

MANAGEMENT DISCUSSION & ANALYSIS

OPERATION REVIEW

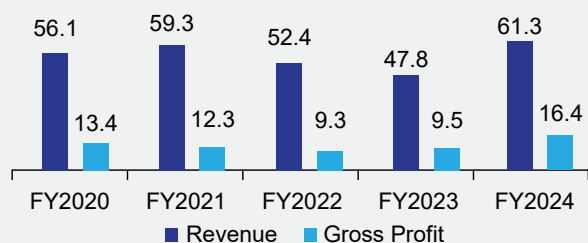
The Group is organised into geographical operating countries managed by the respective Chief Operating Officers. These officers report directly to the senior management of the Group who regularly review their operating and financial performance.

With the entry of the new controlling shareholder, rejuvenated board of directors and management as well as strategic corporate exercises, **FY2024 marks a significant turn-around** for the MClean Group from the previous 3 years' of losses, to a **record-breaking year of revenue and net profits**.

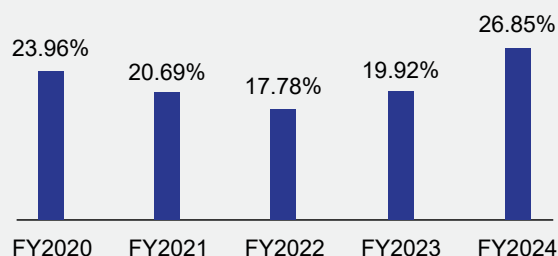
HIGHLIGHTS OF OUR GROUP FINANCIAL INFORMATION FOR THE PAST 5 YEARS (RM'000)

	FY2020	FY2021	FY2022	FY2023	FY2024
Revenue	56,134	59,318	52,373	47,836	61,319
Gross profit	13,449	12,275	9,529	9,529	16,466
Profit/(Loss) before tax	1,945	(8,235)	(3,092)	(5,330)	6,408
Net Asset per share	0.14	0.11	0.09	0.07	0.11
Profit/(Loss) per share "EPS"/("LPS") (sen)	0.98	(4.17)	(1.51)	(2.08)	3.17

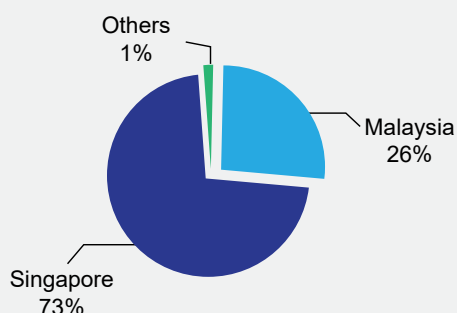
**Revenue & Gross Profit
RM million**



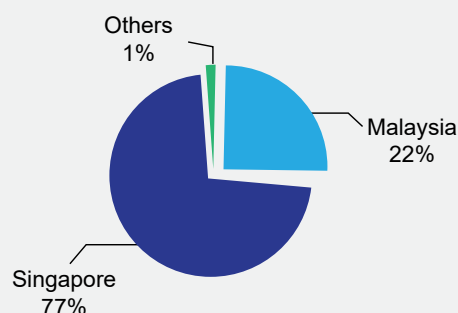
Gross profit margin



**Revenue information by Geographical location
in FY2023**



**Revenue information by Geographical location
in FY2024**



MANAGEMENT DISCUSSION & ANALYSIS CONT'D

FINANCIAL ANALYSIS

FINANCIAL RESULTS

Revenue for FY2024 increased by 28.2% from RM47.8 million in FY2023 to RM61.3 million in FY2024, due mainly to increase in revenue from both precision cleaning and surface treatment activities.

Gross profit margin increased from 19.9% in FY2023 to 26.8% in FY2024 due mainly to an overall improvement in operating efficiency from both precision cleaning and surface treatment activities.

Other income increased by RM4.0 million in FY2024 as compared with FY2023 due mainly to the reversal of impairment loss on property, plant and equipment ("**PPE**") in our Thailand operation in FY2024.

Administrative expenses stayed relatively stable at RM13.0 million in FY2024 as compared with RM13.6 million in FY2023.

Overall, the Group reported a profit before tax of RM6.4 million in FY2024 as compared with a loss before tax of RM5.3 million in FY2023.

FINANCIAL POSITION

The Group's PPE increased by approximately RM4.5 million to RM20.7 million as at 31 December 2024 as compared with RM16.2 million as at 31 December 2023, due mainly to revaluation of properties.

Right-of-use assets decreased by RM1.9 million to RM1.3 million as at 31 December 2024, as compared with RM3.2 million as at 31 December 2023, due mainly to amortisation for the year.

Inventories remained relatively stable at approximately RM1.4 million as at 31 December 2024, as compared with RM1.4 million as at 31 December 2023.

Trade receivables increased by RM2.5 million to RM15.2 million as at 31 December 2024, as compared with RM12.7 million as at 31 December 2023, due mainly to the increase of revenue in FY2024.

Trade payables increased by RM1.3 million to RM7.6 million as at 31 December 2024, as compared with RM6.3 million as at 31 December 2023, due mainly to the increase in purchases in line with the increase in revenue for FY2024.

Other payables increased slightly by RM0.8 million to RM5.8 million as at 31 December 2024, as compared with RM5.0 million as at 31 December 2023, due mainly to increase in accruals and non-trade payables.

Borrowings remained relatively stable at RM7.3 million as at 31 December 2024 and 31 December 2023.

DIVIDEND

The Group had not adopted any dividend policy. However, the Board will evaluate the Group's profitability, long term plan and cash flows position annually before recommending any dividend payment.

RISKS ANALYSIS

Market risk

HDD industry remain as the main market for MClean. The demand trend for HDD remain relatively stable and we expect the momentum to maintain into 2025.

With the improved balance sheet from the completion of the Private Placement and the completion of the acquisition of the Plastic Business in March 2025, the immediate focus of the MClean Group is to integrate the Plastic Business with the rest of the Group's business while ensuring minimal disruption during such transition period. As announced previously, the acquisition of the Plastic Business is a strategic move by the Group to enhance and diversify its revenue streams, with the intention of achieving operational synergies and to present a one stop solution to its customers, particularly in industries such as electrical and electronic and automotive industries. The Group also intends to continue exploring value-adding opportunities, including both organic and inorganic growth opportunities, as well as to continue to utilise our capital efficiently.

