

CONTRIBUTING TO ECONOMIC GROWTH

Material Topic: Economic Performance

Generate Higher Economic Value via Better Financial Performance

The Group's revenue is generated primarily from the automotive segment, which involves styling, manufacturing, distribution and installation of upholstery for car seat covers, as well as the supply of leather cut pieces to the automotive upholstery industry. Our other segments include healthcare and aviation.

Our financial performance is directly proportional to our Group's revenue generating capabilities. The table below shows a summary of the Group's financial performance for the past three financial years:

Direct Economic Value Generated and Retained (RM million)

	FY2021	FY2022	FY2023
Revenue	144.8	164.4	221.3
Profit Before Tax	25.8	29.3	46.9
Profit for the year attributable to the owners of the Company	19.2	22.9	35.4

For the current financial year, Pecca has generated a total direct economic value of RM 221.3 million, an increase of RM56.9 million or 34.6% from the prior year.

Pecca rewards its shareholders through dividends as follow:

	FY2021	FY2022	FY2023
Dividend for the financial year (RM million)	11.9	15.5	17.7
Dividend payout ratio	61.9%	67.7%	50.1%

For more information on our financial performance, please refer to our Financial Statements.

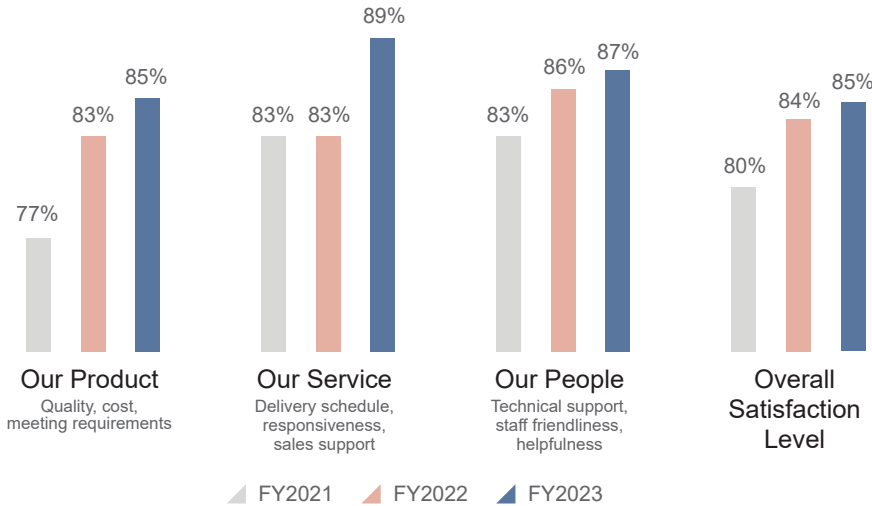
Prioritise Customer Satisfaction

The flowchart below outlines our end-to-end processes from pre-purchase to post-purchase:



Material Topic: Economic Performance (Cont'd)

Customer Satisfaction Level

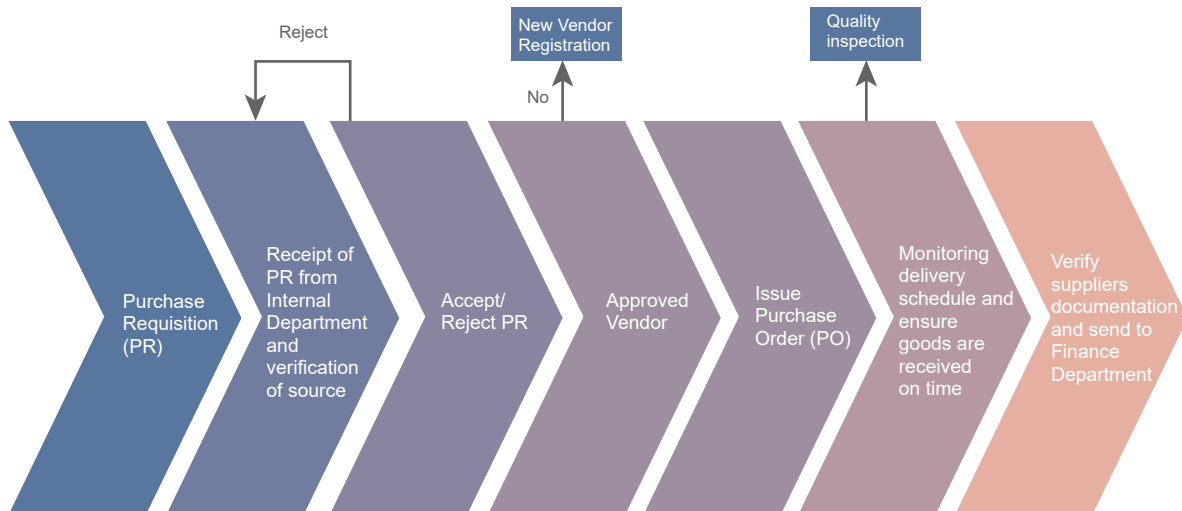


Based on the overall customer satisfaction levels, we were rated at a score of 85%, an improvement from the previous year (FY2022: 84%), as well as above our internal customer satisfaction target of 80%. The rating on our product, service and people have also improved compared to previous year.

Material Topic: Procurement and Supply Chain Management

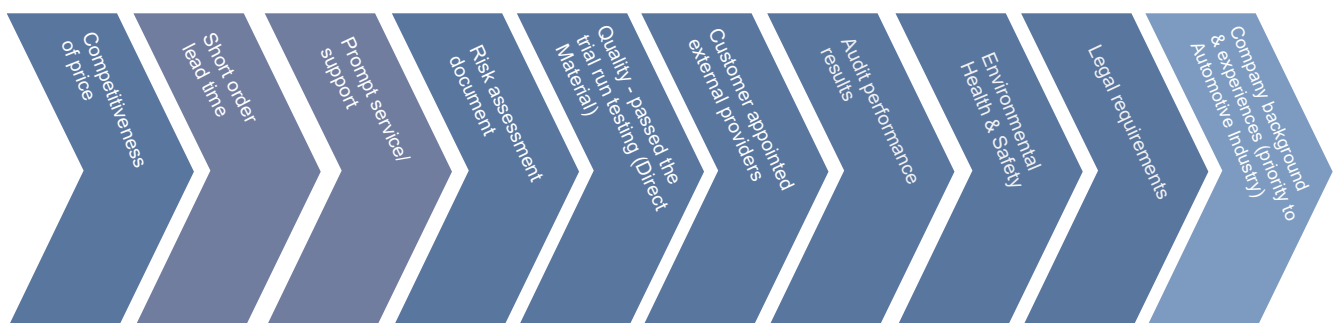
Strengthen Purchasing Processing Flow and Purchasing Control Framework

Overview of our Purchasing Processing Flow:



Selection Criteria for New Suppliers

The full list of supplier selection criteria is as follow:



Material Topic: Procurement and Supply Chain Management (Cont'd)

Apart from a set of criteria to evaluate and verify our suppliers, our Purchasing Department and operation members perform additional safeguards through physical factory site visits and audits to perform product development, testing and inspection as shown below.



Comprehensive Supplier Performance Assessment

In FY2023, all of our 50 active direct material suppliers and all service providers are assessed via the yearly Supplier Performance Assessment, which include environmental and social considerations. Additionally, Pecca carries out yearly audits for active direct suppliers or suppliers with quality issues, while the rest of the suppliers shall conduct self-audit evaluations.

Material Topic: Procurement and Supply Chain Management (Cont'd)

Comprehensive Supplier Performance Assessment (Cont'd)

Overview of Suppliers Performance Assessment Criteria:

Criteria	Scope
Delivery	<ul style="list-style-type: none"> · Timely Delivery · Delivers correct item & quantity · Meets due date without constant follow-up/services · Response on urgent needs · Shorter lead time request
Quality	<ul style="list-style-type: none"> · Conformity to meet product and service specification · Commitment to improve quality · Accurate documentation provided · Compliance to statutory & regulatory requirements
Cost	<ul style="list-style-type: none"> · Competitive pricing/value · Price stability/accuracy · Commitment to cost reduction
Service	<ul style="list-style-type: none"> · Speed of quotation · Responsiveness to urgency/complaints · Accessibility to after sales service · Technical assistance/ability
Environmental Health & Safety	<ul style="list-style-type: none"> · Certified EMS ISO 14001, OHS ISO 45001 · Incur accident during supply of product / services · Compliance to Pecca's EHS guidelines · Environmental, Health & Safety Awareness/Permit to Work · Housekeeping after completion of job
Child Labour	<ul style="list-style-type: none"> · Compliance to The Child Act 2001

Increase Purchases From Sustainable Local Suppliers

