



PECCA

GROUP BERHAD



PECCA GROUP BERHAD

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

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

	Notes	Individual Quarter			Cumulative Quarter		
		Current Year Quarter	Preceding Year Quarter	Variance %	Current Year-To-Date	Preceding Year-To-Date	Variance %
		31.12.2022	31.12.2021		31.12.2022	31.12.2021	
RM'000	RM'000		RM'000	RM'000			
Revenue	A9	53,482	45,198	18%	108,346	67,989	59%
Cost of sales		(37,917)	(33,237)	(14%)	(76,918)	(51,511)	(49%)
Gross profit		15,565	11,961	30%	31,428	16,478	91%
Other Income		924	353	162%	1,483	851	74%
Selling and distribution expenses		(1,745)	(1,393)	(25%)	(3,223)	(2,559)	(26%)
Administrative expenses		(3,547)	(3,252)	(9%)	(7,326)	(6,435)	(14%)
Operating Profit		11,197	7,669	46%	22,362	8,335	168%
Finance costs		(94)	(5)	(1780%)	(156)	(12)	(1200%)
Share of result of joint venture		29	-	100%	4	-	100%
Profit before tax	B5	11,132	7,664	45%	22,210	8,323	167%
Income tax expense	B6	(2,720)	(1,660)	(64%)	(5,449)	(1,816)	(200%)
Profit for the period		8,412	6,004	40%	16,761	6,507	158%
Other comprehensive income, net of tax							
Exchange difference on translation of foreign operation		(5)	(1)	(400%)	(7)	15	(147%)
Total comprehensive income for the financial period		8,407	6,003	40%	16,754	6,522	157%
Profit attributable to:							
Owners of the company		8,408	6,002	40%	16,758	6,516	157%
Non-controlling interest		4	2	100%	3	(9)	133%
Profit for the period		8,412	6,004	40%	16,761	6,507	158%
Total comprehensive income for the financial period							
Owners of the Company		8,406	6,002	40%	16,755	6,524	157%
Non-controlling interest		1	1	0%	(1)	(2)	50%
Total comprehensive income for the year		8,407	6,003	40%	16,754	6,522	157%
Earnings per share attributable to Owners of the Company ⁽²⁾							
- Basic (sen)	B12	1.12	0.80	40%	2.23	0.87	157%
- Diluted		1.12	0.80	40%	2.23	0.87	157%

Notes:

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

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

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL
31 DECEMBER 2022**

	Unaudited 31.12.2022 RM'000	Audited 30.06.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	38,150	38,013
Right-of-use assets	19,733	20,036
Investment in joint venture	4	-
Other investments	418	418
	<u>58,305</u>	<u>58,467</u>
Current Assets		
Inventories	30,106	28,983
Trade and other receivables	55,500	46,544
Contract assets	-	337
Prepayments	3,352	3,287
Current tax assets	28	-
Amount owing by joint venture	500	-
Cash and bank balances	96,376	86,808
	<u>185,862</u>	<u>165,959</u>
Total assets	<u>244,167</u>	<u>224,426</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	135,702	135,702
Reserves	60,392	54,163
	<u>196,094</u>	<u>189,865</u>
Non-controlling interest	(72)	(72)
Equity attributable to owners of the Company	<u>196,022</u>	<u>189,793</u>
Liabilities		
Non-current liabilities		
Deferred tax liabilities	6,020	5,995
Borrowings	5,360	5,670
Lease liabilities	-	49
	<u>11,380</u>	<u>11,714</u>
Current Liabilities		
Trade and other payables	26,024	19,383
Borrowings	5,561	3,214
Lease liabilities	132	320
Current tax liabilities	5,048	2
	<u>36,765</u>	<u>22,919</u>
Total liabilities	<u>48,145</u>	<u>34,633</u>
Total equity and liabilities	<u>244,167</u>	<u>224,426</u>
Net assets per share attributable to owners of the parents (sen) ⁽²⁾		
	<u>26.08</u>	<u>25.26</u>

Notes:

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

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

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR SECOND QUARTER ENDED 31 DECEMBER 2022

	← Attributable to owners of the Company →							Non- controlling Interests RM'000	Total Equity RM'000
	← Non- Distributable →				Distributable				
	Share Capital RM'000	Treasury Shares RM'000	Merger Deficit RM'000	Translation Reserve RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000	Total RM'000		
At 01.07.2022	135,702	(60)	(60,822)	8	10,765	104,272	189,865	(72)	189,793
Foreign currency translation differences for foreign operations	-	-	-	(4)	-	-	(4)	(3)	(7)
Dividends to owners of the Company	-	-	-	-	-	(10,525)	(10,525)	-	(10,525)
Profit for the financial year	-	-	-	-	-	16,758	16,758	3	16,761
At 31.12.2022	135,702	(60)	(60,822)	4	10,765	110,505	196,094	(72)	196,022

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

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER ENDED 31 DECEMBER 2022

	6 months ended 31 December	
	2022	2021
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	22,210	8,323
Adjustments for:		
Depreciation of property, plant and equipment	2,117	2,445
Depreciation of right-of-use assets	292	227
Net gain on disposal of property, plant and equipment	(20)	-
Reversal of impairment loss on trade receivable	(24)	(56)
Share of result of joint venture	(4)	-
Unrealised (gain)/loss on foreign exchange	(181)	41
Interest expense	156	8
Interest income	(986)	(489)
Operating profit before working capital changes	23,560	10,499
Changes in working capital:		
Inventories	(1,124)	782
Trade and other receivables	(8,670)	(10,006)
Prepayments	(65)	(1,824)
Trade and other payables	6,880	(5,266)
Contract liabilities	-	(69)
Cash from/(for) operations	20,581	(5,884)
Interest paid	(156)	(8)
Income tax paid	(406)	(2,819)
Net cash from/(for) operating activities	20,019	(8,711)
CASH FLOWS FOR INVESTING ACTIVITIES		
Proceeds from disposal of plant and equipment	335	-
Acquisition of property, plant and equipment	(2,570)	(1,845)
Advances to a related company	(500)	-
Interest received	986	489
Net cash for investing activities	(1,749)	(1,356)
CASH FLOWS FOR FINANCING ACTIVITIES		
Payment of lease liabilities	(181)	(158)
Repayment to a corporate shareholder	-	(270)
Dividends paid	(10,525)	-
Net proceeds from borrowings	1,993	-
Net cash for financing activities	(8,713)	(428)
Net increase/(decrease) in cash and cash equivalents	9,557	(10,495)
Effect of foreign exchange translation	11	(46)
Cash and cash equivalents at beginning of the financial year	86,808	78,132
Cash and cash equivalents at the end of financial year	96,376	67,591

Notes:

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



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

A1. Basis of preparation

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

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

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

A2. Significant accounting policies

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

Effective for annual periods commencing on or after 1 January 2022

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

Effective for annual periods commencing on or after 1 January 2023

- MFRS 17, Insurance Contracts
- Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to MFRS 17 Insurance Contracts
- Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101: Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101: Disclosure of Accounting Policies
- Amendments to MFRS 108: Definition of Accounting Estimates
- Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for annual periods commencing on or after 1 January 2024

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



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

A3. Auditors' Report

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

A4. Seasonal or cyclical factors

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

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

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

A6. Changes in estimates

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

A7. Debt and equity securities

Other than the above, there was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities in the current quarter. As at 31 December 2022, the number of treasury shares held were 216,868 ordinary shares at RM0.06 million.

A8. Dividend paid

There was no dividend paid during the financial period ended 31 December 2022.



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

A9. Segmental information

a) Operating segments

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

	Current		Cumulative	
	Quarter Ended	Quarter Ended	Quarter Ended	Quarter Ended
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
<u>AUTOMOTIVE</u>				
Car seat covers				
- OEM ⁽¹⁾	41,661	29,259	78,956	38,611
- REM ⁽¹⁾	2,108	2,255	4,068	4,551
- PDI ⁽¹⁾	4,295	3,973	9,633	5,600
Sub-total for car seat covers	48,064	35,487	92,657	48,762
Leather cut pieces supply	618	2,492	5,196	4,246
<u>Others</u>				
- Sewing of fabric car seat covers	2,357	566	4,947	816
- Manufacturing of leather/PVC car accessories covers and miscellaneous seat covers, provision of wrapping and stitching services and supply of raw materials	1,554	1,688	3,268	2,588
	52,593	40,233	106,068	56,412
<u>OTHERS</u>				
Healthcare	725	4,814	1,580	11,299
Aviation	149	151	669	278
Furniture	15	-	29	-
Grand Total	53,482	45,198	108,346	67,989

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

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

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

	Current		Cumulative	
	Quarter Ended		Quarter Ended	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Malaysia	51,012	42,351	103,555	62,501
Rest of Asia	363	865	880	1,742
Europe	1,155	955	2,359	1,710
North America	678	544	1,001	1,072
Oceania	274	483	551	964
	<u>53,482</u>	<u>45,198</u>	<u>108,346</u>	<u>67,989</u>

A10. Valuation of property, plant and equipment

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

A11. Capital commitments

There was no authorised capital commitment.

A12. Changes in the composition of the Group

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

A13. Contingent liabilities or contingent assets

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

A14. Material events subsequent to the end of the quarter

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

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134: INTERIM FINANCIAL REPORTING *(continued)***A15. Related Party Transactions**

The Group's related party transactions for the current quarter and the cumulative quarter ended 31 December 2022 are as follows:

	Current Quarter Ended 31.12.2022 RM'000	Cumulative Quarter Ended 31.12.2022 RM'000
Rental charges to related parties		
- Tint Auto (M) Sdn Bhd	54	108
- Rentas Health Sdn Bhd	68	135
Sale to related party		
- Rentas Health Sdn Bhd	725	1,580
Management service to related party		
- Rentas Health Sdn Bhd	64	128
Warehouse service charge from related party		
- Rentas Health Sdn Bhd	26	26

Note:

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

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS

B1. Performance review for the current quarter compared with the preceding year's corresponding quarter

The Group achieved a higher revenue of RM53.48 million and higher profit before tax ("PBT") of RM11.13 million in the current quarter, increased by 18% and 45% respectively as compared to the preceding year's corresponding quarter. The compelling increase in revenue and PBT is mainly attributable to the increase in sales volume in the Automotive Segment for the current quarter.

The Group's revenue was driven by upholstery car seat covers, sewing and supply of car accessories cover together with the provision of wrapping and stitching services, which contributed about 90%, 4% and 3% of the total revenue respectively. OEM leather car seat segment contributed about 87% of the total revenue for leather car seat covers whilst REM and PDI contributed about 4% and 9% respectively.

However, the revenue generated from the Healthcare business is lower as opposed to the preceding year's corresponding quarter (Q2 FY2023: RM0.73 million; Q2 FY2022: RM4.81 million) which resulted from the decrease in sales volume, mainly due to the relaxation of precautionary rules towards the COVID-19 endemic phase.

The Group is confident that the Healthcare segment will continue to be sustainable as most of the public is remained conscious of the health and safety precautions and wearing face masks indoors and even outdoors despite the easing of the mask-mandate ruling.

The other income for the current quarter has achieved higher at RM0.92 million, as compared to RM0.35 million for the preceding year's corresponding quarter, substantially resulting from the higher interest income earned from the short-term deposit and short-term investments by RM0.34 million.

The selling and distribution expenses increased by RM0.35 million as compared to the preceding year's corresponding quarter, mainly due to higher freight costs to support the increased sales volume and advertisement costs. The administrative expenses increased slightly by 9%, RM0.30 million, substantially resulting from the higher administrative staff-related costs.

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

	Current Year Quarter 31.12.2022 RM'000	Immediate Preceding Quarter 30.09.2022 RM'000	Variance	
			RM'000	%
Revenue	53,482	54,864	(1,382)	-3%
Profit after tax	8,412	8,349	63	1%

For the current quarter under review, the Group' Automotive segment of upholstery car seat covers remained a strong demand from the market although there is a slight decrease in revenue by 3% to RM53.48 million from RM54.86 million in the immediate preceding quarter.

Despite the slight decrease in revenue, the profit after tax in the current quarter has improved marginally by 1% to RM8.41 million from RM8.35 million, mainly attributable to lower direct labour costs in the production, as part of the Group efforts in hiring new foreign workers to replace more costly sub-contract labour to resolve labour shortage issue. In addition, the gain on foreign exchange of RM0.30 million reported during the current quarter also favours the financial performance of the Company.

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

B3. Prospects

Malaysian Economy Outlook 2023

The International Monetary Fund projects the Malaysian economy to expand by 4.4% in 2023. While this would mark a slowdown from the growth seen in 2022, economists are expecting the domestic economy to remain resilient as inflation loses steam and China's reopening is anticipated to support external demand.

Despite the global macroeconomic headwinds foreseen for 2023, a less aggressive stance by central banks in tightening their monetary policies would be supportive to economic growth and business activities. Consumer and business sentiment would recover once the current trend of slower rate hikes continues, including in Malaysia. Pecca expects to ride on the uptick in demand, both in its home market, Malaysia, and other markets in Southeast-Asia. The stable economic conditions in the region should further solidify Pecca's growth in the quarters ahead.

Automotive Segment

New vehicle sales in Malaysia for the year 2023 are projected to drop by almost 10% from the record-high level of 720,658 units seen last year, according to the Malaysian Automotive Association ("MAA"). However, it is noteworthy that the total industry volume ("TIV") in 2022 was abnormal as the sales were higher due to delivery of back-log orders, post-pandemic pent-up demand and the vehicle sales tax exemption. With the demand for vehicles set to normalise in 2023, a lower TIV this year will not adversely affect the automotive industry players, including Pecca. In fact, the MAA projects the TIV for 2023 to reach 650,000 units, which is still higher than the annual levels seen between 2016 to 2021.

Pecca's major clients such as Perodua, Toyota, Proton and Nissan to name a few, have announced plans to scale up their production or launch new models in 2023. This would result in a higher demand for upholstery servicing and maintenance services, providing an opportunity for Pecca to grow its business. With the expected rise in car sales and increasing focus on car maintenance and upkeep, Pecca can position itself as a trusted provider of upholstery car seat covers and accessories wrapping and reap the benefits of the growing demand for its services.

Aviation Segment

The outlook of the aviation industry is positive for the year 2023, as cross-border travel restrictions have been eased globally and the demand for air travel continues to rise. The Malaysian Aviation Commission projects air passenger traffic to grow between 40% to 52% in 2023. In tandem with the strong recovery, airlines are planning to increase flight frequencies and new routes.

The robust expansion expected for the aviation sector in 2023 will directly lead to a higher demand for aircraft seat upholstery, a segment that Pecca is involved. According to Future Market Insights, the aircraft seat upholstery market is projected to reach USD 2.30 billion by 2027, with a CAGR of 3.6% from 2022 to 2027.



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

B3. Prospects *(continued)*

Pecca is well-positioned to take advantage of this growth momentum to secure a significant number of orders and projects and the aviation segment will continue to be one of Pecca's key pillars for revenue growth.

Healthcare segment

The demand for personal protective equipment products, particularly face masks, is expected to remain a crucial aspect of daily life for a significant period. The rising cases of hospital-acquired infections, the growing elderly population, and the development of healthcare facilities in emerging economies are contributing to the growth of the face mask market.

Despite Malaysia's move to relax its mask mandate, sales of face masks remain stable and are not affected, according to feedback from the Malaysian Pharmacists Society. Additionally, local designers have noted a promising trend in face mask sales, with customers continuing to purchase them due to their quality and design.

Overall

The Group is optimistic about the strong demand for automotive and aviation segments and will continue to focus on prudent procurement strategies and production efficiency to enhance productivity and costs efficiency to alleviate any potential contrary impact on performance and financial strength. The Management is confident about the Group's performance in the coming quarter as the TIV projected for 2023 is remained high at 650,000 which is better than pre-pandemic level.

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

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

B5. Profit before tax

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

	Current Quarter Ended 31.12.2022 RM'000	Cumulative Quarter Ended 31.12.2022 RM'000
Interest income	(570)	(986)
Depreciation of:		
- Property, plant and equipment	1,073	2,117
- Right of use asset	140	292
Reversal of impairment loss on trade receivable	(45)	(24)
Net gain on disposal of property, plant and equipment	(117)	(20)
Net realised foreign exchange loss/(gain)	54	(135)
Net unrealised foreign exchange loss/(gain)	(332)	(181)

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

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

	Current Quarter Ended 31.12.2022 RM'000	Cumulative Quarter Ended 31.12.2022 RM'000
Income tax expense	<u>2,720</u>	<u>5,449</u>

The effective tax rate for the cumulative quarter is slightly higher of 24.5% compared to the statutory tax rate of 24%, mainly due to certain expenses which are not deductible for taxation purpose.

B7. Status of Corporate Proposals

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

The financial and legal due diligence on GMK have been completed. PLSB is presently in the midst of finalising with the relevant parties on the proposed terms and conditions of the Share Sale agreement, Shareholders' agreement and Collaborative agreement.

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B. ADDITIONAL INFORMATION REQUIRED BY BURSA MALAYSIA LISTING REQUIREMENTS *(continued)***B8. Utilisation of Proceeds**

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

The status of utilisation of the proceeds from the Public Issue of 47,796,000 new ordinary shares at RM1.42 as of 31 December 2022 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	-	0	0	100
f) Establishment of market presence in Thailand	Within 24 months	0	0	100
g) Expansion of aviation business	Within 24 months	834	(834)	100
h) Estimated listing expenses	-	4,111	(4,111)	100
g) Purchase of raw material	-	5,350	(5,350)	100
i) Selling and distribution expenses of:				
- Retail	Within 24 months	2,000	(40)	2
- Thailand	Within 24 months	0	0	100
- Aviation	Within 24 months	745	(64)	9
Total Public Issue Proceeds		67,870	(65,229)	96

Note:

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

**PECCA GROUP BERHAD**

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

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

	Current Quarter Ended 31.12.2022 RM'000	Audited 30.06.2022 RM'000
Short term borrowings		
Secured:		
Banker Acceptance	3,700	1,087
Post Shipment Buyer Loan	1,205	1,497
Hire purchase	26	-
Term loan	630	630
	<u>5,561</u>	<u>3,214</u>
Long term borrowings		
Secured:		
Hire purchase	5	-
Term loan	5,355	5,670
	<u>5,360</u>	<u>5,670</u>
	<u>10,921</u>	<u>8,884</u>

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

As at 31 December 2022, the Company has extended corporate guarantees amounting to RM10.89 million to financial institutions for banking facilities granted to the subsidiary. The financial impact of the guarantees is immaterial as the subsidiary concerned is in positive financial standings to meet its obligation and when they fall due.

B10. Material litigation

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

B11. Dividend Proposed

An interim single tier dividend of 0.68 sen per share has been authorised by the Directors in respect of the financial year ending 30 June 2023 and was paid to the shareholders on 7 February 2023.

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

a) Basic earnings per share

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

	Current Quarter Ended 31.12.2022 RM'000	Cumulative Quarter Ended 31.12.2022 RM'000
Profit attributable to equity holders	<u>8,408</u>	<u>16,758</u>
Weighted average number of ordinary shares in issue excluding Treasury Shares	<u>751,783</u>	<u>751,783</u>
Basic earnings per share (sen)	<u>1.12</u>	<u>2.23</u>
Diluted earnings per share (sen)	<u>1.12</u>	<u>2.23</u>

(b) Diluted earnings per share

There are no diluted earnings per share as the Company does not have any convertible financial instruments as at the end of the financial period ended 31 December 2022.

B13. Authorisation for Issue

The interim Financial Statements were authorised for issue by the Board of Directors on 28 February 2023.

BY ORDER OF THE BOARD

Kuala Lumpur
28 February 2023