



PROPEL GLOBAL BERHAD

**(Registration No.: 202001023868 (1380188-P))
(Incorporated in Malaysia)**

Quarterly Report 31 December 2024

PROPEL GLOBAL BERHAD

(Registration No.: 202001023868 (1380188-P))
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 2ND QUARTER ENDED
31 December 2024

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	31.12.2024 RM'000 Unaudited	31.12.2023 RM'000 Unaudited	31.12.2024 RM'000 Unaudited	31.12.2023 RM'000 Audited
Revenue	28,337	35,074	62,666	62,708
Cost of sales	(22,615)	(31,038)	(51,146)	(54,938)
Gross profit	5,722	4,036	11,520	7,770
Other income	487	5,113	849	9,630
Operating expenses	(7,239)	(7,915)	(17,232)	(14,958)
(Loss)/Profit from operations	(1,030)	1,234	(4,863)	2,442
Finance costs	(485)	(299)	(668)	(643)
(Loss)/Profit before tax	(1,515)	935	(5,531)	1,799
Income tax expense	(1,229)	(154)	(1,665)	(816)
(Loss)/Profit for the period, representing total comprehensive income/(loss) for the financial period	(2,744)	781	(7,196)	983
(Loss)/Profit for the financial period attributable to :				
- Owners of the company	(2,758)	676	(7,274)	708
- Non-controlling interests	14	105	78	275
	(2,744)	781	(7,196)	983
Total comprehensive income/(loss) for the period attributable to:				
- Owners of the company	(2,758)	676	(7,274)	708
- Non-controlling interests	14	105	78	275
	(2,744)	781	(7,196)	983
(Loss)/Earnings per share (sen)				
- Basic	(0.41)	0.11	(1.09)	0.11
- Diluted	(0.41)	0.11	(1.09)	0.11

Note:

- i) These condensed consolidated statement of profit or loss should be read in conjunction with the audited financial statements for the financial year ended 30 June 2024 and accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	31.12.2024 RM'000 Unaudited	30.06.2024 RM'000 Audited
Non Current Assets		
Property, plant and equipment	5,717	5,690
Right-of-use assets	5,896	7,065
Investment properties	3,060	3,060
Inventories	24,785	24,325
Intangible assets	22,341	22,407
Investment in quoted shares	982	1,745
Investment in unquoted shares	2,341	2,341
Investment in joint ventures	-	-
Other receivables	3,370	2,350
Total Non Current Assets	<u>68,492</u>	<u>68,983</u>
Current Assets		
Inventories	7,489	8,541
Trade receivables	48,472	45,809
Other receivables, deposits and prepayments	11,951	12,961
Contract assets	21,970	34,191
Current tax assets	1,750	1,256
Other investments	-	2,748
Cash and bank balances and deposits	23,205	29,400
Assets classified as held for sales	-	3,000
Total Current Assets	<u>114,837</u>	<u>137,906</u>
Current Liabilities		
Loans and borrowings	1,259	1,599
Lease liabilities	1,330	1,642
Trade payables	20,236	33,228
Provisions, other payables and accrued expenses	14,413	24,032
Contract liabilities	17,046	19,090
Current tax liabilities	1,760	587
Total Current Liabilities	<u>56,044</u>	<u>80,178</u>
Net Current Assets	58,793	57,728
	<u>127,285</u>	<u>126,711</u>

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024

	31.12.2024 RM'000 Unaudited	30.06.2024 RM'000 Audited
Financed by:		
Share capital	137,121	131,786
Accumulated losses	(38,794)	(32,301)
	<hr/>	<hr/>
	98,327	99,485
Non-controlling interests	1,650	7,515
	<hr/>	<hr/>
Total Equity	99,977	107,000
	<hr/>	<hr/>
Non Current Liabilities		
Loans and borrowings	22,056	13,638
Lease liabilities	3,228	3,865
Deferred tax liabilities	200	200
Trade payables	1,803	1,997
Contract liabilities	21	11
	<hr/>	<hr/>
Total Non Current Liabilities	27,308	19,711
	<hr/>	<hr/>
	127,285	126,711
	<hr/>	<hr/>
Net assets per share (sen)	13.84	17.71
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Note:

- i) These condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2024 and accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 2ND QUARTER ENDED 31 December 2024

<-Attributable to owners of the Company->

	<u>Non-Distributable</u>		<u>Non-controlling interests</u>	
	Share Capital RM'000	Accumulated Losses RM'000	Total RM'000	Total RM'000

6 months ended 31 December 2024

At 1 July 2024	131,786	(32,301)	99,485	7,515	107,000
(Loss)/Profit for the financial period	-	(7,274)	(7,274)	78	(7,196)
Total comprehensive income/(loss) for the financial period	-	(7,274)	(7,274)	78	(7,196)

Transactions with owners

Issuance of shares pursuant to private placement exercise	5,335	-	5,335	-	5,335
Change in ownership interests of subsidiaries	-	781	781	(5,943)	(5,162)
Total transactions with owners	5,335	781	6,116	(5,943)	173

At 31 December 2024

	<u>137,121</u>	<u>(38,794)</u>	<u>98,327</u>	<u>1,650</u>	<u>99,977</u>
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6 months ended 31 December 2023

At 1 July 2023	120,868	(38,014)	82,854	7,232	90,086
Profit for the financial period	-	708	708	275	983
Total comprehensive income for the financial period	-	708	708	275	983

Transactions with owners

Issuance of shares pursuant to private placement exercise	9,367	-	9,367	-	9,367
Total transactions with owners	9,367	-	9,367	-	9,367

At 31 December 2023

	<u>130,235</u>	<u>(37,306)</u>	<u>92,929</u>	<u>7,507</u>	<u>100,436</u>
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Note:

- i) These condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2024 and accompanying explanatory notes attached to these interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 2ND QUARTER ENDED 31 December 2024

	Current Period Ended 31.12.2024 RM'000 Unaudited	Preceding Period Ended 31.12.2023 RM'000 Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(5,531)	1,799
Adjustments for:		
Amortisation on intangible assets	72	-
Bad debts written off	7	1
Depreciation of:		
- property, plant and equipment	587	711
- right-of-use assets	962	798
Fair value gain/(loss) on:		
- equity instruments	(6)	(54)
- quoted shares	764	-
Finance costs	668	643
Gain on disposal of:		
- assets classified as held for sale	-	(951)
- equity instruments	(4)	-
- investment in subsidiary	-	(4,178)
Impairment losses on goodwill	200	-
Interest income	(213)	(198)
Net unrealised foreign exchange loss/(gain)	135	(43)
Right-of-used assets written off	2	-
Reversal of impairment losses on:		
- other receivables and deposits	-	(215)
- trade receivables	-	(1,601)
Net loss on financial liabilities carried at amortised costs	90	(121)
Waiver of debts received	-	(1,534)
Changes in working capital:		
Inventories	593	(1,204)
Trade and other receivables	(2,643)	8,425
Contract assets	12,221	(3,769)
Trade and other payables	(23,166)	14,246
Contract liabilities	(2,034)	1,198
Cash flows used in operations	(17,296)	13,953
Income tax paid	(986)	(457)
Net cash (used in)/from operating activities	(18,282)	13,496

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS QUARTERLY REPORT ON THE UNAUDITED RESULTS FOR THE 2ND QUARTER ENDED 31 December 2024

	Current Period Ended 31.12.2024 RM'000 Unaudited	Preceding Period Ended 31.12.2023 RM'000 Unaudited
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of a subsidiary, net of cash acquired	(200)	(19,280)
Acquisition of interests in subsidiaries	(5,162)	-
Acquisition of unquoted shares	-	(2,341)
Interest received	211	198
Proceeds from disposal of:		
- assets classified as held for sale	3,000	7,844
- a subsidiary, net of cash disposed	-	15,262
Purchase of property, plant and equipment	(438)	(381)
Purchase of intangible assets	(6)	-
Purchase of investment properties	-	(1,600)
Purchase of land held for property development	-	(15,381)
Withdrawal of fixed deposits pledged with licensed bank	(734)	2,021
Withdrawal of fixed deposits with licensed banks with maturity more than 3 months	5,510	1,255
Withdrawal of investment in money market funds	2,761	(7,826)
Net cash from/(used in) investing activities	4,942	(20,229)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(236)	(471)
Proceed from issuance of shares	5,335	9,367
Drawdown/(Repayment) of loans and borrowings	7,921	(10,482)
Repayment of lease liabilities	(918)	(549)
Net cash from/(used in) financing activities	12,102	(2,135)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,238)	(8,868)
Effect of exchange rate fluctuation on cash and cash equivalents	(181)	15
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	16,965	22,595
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	15,546	13,742
CASH AND CASH EQUIVALENTS COMPRISE:		
Cash and bank balances	11,537	15,643
Restricted cash	_*	_*
Fixed deposits with licenced banks	11,668	10,233
Bank overdraft	-	(2,715)
	23,205	23,161
Less: Fixed deposits pledged with licensed banks	(7,659)	(9,419)
Restricted cash	_*	_*
	15,546	13,742

* Represent amount less than RM1,000.

Note:

- i) These condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the financial year ended 30 June 2024 and 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 statements are unaudited and have been prepared in accordance with the requirements of the Malaysian Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad ("Bursa Securities"). The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 30 June 2024.

The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2024.

A2 Significant Accounting Policies

In the preparation of this condensed consolidated interim financial statements, the accounting policies and the method of computation of the most recent annual financial statements were followed except as disclosed below:

At the date of authorisation of these interim financial statements, the following MFRSs and amendments to MFRSs were issued and they are not expected to have material impact on the financial statements of the Group.

		Effective dates for financial years <u>beginning on or after</u>
Amendments to MFRS 16	Lease liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024

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A2 Significant Accounting Policies (Cont'd)

Standards and Amendments in issue but not yet effective

At the date of authorisation of these interim financial statements, the following MFRSs and amendments to MFRSs were issued but not yet effective and not early adopted by the Group and they are not expected to have material impact on the financial statements of the Group.

		<u>Effective dates for financial years beginning on or after</u>
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements - Volume 11	Amendments to MFRS 1 Amendments to MFRS 7 Amendments to MFRS 9 Amendments to MFRS 10 Amendments to MFRS 107	1 January 2026
MFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	Subsidiaries without Public Accountabilities: Disclosures	1 January 2027
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

A3 Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements of the Group for the financial year ended 30 June 2024 was not subject to any qualification.

A4 Seasonal or Cyclical Factors

The business of the Group is not subject to any seasonal or cyclical fluctuation.

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

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group for the period under review.

A6 Changes in Significant Accounting Estimates and Judgements

There were no significant changes in the estimates of the amount reported in the period under review.

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A7 Debt and Equity Securities

Save as disclosed in Note B7, during the financial period ended 31 December 2024, there were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities.

A8 Dividends Paid

No dividend has been declared or paid for current financial period (2024: RM Nil).

A9 Segment Information

Segments	Quarter ended 31 December 2024		Quarter ended 31 December 2023	
	Revenue RM'000	Profit/(Loss) before tax RM'000	Revenue RM'000	Profit/(Loss) before tax RM'000
O&G	21,364	3,358	18,484	1,557
TS	2,866	(3,110)	15,583	226
ICT	4,096	2,701	971	463
Others	11	(4,464)	36	(1,311)
	<u>28,337</u>	<u>(1,515)</u>	<u>35,074</u>	<u>935</u>

Segments	Financial period ended 31 December 2024		Financial period ended 31 December 2023	
	Revenue RM'000	Profit/(Loss) before tax RM'000	Revenue RM'000	Profit/(Loss) before tax RM'000
O&G	41,668	4,767	37,466	6,548
TS	14,070	(3,336)	24,198	112
ICT	6,881	3,270	971	463
Others	47	(10,232)	73	(5,324)
	<u>62,666</u>	<u>(5,531)</u>	<u>62,708</u>	<u>1,799</u>

The four reportable operating segments are as follows:

Segments	Products and services
Oil & Gas ("O&G")	Provision of heavy machineries and related manpower services, maintenance services for air-conditioning, ventilation system, and specialised oilfield services in pipe recovery, well intervention and diagnostic, production enhancement to the oil and gas industry, and providing engineering and technical works for the oil and gas industry.
Technical services ("TS")	Provision of services in the industrial, commercial and residential construction and office maintenance.
Information and Communications Technology ("ICT")	Provision of ICT services and related activities and trading in ICT hardware, software and spare parts.
Others	Investment holding and business other than the above.

A10 Valuation of Property, Plant and Equipment (PPE)

The valuation of PPE and investment properties have been brought forward without amendment from the financial statements for the financial year ended 30 June 2024.

A11 Subsequent Events

There were no material events subsequent to the current interim financial period up to the date of this report.

A12 Changes in the Composition of the Group

- i. On 3 June 2024, the Company had entered into a conditional share sale agreement (“SSA”) with Mr Choong Chin Wei to acquire 2,000,000 ordinary shares in JCCW Capital Sdn Bhd (“JCCW”) representing 100% of the equity interest of JCCW for a total cash consideration of RM0.2 million. The acquisition of JCCW was completed on 10 September 2024. Upon completion of the acquisition, JCCW will become a wholly-owned subsidiary of the Company.

JCCW is carrying on the business of money lending.

- ii. On 26 August 2024, the Company incorporated Propel Water Sdn Bhd (“PWSB”) with 100 ordinary shares for a total cash consideration of RM100, representing 100% equity interest in PWSB.

PWSB is carrying on the business of water collection, treatment and supply or sewerage and similar activities.

- iii. On 27 September 2024, Propel Oilfield Services Sdn Bhd (“POSSB”) entered into a conditional SSA with Jasniazrin Shah Bin Mohd Hata and Tan Siew Lee to acquire 390,000 ordinary shares in Best Wide Engineering (M) Sdn Bhd (“BWE”) representing 39% of the equity interest of BWE for a total cash consideration of RM6.2 million. The acquisition of BWE which was completed on 14 October 2024, resulted in an increased in equity interest in BWE to 90%. On 4 November 2024, BWE issued 836,735 new ordinary shares. As a result of the enlarged share capital, the Company’s equity interest in BWE was reduced to 49%.

- iv. On 1 November 2024, the Company acquired by way of subscription of fifty-one (51) ordinary shares of RM1 each in Wellington Ventures Sdn Bhd (“WVSB”), representing 51% of the issued and paid-up share capital of WVSB for a total consideration of RM51.

WVSV is carrying on the business of venture capital.

- v. On 20 November 2024, the Company acquired 100% equity interests in Idaman Dunia Sdn Bhd (“IDSB”) for a purchase consideration of RM1.

IDSB is carrying on the business of investment holding.

- vi. On 26 November 2024, the Company acquired the remaining 49 ordinary shares, representing a 49% equity interest in Kemajuan Builders Sdn Bhd (“KBSB”), resulting in KBSB becoming a wholly-owned subsidiary. On 17 December 2024, KBSB issued 1,999,900 new ordinary shares where the Company subscribed to 979,900 of these shares which resulted in a total holding of 980,000. As a result of the enlarged share capital, the Company’s equity interest in KBSB was reduced to 49%.

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A12 Changes in the Composition of the Group (Cont'd)

- vii. As of 7 February 2025, the Company has investment in 105,000 ordinary shares in Agensi Pekerjaan Capcon Sdn Bhd ("CAPCON"), representing 30% equity interest in the associate company, CAPCON, at investment cost of RM105,000.

CAPCON is operating as a private employment agency and carries on the business of recruitment and placement of workers to other companies.

A13 Contingent Assets and Contingent Liabilities

As at 31 December 2024, the Company has provided corporate guarantee of RM4.0 million (30 June 2024: RM6.5 million) for banking facilities granted to certain subsidiaries.

There are no other material contingent assets and contingent liabilities as at the date of this report.

A14 Capital Commitments

There were no material commitments as of the date of this report.

A15 Significant Related Party Transaction

During the financial period, significant related party transactions undertaken between the Company with related parties, which are negotiated based on agreed terms and conditions, are as follows:

	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
<u>Transactions with related companies:</u>				
Management fee income	2,202	830	4,404	1,826
Dividend income	2,000	4,000	2,000	4,000
Interest income	58	137	129	340
Rental income	35	39	70	87
Rental expenses	<u>(16)</u>	<u>(16)</u>	<u>(33)</u>	<u>(29)</u>

A16 Financial Instruments

The carrying amounts of current financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of non-current borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or hire purchase arrangements at the reporting date.

Financial Instruments that are measured at fair value on a recurring basis

All assets for which fair value is disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 : Quoted (unadjusted) prices in an active market for identical assets or liabilities.
- Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

B EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES") FOR THE MAIN MARKET

B1 Review of Performance

a. Current Quarter Results ("Q2 FY2025") Vs Preceding Year's Corresponding Quarter Results ("Q2 FY2024")

The Group recorded revenue of RM28.3 million and loss before tax ("LBT") of RM1.5 million for Q2 FY2025, in comparison to revenue of RM35.1 million and profit before tax ("PBT") of RM0.9 million reported in the preceding year corresponding quarter.

i. O&G Segment

The O&G Segment recorded revenue and PBT of RM21.4 million and RM3.4 million respectively in Q2 FY2025, as compared to revenue and PBT of RM18.5 million and RM1.6 million reported in the preceding year corresponding quarter.

The higher revenue reported in Q2 FY2025 was driven by the Engineering, Procurement, Construction & Commissioning ("EPCC") projects and Marine Heating, Ventilation and Air-conditioning ("HVAC") projects. Consequently, this has resulted in better PBT reported in Q2 FY2025.

B1 Review of Performance (Cont'd)

a. Current Quarter Results (“Q2 FY2025”) Vs Preceding Year's Corresponding Quarter Results (“Q2 FY2024”) (Cont'd)

ii. TS Segment

The TS Segment recorded revenue of RM2.9 million in Q2 FY2025 compared to RM15.6 million in the preceding year corresponding quarter. The revenue fell sharply mainly due to fewer progress claims from construction work activities in the TS Segment, as the major construction projects were completed. Consequently, it resulted in an LBT report in Q2 FY2025. Additionally, a provision of Liquidated Ascertained Damages (“LAD”) from a construction project, amounting to RM1.7 million, was recognised in Q2 FY2025.

iii. ICT Segment

The ICT segment in Q2 FY2025 recorded revenue and PBT of RM4.1 million and RM2.7 million respectively, as compared to revenue and PBT of RM1 million and RM0.5 million reported in the preceding year corresponding quarter. ICT was a new segment in Q2 FY2024, which only covered one month's financial performance, hence, it was not comparable.

iv. Other Segment

The Other Segment reported LBT of RM4.5 million in the Q2 FY2025 (Q2 FY2024: RM1.3 million), mainly comprising corporate administrative expenses, such as professional charges and staff costs. The one-off gain on the disposal of investment in a subsidiary, amounting to RM4.2 million in Q2 FY2024, was absent in the quarter under review. Without the aforementioned gain on disposal, LBT in Q2 FY2025 has slightly decreased.

b. Financial period for the six months ended 31 December 2024 (“6M FY2025”) compared with six months ended 31 December 2023 (“6M FY2024”)

The Group recorded revenue of RM62.7 million and LBT of RM5.5 million for 6M FY2025, in comparison to revenue of RM62.7 million and PBT of RM1.8 million reported in the preceding year corresponding quarter.

i. O&G Segment

The O&G Segment recorded revenue and PBT of RM41.7 million and RM4.8 million respectively in 6M FY2025, as compared to revenue and PBT of RM37.5 million and RM6.5 million reported in the preceding year corresponding quarter.

The higher revenue reported in 6M FY2025 was driven by the EPCC and HVAC projects. However, the segment's PBT decreased by RM1.7 million from RM6.5 million in 6M FY2024 mainly due to the absence of the reversal of impairment loss on receivables and waiver of debts received, amounting to RM1.3 million and RM1.5 million respectively, in the quarter under review.

B1 Review of Performance (Cont'd)

b. Financial period for the six months ended 31 December 2024 (“6M FY2025”) compared with six months ended 31 December 2023 (“6M FY2024”) (Cont'd)

ii. TS Segment

The TS Segment recorded revenue and LBT of RM14.1 million and RM3.3 million respectively in 6M FY2025, as compared to revenue and PBT of RM24.2 million and RM0.1 million respectively in the preceding year corresponding quarter.

The revenue fell sharply mainly due to fewer progress claims from construction work activities in the TS Segment, as the major construction projects were completed. Consequently, it resulted in an LBT report in 6M FY2025. Additionally, a provision of LAD from a construction project, amounting to RM1.7 million, was recognised in 6M FY2025.

iii. ICT Segment

The ICT Segment recorded revenue and PBT of RM6.9 million and RM3.3 million respectively in 6M FY2025, as compared to revenue and PBT of RM1.0 million and RM0.5 million respectively in the preceding year corresponding quarter. ICT was a new segment in 6M FY2024, which only covered one month's financial performance, hence, it was not comparable.

iv. Other Segment

The Other Segment reported LBT of RM10.2 million in 6M FY2025 (6M FY2024: RM5.3 million), mainly comprising corporate administrative expenses, such as professional charges and staff costs. The one-off gain on the disposal of investment in a subsidiary and investment properties, amounting to RM4.2 million and RM0.8 million respectively in 6M FY2024, was absent in the quarter under review.

B2 Comparison of Profit/(Loss) Before Taxation with the Immediate Preceding Financial Quarter

	Quarter ended 31.12.2024 RM'000	Quarter ended 30.09.2024 RM'000
Revenue	28,337	34,329
Loss/(Profit) before tax	(1,515)	(4,016)

The Group reported a revenue of RM28.3 million in the current quarter compared to RM34.3 million in the preceding financial quarter, representing a decrease of RM6.0 million or 17.5%. This decrease is mainly due to a sharp drop in the revenue contributed by the TS Segment, attributed to fewer progress claims from construction work activities as the major construction projects were completed.

Despite the drop in revenue in the current quarter, the Group's loss has been mitigated to an LBT of RM1.5 million in the current quarter compared to an LBT of RM4.0 million in the immediate preceding quarter. This is mainly due to the higher margin contributed by the provision of ICT services and maintenance jobs. Additionally, the exceptional items such as foreign exchange loss of RM1.1 million and impairment losses on goodwill of RM0.2 million were absent in the current quarter.

B3 Prospects

The Group remains vigilant of the evolving global economic landscape, particularly in light of ongoing geopolitical tensions and potential shifts in trade policies following the recent US presidential election. While these factors may introduce market uncertainties, Malaysia's economic outlook remains positive. Under Budget 2025, the nation's GDP is projected to grow between 4.5% and 5.5%, supported by robust domestic consumption, investment activities, and government-led initiatives to sustain economic stability.¹

Looking inwards, the Bank Negara Malaysia ("BNM") has opted to maintain the Overnight Policy Rate ("OPR") at 3%, underscoring confidence in Malaysia's economic fundamentals. Growth momentum is expected to persist into 2025, driven by resilient domestic expenditure, employment growth, and policy measures, including upward revisions to the minimum wage and civil servant salaries. Additionally, multi-year infrastructure and industrial projects, both private and public, which will support investment expansion, further boosting Malaysia's economic productivity and exports.²

The Group continues to monitor developments in the oil and gas sector, particularly in light of Petronas' RM300 billion capital expenditure allocation for the period of 2023–2027. While market speculation suggests potential adjustments to this allocation, **PGB remains prudent and adaptable in navigating any changes in industry spending.** Petronas' ongoing contract awards, particularly in maintenance, construction, and modification ("MCM") services, continue to present opportunities for PGB, following the increased stake in Best Wide Engineering Sdn. Bhd. ("BWE") to 90%.³

The Heating, Ventilation, and Air Conditioning ("HVAC") industry is on a strong growth trajectory, with the global market expected to expand at 7.4% annually through 2030. The demand for commercial air conditioning systems is set to grow at a similar pace (7.43%), while investments in HVAC service management software are projected to reach \$1.09 billion by 2030.⁴

Aligned with Malaysia's National Energy Transition Roadmap ("NETR") and its goal of achieving net-zero emissions by 2050, PGB is committed to expanding its sustainable HVAC solutions. Budget 2025's RM300 million allocations to NETR provides an opportunity for businesses to adopt energy-efficient technologies, which will further drive demand for HVAC services across key industries such as healthcare, warehousing, and manufacturing. Additionally, with the potential introduction of a carbon tax in 2026, businesses are increasingly incentivized to transition towards greener operations. PGB remains at the forefront of this transformation by delivering innovative and sustainable HVAC solutions.⁵

The Group continues to expand its ICT-related offerings, including hardware, software, and digital services, to capture opportunities in Malaysia's ongoing digital transformation initiatives. Diversification into ICT solutions enhances revenue resilience and complements PGB's core business segments.

While the Group remains optimistic about future opportunities, we continue to adopt a prudent and strategic approach in response to evolving economic conditions. By remaining agile and proactive, PGB ensures resilience against market volatilities while maintaining its focus on operational efficiency, strategic investments, and sustainable growth.

¹ <https://www.pwc.com/my/en/issues/budget2025.html>

² <https://www.bnm.gov.my/-/monetary-policy-statement-22012025>

³ <https://theedgemaalaysia.com/node/740092>

⁴ <https://themalaysianreserve.com/2025/02/05/hvac-businesses-set-to-benefit-from-increased-consumer-spending/>

⁵ <https://www.nst.com.my/news/nation/2024/10/1122177/2025-budget-accelerates-clean-energy-transition-solarvest-keen-kenyir>

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B4 Variances from Profit Forecast and Profit Guarantee

The disclosure requirements for explanatory notes for variances from profit forecast or profit guarantee are not applicable.

B5 Income Tax Expense

	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
In respect of the current period:				
Current Income tax				
- Current period	1,229	178	1,665	834
- Prior year	-	(24)	-	(24)
Real Property Gain Tax ("RPGT")	-	-	-	60
	<u>1,229</u>	<u>154</u>	<u>1,665</u>	<u>870</u>
Deferred tax				
- Current period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(54)</u>
Total	<u>1,229</u>	<u>154</u>	<u>1,665</u>	<u>816</u>

The Group's effective tax rate for the current quarter and current financial period was higher than the statutory tax rate mainly due to certain expenses which are not tax deductible and taxable profits reported by certain companies within the Group.

B6 Sale of Unquoted Investments and Properties

On 22 January 2024, Propel Urusharta Sdn Bhd ("PUSB"), a wholly-owned subsidiary of the Group, entered into letters of offer and acceptance to dispose of three shophouse units for a total cash consideration of RM3.0 million. The disposal of three shophouse units was completed as of the date of this report.

B7 Status of Corporate Proposals

On 27 September 2024, the Company proposed to undertake a proposed private placement of up to 67,585,234 new ordinary shares in the Company, representing up to approximately 10% of the total number of issued shares of the Company, to independent third-party investor(s) to be identified, at an issue price to be determined at a later date.

Subsequently on 14 October 2024 and 29 October 2024, the Company had issued 17,495,652 and 28,893,566 new ordinary shares respectively at issue price of RM0.115 per share pursuant to this private placement.

This Private Placement has yet to be completed as of the date of this report.

B8 Other information

On 31 October 2023, the Company proposed allocation of options under the employee share option scheme or award of new ordinary shares in Propel Global Berhad ("PGB") under the executive share grant scheme to Mohamad Reza Bin Abdul Mutalib, the Executive Chairman/Group Managing Director of PGB, under the Long Term Incentive Plan ("LTIP") of PGB.

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B8 Other information (Cont'd)

The Proposed LTIP allocation was approved by its shareholders at an Extraordinary General Meeting convened on 8 December 2023.

On 4 November 2024, the Company announced that the Company has made the following award of share grant and offer of share options to the Executive Chairman, the details of which are set out below:

- (i) the award of 2,500,000 new ordinary shares of the Company under the Executive Share Grant Scheme (ESGS) comprised in the LTIP (“Share Grant”); and
- (ii) the offer of 5,000,000 share options under the Employee Share Option Scheme comprised in the LTIP (“Share Option”).

The vesting period of the Share Grant is 2 January 2025 for one half, and the other half is 2 January 2026, whereas the vesting period of the Share Options is 1 July 2025 for one half, and the other half is 1 July 2026.

On 4 December 2024, the Share Grant and Share Option offered to the Executive Chairman have been fully accepted. The Share Grant has yet to vest to the Executive Chairman as of the date of this report.

B9 Utilisation of proceeds

On 27 September 2024, the Company proposed to undertake a proposed private placement of up to 67,585,234 new ordinary shares in the Company, representing up to approximately 10% of the total number of issued shares of the Company, to independent third-party investor(s) to be identified, at an issue price to be determined at a later date.

Subsequently on 14 October 2024 and 29 October 2024, the Company had issued 17,495,652 and 28,893,566 new ordinary shares respectively at issue price of RM0.115 per share pursuant to this private placement and raised proceeds of RM5.3 million are utilised as follows:

Purpose	Proposed Utilisation	Proceed Raised	Actual Utilisation	Reallocation	Balance to Utilise	Expected Time Frame for Utilisation
	RM'000	RM'000	RM'000	RM'000	RM'000	
Business expansion plans	5,100	5,100	(5,068)	(32)	-	Within 6 months
Working capital for overheads	3,025	235	(267)	32	-	Within 12 months
Private placements expenses	120	-	-	-	-	Upon completion
	8,245	5,335	(5,335)	-	-	

The proposed utilisation of the proceeds as disclosed above should be read in conjunction with the announcement made by the Company dated 27 September 2024.

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B10 Group's borrowings and debt securities

The Group's borrowings are as follows:

	Short-term RM'000	Long-term RM'000	Total Outstanding RM'000
<u>Secured borrowings</u>			
Term loans	1,259	22,056	23,315

B11 Material litigations

There were no material litigations as at date of this report.

B12 Proposed Dividends

No dividend has been proposed for payment for the quarter under review.

B13 (Loss)/Earnings per share

(a) Basic (loss)/earnings per share

	Current Quarter 3 months ended		Cumulative Quarter 6 months ended	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Net (loss)/profit for the period attributable to ordinary equity holders of the Company (RM'000)	(2,758)	676	(7,274)	708
Weighted average number of shares in issue ('000)	667,439	631,617	667,439	631,617
Basic (loss)/earnings per share (sen)	(0.41)	0.11	(1.09)	0.11

(b) Diluted (loss)/earnings per share

The basic and diluted earnings per ordinary shares is the same as the Company has no dilutive potential ordinary shares.

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B14 Additional disclosure as per Appendix 9B, Part A, Note 16 of Bursa Listing Requirement of Bursa Malaysia Securities Berhad

	Current Quarter		Cumulative Quarter	
	3 months ended		6 months ended	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
The following amounts have been included in arriving at (loss)/profit before tax:				
Amortisation on intangible assets	36	-	72	-
Bad debts written off	7	-	7	1
Depreciation of:				
- property, plant and equipment	315	372	587	711
- right-of-use assets	471	346	962	798
Fair value loss on quoted shares	219	-	764	-
Impairment loss on goodwill	(1)	-	200	-
Interest expenses	485	299	668	643
Loss on foreign exchange				
- realised	554	31	835	127
- unrealised	-	268	418	126
Right-of-used assets written off	2	-	2	-
Unwinding of discount of financial liabilities carried at amortised costs	43	59	90	121
and after crediting:				
Bad debts recovery	-	19	-	19
Interest income	130	107	213	198
Fair value gain on equity instruments	-	-	6	54
Gain on disposal of:				
- assets classified as held for sale	-	138	-	951
- equity instruments	1	54	4	-
- investment in subsidiary	-	4,178	-	4,178
Gain on foreign exchange				
- realised	246	141	325	407
- unrealised	745	-	284	169
Rental income	9	64	18	238
Reversal of impairment loss on:				
- other receivables	-	12	-	215
- trade receivables	-	484	-	1,601
Waiver of debts received	-	-	-	1,534

By Order of the Board

Leong Oi Wah
Secretary
24 February 2025