or loss		
Total profit or loss from automotive segment	77,072	76,079
Other non-automotive segments	(1,475)	(3,928)
Consolidated profit before taxation	75,597	72,151

26. FINANCIAL INSTRUMENTS

26.1 Categories of Financial Instruments

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
Financial Assets				
<u>Fair Value through Profit or Loss</u>				
Other investments (Note 6)	418	418	-	-
Liquid investments (Note 12)	89,366	145,406	4,404	32,234
	89,784	145,824	4,404	32,234
<u>Amortised Cost</u>				
Trade and other receivables (exclude deposits) (Note 9)	37,071	42,213	2,941	13,850
Cash and bank balances (Note 12)	15,544	8,276	3,464	267
	52,615	50,489	6,405	14,117

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

26. FINANCIAL INSTRUMENTS (CONT'D)

26.1 Categories of Financial Instruments (Cont'd)

	Group		Company	
	2025	2024	2025	2024
Financial Liability	RM'000	RM'000	RM'000	RM'000
<u>Amortised Cost</u>				
Trade and other payables	(20,144)	(22,282)	(179)	(169)
Borrowings (Note 16)	(5,382)	(6,888)	-	-
Dividend payable	-	(11,277)	-	(11,277)
	(25,526)	(40,447)	(179)	(11,446)

26.2 Net Gains and Losses Arising from Financial Instruments

	Group		Company	
	2025	2024	2025	2024
Financial Assets	RM'000	RM'000	RM'000	RM'000
<u>Fair Value through Profit or Loss</u>				
Net gains recognised in profit or loss:				
- mandatorily required by MFRS 9 (Note 20)	3,928	3,399	406	1,120
<u>Amortised Cost</u>				
Net gains recognised in profit or loss	45	633	114	68
	3,973	4,032	520	1,188
 Financial Liability				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(73)	(313)	-	-

26.3 Financial Risk Management Policies

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

26.4 Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit Risk (Cont'd)

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to one of the subsidiaries. The Company monitors the results of the subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to amount owing by 2 customers (2024: 3) which constituted approximately 74% (2024: 76%) of its trade receivables (including a related party) at the end of the reporting period.

In addition, the Group also determines the concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including related parties and contract assets) at the end of the reporting period is as follows:-

Group	2025	2024
	RM'000	RM'000
Malaysia	34,925	39,677
Asia Pacific	1,089	890
Europe	724	835
North America	898	964
Oceania	53	75
	37,689	42,441

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to a subsidiary amounting to approximately RM4,410,000 (2024: RM6,239,000), representing the outstanding banking facilities of the subsidiary as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

(iii) Assessment of Impairment Losses

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficulty of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty; and
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full when the receivable is not able to pay when demanded.

Trade Receivables and Contract Assets

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables and contract assets.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure expected credit losses on a collective basis, trade receivables (including related parties) and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information that will affect the ability of the trade receivables to settle their debts.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

Allowance for Impairment Losses

The reconciliations of allowance for impairment losses are as follows:-

Group	Non-credit Impaired RM'000	Credit Impaired RM'000	Total RM'000
<u>Trade Receivables</u>			
At 1 July 2023	82	956	1,038
Addition during the financial year (Note 21)	195	11	206
At 30 June 2024/1 July 2024	277	967	1,244
Addition during the financial year	77	-	77
Reversal of impairment losses	-	(103)	(103)
Net impairment losses/(gains) (Note 21)	77	(103)	(26)
Written off as bad debt	-	(11)	(11)
At 30 June 2025	354	853	1,207

The information about the credit exposure and loss allowances recognised for trade receivables and contract assets are as follows:-

Group	Gross Amount RM'000	Lifetime Individual Impairment RM'000	Lifetime Collective Impairment RM'000	Carrying Amount RM'000
2025				
Current (not past due)	34,038	-	(5)	34,033
1 - 30 days past due	1,479	-	(5)	1,474
31 - 60 days past due	533	-	(1)	532
61 - 90 days past due	280	-	(5)	275
More than 90 days past due	506	-	(338)	168
	36,836	-	(354)	36,482
Credit impaired				
Individually impaired	853	(853)	-	-
Trade receivables	37,689	(853)	(354)	36,482

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

Allowance for Impairment Losses (Cont'd)

The information about the credit exposure and loss allowances recognised for trade receivables and contract assets are as follows (Cont'd):-

Group	Gross Amount RM'000	Lifetime Individual Impairment RM'000	Lifetime Collective Impairment RM'000	Carrying Amount RM'000
2024				
Current (not past due)	34,585	-	(2)	34,583
1 - 30 days past due	1,751	-	(1)	1,750
31 - 60 days past due	569	-	(2)	567
61 - 90 days past due	46	-	(11)	35
More than 90 days past due	4,516	-	(261)	4,255
	41,467	-	(277)	41,190
Credit impaired				
Individually impaired	967	(967)	-	-
Trade receivables	42,434	(967)	(277)	41,190
Contract assets	7	-	-	7
	42,441	(967)	(277)	41,197

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Note 9 and Note 10 to the financial statements.

Cash and Bank Balances

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Other Receivables and Amount Due from Related Parties

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables and amount owing by related parties.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Other Receivables and Amount Due from Related Parties (Cont'd)

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for Impairment Losses

No expected credit loss is recognised on other receivables as it is negligible.

Amount Due from Subsidiaries

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded.

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for Impairment Losses

	Company	
	2025	2024
	RM'000	RM'000
At 1 July/30 June	200	200

The allowance for impairment losses (determined on an individual basis) relates to credit impaired subsidiaries who are in significant financial difficulties and have defaulted on payments.

There has not been any significant change in the gross amounts of amount owing by subsidiaries that impacted the allowance for impairment losses.

The movements in the loss allowances are disclosed in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

26. FINANCIAL INSTRUMENTS (CONT'D)

26.4 Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

26.5 Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period):-

Group	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	More Than 5 years RM'000
2025						
<u>Non-derivative financial liabilities</u>						
Lease liabilities	3.31 - 4.50	428	570	460	110	-
Hire purchase payables	0.88 - 2.40	972	1,007	706	301	-
Term loan	5.05	4,410	5,002	786	3,573	643
Trade and other payables	-	20,144	20,144	20,144	-	-
		25,954	26,723	22,096	3,984	643

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

26. FINANCIAL INSTRUMENTS (CONT'D)

26.5 Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period) (Cont'd):-

Group	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	More Than 5 years RM'000
2024						
<u>Non-derivative financial liabilities</u>						
Lease liabilities	2.35 - 3.50	455	459	421	38	-
Hire purchase payables	2.35 - 2.65	649	673	433	240	-
Term loan	3.66	5,040	5,812	810	3,692	1,310
Trade financing	3.10 - 3.72	1,199	1,199	1,199	-	-
Trade and other payables	-	22,282	22,282	22,282	-	-
Dividend payable	-	11,277	11,277	11,277	-	-
		40,902	41,702	36,422	3,970	1,310

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

26. FINANCIAL INSTRUMENTS (CONT'D)

26.5 Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period) (Cont'd):-

Company	Contractual Interest Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000
2025					
<u>Non-derivative financial liabilities</u>					
Other payables	-	179	179	179	-
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary:					
- term loan	5.05	4,410	5,002	786	4,216
		4,589	5,181	965	4,216
2024					
<u>Non-derivative financial liabilities</u>					
Other payables	-	169	169	169	-
Financial guarantee contracts in relation to corporate guarantee given to a subsidiary:					
- term loan	3.66	5,040	5,812	810	5,002
- trade financing	3.10 - 3.72	1,199	1,199	1,199	-
Dividend payable	-	11,277	11,277	11,277	-
		17,685	18,457	13,455	5,002

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

26. FINANCIAL INSTRUMENTS (CONT'D)

26.6 Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Singapore Dollar ("SGD") and Euro ("EUR"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

Group	Denominated in			Total
	USD RM'000	SGD RM'000	EUR RM'000	
2025				
Balances recognised in the statements of financial position				
Trade receivables	905	267	727	1,899
Cash and cash equivalents	579	1,294	966	2,839
Trade payables	(6,950)	-	-	(6,950)
Net financial (liabilities)/assets	(5,466)	1,561	1,693	(2,212)
Less: Forward foreign currency contracts (contracted notional principal)	5,466	-	-	5,466
Net exposure	-	1,561	1,693	3,254
2024				
Balances recognised in the statements of financial position				
Trade receivables	964	175	649	1,788
Cash and cash equivalents	553	755	142	1,450
Trade payables	(4,966)	-	(2)	(4,968)
Net financial (liabilities)/assets	(3,449)	930	789	(1,730)
Less: Forward foreign currency contracts (contracted notional principal)	3,449	-	-	3,449
Net exposure	-	930	789	1,719

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

26. FINANCIAL INSTRUMENTS (CONT'D)

26.6 Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have a material impact on the profit after taxation and equity of the Group and of the Company and hence, no sensitivity analysis is presented.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate receivables and borrowing are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither their carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 26.5 to the financial statements.

Interest Rate Risk Sensitivity Analysis

Any reasonable possible change in the interest rates on the Group's borrowings of the floating rate term loan at the end of the reporting period does not have a material impact on the profit after taxation and equity of the Group and hence, no sensitivity analysis is presented.

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

Any reasonably possible change in the prices of quoted investments at the end of the reporting period does not have a material impact on the profit after taxation and equity of the Group and of the Company and hence, no sensitivity analysis is presented.

26.7 Fair Value Information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

26. FINANCIAL INSTRUMENTS (CONT'D)

26.7 Fair Value Information (Cont'd)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

Group	Fair value of financial instruments carried at fair value		Fair value of financial instruments not carried at fair value		Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 1 RM'000	Level 2 RM'000		
2025						
<u>Financial assets</u>						
Liquid investments	89,366	-	-	-	89,366	89,366
Club memberships	-	418	-	-	418	418
	89,366	418	-	-	89,784	89,784
<u>Financial liabilities</u>						
Term loan						
- floating rate	-	-	-	4,410	4,410	4,410
Hire purchase payables	-	-	-	975	975	972
	-	-	-	5,385	5,385	5,382
2024						
<u>Financial assets</u>						
Liquid investments	145,406	-	-	-	145,406	145,406
Club memberships	-	418	-	-	418	418
	145,406	418	-	-	145,824	145,824
<u>Financial liabilities</u>						
Term loan						
- floating rate	-	-	-	5,040	5,040	5,040
Hire purchase payables	-	-	-	645	645	649
	-	-	-	5,685	5,685	5,689
Company						
2025						
<u>Financial assets</u>						
Liquid investments	4,404	-	-	-	4,404	4,404
2024						
<u>Financial assets</u>						
Liquid investments	32,234	-	-	-	32,234	32,234

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

26. FINANCIAL INSTRUMENTS (CONT'D)

26.7 Fair Value Information (Cont'd)

(a) Fair Value of Financial Instruments Carried at Fair Value

The fair values above have been determined using the following basis:-

- (i) The fair value of liquid investments are their last quoted bid price by the fund managers at the end of the reporting period.
- (ii) The fair value of club membership is estimated by the market value as per the published price in the current club prospectus and publicly available information.

There were no transfers between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair values above have been determined using the following basis:-

- (i) The fair value of the term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.
- (ii) The fair value of hire purchase payables and trade financing that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest rates for similar instruments at the end of the reporting period. The annual interest rates used to discount the estimated cash flows are as follows:-

	Group	
	2025	2024
	%	%
Hire purchase payables	5.13 - 6.42	5.13 - 5.29

27. CAPITAL RISK MANAGEMENT

The Group and the Company manage their capital to ensure that entities within the Group and the Company will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group and the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company monitor and maintain a prudent level of total debt to total equity ratio to optimise shareholder(s) value and to ensure compliance with debt covenants and regulatory, if any.

There was no changes in the approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

28. CAPITAL AND OTHER COMMITMENTS

Capital expenditures not provided for in the financial statements are as follows:

	Group	
	2025	2024
	RM'000	RM'000
Capital expenditure commitments		
<i>Purchase of property, plant and equipment:</i>		
- contracted but not provided for	39,102	28,407

29. RELATED PARTY DISCLOSURES

(a) Holding Company and Subsidiaries

The holding company is MRZ Leather Holdings Sdn. Bhd., a company incorporated in Malaysia.

The subsidiaries are disclosed in Note 5 to the financial statements.

(b) Significant Related Party Transactions and Balances

In addition to the related party transactions information disclosed in the Note 9 to the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
(i) Subsidiaries				
Dividends distributed by a subsidiary	-	-	58,400	27,200
Interest charged to a subsidiary	-	-	87	51
(ii) Companies substantially owned by certain directors				
Sales to related parties	194	2,451	-	-
Rental of premises charged to related parties	399	439	-	-
Management fees charged to related parties	90	85	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

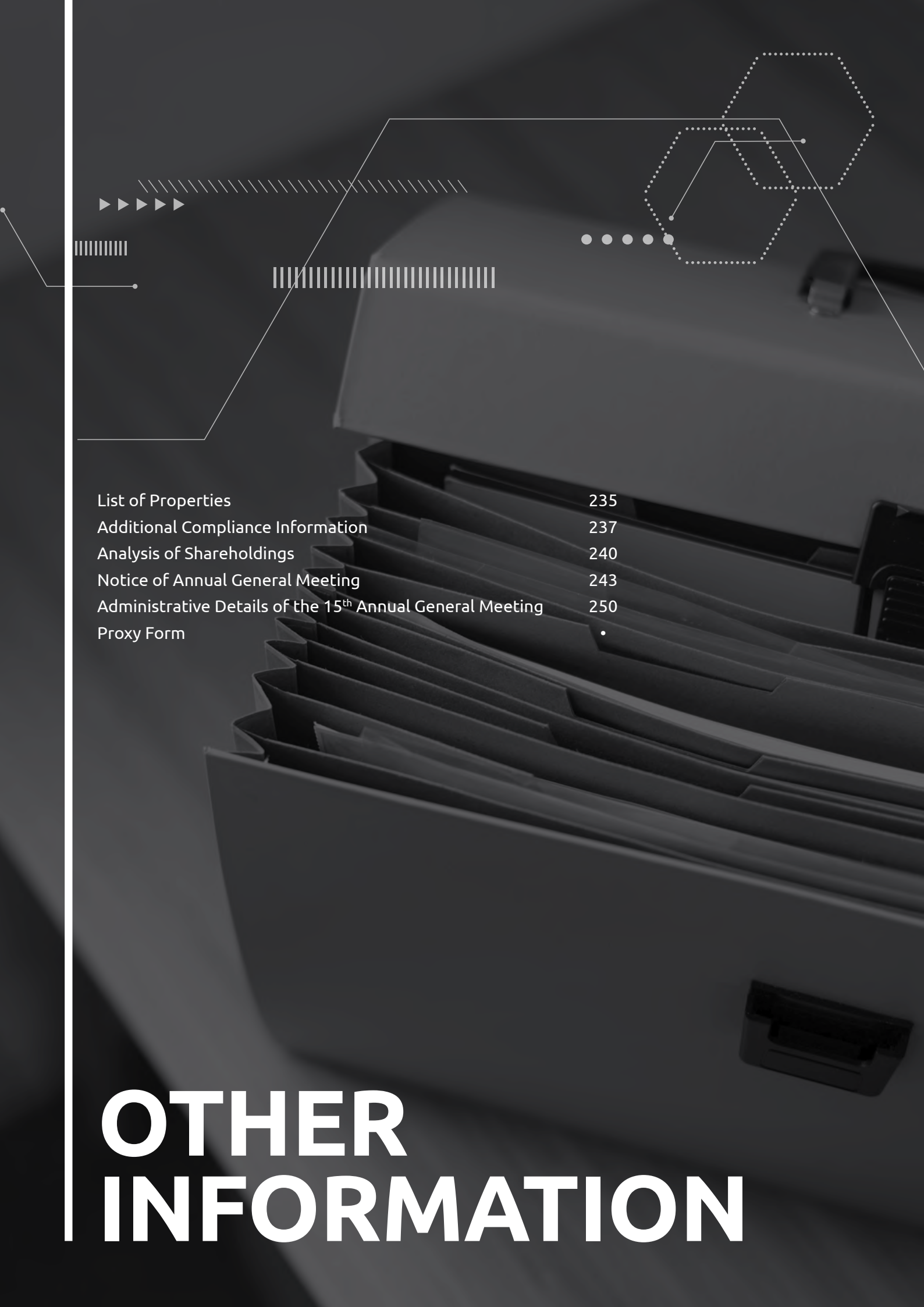
30. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Company and certain members of senior management of the Group and of the Company.

The key management personnel compensation during the financial year are as follows:-

	Group		Company	
	2025	2024	2025	2024
	RM'000	RM'000	RM'000	RM'000
(i) Directors				
<u>Directors of the Company</u>				
Short-term employee benefits:				
- fees	336	312	276	252
- salaries, bonuses and other benefits	2,273	2,661	30	24
	2,609	2,973	306	276
Defined contribution benefits	196	191	-	-
Total remuneration of the directors of the Company	2,805	3,164	306	276
<u>Directors of the Subsidiaries</u>				
Short-term employee benefits:				
- fees	60	60	-	-
- salaries, bonuses and other benefits	346	333	-	-
Defined contribution benefits	42	39	-	-
Total remuneration of the directors of the subsidiaries	448	432	-	-
Total directors' remuneration	3,253	3,596	306	276
(ii) Other Key Management Personnel				
Short-term employee benefits	2,783	3,166	-	-
Defined contribution benefits	333	370	-	-
Total compensation for other key management personnel	3,116	3,536	-	-
Total key management personnel compensation	6,369	7,132	306	276

Other key management personnel comprise persons other than the directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.



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OTHER INFORMATION

List of Properties

Location	Tenure	Year Lease Expiring	Approximate Area (sq ft)	Description/ Existing Use	Age/Year of Acquisition/ Certificate of Completion	Net Book Value as at 30.06.2025 (RM)	Market Value/ Last Revaluation Date (RM)
1. No.1, Jalan Perindustrian Desa Aman 1A, Industri Desa Aman, Kepong, 52200 Kuala Lumpur.	Leasehold 99 years	4 August 2107	72,506 sq ft (land area)	1 unit of 4-storey office building with a mezzanine floor	14 years/ 5 January 2011	37,471,915	38,800,000/ 30.06.2023
			(i) 22,169 sq ft (Built-up area for 4-storey office building with a mezzanine floor)	annexed to a 5-storey flatted factory building and a 6-storey hostel building together with a guardhouse/ carpark shed	(for 4-storey office and 5-storey factory) 21 June 2011 (for 6-storey hostel)		
H.S. (M) 24691, Lot PT No. 2034, Locality of Desa Aman, Bandar Sungai Buloh, District of Gombak, State of Selangor Darul Ehsan.			(ii) 109,673 sq ft (Built-up area for 5-storey flatted factory building)	Head office and production factory of our Group			
			(iii) 48,262 sq ft (Built-up area for 6-storey hostel building)				
			(iv) 103 sq ft (Built-up area for guard house) & 1,163 sq ft (Built-up area for carpark shed)				

List of Properties

	Location	Tenure	Year Lease Expiring	Approximate Area (sq ft)	Description/ Existing Use	Age/Year of Acquisition/ Certificate of Completion	Net Book Value as at 30.06.2025 (RM)	Market Value/ Last Revaluation Date (RM)
2.	B-5-1, 5 th Floor, Block B, Damansara Sutera Apartment, Persiaran KIP Utama, Kipark Damansara, 52200 Kuala Lumpur.	Freehold	-	850 sq ft (Built-up area)	1 unit of 3-bedroom apartment/ Staff accommodation	14 years/ 2 December 2010	336,000	350,000/ 30.06.2023
	Strata Title No. Geran 58055/ M2/6/178, Parcel No. 178, Storey No.6, Building No. M2, Parent Lot No. 2854, Town of Kepong, District of Gombak, State of Selangor Darul Ehsan.							
3.	Part of No. Hakmilik H.S. (D) 64630, PT 18112 Seksyen 20, Bandar Serendah, Daerah Ulu Selangor, Selangor Darul Ehsan.	Leasehold 99 years	6 July 2122	187,744 sq ft (land area)	Industrial land	3 years/ 12 January 2022	9,525,342	9,400,000/ 30.06.2023
4.	No. Hakmilik H.S. (D) 64635, PT 18117 Seksyen 20, Bandar Serendah, Daerah Ulu Selangor, Selangor Darul Ehsan.	Leasehold 87 years	7 July 2109	272,860 sq ft (land area)	Industrial land	< than 1 year/ 12 March 2025	18,236,207	18,000,000/ 05.03.2025

Additional Compliance Information

1. Utilisation of Proceeds raised from Corporate Proposal

Pecca Group Berhad ("Pecca" or the "Company") was listed on the Main Market of Bursa Malaysia on 19 April 2016. In conjunction with the listing, the Company undertook a public issue of 47,796,000 new ordinary shares of RM0.50 each at an issue price of RM1.42 per share, raising gross proceeds of RM67.87 million.

As announced on 23 April 2018, the Board of Directors ("Board") has approved the variation of the utilisation of Initial Public Offering ("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 utilisation of proceeds for working capital and extend the frame to another 24 months from 19 April 2020 to 19 April 2022. In view of the CoronaVirus Disease of 2019 pandemic and Movement Control Order enforced by the Government in March 2020 until the endemic which was 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. Further extension of time for another 24 months from 19 April 2024 to 19 April 2026 has been approved by the Board because the Replacement Equipment Manufacturer ("REM") segment is expanding to more export markets such as the United States of America, Middle East and Thailand.

The status of utilisation of the proceeds from the public issue of 47,796,000 new ordinary shares at RM1.42 per share as at the financial year ended 30 June 2025 ("FY2025") is as follows:

Purposes	Revised Expected Timeframe for Utilisation (from 19 April 2018)	Revised Amount (RM'000)	Actual Utilisation (RM'000)	Utilised (%)
(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	-	-	-	-
(f) Establishment of market presence in Thailand	Within 24 months	-	-	-
(g) Expansion of aviation business	Within 24 months	834	(834)	100
(h) Estimated listing expenses	-	4,111	(4,111)	100
(i) Purchase of raw material	-	5,350	(5,350)	100
(j) Selling and distribution expenses of:				
- Retail	Within 24 months	2,000	(439)	22
- Thailand	Within 24 months	-	-	-
- Aviation	Within 24 months	745	(745)	100
Total Public Issue Proceeds		67,870	(66,309)	98

2. Material Contracts

There were no material contracts subsisting or entered into by the Company or its subsidiaries involving the interests of any directors, chief executive, or major shareholders of the Company or any persons connected to a director, chief executive or major shareholder of the Company during FY2025.

Additional Compliance Information

3. Recurring Related Party Transactions ("RRPT")

The below transactions entered into were in the ordinary course of business and are on terms and conditions not more favourable to the related party than those generally available to the public. The details of the RRPT for FY2025 are as follows:

Related Parties	Interested Directors/ Substantial Shareholders	Interest in Our Group	Nature of Transaction	Actual Value (RM)
Tint Auto (M) Sdn. Bhd.	Datuk Teoh Hwa Cheng	Director and substantial shareholder of Pecca	Rental of partial production area located at 3rd Floor, No. 1, Jalan Perindustrian Desa Aman 1A, Industri Desa Aman, Kepong, 52200 Kuala Lumpur from Pecca Leather Sdn. Bhd. to Tint Auto (M) Sdn. Bhd.	216,000
	Datin Sam Yin Thing	Director and substantial shareholder of Pecca	Management service	60,000
	Teoh Zi Yi	Director of Pecca Son of Datuk Teoh Hwa Cheng and Datin Sam Yin Thing		
	Teoh Zi Yuen	Director of Pecca Daughter of Datuk Teoh Hwa Cheng and Datin Sam Yin Thing		
Rentas Health Sdn. Bhd.	Teoh Zi Yuen	Director of Pecca Daughter of Datuk Teoh Hwa Cheng and Datin Sam Yin Thing	Rental of partial production area located at Penthouse, No. 1, Jalan Perindustrian Desa Aman 1A, Industri Desa Aman, Kepong, 52200 Kuala Lumpur from Pecca Leather Sdn. Bhd. to Rentas Health Sdn. Bhd.	66,912
			Rental of partial warehouse area located at No. 7, Jalan KIP 11, Taman Perindustrian KIP, 52200 Sri Damansara, Kuala Lumpur from Pecca Leather Sdn. Bhd. to Rentas Health Sdn. Bhd.	116,015
			Supply of Personal Protective Equipment products	173,724
			Management services	24,000

Additional Compliance Information

Related Parties	Interested Directors/ Substantial Shareholders	Interest in Our Group	Nature of Transaction	Actual Value (RM)
Pecman Sdn. Bhd.	Datuk Teoh Hwa Cheng	Director and substantial shareholder of Pecca	Supply of car seat cover and car accessories	19,628
	Teoh Zi Yi	Director of Pecca Son of Datuk Teoh Hwa Cheng and Datin Sam Yin Thing	Management services	6,000
	Teoh Zi Yuen	Director of Pecca Daughter of Datuk Teoh Hwa Cheng and Datin Sam Yin Thing		

The Company intends to seek the approval of its shareholders for the proposed shareholders' mandate to enter into RRPT at the forthcoming 15th AGM of the Company. A circular to the shareholders containing the details of the proposal is made available on the Company's website.

4. Allocation of Share Scheme for Employees

The Employees' Share Option Scheme ("ESOS") was approved by shareholders during the Extraordinary General Meeting held on 28 June 2019. The ESOS committee was established on 23 August 2019.

5. Audit and Non-Audit Fees

	Company (RM)	Group (RM)
Audit fee paid or payable to the external auditors, Messrs. Crowe Malaysia PLT ("Crowe Malaysia")	58,000	182,000
Non-audit fee paid or payable to Crowe Malaysia, or local affiliates to Crowe Malaysia (Note 1)	7,000	7,000

Note 1 The amount disclosed included non-audit fee incurred for reviewing the Statement on Risk Management and Internal Control and other information included in the Integrated Annual Report FY2025.

Analysis of Shareholdings

Analysis of Shareholdings as at 30 September 2025

Issued Shares	:	752,000,000 (including shares held as treasury shares)
Treasury Shares	:	27,545,068
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

Distribution of Shareholdings

Size of holdings	No. of holders	%*	No. of shares	%*
1 – 99	561	22.04	26,970	0.00
100 – 1,000	560	22.00	242,159	0.04
1,001 – 10,000	780	30.65	3,713,519	0.51
10,001 – 100,000	443	17.41	14,865,046	2.05
100,001 to less than 5% of issued shares	199	7.82	332,531,706	45.90
5% and above of issued shares	2	0.08	373,075,532	51.50
Total	2,545	100.00	724,454,932	100.00

* Excluding a total of 27,545,068 shares bought back by the Company and retained as treasury shares as per Record of Depositors as at 30 September 2025.

Substantial Shareholders

(as per Register of Substantial Shareholders as at 30 September 2025)

Name	Direct	No. of shares held		
		% ⁽²⁾	Indirect	% ⁽²⁾
MRZ Leather Holdings Sdn Bhd	373,075,532	51.50	-	-
Datuk Teoh Hwa Cheng	24,367,296	3.36	⁽¹⁾ 373,075,532	51.50
Datin Sam Yin Thing	54,140,976	7.47	⁽¹⁾ 373,075,532	51.50

Notes:

(1) Deemed interested in shares held by MRZ Leather Holdings Sdn Bhd pursuant to Sections 8 of the Companies Act 2016.

(2) Excluding a total of 27,545,068 shares bought back by the Company and retained as treasury shares as at 30 September 2025.

Analysis of Shareholdings

Directors' Shareholdings

(as per Register of Directors' Shareholdings as at 30 September 2025)

Name	Direct	No. of shares held		% ⁽²⁾
		% ⁽²⁾	Indirect	
Dato' Mohamed Suffian Bin Awang	435,364	0.06	-	-
Datuk Teoh Hwa Cheng	24,367,296	3.36	⁽¹⁾ 373,075,532	51.50
Datin Sam Yin Thing	54,140,976	7.47	⁽¹⁾ 373,075,532	51.50
Teoh Zi Yi	1,293,032	0.18	-	-
Teoh Zi Yuen	-	-	-	-
Datuk Leong Kam Weng	435,364	0.06	-	-
Dato' Dr. Norhizan Bin Ismail	-	-	-	-
Dato' Seri Dr. Chen Chaw Min	1,700,048	0.23	-	-

Notes:

(1) Deemed interested in shares held by MRZ Leather Holdings Sdn Bhd pursuant to Sections 8 of the Companies Act 2016.

(2) Excluding a total of 27,545,068 shares bought back by the Company and retained as treasury shares as at 30 September 2025.

List of Thirty Largest Shareholders as at 30 September 2025

No.	Name	No. of shares	Percentage holding (%) [*]
1.	MRZ LEATHER HOLDINGS SDN. BHD.	198,929,192	27.46
2.	MRZ LEATHER HOLDINGS SDN. BHD.	174,146,340	24.04
3.	TEOH HWA CHENG	21,367,296	2.95
4.	MAYBANK INVESTMENT BANK BERHAD IVT (10) ECD D1-H	20,550,000	2.84
5.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SAM YIN THING (MY4369)	19,192,000	2.65
6.	RHB INVESTMENT BANK BERHAD IVT (SHQ-TRES BOOK) EQD TEAM	16,460,000	2.27
7.	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR ALLIANZ LIFE INSURANCE MALAYSIA BERHAD (MEF)	15,885,100	2.19
8.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SAM YIN THING (MY4178)	15,253,644	2.11
9.	AMSEC NOMINEES (TEMPATAN) SDN BHD AMBANK (M) BERHAD	13,602,000	1.88
10.	LEE YEE SUM	11,077,584	1.53
11.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAM YIN THING (7005713)	9,000,000	1.24
12.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (PRINCIPAL EQITS)	9,000,000	1.24
13.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SAM YIN THING	8,679,700	1.20

Analysis of Shareholdings

List of Thirty Largest Shareholders as at 30 September 2025 (Cont'd)

No.	Name	No. of shares	Percentage holding (%) [*]
14.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE EU JIN	8,579,000	1.18
15.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM CHENG LING (7002620)	8,140,000	1.12
16.	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	7,003,000	0.97
17.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM BOON HUA (7013268)	5,518,000	0.76
18.	AMANAHRAYA TRUSTEES BERHAD PMB SHARIAH GROWTH FUND	5,200,000	0.72
19.	CARTABAN NOMINEES (TEMPATAN) SDN BHD CN CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA GROWTH FUND SERIES 2	4,940,100	0.68
20.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHONG NYOK YOONG	4,816,096	0.67
21.	CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	4,625,502	0.64
22.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIM PIAU (7007611)	3,864,044	0.53
23.	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR BARCLAYS CAPITAL SECURITIES LTD (SBL/PB)	3,562,800	0.49
24.	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN KIM PIAU (MY2525)	3,402,900	0.47
25.	TAN SOON KAR	3,076,648	0.43
26.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR JASON KOH JIAN HUI (7000184)	3,010,000	0.42
27.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM BOON HUA	3,000,000	0.41
28.	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEOH HWA CHENG	3,000,000	0.41
29.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM BOON HUA (M04)	2,976,000	0.41
30.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR JASON KOH JIAN HUI	2,800,000	0.39
Total		610,656,946	84.30

* Excluding a total of 27,545,068 shares bought back by the Company and retained as treasury shares as per Record of Depositors as at 30 September 2025.

Notice of Annual General Meeting



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

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Fifteenth Annual General Meeting ("15th AGM") of Pecca Group Berhad ("PECCA" or the "Company") will be held at Ballroom I, Main Wing, Level 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on Thursday, 20 November 2025 at 10.00 a.m. for the following purposes:

AGENDA

As Ordinary Business

- | | | |
|----|--|--|
| 1. | To receive the Audited Financial Statements for the financial year ended 30 June 2025 together with the Reports of the Directors and Auditors thereon. | (Please refer to Note 1 of the Explanatory Notes) |
| 2. | To approve the payment of Directors' fees and benefits payable to the Directors of the Company and its subsidiaries of up to RM583,500.00 from 21 November 2025 until the conclusion of the next AGM of the Company. | Ordinary Resolution 1 |
| 3. | To re-elect Datuk Teoh Hwa Cheng who is to retire pursuant to Clause 97 of the Company's Constitution and being eligible, has offered himself for re-election. | Ordinary Resolution 2 |
| 4. | To re-elect Datin Sam Yin Thing who is to retire pursuant to Clause 97 of the Company's Constitution and being eligible, has offered herself for re-election. | Ordinary Resolution 3 |
| 5. | To re-elect Dato' Seri Dr. Chen Chaw Min who is to retire pursuant to Clause 105 of the Company's Constitution and being eligible, has offered himself for re-election. | Ordinary Resolution 4 |
| 6. | To re-appoint Messrs. Crowe Malaysia PLT as auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 5 |

As Special Business

To consider and, if thought fit, to pass the following resolutions:-

7. **Continuing in Office as an Independent Non-Executive Director –
Dato' Mohamed Suffian Bin Awang**

"THAT the authority be and is hereby given to Dato' Mohamed Suffian Bin Awang, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company."

Ordinary Resolution 6

Notice of Annual General Meeting

8. Continuing in Office as an Independent Non-Executive Director – Datuk Leong Kam Weng

“THAT the authority be and is hereby given to Datuk Leong Kam Weng, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company.”

Ordinary Resolution 7

9. Authority under Section 75 and 76 of the Companies Act 2016 (“the Act”) for the Directors to allot and issue shares

“THAT pursuant to Section 75 and 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next AGM of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at the time of issue, subject to the Constitution of the Company and approval of all the relevant regulatory bodies being obtained for such allotment and issue.

THAT pursuant to Section 85 of the Act, read together with Clause 58 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued Pecca shares arising from issuance of new shares pursuant to this mandate.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares.”

Ordinary Resolution 8

10. Proposed Renewal of Authority to the Company to Purchase its own Ordinary Shares

“THAT subject to the Act, the Constitution of the Company, the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise an amount not exceeding the audited retained profits as at 30 June 2025 to purchase such amount of ordinary shares in the Company (“Proposed Renewal of Share Buy-Back Authority”) as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company.

THAT an amount not exceeding the Company’s retained profits be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority.

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either retain the shares so purchased as treasury shares (as defined in Section 127 of the Act) and/or to cancel the shares so purchased and if retained as treasury shares, may resell the treasury shares and/or to distribute them as share dividend and/or subsequently cancel them.

Notice of Annual General Meeting

THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:-

- i. the conclusion of the next AGM of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- ii. the expiration of the period within which the next AGM of the Company is required by law to be held; or
- iii. revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Share Buy-Back Authority as may be agreed or allowed by any relevant governmental and/or regulatory authority."

Ordinary Resolution 9

11. **Proposed Renewal of Existing and New Shareholders' Mandates for Recurrent Related Party Transactions of A Revenue or Trading Nature ("Proposed Shareholders' Mandates")**

"THAT approval be and is hereby given to the Company, to enter and give effect to the recurrent related party transactions of a revenue or trading nature (hereinafter to be referred to as "Recurrent Transactions") with the related party as stated in Section 2.3 of the Circular to Shareholders dated 22 October 2025 which are necessary for the Company's day-to-day operations subject further to the following:

- i. the Recurrent Transactions contemplated are in the ordinary course of business and on terms which are not more favourable to related party than those generally available to the public, and are not to the detriment of the minority shareholders;
- ii. the approval is subject to annual renewal and shall only continue to be in force until: -
 - a. the conclusion of the next AGM of the Company following the forthcoming AGM of the Company at which the Proposed Shareholders' Mandates is approved, at which time it will lapse unless by a resolution passed at the AGM the mandate is again renewed;
 - b. the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
 - c. revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier; and

Notice of Annual General Meeting

- iii. the disclosure of the breakdown of the aggregate value of the Recurrent Transactions conducted pursuant to the Proposed Shareholders' Mandates in the Integrated Annual Report ("IAR") of the Company based on the following information:
 - a. the type of Recurrent Transactions entered into; and
 - b. the name of the related party involved in each type of the Recurrent Transactions entered into and its relationship with the Company.

AND THAT the Directors of the Company be and are hereby authorised to do all acts and things to give full effect to the Recurrent Transactions contemplated and/or authorised by this resolution, as the Directors of the Company, in their absolute discretion, deem fit."

Ordinary Resolution 10

- 12. To transact any other business for which due notice shall have been given in accordance with the Act.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
(SSM Practising Certificate No.: 202008001023)

TAI YUEN LING (LS 0008513)
(SSM Practising Certificate No.: 202008001075)

Company Secretaries

Selangor Darul Ehsan

Date: 22 October 2025

NOTES:-

- 1) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or attorney or other duly authorised representative to attend and vote in his stead. A proxy may, but need not be a member of the Company. A member may appoint any person to be his proxy. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
- 2) A member of the Company who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA") may appoint at least one (1) proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- 3) For a member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

Notice of Annual General Meeting

- 4) Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- 5) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote.
 - a. In hard copy form
In the case of an appointment made in hard copy form, the original proxy form must be deposited with the Share Registrar's office, Boardroom Share Registrars Sdn. Bhd. ("Boardroom") of the Company at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
 - b. By electronic means
The proxy form can be electronically lodged with Boardroom via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Please follow the procedures set out in the Administrative Details for such lodgement. Alternatively, the proxy form can be emailed to Boardroom at bsr.helpdesk@boardroomlimited.com.
- 6) Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
- 7) Last date and time for lodging the proxy form is Tuesday, 18 November 2025 at 10.00 a.m.
- 8) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- 9) For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
 - a. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - b. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - i. at least two (2) authorised officers, of whom one shall be a director; or
 - ii. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- 10) For the purpose of determining a member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at **13 November 2025** and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxies to attend and vote in his stead.
- 11) Pursuant to paragraph 8.29A(1) of the MMLR of Bursa Securities, all the resolutions set out in the notice of any general meeting will be put to vote by poll.

Notice of Annual General Meeting

EXPLANATORY NOTES:-

1. To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 340 of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

2. Ordinary Resolutions 6 & 7 on the Continuing in Office as an Independent Non-Executive Directors – Dato' Mohamed Suffian Bin Awang and Datuk Leong Kam Weng

The proposed Resolutions 6 & 7 are to seek shareholders' approval by way of a two-tier voting process on the retention of Dato' Mohamed Suffian Bin Awang and Datuk Leong Kam Weng who have served as an Independent Directors in the Company for a cumulative term of more than nine (9) years.

The Board has assessed the independence of Dato' Mohamed Suffian Bin Awang and Datuk Leong Kam Weng and recommended both of them to continue to act as an Independent Non-Executive Directors of the Company based on the following justifications:-

- a. They fulfilled the criteria under the definition of Independent Directors as stated in the MMLR of Bursa Securities, and thus, they would be able to provide check and balance and bring an element of objectivity to the Board;
- b. They are familiar with the Company's business operations and is able to advise the Board diligently on business matters;
- c. They have devoted sufficient time and attention to their professional obligations for informed and balanced decision making by actively participating in board discussion and provided an independent voice to the Board; and
- d. They have exercised their due care during their tenure as an Independent Non-Executive Directors of the Company and carried out their professional duties in the best interest of the Company and shareholders.

The Board considered Dato' Mohamed Suffian Bin Awang and Datuk Leong Kam Weng to be independent based on the above justifications and recommended both of them to be retained as an Independent Non-Executive Directors of the Company.

3. Ordinary Resolution 8 on the Authority under Section 75 and 76 of the Act for the Directors to allot and issue shares

The Ordinary Resolution 8 proposed under item 9 of the Agenda seeks the shareholders' approval of a general mandate for issuance of shares by the Company under Section 75 and 76 of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for purpose of funding the working capital or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

At this juncture, there is no decision to issue new shares but the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

The Company did not allot and issue any shares pursuant to the general mandate granted by the shareholders at the previous AGM.

Notice of Annual General Meeting

4. Ordinary Resolution 9 on Proposed Renewal of Share Buy-Back Authority

The proposed Ordinary Resolution 9, if passed, will empower the Directors to purchase the Company's shares of up to ten per centum (10%) of the total number of issued shares of the Company at any point in time, by utilising the funds allocated which shall not exceed the total retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM.

For further information on Ordinary Resolution 9 please refer to the Statement to Shareholders dated 22 October 2025 accompanying the IAR of the Company for the financial year ended 30 June 2025.

5. Ordinary Resolution 10 on Proposed Shareholders' Mandates for Recurrent Related Party Transactions of A Revenue or Trading Nature

The proposed Ordinary Resolution 10, if passed, will empower the Directors from the date of the 15th AGM, to deal with the related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for the Company's day-to-day operations. These recurrent related party transactions are in the ordinary course of business and are on terms not more favourable to the Related Party than those generally available to the public and not to the detriment of the minority shareholders.

This authority unless revoked or varied at a general meeting, will expire at the next AGM of the Company and subject always to provision (ii) of the resolution.

For further information on Ordinary Resolution 10, please refer to the Circular to Shareholders dated 22 October 2025 accompanying the IAR of the Company for the financial year ended 30 June 2025.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Administrative Details of the 15th Annual General Meeting

Administrative Details for the Fifteenth Annual General Meeting ("15th AGM") of Pecca Group Berhad

Day and Date : **Thursday, 20 November 2025**
Time : **10.00 a.m.**
Meeting Venue : **Ballroom I, Main Wing
Level 1, Tropicana Golf & Country Resort
Jalan Kelab Tropicana
47410 Petaling Jaya
Selangor Darul Ehsan
Malaysia**

Dear Valued Shareholders,

1. REGISTRATION

- Registration will start at **9.00 a.m.** at the Meeting Venue and will end at a time directed by the Chairman of the AGM.
- Please produce your original MyKad/Identification Card or Passport (for foreigners) at the registration counter for verification and registration. Only **ORIGINAL** MyKad/Identification Card or Passport will be accepted for the purpose of identity verification.
- Please ensure to collect your MyKad/Identification Card or Passport thereafter.
- Please note that no person will be allowed to register on behalf of another person even with the original MyKad/Identification Card or Passport of that person.
- Upon completion of the registration process, you will be given an identification barcode wristband to enter the meeting hall. **Please be reminded that there will be no replacement in the event that you lose or misplace the barcode wristband.**
- Please vacate the registration area immediately after registration and proceed to the meeting hall.
- Please note that you will not be allowed to enter the meeting hall without wearing the barcode wristband.
- The registration counter will handle only verification of identity and registration. If you have any enquiries, please proceed to the Help Desk.

2. HELP DESK

- Please proceed to the Help Desk located in front of the Meeting Venue entrance for any clarification or enquiries.
- The Help Desk will also handle the revocation of proxy appointments.

3. ENTITLEMENT TO PARTICIPATE IN THE AGM

- Only members whose names appear on the Register of Members or General Meeting Record of Depositors as at **13 November 2025** will be entitled to attend, speak and vote at the AGM or appoint a proxy to attend, speak and vote on his/her behalf.

4. INTEGRATED ANNUAL REPORT ("IAR") 2025/CIRCULAR/STATEMENT

- The Company's IAR 2025 is available at the websites of the Company, <https://peccagroup.com/investors/reports> and Bursa Malaysia Securities Berhad, www.bursamalaysia.com.
- Should you require a printed copy of the IAR 2025/Circular/Statement, please request on the website of Boardroom Smart Investor Portal ("BSIP") at <https://investor.boardroomlimited.com>. Login to your BSIP account and select "INVESTOR SERVICES" on the left menu tab and go to "REQUEST FOR HARDCOPY", select "PECCA GROUP BERHAD – FIFTEENTH ANNUAL GENERAL MEETING" and fill up the required information and click "SUBMIT".
- Alternatively, you may submit your request via the Request Form enclosed herewith and email it to the Share Registrar at bsr.helpdesk@boardroomlimited.com. We will send it to you by ordinary post as soon as possible upon receive of your request. However, we hope you would consider the environmental and sustainability concerns, and refrain from requesting a printed copy of the IAR 2025.

Administrative Details of the 15th Annual General Meeting

5. APPOINTMENT OF PROXY, CORPORATE SHAREHOLDERS, AUTHORISED NOMINEE AND EXEMPT AUTHORISED NOMINEE

- A member of the Company entitled to attend and vote at the AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
- A member shall be entitled to appoint not more than two (2) proxies to exercise all or any of his/her rights to attend, speak and vote at the same AGM on his/her behalf. If you are unable to attend the AGM and wish to appoint a proxy/attorney/authorised representative to vote on your behalf, please submit your proxy form in accordance with the notes and instructions stated in the notice of AGM.

APPOINTMENT OF PROXY

- You may submit your original proxy form to the office of the Share Registrar of our Company, **Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia** or by email to bsr.helpdesk@boardroomlimited.com, not less than **forty-eight (48) hours** before the time appointed for holding of meeting or adjourned meeting and in default the instrument of proxy shall not be treated as valid.
- The proxy form may also be lodged electronically via BSIP. For further information, kindly refer to **Table 1** below for proxy appointment via BSIP.

APPOINTMENT OF CORPORATE SHAREHOLDERS, AUTHORISED NOMINEE AND EXEMPT AUTHORISED NOMINEE

- For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at **11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia**. The certificate of appointment of authorised representative should be executed in the following manner:
 - (a) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - (b) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - (i) at least two (2) authorised officers, of whom one shall be a director; or
 - (ii) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- You may write in to bsr.helpdesk@boardroomlimited.com by providing the name of member, CDS account number accompanied with the certificate of appointment of corporate representative or proxy form (as the case may be) to submit the request latest by **18 November 2025 at 10.00 a.m.**
- Please provide a copy of the corporate representative's or proxy's NRIC (front and back) or passport, as well as his/her email address.
- The appointment of authorised representative may also be lodged electronically via **BSIP** at <https://investor.boardroomlimited.com>. For further information, kindly refer to **Table 1** below for proxy appointment via BSIP.

Administrative Details of the 15th Annual General Meeting

Table 1 – Proxy Appointment via BSIP:

Step 1 – Register Online with BSIP (for first-time registration only)	Note: If you have already signed up with BSIP, you are not required to register again. You may proceed to Step 2. • Access the website at https://investor.boardroomlimited.com. • Click “Register” to sign up as a user. • Complete registration with all the required information. Upload and attach a softcopy of your Identity Card (“NRIC”) (front and back) or Passport. Click “Register”. • You will receive an email from BSIP Online for email address verification. Click on “Verify Email Address” from the email received to continue with the registration. • Once your email address is verified, you will be re-directed to BSIP Online for verification of your mobile number. • Click on “Request OTP Code” and an OTP code will be sent to the registered mobile number. You will need to enter the OTP code and click “Enter” to complete the process. • Once your mobile number is verified, registration of your new BSIP account will be pending for final verification. • An email will be sent to you to inform the approval of your BSIP account within one (1) business day. Subsequently, you can log in at https://investor.boardroomlimited.com with the email address and password filled up by you during the registration to proceed.
Step 2 – Appointment of Proxy	For Individual and Corporate holders • Log in to https://investor.boardroomlimited.com using your user ID and password from Step 1 above. • Click “Meeting Event” and select from the list of companies “PECCA GROUP BERHAD FIFTEENTH (15TH) ANNUAL GENERAL MEETING” and click “Enter”. • Click “Submit eProxy form”. • For Corporate holders, please select the companies (if you are representing more than 1 company). • Enter your CDS account number and the number of shares held. • Select your proxy — either the Chairman of the meeting or an individual named proxy(ies). • Read and accept the General Terms and Conditions and click “Next”. • Enter the particulars of your proxy(ies) and click “Next”. • Indicate your voting instructions — FOR or AGAINST or ABSTAIN. If you wish to have your proxy(ies) to act upon his/her discretion, please indicate DISCRETIONARY. • Review and confirm your proxy appointment. Click “Apply”. Download or print the eProxy form as an acknowledgement. For Authorised Nominee and Exempt Authorised Nominee • Log in to https://investor.boardroomlimited.com using your user ID and password from Step 1 above. • Click “Meeting Event” and select from the list of companies “PECCA GROUP BERHAD FIFTEENTH (15TH) ANNUAL GENERAL MEETING” and click “Enter”. • Click “Submit eProxy form”. • Select the nominee(s)/company(ies) that you represent. • Download the file format for “Submission of Proxy Form”. • Prepare the file for appointment of proxy(ies) by inserting the required data. • Upload the duly completed proxy appointment file. • Review and confirm your proxy appointment. • Download or print the eProxy form as an acknowledgement.

- ▶ If you wish to attend the AGM yourself, please do not submit any proxy form. You will not be allowed to attend the AGM together with a proxy appointed by you.
- ▶ If you have submitted your proxy form prior to the AGM and subsequently decided to attend the AGM yourself, please proceed to the Help Desk located in front of the Meeting Venue entrance to revoke the appointment of your proxy.

Administrative Details of the 15th Annual General Meeting

6. REVOCATION OF PROXY

If you have submitted your Proxy Form prior to the AGM and subsequently decide to appoint another person or wish to participate in the AGM yourself, please write in to bsr.helpdesk@boardroomlimited.com or via electronic means (as the case may be) to revoke the earlier appointed proxy(ies) at least forty-eight (48) hours before the AGM or proceed to the Help desk counter on the AGM day to do proxy revocation. On revocation, your proxy(ies) will not be allowed to participate in the AGM. In such event, you should advise your proxy(ies) accordingly.

7. POLL VOTING

The voting will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. All resolutions set out in the Notice of the 15th AGM will be put to a vote by way of poll. A Poll Administrator will be appointed to conduct the polling process and Independent Scrutineers will be appointed to verify the results of the poll.

8. DOOR GIFT

There will be distribution of door gift to members/proxies who participate in the AGM.

9. ENQUIRIES

If you have any queries prior to the AGM, please contact Boardroom during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Share Registrar

Boardroom Share Registrars Sdn. Bhd.

Tel : +603-7890 4700

Fax : +603-7890 4670

Email : bsr.helpdesk@boardroomlimited.com

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PROXY FORM
PECCA GROUP BERHAD

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

No. of ordinary shares held	CDS account no. of holder

I/We, _____ (name of shareholder as per NRIC/Passport, in capital letters)

NRIC No./Passport No./Company No./Registration No. _____ of _____

_____ (full address)

being a *member/members of **PECCA GROUP BERHAD** hereby appoint(s):-

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address	Contact No.		

* and/or (delete as appropriate)

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address	Contact No.		

or failing *him/her, the Chairman of the meeting as *my/our proxy to attend and vote for *me/us on *my/our behalf at the Fifteenth Annual General Meeting of the Company to be held at Ballroom I, Main Wing, Level 1, Tropicana Golf & Country Resort, Jalan Kelab Tropicana, 47410 Petaling Jaya, Selangor Darul Ehsan on **Thursday, 20 November 2025, at 10.00 a.m.** or any adjournment thereof.

My/our proxy/proxies is/are to vote as indicated below.

Item No.	Agenda	Resolutions	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 30 June 2025 together with the Reports of the Directors and Auditors thereon.			
2.	To approve the payment of Directors' fees and benefit payable to the Directors of the Company and its subsidiaries of up to RM583,500.00 from 21 November 2025 until the conclusion of the next Annual General Meeting of the Company.	Ordinary Resolution 1		
3.	To re-elect Datuk Teoh Hwa Cheng who is to retire pursuant to Clause 97 of the Company's Constitution and being eligible, has offered himself for re-election.	Ordinary Resolution 2		
4.	To re-elect Datin Sam Yin Thing who is to retire pursuant to Clause 97 of the Company's Constitution and being eligible, has offered herself for re-election.	Ordinary Resolution 3		
5.	To re-elect Dato' Seri Dr. Chen Chaw Min who is to retire pursuant to Clause 105 of the Company's Constitution and being eligible, has offered himself for re-election.	Ordinary Resolution 4		
6.	To re-appoint Messrs. Crowe Malaysia PLT as auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5		
Special Business				
7.	Continuing in Office as an Independent Non-Executive Director – Dato' Mohamed Suffian Bin Awang.	Ordinary Resolution 6		
8.	Continuing in Office as an Independent Non-Executive Director – Datuk Leong Kam Weng.	Ordinary Resolution 7		
9.	Authority under Section 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares and waiver of pre-emptive rights pursuant to Section 85 of the Companies Act 2016.	Ordinary Resolution 8		
10.	Proposed Renewal of Authority to the Company to Purchase its own Ordinary Shares.	Ordinary Resolution 9		
11.	Proposed Renewal of Existing and New Shareholders' Mandates for Recurrent Related Party Transactions of a Revenue or Trading Nature.	Ordinary Resolution 10		

(Please indicate with an "X" in the appropriate box against the resolutions on how you wish your proxy to vote. The proxy is to vote on the resolutions set out in the Notice of Meeting as you have indicated. If no specific instruction as to voting is given, this form will be taken to authorise the proxy to vote at his/her discretion.)

* Strike out whichever is not applicable.

* If you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "the Chairman of the Meeting or failing him/her" and insert the name(s) of the person(s) desired.

Signature/Common Seal of Shareholder

Date:

NOTES:-

- 1) A member of the Company entitled to attend and vote at this Meeting is entitled to appoint a proxy or attorney or other duly authorised representative to attend and vote in his stead. A proxy may, but need not be a member of the Company. A member may appoint any person to be his proxy. A member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
- 2) A member of the Company who is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991 ("SICDA") may appoint at least one (1) proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- 3) For a member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
- 4) Where a member or the authorised nominee appoints two (2) proxies, or where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- 5) The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote.
 - a. In hard copy form
In the case of an appointment made in hard copy form, the original proxy form must be deposited with the Share Registrar's office, Boardroom Share Registrars Sdn. Bhd. ("Boardroom") of the Company at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
 - b. By electronic means
The proxy form can be electronically lodged with Boardroom via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Please follow the procedures set out in the Administrative Details for such lodgement. Alternatively, the proxy form can be emailed to Boardroom at bsr.helpdesk@boardroomlimited.com.
- 6) Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
- 7) Last date and time for lodging the proxy form is Tuesday, 18 November 2025 at 10.00 a.m.

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AFFIX
STAMP

PECCA GROUP BERHAD

Registration No. 201001025617 (909531-D)
c/o Boardroom Share Registrars Sdn. Bhd.
Registration No. 199601006647 (378993-D)

Ground Floor/11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan

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- 8) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- 9) For a corporate member who has appointed an authorised representative, please deposit the ORIGINAL certificate of appointment of authorised representative with the Share Registrar of the Company at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
 - a. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - b. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - i. at least two (2) authorised officers, of whom one shall be a director; or
 - ii. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
- 10) For the purpose of determining a member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company a Record of Depositors as at **13 November 2025** and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxies to attend and vote in his stead.
- 11) Pursuant to paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of any general meeting will be put to vote by poll.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 22 October 2025.



PECCA
GROUP BERHAD

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