

Pekat Group Berhad (201901011563 (1320891-U))
Interim Financial Report on Consolidated Results
for the Fourth Quarter Ended 31 December 2024



Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Three Months Ended		Twelve Months Ended	
		31.12.2024 Unaudited RM'000	31.12.2023 Unaudited RM'000	31.12.2024 Unaudited RM'000	31.12.2023 Audited RM'000
Revenue		94,258	58,292	291,095	227,460
Cost of sales		<u>(65,450)</u>	<u>(43,891)</u>	<u>(206,775)</u>	<u>(173,942)</u>
Gross profit		28,808	14,401	84,320	53,518
Other income		(19)	1,206	4,690	1,890
Administrative expenses		(13,504)	(9,179)	(50,228)	(34,737)
Other expenses		<u>(1,808)</u>	<u>(1,654)</u>	<u>(2,780)</u>	<u>(1,992)</u>
Operating profit		13,477	4,774	36,002	18,679
Finance income		120	147	563	495
Finance costs		(757)	(154)	(1,375)	(1,583)
Share of (loss)/profit in associates		<u>(62)</u>	<u>318</u>	<u>(627)</u>	<u>554</u>
Profit before tax		12,778	5,085	34,563	18,145
Tax expense	B5	<u>(4,748)</u>	<u>(1,569)</u>	<u>(11,797)</u>	<u>(4,392)</u>
Profit for the year		8,030	3,516	22,766	13,753
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>8,030</u>	<u>3,516</u>	<u>22,766</u>	<u>13,753</u>

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Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
(continued)

	Note	Three Months Ended		Twelve Months Ended	
		31.12.2024 Unaudited RM'000	31.12.2023 Unaudited RM'000	31.12.2024 Unaudited RM'000	31.12.2023 Audited RM'000
Profit attributable to:					
Owners of the Company		7,351	3,524	22,024	13,724
Non-controlling interests		679	(8)	742	29
		<u>8,030</u>	<u>3,516</u>	<u>22,766</u>	<u>13,753</u>
Total comprehensive income attributable to:					
Owners of the Company		7,351	3,524	22,024	13,724
Non-controlling interests		679	(8)	742	29
		<u>8,030</u>	<u>3,516</u>	<u>22,766</u>	<u>13,753</u>
Earnings per share:					
Basic (sen)	B10	<u>1.14</u>	<u>0.55</u>	<u>3.41</u>	<u>2.13</u>
Diluted (sen)	B10	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

(1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to these interim financial statements.

*N/A denotes not applicable.

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Condensed Consolidated Statement of Financial Position

	Note	31.12.2024 Unaudited RM'000	31.12.2023 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		67,546	23,436
Investment property		1,559	144
Intangible assets		4,833	183
Goodwill on acquisition of subsidiaries		42,206	-
Investment in associates		11,512	11,177
Amount due from an associate		1,330	1,330
Total non-current assets		128,986	36,270
Current assets			
Other investments		8,339	4,413
Inventories		94,123	24,874
Trade receivables		104,102	47,588
Contract assets		38,808	29,144
Other receivables		2,381	7,434
Amount due from associates		2,249	3,859
Tax recoverable		1,472	1,760
Fixed deposits with licensed banks		3,920	3,084
Cash and bank balances		34,310	23,944
Total current assets		289,704	146,100
TOTAL ASSETS		418,690	182,370
EQUITY AND LIABILITIES			
Equity			
Share capital		93,516	93,516
Merger reserve		(50,080)	(50,080)
Retained earnings		115,250	93,226
		158,686	136,662
Non-controlling interests		36,721	116
Total equity		195,407	136,778

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Condensed Consolidated Statement of Financial Position (continued)

	Note	31.12.2024 Unaudited RM'000	31.12.2023 Audited RM'000
EQUITY AND LIABILITIES (continued)			
Liabilities			
Non-current liabilities			
Lease liabilities		15,928	2,589
Borrowings	B7	36,630	600
Deferred tax liabilities		6,190	276
Total non-current liabilities		<u>58,748</u>	<u>3,465</u>
Current liabilities			
Trade payables		43,668	16,972
Contract liabilities		38,597	12,091
Other payables		38,149	10,059
Lease liabilities		1,388	852
Borrowings	B7	38,066	976
Tax payable		4,667	1,177
Total current liabilities		<u>164,535</u>	<u>42,127</u>
Total liabilities		<u>223,283</u>	<u>45,592</u>
TOTAL EQUITY AND LIABILITIES		<u>418,690</u>	<u>182,370</u>
Net assets per share attributable to owners of the Company (RM)		<u>0.25</u>	<u>0.21</u>

(1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to these interim financial statements.

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Unaudited Condensed Consolidated Statement of Changes in Equity

	< -----Non-Distributable----- >		Distributable Retained Earnings	Attributable to Owners of the Company	Non- Controlling Interests	Total Equity
	Share Capital	Merger Reserve				
<u>Year ended 31 December 2024</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2024	93,516	(50,080)	93,226	136,662	116	136,778
Total comprehensive income for the year	-	-	22,024	22,024	742	22,766
Non-controlling interests arising from business combination	-	-	-	-	35,863	35,863
At 31 December 2024	93,516	(50,080)	115,250	158,686	36,721	195,407

The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to these interim financial statements.

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Audited Condensed Consolidated Statement of Changes in Equity (continued)

	< -----Non-Distributable----- >		Distributable Retained Earnings	Attributable to Owners of the Company	Non- Controlling Interests	Total Equity
	Share Capital	Merger Reserve				
<u>Year ended 31 December 2023</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2023	93,516	(50,080)	85,951	129,387	87	129,474
Dividend paid	-	-	(6,449)	(6,449)	-	(6,449)
Total comprehensive income for the year	-	-	13,724	13,724	29	13,753
At 31 December 2023	93,516	(50,080)	93,226	136,662	116	136,778

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Unaudited Condensed Consolidated Statement of Cash Flows

	Twelve Months Ended	
	31.12.2024	31.12.2023
	Unaudited	Audited
	RM'000	RM'000
OPERATING ACTIVITIES		
Profit before tax	34,563	18,145
Adjustments for:		
Amortisation of intangible assets	137	157
Bad debts recovered	(33)	(4)
Bad debts written off	472	118
Depreciation of investment property	5	3
Depreciation of property, plant and equipment	2,118	1,661
Dividend income	(4)	(1)
Fair value gain on other investment	(480)	(144)
Gain on disposal of property, plant and equipment	(3,279)	(301)
Impairment loss on contract assets	301	926
Impairment loss / (Reversal of impairment loss) on inventories	200	(287)
Impairment loss / (Reversal of impairment loss) on receivables	1,381	(344)
Interest expenses	1,375	1,583
Interest income	(563)	(495)
Inventories written off	-	14
Plant and equipment written off	80	-
Reversal of provision for foreseeable losses	(1)	(208)
Share of loss / (profit) in associates	627	(554)
Unrealised loss / (gain) on foreign exchange	108	(98)
Waiver of debts	-	(10)
Operating profit before working capital changes	37,007	20,161
Changes in working capital:		
Inventories	(33,669)	995
Receivables	(21,434)	(8,133)
Payables	23,973	12,573
Contract assets or liabilities	16,542	625
Associates	1,765	3,911
Related parties	-	1,279
Cash generated from operations	24,184	31,411

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Unaudited Condensed Consolidated Statement of Cash Flows (continued)

	Twelve Months Ended	
	31.12.2024	31.12.2023
	Unaudited	Audited
	RM'000	RM'000
OPERATING ACTIVITIES (CONTINUED)		
Cash generated from operations (continued)	24,184	31,411
Interest received	537	191
Tax refunded	-	176
Tax paid	(9,575)	(5,208)
Net cash from operating activities	15,146	26,570
INVESTING ACTIVITIES		
Acquisition of intangible assets	(85)	(18)
Acquisition of investment property	(1,420)	-
Acquisition of property, plant & equipment	(6,801)	(653)
Additional investment in an associate	(962)	(573)
Advance to associates	-	(200)
Dividend received	4	1
Net cash outflow for acquisition of subsidiaries	(88,949)	-
Interest received	26	135
Disposal of other investment	196	349
Proceeds from disposal of property, plant and equipment	21,101	303
Net cash used in investing activities	(76,890)	(656)
FINANCING ACTIVITIES		
Dividend paid to shareholders	-	(6,449)
Withdrawal of fixed deposits pledged with licensed banks	3,032	11,823
Interest paid	(1,375)	(1,583)
Interest received	-	157
Net drawdown / (repayment) of bankers' acceptances	33,272	(18,509)
Net repayment of lease liabilities	(836)	(727)
Net drawdown / (repayment) of term loan	38,017	(896)
Net cash from / (used) in financing activities	72,110	(16,184)

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Unaudited Condensed Consolidated Statement of Cash Flows (continued)

	Twelve Months Ended	
	31.12.2024	31.12.2023
	Unaudited	Audited
	RM'000	RM'000
Net increase in cash and cash equivalents	10,366	9,730
Cash and cash equivalents at beginning of financial year	23,944	14,214
Cash and cash equivalents at end of financial year	34,310	23,944
Cash and cash equivalents included in the statement of cash flows comprise the followings:		
Cash and bank balances	34,310	23,944
Fixed deposits with licensed banks	3,920	3,084
	38,230	27,028
Less: Fixed deposits with licensed banks pledged as security for bank facilities	(3,920)	(3,084)
	34,310	23,944

- (1) The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2023 and the accompanying explanatory notes attached to these interim financial statements.

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial report of Pekat Group Berhad (“Pekat” or “the Company”) and its subsidiaries (collectively known as “the Group”) have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of ACE Market Listing Requirements of Bursa Malaysia Securities Berhad. This interim financial report also complied with IAS 34: *Interim Financial Reporting* issued by the International Accounting Standard Board (“IASB”).

This interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2023 and the accompanying explanatory notes are an integral part of this interim financial report.

A2. Significant Accounting Policies

Significant accounting policies and methods of computation adopted by the Group and the Company in this interim financial report are consistent with those as disclosed in the audited financial statements for the financial year ended 31 December 2023 of the Group and of the Company.

Adoption of new standards/amendments/improvements to MFRSs

At the beginning of the current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2024.

Initial application of the new standards/amendments/improvements to MFRSs did not have material impact on the financial statements of the Group and of the Company.

Standards issued but not yet effective

The new and amended standards that are issued, but yet effective, up to the date of issuance of the Group and the Company’s financial statements are disclosed below. The Group and the Company intend to adopt these new and amended standards, if applicable, when they become effective.

Effective for annual periods commencing on or after 1 January 2025

- Amendments to MFRS 121: *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*

Effective for annual periods commencing on or after 1 January 2026

- Amendments to MFRS 7 and MFRS 9: *Financial Instruments and Financial Instruments - Disclosures - Amendments to the Classification and Measurement of Financial Instruments*
- Annual Improvements to MFRS Accounting Standards - Volume 11

Effective for annual periods commencing on or after 1 January 2027

- MFRS 18: *Presentation and Disclosure in Financial Statements*
- MFRS 19: *Subsidiaries without Public Accountability - Disclosures*

A. EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING (CONTINUED)

A2. Significant Accounting Policies (continued)

Standards issued but not yet effective (continued)

Deferred (date to be determined by MASB)

- Amendments to MFRS 10 and MFRS 128: *Consolidated Financial Statements and Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial application of the above applicable amendments to standards are not expected to have any material impact on the financial statements of the Group and of the Company.

A3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2023.

A4. Seasonal or Cyclical Factors

Save for certain business activities that were affected by international copper price and solar photovoltaic module price, the Group does not experience any material seasonality during the current financial year under review.

A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial year under review.

A6. Changes in Estimates

There were no changes in estimates that have a material effect on the current financial year under review.

A7. Debt and Equity Securities

There were no significant issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current financial year under review.

A8. Dividend Paid

There was no dividend paid during the current financial year under review.

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A. EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING (CONTINUED)

A9. Segmental Reporting

Segmental information in respect of the Group's business activities is as follow:

Year Ended 31 December 2024	Solar Photovoltaics RM'000	Earthing and Lightning Protection RM'000	Trading RM'000	Power Distribution Equipment RM'000	Adjustments/eliminations RM'000	Total RM'000
Revenue						
Sales to external customers	178,809	47,305	55,129	9,852	-	291,095
Inter-segment sales	19,987	254	41,289	-	(61,530)	-
	<u>198,796</u>	<u>47,559</u>	<u>96,418</u>	<u>9,852</u>	<u>(61,530)</u>	<u>291,095</u>

	RM'000
Results	
Segment profit	36,002
Finance income	563
Finance costs	(1,375)
Share of loss in associates	(627)
Tax expense	(11,797)
Profit after tax	<u>22,766</u>

Year Ended 31 December 2023	Solar Photovoltaics RM'000	Earthing and Lightning Protection RM'000	Trading RM'000	Power Distribution Equipment RM'000	Adjustments/eliminations RM'000	Total RM'000
Revenue						
Sales to external customers	156,151	33,288	38,021	-	-	227,460
Inter-segment sales	12,835	86	23,642	-	(36,563)	-
	<u>168,986</u>	<u>33,374</u>	<u>61,663</u>	<u>-</u>	<u>(36,563)</u>	<u>227,460</u>

	RM'000
Results	
Segment profit	18,679
Finance income	495
Finance costs	(1,583)
Share of profit in associates	554
Tax expense	(4,392)
Profit after tax	<u>13,753</u>



A. EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING (CONTINUED)

A10. Material Events Subsequent to the End of Current Financial Year

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

A11. Changes in the Composition of the Group

Acquisition of subsidiaries

On 16 December 2024, the Group has completed the acquisition of 60% equity interest in Apex Power Industry Sdn Bhd (“Apex Power”) for a purchase consideration of RM96.00 million (“Acquisition”). Following the Acquisition, Apex Power and its wholly-owned subsidiary, EPE Switchgear (M) Sdn Bhd became the subsidiaries of the Group.

Details of the net cash outflow arising from the Acquisition are as follows:

	RM'000
Fair value of net assets acquired	89,656
Non-controlling interests	(35,862)
Goodwill	<u>42,206</u>
Purchase consideration	96,000
Less: Cash and cash equivalents of subsidiaries acquired	<u>(7,051)</u>
Net cash outflow on the Acquisition	<u><u>88,949</u></u>

The fair value of net assets acquired and goodwill in the above acquisition are provisional and will be adjusted, where applicable, upon completion of the purchase price allocation exercise in accordance to MFRS 3.

Save as disclosed above, there were no changes in the composition of the Group for the current financial year under review.



A. EXPLANATORY NOTES PURSUANT TO MFRS 134 INTERIM FINANCIAL REPORTING (CONTINUED)

A12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent assets at the date of this interim financial report. Contingent liabilities of the Group were as follows:

<u>Group</u>	31.12.2024	31.12.2023
	RM'000	RM'000
Corporate guarantee given to licensed banks for credit facilities granted to subsidiaries	61,700	430
Bank guarantee for tender bond, performance bond and warranty bond provided to third parties	15,924	16,836
	<u>77,624</u>	<u>17,266</u>

A13. Capital Commitments

There were no capital commitments that are contracted but not provided for as at the date of this interim financial report.

A14. Significant Related Party Transactions

The Group has the following significant transactions with the related parties during the financial year under review:

Nature of transactions / Related parties	31.12.2024	31.12.2023
	RM'000	RM'000
<u>Rental expenses of office buildings charged by:</u>		
- Startige Corporation Sdn Bhd	972	972

Startige Corporation Sdn. Bhd. is a related party in which certain Directors of the Company are also Directors of the related party.

The Directors are of the opinion that all the above transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of Group's Performance

	Three Months Ended		Variance	
	31.12.2024	31.12.2023	RM'000	%
	RM'000	RM'000		
Revenue				
- Solar photovoltaics	54,639	38,639	16,000	41.4
- Earthing and lightning protection	14,674	8,630	6,044	70.0
- Trading	15,093	11,023	4,070	36.9
- Power distribution equipment	9,852	-	9,852	100.0
Total revenue	<u>94,258</u>	<u>58,292</u>	35,966	61.7
Profit after tax	<u>8,030</u>	<u>3,516</u>	4,514	128.4

Comparison between the current quarter under review ("Q4 FY24") and preceding year corresponding quarter ("Q4 FY23")

In Q4 FY24, the Group has recorded an increase in revenue of RM35.97 million or 61.7% to RM94.26 million as compared to Q4 FY23. The increase in revenue was driven primarily by strong performance from the solar division, which contributed RM54.64 million. The earthing and lightning protection ("ELP") division and the trading division also delivered solid results, generating RM14.67 million and RM15.09 million, respectively.

The solar division remained the key growth driver, posting an increase in revenue of RM16.0 million or 41.4%, attributed to higher project execution across commercial, industrial, and residential segments.

The ELP and trading divisions also saw substantial growth, with revenue rising by RM6.04 million or 70.0% and RM4.07 million or 36.9%, respectively. The ELP division benefited from increased project execution, particularly for data centre jobs, while the trading division experienced stronger customer demand for the division's products.

The Group also benefited from the post-acquisition contributions from its newly acquired power distribution equipment division, which contributed RM9.85 million to the revenue of the Group in Q4 FY24.

Reflecting the overall revenue growth, the Group's profit after tax surged to RM8.03 million, marking an increase of RM4.51 million or 128.4% as compared to Q4 FY23.

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B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

B1. Review of Group's Performance (continued)

	Twelve Months Ended		Variance	
	31.12.2024 RM'000	31.12.2023 RM'000	RM'000	%
Revenue				
- Solar photovoltaics	178,809	156,151	22,658	14.5
- Earthing and lightning protection	47,305	33,288	14,017	42.1
- Trading	55,129	38,021	17,108	45.0
- Power distribution equipment	9,852	-	9,852	100.0
Total revenue	<u>291,095</u>	<u>227,460</u>	63,635	28.0
Profit after tax	<u>22,766</u>	<u>13,753</u>	9,013	65.5

Comparison between the current financial year-to-date ("FY24") and previous year financial year-to-date ("FY23")

The Group reported a robust revenue of RM291.10 million in FY24, marking a significant increase of RM63.64 million or 28.0% as compared to RM227.46 million in FY23. This impressive year-over-year growth underscores the Group's strong performance across its business segments.

The solar division emerged as the primary growth driver, contributing an additional RM22.66 million to revenue as compared to FY23. The trading division and the ELP division also delivered impressive performances, with revenue increases by RM17.11 million and RM14.02 million, respectively. These growths were driven by improved project execution in the solar and ELP divisions, particularly in commercial, industrial, and data centre projects, as well as higher sales volume in the trading division.

In addition, the Group's newly acquired power distribution equipment division made a meaningful revenue contribution of RM9.85 million in FY24.

In line with revenue growth, the Group achieved a higher profit after tax of RM22.77 million, representing a substantial increase of RM9.01 million or 65.5% as compared to FY23.

B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

B2. Comparison with Immediately Preceding Quarter Results

	Quarter Ended		Variance	
	31.12.2024 RM'000	30.09.2024 RM'000	RM'000	%
Revenue				
- Solar photovoltaics	54,639	54,362	277	0.5
- Earthing and lightning protection	14,674	12,048	2,626	21.8
- Trading	15,093	16,228	(1,135)	(7.0)
- Power distribution equipment	9,852	-	9,852	100.0
Total revenue	<u>94,258</u>	<u>82,638</u>	11,620	14.1
Profit after tax	<u>8,030</u>	<u>6,275</u>	1,755	28.0

The Group recorded an increase in revenue of RM11.62 million or 14.1% to RM94.26 million from the previous quarter ended 30 September 2024 (“Q3 FY24”). The power distribution equipment division was the primary contributor, adding RM9.85 million in revenue, followed by the ELP division, which saw a RM2.63 million growth, driven by expanded data centre projects and higher project execution.

The solar division maintained stable performance, contributing RM54.64 million in revenue, consistent with Q3 FY24. However, the trading division experienced a slight decline in revenue due mainly to the lower customer order volumes and fewer fulfilled deliveries during the quarter.

Corresponding with the higher revenue, the Group’s profit after tax increased by 28.0% to RM8.03 million, up from RM6.28 million in Q3 FY24.

B3. Commentary on Prospects

Malaysia is committed to achieving net-zero carbon emissions by 2050, in alignment with the Paris Agreement. The 12th Malaysia Plan sets an interim target of reducing greenhouse gas emissions by 45% by 2030, while the Malaysia Renewable Energy Roadmap outlines ambitious goals: a 31% renewable energy share by 2025 and 40% by 2035. These initiatives lay a strong foundation for a sustained demand in the renewable energy sector moving forward.

To accelerate this transition, the Ministry of Economy launched the National Energy Transition Roadmap (NETR), a comprehensive strategy to drive sustainable energy adoption. Phase 1 of the NETR has already exceeded expectations, with RM60.7 billion invested in six key levers and ten flagship projects—far surpassing the initial RM25 billion target. These efforts focus on critical areas such as smart grids, energy efficiency, and storage, reflecting the government’s strong commitment to sustainable energy. These initiatives align seamlessly with Pekat’s core focus on delivering innovative renewable energy solutions, positioning the Group as a key player in Malaysia’s energy transition.

B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

B3. Commentary on Prospects (continued)

In September 2024, the Ministry of Energy Transition and Water Transformation introduced the Corporate Renewable Energy Supply Scheme (CRESS). This initiative enhances corporate access to renewable energy by enabling third parties to supply or purchase electricity through the national grid with a predetermined access charge. CRESS represents a significant step in liberalising Malaysia's energy market, fostering competition, and driving the growth of corporate power purchase agreements. Solar photovoltaic engineering, procurement, construction, and commissioning (EPCC) players, including Pekat, are poised to benefit from increased demand, particularly in the commercial and industrial sectors, as businesses increasingly adopt renewable energy solutions.

The Group is developing two 29.99 MWac solar power plants under the Corporate Green Power Programme. One is an internal investment, expected to boost recurring income upon completion by end-2025. The other, a recently secured EPCC project— is expected to positively impact the Group's financial performance for the financial year ending 31 December 2025.

The Group's ELP division is also well-positioned to capitalise on the surge in foreign direct investment in data centers across Malaysia. With a proven track record in providing ELP solutions for data centers, the division is poised for strong growth.

Looking ahead, a key priority for the Group is also to ensure a seamless transition following the successful acquisition of Apex Power and its wholly-owned subsidiary, EPE Switchgear (M) Sdn Bhd on 16 December 2024. The transition will involve integrating policies, talent management, governance practices, and operational frameworks to align with the Group's strategic objectives. The Board is confident that the two subsidiaries will significantly contribute to the Group's growth, leveraging their expertise and synergies to enhance overall value creation. These acquisitions mark a strategic milestone, significantly enhancing the Group's market position and unlocking long-term growth opportunities.

Barring any unforeseen circumstances, the Board remains optimistic about the Group's future prospects.

B4. Profit Forecast

No profit forecast has been issued by the Group previously in any public document.



B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

B5. Tax Expense

	Three Months Ended		Twelve Months Ended	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
Current tax	4,748	1,587	11,797	4,410
Deferred tax	-	(18)	-	(18)
Total tax expense	<u>4,748</u>	<u>1,569</u>	<u>11,797</u>	<u>4,392</u>
Effective tax rate (%)	37.2	30.9	34.1	24.2

Note:

- (1) The Group's effective tax rate for the current quarter and year under review was 37.2% and 34.1%, respectively, exceeding the statutory tax rate of 24%. The higher tax rate was primarily due to non-deductible expenses mainly arising from the corporate exercises that the Group undertook during the year, as well as under-provision of prior year tax expenses recognised in the current year, taxable advanced deposits received from customers, and unutilised losses in certain subsidiaries that could not be offset against taxable profits of other subsidiaries.

B6. Status of Corporate Proposals

Employees' Share Option Scheme

On 9 July 2024, the Company announced its intention to undertake a proposed employees' share option scheme of up to 10% of the Company's total issued share capital (excluding treasury shares, if any) for eligible Directors and employees of the Company and its subsidiaries who fulfil the eligibility criteria as set out in the By-Laws governing the proposed employees' share option scheme ("ESOS").

Approval from the shareholders of the Company in relation to the ESOS was obtained at an extraordinary general meeting held on 10 October 2024. The effective date for the implementation of the ESOS is on 2 January 2025.



B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

B6. Status of Corporate Proposals (continued)

Acquisition and Diversification

On 1 August 2024, Pekat Teknologi Sdn Bhd, a wholly-owned subsidiary of the Company, entered into a conditional share sale agreement (“SSA”) with Low Khok Heng @ Low Choon Huat for the proposed acquisition of 75,000 ordinary shares in Apex Power, representing a 60% equity interest in Apex Power, for a total cash consideration of RM96.00 million (“Acquisition”).

In conjunction with the Acquisition, the Company is also diversifying into the power distribution equipment business segment (“Diversification”). Approval from the shareholders of the Company in relation to the Acquisition and Diversification were obtained at an extraordinary general meeting held on 10 October 2024.

On 16 December 2024, the SSA and the Acquisition has been completed.

Save as disclosed above, there were no other corporate proposals announced but not completed as at the date of this interim financial report.

B7. Borrowings

The details of the Group’s borrowings are as follows:

	31.12.2024	31.12.2023
	RM’000	RM’000
Current liabilities		
<u>Secured:</u>		
- Bankers’ acceptances	33,272	-
- Term loan	4,794	976
	<u>38,066</u>	<u>976</u>
Non-current liabilities		
<u>Secured:</u>		
- Term loan	36,630	600
Total borrowings	<u>74,696</u>	<u>1,576</u>



B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

B8. Material Litigation

There is no outstanding material litigation as at the date of this interim financial report.

B9. Dividend

The Board of Directors did not declare or recommend any dividend for the current financial year under review.

B10. Earnings Per Share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to owners of the Company by weighted average number of ordinary shares in issue during the year:

	Three Months Ended		Twelve Months Ended	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Profit attributable to owners of the Company (RM'000)	7,351	3,524	22,024	13,724
Weighted average number of shares in issue ('000)	644,968	644,968	644,968	644,968
Basic earnings per share (sen)	<u>1.14</u>	<u>0.55</u>	<u>3.41</u>	<u>2.13</u>

(b) Diluted earnings per share

Not applicable. The Group does not have any financial instrument which may dilute its earnings per share.

B. ADDITIONAL INFORMATION REQUIRED BY ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (CONTINUED)

B11. Notes to Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Profit for the year was derived after taking into consideration of the followings:

	Three Months Ended		Twelve Months Ended	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
After charging / (crediting):	RM'000	RM'000	RM'000	RM'000
Amortisation of intangible assets	14	50	137	157
Bad debts recovered	(33)	(4)	(33)	(4)
Bad debts written off	472	131	472	118
Depreciation of investment property	3	*	5	3
Depreciation of property, plant and equipment	726	425	2,118	1,661
Dividend income	(1)	-	(4)	(1)
Fair value gain on other investment	(239)	(38)	(480)	(144)
Gain on disposal of property, plant and equipment	(72)	-	(3,279)	(301)
Impairment loss on contract assets	301	926	301	926
(Reversal of impairment loss) / Impairment loss on inventories	(12)	(298)	200	(287)
Impairment loss / (Reversal of impairment loss) on receivables	1,151	(344)	1,381	(344)
Interest expenses	757	154	1,375	1,583
Interest income	(140)	(147)	(563)	(495)
Inventories written off	-	14	-	14
Plant and equipment written off	-	-	80	-
Reversal of provision for foreseeable losses	-	(62)	(1)	(208)
Share of loss / (profit) in associates	62	(318)	627	(554)
Unrealised loss / (gain) on foreign exchange	632	(123)	108	(98)
Waiver of debts	-	(10)	-	(10)

Note:

(1) * represents less than RM1,000.

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

B12. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors on 25 February 2025.