Pekat Group Berhad (201901011563 (1320891-U))
Interim Financial Report on Consolidated Results
for the Second Quarter Ended 30 June 2026

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

	Note	Three Months Ended		Six Months Ended	
		30.06.2026 Unaudited RM'000	30.06.2025 Unaudited RM'000	30.06.2026 Unaudited RM'000	30.06.2025 Unaudited RM'000
Revenue		175,434	126,992	343,321	277,304
Cost of sales		(134,848)	(91,642)	(265,217)	(203,343)
Gross profit		40,586	35,350	78,104	73,961
Other income		641	606	1,763	1,694
Administrative expenses		(18,307)	(17,163)	(36,549)	(36,209)
Other expenses		(203)	(205)	(971)	(516)
Operating profit		22,717	18,588	42,347	38,930
Finance income		232	210	461	376
Finance costs		(1,497)	(1,640)	(3,130)	(2,771)
Share of profit of associates		219	93	605	82
Profit before tax		21,671	17,251	40,283	36,617
Tax expense	B5	(4,942)	(4,722)	(10,711)	(10,361)
Profit for the period		16,729	12,529	29,572	26,256
Other comprehensive (loss)/income for the period, net of tax		(77)	2	(41)	*
Total comprehensive income for the period		16,652	12,531	29,531	26,256

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

		Three Months Ended		Six Months Ended	
	Note	30.06.2026 Unaudited RM'000	30.06.2025 Unaudited RM'000	30.06.2026 Unaudited RM'000	30.06.2025 Unaudited RM'000
Profit attributable to:					
Owners of the Company		14,194	11,021	26,625	23,083
Non-controlling interests		2,535	1,508	2,947	3,173
		16,729	12,529	29,572	26,256
Total comprehensive income attributable to:					
Owners of the Company		14,117	11,023	26,584	23,083
Non-controlling interests		2,535	1,508	2,947	3,173
		16,652	12,531	29,531	26,256
Earnings per share:					
Basic (sen)	B12	2.01	1.71	3.77	3.58
Diluted (sen)	B12	2.00	1.68	3.75	3.55

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 of the Group for the financial year ended 31 December 2025 and the accompanying explanatory notes attached to these interim financial statements.

(2) * represents less than RM1,000.

Unaudited Condensed Consolidated Statement of Financial Position

	Note	30.06.2026 Unaudited RM'000	31.12.2025 Audited RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		206,542	169,106
Investment property		136	138
Intangible assets		772	1,737
Goodwill on acquisition of subsidiaries		42,357	42,357
Investment in associates		12,980	12,375
Amount due from associates		300	1,041
Total non-current assets		263,087	226,754
Current assets			
Other investments		28,488	70,776
Inventories		106,747	114,150
Trade receivables		98,151	94,056
Contract assets		108,120	114,488
Other receivables		4,386	21,984
Amount due from associates		5,683	3,106
Derivative financial assets	B7	408	-
Tax recoverable		4,038	1,223
Fixed deposits with licensed banks		1,100	1,175
Cash and bank balances		81,679	87,622
Total current assets		438,800	508,580
TOTAL ASSETS		701,887	735,334
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		199,238	196,110
Merger deficit		(50,080)	(50,080)
Reserves		2,486	1,999
Retained earnings		180,505	153,907
		332,149	301,936
Non-controlling interests		41,758	40,584
Total equity		373,907	342,520

Unaudited Condensed Consolidated Statement of Financial Position (continued)

	Note	30.06.2026 Unaudited RM'000	31.12.2025 Audited RM'000
EQUITY AND LIABILITIES (continued)			
Liabilities			
Non-current liabilities			
Lease liabilities		15,271	15,613
Borrowings	B9	111,432	120,597
Deferred tax liabilities		1,962	3,039
Total non-current liabilities		128,665	139,249
Current liabilities			
Trade payables		69,802	117,885
Contract liabilities		29,387	41,291
Other payables		20,632	44,656
Lease liabilities		1,745	1,628
Borrowings	B9	69,166	40,965
Derivative financial liabilities	B7	-	311
Tax payable		8,583	6,829
Total current liabilities		199,315	253,565
Total liabilities		327,980	392,814
TOTAL EQUITY AND LIABILITIES		701,887	735,334
Net assets per share attributable to owners of the Company (RM)		0.47	0.43

Notes:

(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 2025 and the accompanying explanatory notes attached to these interim financial statements.

Unaudited Condensed Consolidated Statement of Changes in Equity

	< ---Non-Distributable--- >				Distributable			
Unaudited **Financial period ended 30 June 2026**	**Share capital RM'000**	**Merger deficit RM'000**	**Translation reserve RM'000**	**ESOS reserve RM'000**	**Retained earnings RM'000**	**Attributable to owners of the Company RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2026	196,110	(50,080)	42	1,957	153,907	301,936	40,584	342,520
Transactions with owners: -								
Share option granted	-	-	-	1,006	-	1,006	-	1,006
Acquisition of equity interests from non-controlling interests	-	-	-	-	(27)	(27)	(173)	(200)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(1,600)	(1,600)
Issuance of shares pursuant to exercise of share option	3,128	-	-	(478)	-	2,650	-	2,650
Profit for the financial period	-	-	-	-	26,625	26,625	2,947	29,572
Other comprehensive loss for the financial period	-	-	(41)	-	-	(41)	-	(41)
Total comprehensive income for the financial period	-	-	(41)	-	26,625	26,584	2,947	29,531
At 30 June 2026	199,238	(50,080)	1	2,485	180,505	332,149	41,758	373,907

Unaudited Condensed Consolidated Statement of Changes in Equity (continued)

	< ----------------Non-Distributable---------------- >				Distributable			
Unaudited Financial period ended 30 June 2025	**Share capital RM'000**	**Merger deficit RM'000**	**Translation reserve RM'000**	**ESOS reserve RM'000**	**Retained earnings RM'000**	**Attributable to owners of the Company RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2025	93,516	(50,080)	*	-	115,227	158,663	36,680	195,343
Transactions with owners: -								
Share option granted	-	-	-	816	-	816	-	816
Capital contribution from non-controlling interests	-	-	-	-	-	-	450	450
Profit for the financial period	-	-	-	-	23,083	23,083	3,173	26,256
Other comprehensive income for the financial period	-	-	*	-	-	*	-	*
Total comprehensive income for the financial period	-	-	*	-	23,083	23,083	3,173	26,256
At 30 June 2025	93,516	(50,080)	*	816	138,310	182,562	40,303	222,865

Notes:

(1) 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 2025 and the accompanying explanatory notes attached to these interim financial statements.

(2) * represents less than RM1,000.

Unaudited Condensed Consolidated Statement of Cash Flows

	Six Months Ended	
	30.06.2026	**30.06.2025**
	Unaudited	**Unaudited**
	RM'000	**RM'000**
OPERATING ACTIVITIES		
Profit before tax	40,283	36,617
Adjustments for:		
Amortisation of intangible assets	998	1,715
Bad debts written off	18	-
Depreciation of investment property	2	2
Depreciation of property, plant and equipment	2,901	1,468
Dividend income	(72)	(1)
Fair value (gain)/loss on derivative financial instruments	(719)	190
Fair value gain on other investments	(495)	(111)
Gain on disposal of property, plant and equipment	(60)	-
Interest expenses	3,130	2,771
Interest income	(461)	(376)
Inventories written down	14	-
Reversal of impairment loss on receivables	(38)	(731)
Reversal of provision for foreseeable losses	(239)	-
Share of profit of associates	(605)	(82)
Share option expenses	1,006	816
Unrealised loss/(gain) on foreign exchange	938	(194)
Operating profit before working capital changes	46,601	42,084
Changes in working capital:		
Inventories	7,389	8,047
Receivables	13,323	19,483
Payables	(73,087)	(21,316)
Contract assets or liabilities	(5,297)	(7,402)
Associates	(1,836)	(380)
Related parties	-	1
Cash generated from operations	(12,907)	40,517
Interest received	321	292
Tax paid	(12,849)	(7,801)
Net cash (used in)/from operating activities	(25,435)	33,008

Unaudited Condensed Consolidated Statement of Cash Flows (continued)

	Six Months Ended	
	30.06.2026	30.06.2025
	Unaudited	Unaudited
	RM'000	RM'000
INVESTING ACTIVITIES		
Dividend received	72	1
Interest received	62	68
Proceeds from disposal of other investments	42,783	2,006
Proceeds from disposal of property, plant and equipment	62	-
Purchase of intangible assets	(33)	(38)
Purchase of property, plant & equipment	(38,756)	(33,357)
Net cash from/(used in) investing activities	4,190	(31,320)
FINANCING ACTIVITIES		
Capital contribution from non-controlling interests	-	450
Dividend paid to non-controlling interests	(1,600)	-
Interest paid	(4,712)	(2,771)
Interest received	78	-
Net drawdown/(repayment) of bankers' acceptance/invoice financing/onshore foreign currency loan/revolving credit/trust receipts	25,251	(1,009)
Net repayment of lease liabilities	(225)	(607)
Net (repayment)/drawdown of term loans	(6,215)	51,867
Proceeds from issuance of shares pursuant to exercise of share option	2,650	-
Withdrawal/(Placement) of fixed deposits pledged with licensed banks	75	(852)
Net cash from financing activities	15,302	47,078
Net (decrease)/increase in cash and cash equivalents	(5,943)	48,766
Cash and cash equivalents at beginning of financial period	87,622	34,340
Cash and cash equivalents at end of financial period	81,679	83,106

Unaudited Condensed Consolidated Statement of Cash Flows (continued)

	Six Months Ended	
	30.06.2026	**30.06.2025**
	Unaudited	**Unaudited**
	RM'000	**RM'000**
Cash and cash equivalents included in the statement of cash flows comprise the followings:		
Cash and bank balances	81,679	83,106
Fixed deposits with licensed banks	1,100	3,773
	82,779	86,879
Less: Fixed deposits with licensed banks	(1,100)	(3,773)
	81,679	83,106

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 2025 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 2025 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 2025 of the Group and of the Company.

Adoption of new standards/amendments/improvements to MFRSs

At the beginning of the current financial period, 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 2026.

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 not 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 2027
- MFRS 18: *Presentation and Disclosure in Financial Statements*
- MFRS 19 and Amendments to MFRS 19: *Subsidiaries without Public Accountability - Disclosures*
- Amendments to MFRS 121: *The Effects of Changes in Foreign Exchange Rates - Translation to a Hyperinflationary Presentation Currency*
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Effective date of these Amendments to Standards has been deferred, and yet to be announced
- 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*

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

A2. Significant Accounting Policies (continued)

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 2025.

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 period 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 period under review.

A6. Changes in Estimates

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

A7. Debt and Equity Securities

During the financial period under review, the Company issued 2,165,000 new ordinary shares under the Company Employees' Share Option Scheme at an exercise price of RM1.17 per ordinary share.

Save as disclosed above, 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 period under review.

A8. Dividend Paid

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

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:

Period Ended 30 June 2026 Revenue	**Solar Photovoltaics RM'000**	**Power Distribution Equipment RM'000**	**Earthing and Lightning Protection RM'000**	**Trading & Others RM'000**	**Adjustments/ Eliminations RM'000**	**Total RM'000**
Sales to external customers	187,388	79,720	40,224	35,989	-	343,321
Inter-segment sales	38	-	106	31,968	(32,112)	-
	187,426	79,720	40,330	67,957	(32,112)	343,321

Results	**RM'000**
Segment profit	42,347
Finance income	461
Finance costs	(3,130)
Share of profit of associates	605
Tax expense	(10,711)
Profit after tax	29,572

Period Ended 30 June 2025 Revenue	**Solar Photovoltaics RM'000**	**Power Distribution Equipment RM'000**	**Earthing and Lightning Protection RM'000**	**Trading & Others RM'000**	**Adjustments/ Eliminations RM'000**	**Total RM'000**
Sales to external customers	155,430	62,720	31,058	28,096	-	277,304
Inter-segment sales	163	-	536	29,175	(29,874)	-
	155,593	62,720	31,594	57,271	(29,874)	277,304

Results	**RM'000**
Segment profit	38,930
Finance income	376
Finance costs	(2,771)
Share of profit of associates	82
Tax expense	(10,361)
Profit after tax	26,256

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

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

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

A11. Changes in the Composition of the Group

Save as disclosed below, there were no changes in the composition of the Group for the current financial period under review:

On 12 February 2026, a wholly-owned subsidiary of the Company, Pekat Teknologi Sdn. Bhd. had acquired 9,800 ordinary shares representing 49% equity interest in Solaroo Systems (Thailand) Company Limited.

On 13 February 2026, a wholly-owned subsidiary of the Company, Pekat Teknologi Sdn. Bhd. had acquired 135,000 ordinary shares representing 30% equity interest in Pnexsoft Sdn. Bhd. for a total cash consideration of RM200,000. After acquisition, Pnexsoft Sdn. Bhd. became a wholly-owned subsidiary of Pekat Teknologi Sdn. Bhd..

On 2 March 2026, Pekat Teknologi Sdn. Bhd. incorporated a 60% owned subsidiary, Pentas Tanah Sdn. Bhd. with a cash subscription of RM6 representing 60% equity interest.

A12. Changes in Contingent Liabilities and Contingent Assets

There were no contingent assets at the date of this interim financial report.

Financial guarantee contracts of the Group are as follows:

	30.06.2026 **RM'000**
<u>Group</u>	
Bank guarantee for performance bond, tender bond and warranty bond provided to customers/statutory/third parties	78,133
Letter of credit issued by licensed banks	6,021
	84,154

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

A13. Capital Commitment

	30.06.2026 RM'000	31.12.2025 RM'000
Group		
Authorised and contracted for construction works of own solar power plants	8,582	13,306

Saved as disclosed above, 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 period under review:

Nature of transactions/Related parties	30.06.2026 RM'000	30.06.2025 RM'000
Subscription fees for RunDo Platform SaaS charged by:		
- Runjian Co., Ltd.	57	-
Rental expenses of office buildings charged by:		
- Startige Corporation Sdn. Bhd.	486	486

Runjian Co., Ltd. is the holding company of R&J International (Singapore) Pte. Ltd., which is a major shareholder of Pekat RE Maintenance Sdn. Bhd., a 54.32% owned subsidiary of the Group.

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	
	30.06.2026	30.06.2025		
	RM'000	RM'000	RM'000	%
Revenue				
- Solar photovoltaics	84,011	62,603	*21,408*	*34.2*
- Power distribution equipment	46,899	34,827	*12,072*	*34.7*
- Earthing and lightning protection	24,867	14,871	*9,996*	*67.2*
- Trading	19,657	14,691	*4,966*	*33.8*
Total revenue	175,434	126,992	*48,442*	*38.1*
Profit before tax	21,671	17,251	*4,420*	*25.6*
Profit after tax	16,729	12,529	*4,200*	*33.5*
Profit attributable to owners of the Company	14,194	11,021	*3,173*	*28.8*

<u>Comparison between the current quarter under review ("Q2 FY26") and preceding year corresponding quarter ("Q2 FY25")</u>

In Q2 FY26, the Group recorded revenue of RM175.43 million, an increase of RM48.44 million or 38.1% from RM126.99 million in Q2 FY25. The increase in revenue was underpinned by higher contributions from all business divisions.

The solar division remained the largest revenue contributor, generating RM84.01 million, an increase of RM21.41 million from RM62.60 million in Q2 FY25, mainly attributable to the progress of large-scale solar engineering, procurement, construction and commissioning ("EPCC") projects. The power distribution equipment ("PDE") division also registered higher revenue of RM46.90 million, an increase of RM12.07 million, following higher order fulfilment during the current quarter under review.

The earthing and lightning protection ("ELP") and trading divisions continued to deliver improved contributions, generating revenues of RM24.87 million and RM19.66 million respectively, representing growth of 67.2% and 33.8% respectively as compared to Q2 FY25. The improved performance of these divisions was mainly attributable to enhanced project execution and higher sales orders.

In line with the increase in revenue, the Group's profit before tax increased by RM4.42 million or 25.6% to RM21.67 million in Q2 FY26, reflecting improved operating performance across the Group's business divisions. Consequently, profit attributable to owners of the Company increased by RM3.17 million or 28.8% to RM14.19 million in Q2 FY26.

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

B1. Review of Group's Performance (continued)

	Six Months Ended			
	30.06.2026	**30.06.2025**	**Variance**	
	RM'000	**RM'000**	**RM'000**	**%**
Revenue				
- Solar photovoltaics	187,388	155,430	*31,958*	*20.6*
- Power distribution equipment	79,720	62,720	*17,000*	*27.1*
- Earthing and lightning protection	40,224	31,058	*9,166*	*29.5*
- Trading	35,989	28,096	*7,893*	*28.1*
Total revenue	343,321	277,304	*66,017*	*23.8*
Profit before tax	40,283	36,617	*3,666*	*10.0*
Profit after tax	29,572	26,256	*3,316*	*12.6*
Profit attributable to owners of the Company	26,625	23,083	*3,542*	*15.3*

Comparison between the current financial period-to-date ("6M FY26") and previous year financial period-to-date ("6M FY25")

The Group achieved revenue of RM343.32 million for 6M FY26, representing an increase of RM66.02 million or 23.8% from RM277.30 million in 6M FY25. The higher revenue was driven by strong performance across all business divisions.

The solar division remained the primary growth driver, contributing an increase in revenue of RM31.96 million to achieve revenue of RM187.39 million, mainly attributable to the progress of large-scale solar EPCC projects. The PDE division also registered higher revenue of RM79.72 million during 6M FY26, representing an increase of RM17.00 million from RM62.72 million in 6M FY25.

The ELP and trading divisions continued to deliver positive contributions, with revenue increasing by RM9.17 million and RM7.89 million respectively, supported by improved project execution and higher trading sales volumes.

In line with the increase in revenue, the Group recorded a higher profit before tax of RM40.28 million, representing an increase of RM3.67 million or 10.0% compared to RM36.62 million in 6M FY25. Consequently, profit attributable to owners of the Company increased by RM3.54 million or 15.3% to RM26.63 million, compared to RM23.08 million in 6M FY25, translating into higher basic earnings per share of 3.77 sen, compared to 3.58 sen in the corresponding period last year.

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	
	30.06.2026	**31.03.2026**		
	RM'000	**RM'000**	**RM'000**	**%**
Revenue				
- Solar photovoltaics	84,011	103,377	(19,366)	(18.7)
- Power distribution equipment	46,899	32,821	14,078	42.9
- Earthing and lightning protection	24,867	15,357	9,510	61.9
- Trading	19,657	16,332	3,325	20.4
Total revenue	175,434	167,887	7,547	4.5
Profit before tax	21,671	18,612	3,059	16.4
Profit after tax	16,729	12,843	3,886	30.3
Profit attributable to owners of the Company	14,194	12,431	1,763	14.2

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The Group recorded revenue of RM175.43 million for Q2 FY26, an increase of RM7.55 million or 4.5% compared to RM167.89 million in the preceding quarter ended 31 March 2026 ("Q1 FY26").

The PDE division recorded the highest increase in revenue among all divisions, with an increase of RM14.08 million or 42.9% compared to the Q1 FY26.This is mainly driven by higher sales order fulfilment in Q2 FY26. ELP and trading divisions also shown notable increases in revenue by 61.9% and 20.4% respectively, supported by improved project execution and higher trading sales orders in current quarter under review.

The overall increase in the Group's revenue was partially offset by a decline in revenue from the solar division by RM19.37 million or 18.7%. This was primarily due to higher revenue recognition in the preceding quarter for large scale solar EPCC projects arising from the progress of these projects.

In line with the higher revenue achieved in Q2 FY26, the Group's profit before tax rose by RM3.06 million or 16.4%, resulting in higher profit attributable to owners of the Company by RM1.76 million or 14.2% in the current quarter.

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

B3. Commentary on Prospects

Looking ahead, Pekat anticipates a sustained period of growth underpinned by resilient industry fundamentals and sustained momentum across the renewable energy and engineering sectors. Malaysia's renewable energy industry continues to benefit from supportive government policies and initiatives under the National Energy Transition Roadmap ("NETR"), which aims to accelerate the country's transition towards a low-carbon economy through the expansion of renewable energy capacity and related infrastructure.

The continued implementation of Large-Scale Solar ("LSS") programmes, including LSS5 and LSS5+, together with the launch of the LSS6 programme, is expected to support growth opportunities in solar engineering, procurement, construction and commissioning ("EPCC") activities. The integration of Battery Energy Storage System ("BESS") requirements under LSS6 is expected to further encourage the adoption of solar-plus-storage solutions. In addition, opportunities arising from the Corporate Renewable Energy Supply Scheme ("CRESS"), commercial and industrial ("C&I") rooftop solar systems, self-consumption initiatives, and residential solar programmes including the Solar Accelerated Transition Action Programme ("Solar ATAP") and Sustainable Rebate and Incentive Assistance ("SuRIA") Home programme are expected to support the long-term growth prospects of the Group's solar division.

Beyond renewable energy, increasing electricity demand driven by industrial expansion, digital infrastructure developments including data centres, and broader electrification trends are expected to support continued investments in power infrastructure. These developments may provide opportunities for the Group's PDE division and ELP division through demand for switchgears, power distribution equipment and related engineering solutions. The Group's trading division is also expected to benefit from continued demand for electrical components and related equipment.

While the industry outlook remains encouraging, the Group remains mindful of challenges arising from increasing competition, evolving regulatory requirements, project execution risks, supply chain dynamics and cost pressures. Pekat will continue to focus on disciplined project execution, prudent cost management, operational efficiency and strengthening its technical capabilities to capture emerging opportunities while maintaining financial resilience.

With its diversified business portfolio, established expertise and continued focus on sustainable growth, Pekat is well-positioned to participate in Malaysia's ongoing energy transition and deliver long-term value to its stakeholders.

Barring any unforeseen circumstances, the Board remains cautiously optimistic on the Group's performance for the remainder of the financial year ending 31 December 2026.

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

B4. Profit Forecast

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

B5. Tax Expense

	Three Months Ended		Six Months Ended	
	30.06.2026 RM'000	30.06.2025 RM'000	30.06.2026 RM'000	30.06.2025 RM'000
Current tax	5,337	5,216	11,788	11,892
Deferred tax	(395)	(494)	(1,077)	(1,531)
Total tax expense	4,942	4,722	10,711	10,361
Effective tax rate (%)	22.8	27.4	26.6	28.3

Note:

(1) The effective tax rate of the Group for the current quarter was below the statutory tax rate of 24%, mainly attributable to certain non-taxable income and higher share of profits from associates, which are not subject to tax.

For the current financial period under review, the Group's effective tax rate was slightly higher than the statutory tax rate of 24%, mainly due to certain non-deductible expenses and tax losses incurred by certain subsidiaries which are not allowed for set off against taxable profits of other subsidiaries.

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

B6. Status of Corporate Proposals

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

Private Placement

On 16 July 2025, the Company announced to undertake a private placement of up to 66,156,820 new ordinary shares in Pekat ("**Private Placement**").

On 8 October 2025, the Company announced that the issue price was fixed at RM1.68 per Placement Share. On 21 October 2025, the Private Placement was completed following the listing of and quotation for 60,000,000 Placement Shares on the ACE Market of Bursa Securities.

The status of the utilisation of the proceeds raised from the Private Placement as at 30 June 2026 are as follows:

Details of utilisation	Proposed utilisation of proceeds RM'000	Actual utilisation RM'000	Balance to be utilised RM'000	Estimated timeframe for utilisation from the receipts of proceeds
Working capital for commercial and industrial solar photovoltaic ("**PV**") projects	44,481	(26,009)	18,472	Within 12 months
Working capital for the development of future solar PV projects	46,119	(46,119)	-	Within 24 months
Working capital for the secured CGPP project	10,000	(10,000)	-	Within 6 months
Expenses for the Private Placement	200	(200)	-	Within 1 month
Total	**100,800**	**(82,328)**	18,472	

Proposed transfer of listing

On 25 June 2026, the Company announced that the Company proposed to undertake the proposed transfer of the listing of and quotation for the entire issued share capital of the Company from the ACE Market to the Main Market of Bursa Malaysia Securities Berhad ("Proposed Transfer").

On 26 June 2026, the Company announced that the Company has submitted the application in relation to the Proposed Transfer to Securities Commission Malaysia.

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

B7. Derivative Financial Assets/(Liabilities)

Types of derivatives	Contract/Notional value 30.06.2026 RM'000	Fair value 30.06.2026 RM'000	Derivative financial assets 30.06.2026 RM'000
Forward currency contracts - Less than 1 year	26,261	26,669	408

Forward currency contracts

The forward currency contracts were entered into by the Group as hedges for its overseas purchases mainly denominated in USD and RMB currency in order to manage exposure to fluctuations in foreign exchange currency rates on specific transactions.

There is no significant change for the financial derivatives in respect of the following since the previous FY25:

i. The credit risk, market risk and liquidity risk associated with those financial derivatives;
ii. The cash requirements of the financial derivatives; and
iii. The policy in place for mitigating or controlling the risks associated with those financial derivatives.

B8. Fair Value Changes of Derivative Financial Instruments

Types of derivatives	Basis of fair value measurement	Fair value gain on derivatives financial instruments 30.06.2026 RM'000
Forward currency contracts - Less than 1 year	The difference between the contracted rates and the Bank Negara closing rates	719

The fair value gain of the forward currency contracts is determined by reference to the difference between the contracted rates and the market rates as at the reporting date.

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

B9. Borrowings

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

	30.06.2026 RM'000	31.12.2025 RM'000
Current liabilities		
Secured:		
- Bankers' acceptance	5,907	2,620
- Invoice financing	8,229	4,140
- Onshore foreign currency loan	-	8,418
- Revolving credit	25,200	9,200
- Trust receipt	17,457	7,164
- Term loans	12,373	9,423
	69,166	40,965
Non-current liabilities		
Secured:		
- Term loan	111,432	120,597
Total borrowings	180,598	161,562

B10. Material Litigation

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

B11. Dividend

The Board of Directors has declared an interim dividend in respect of the financial year ending 31 December 2026 as follows:

(i) A first interim dividend of 1.0 sen per ordinary share; and

(ii) The dividend is proposed to be payable on 25 September 2026 to shareholders whose name appears in the Record of Depositors as at the close of business on 8 September 2026.

The total dividend declared for the current financial period is 1.0 sen per ordinary share.

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

B12. Earnings Per Share

(a) Basic earnings per share

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

	Three Months Ended		Six Months Ended	
	30.06.2026	**30.06.2025**	**30.06.2026**	**30.06.2025**
Profit attributable to owners of the Company (RM'000)	14,194	11,021	26,625	23,083
Weighted average number of ordinary shares ('000)	707,793	644,968	707,092	644,968
Basic earnings per share (sen)	2.01	1.71	3.77	3.58

(b) Diluted earnings per share

Diluted earnings per share is calculated by dividing profit for the period attributable to owners of the Company by weighted average number of ordinary shares in issue during the period adjusted for the effects of dilutive potential ordinary shares. The adjusted weighted average number of ordinary shares in issue and issuable has been arrived at based on the assumption that Employee Share Option Scheme ("ESOS") granted by end of the financial period:

	Three Months Ended		Six Months Ended	
	30.06.2026	**30.06.2025**	**30.06.2026**	**30.06.2025**
Profit attributable to owners of the Company (RM'000)	14,194	11,021	26,625	23,083
Weighted average number of ordinary shares (basic) ('000)	707,793	644,968	707,092	644,968
Effect of dilution from ESOS ('000)	3,393	10,945	2,806	5,503
Weighted average number of ordinary shares (diluted) ('000)	711,186	655,913	709,898	650,471
Diluted earnings per share (sen)	2.00	1.68	3.75	3.55

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

B13. Notes to Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

	Three Months Ended		Six Months Ended	
	30.06.2026	30.06.2025	30.06.2026	30.06.2025
After charging / (crediting):	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Amortisation of intangible assets	972	1,277	998	1,715
Bad debts written off	-	-	18	-
Depreciation of investment property	1	1	2	2
Depreciation of property, plant and equipment	1,633	439	2,901	1,468
Dividend income	(40)	(1)	(72)	(1)
Fair value (gain)/loss on derivative financial instruments	(372)	192	(719)	190
Fair value gain on other investments	(195)	(56)	(495)	(111)
Gain on disposal of property, plant and equipment	(62)	-	(60)	-
Interest expenses	1,497	1,640	3,130	2,771
Interest income	(232)	(210)	(461)	(376)
Inventories written down	14	-	14	-
Reversal of impairment loss on receivables	(27)	(28)	(38)	(731)
Reversal of provision for foreseeable losses	-	-	(239)	-
Share of profit of associates	(219)	(93)	(605)	(82)
Share option expenses	434	816	1,006	816
Unrealised loss/(gain) on foreign exchange	189	(177)	938	(194)

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

B14. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors on 19 August 2026.