

17 November 2025

**Minority Shareholders Watch Group (“MSWG”)**  
**(Badan Pengawas Pemegang Saham Minoriti Berhad)**  
Level 23, Unit 23-2, Menara AIA Sentral  
No. 30, Jalan Sultan Ismail  
50250 Kuala Lumpur

Attention: Ms Wahyuni Husin (Manager, Corporate Monitoring)

Dear Madam,

**Re: 15<sup>th</sup> Annual General Meeting (“AGM”) of Pecca Group Berhad (“PECCA”, the “Group” or the “Company”) to be held on Thursday, 20 November 2025**

With reference to your letter dated 12 November 2025, which was received by the Group on the same date, please find below our responses to your questions:

**A. Operational & Financial Matters**

1. The Group’s financial performance was also strengthened by its Aviation segment, which recorded a 130.0% increase in revenue compared to the previous financial year, amounting to approximately RM2.3 million from RM1.0 million in FY2024. This growth was largely driven by the completion of Maintenance, Repair, and Overhaul (MRO) projects during the financial year (Source: Page 64 of IAR 2025).

- (a) Could the Group provide a revenue breakdown for each MRO project and highlight which were the most profitable?

Please refer to the revenue breakdown below:

Services	Plane Models	Total Revenue (RM'000)	Total Revenue (%)
MRO	A320	1,728	74.2
	EC725AP	221	9.5
	Boeing 737	152	6.5
	B737-800 MAX	45	1.9
	A330	31	1.4
	Various models	66	2.8
Others	Various models	86	3.7
<b>TOTAL</b>		<b>2,329</b>	<b>100.0</b>

MRO projects represent the most profitable segment among all services offered to customers.

- (b) How much of the Group’s overall EBITDA and net profit is contributed by the Aviation segment?

The aviation segment contributes 0.3% to the Group’s overall EBITDA. Net profit from the aviation segment is at breakeven, as most of the projects under this segment are expected to materialise more significantly in the financial year ending 30 June 2026.

- (c) To date, has the Group secured any long-term contracts to support steady revenue in the Aviation segment? If so, please specify.
- Yes, the Group has secured long-term MRO projects with both local and international airlines, providing a steady and recurring revenue base for the Group's Aviation segment.
  - In addition, the Group is consistently expanding its customer base by leveraging its existing licences from the Civil Aviation Authority of Malaysia ("CAAM") and the European Union Aviation Safety Agency ("EASA") Production Organisation Approval ("POA").
2. The Group secured a supply contract with a well-known American automotive upholstery manufacturer during the year. The contract involves several new vehicle models for the North American market, with initial shipments scheduled between October and November 2025 (Source: Page 66 of IAR 2025).

- (a) What is the total value and duration of the contract with the American automotive upholstery manufacturer? Does it include an option for renewal?

The total annual contract value with the American automotive upholstery manufacturer is approximately RM2.5 million. The contract has a duration of five years, with an automatic renewal option for a further five years.

- (b) What is the expected margin from this new contract and how does it align with margins from existing products, particularly in the Replacement Equipment Manufacturer (REM) or upholstery segments?

The expected margin from this new contract is approximately 35%. This is consistent with the margins of existing products in the REM segment, and the market continues to demonstrate steady demand for customised, high-quality REM parts.

- (c) Does the Group have sufficient capacity to deliver under this contract or are there plans to expand or adjust production operations?

Yes, the current plants have sufficient capacity to deliver under this contract. With the current expansion plan in place, the Group is well-positioned to support any increase in future orders.

3. The Group had written down inventories of RM918,000 for FY2025 (FY2024: Nil) (Source: Page 182 of AR2025).

How much of the said written-down inventories were damaged, obsolete or slow moving? What were the main types of inventories that have been written-down? Are these written-down inventories still useable or saleable?

The written-down inventories of RM918,000 for FY2025 relate solely to slow-moving items within the Healthcare segment. Nevertheless, these inventories remain usable and saleable.

**B. Sustainability Matters**

1. The Group increased its spending on local suppliers to 54.2% in FY2025, up from 39.6% in FY2024. (Source: Page 91 of IAR 2025)

(a) What is the breakdown of procurement spending between local and foreign suppliers?

Please refer to the revenue breakdown below:

Suppliers	Total Procurement Spending (RM'000)	Total Procurement Spending (%)
Local	50,623	54.2
Foreign	42,832	45.8
<b>TOTAL</b>	<b>93,455</b>	<b>100.0</b>

(b) Given that essential materials are sourced overseas, how does the Group ensure supply stability? Are local sources being considered to minimise reliance on imports?

- The Group adopts a multi-supplier procurement approach, sourcing both locally and internationally to ensure a stable supply of high-quality essential materials and to mitigate supplier concentration risk.
- Whenever local sources are available, have passed quality assurance testing, and are approved by customers based on their specifications, the Group procures these materials locally for production to reduce reliance on imports.

(c) Has the Group set a timeline for increasing the use of local suppliers over the next 2-3 years? If yes, please provide details on the strategies to achieve this target.

- The Group is actively increasing its use of local suppliers whenever possible, based on the material availability, quality, and price, while ensuring compliance with customers' specifications.
- Ongoing efforts to identify and evaluate suitable local suppliers are carried out periodically, enabling qualified suppliers to be added to the Group's approved supplier list.

Yours sincerely,



Tan Han Leong  
Chief Financial Officer