

NEWS RELEASE**ELK-Desa Delivers 20% Increase in Revenue for 3Q,
Contributing to PBT of RM35.94 million YTD**

KUALA LUMPUR, 20 February 2025 – ELK-Desa Resources Berhad (“ELK-Desa” or “the Group”), a non-bank lender focused in the used-car segment, today announced its financial results for the third quarter (“3QFY2025”) ended 31 December 2024.

For the quarter under review, the Group’s revenue increased by 20% to RM51.35 million, compared with RM42.77 million recorded in the previous year’s corresponding quarter. This notable growth was driven by stronger contributions from both the hire purchase and furniture segments. Nevertheless, profit before tax (“PBT”) for the quarter declined by 9% to RM11.85 million from RM13.00 million a year ago, primarily as a result of higher impairment allowances in the hire purchase segment.

As at 31 December 2024, the Group’s hire purchase receivables stood at RM715.91 million, marking a 16% increase from a year ago. In view of the expansion of its hire purchase receivables, bank borrowings also rose by 38% year-on-year to RM363.46 million.

In spite of the increase in bank borrowings, gearing remains at a manageable 0.75 times, providing the Group with ample room for further expansion of its hire purchase portfolio.

During the quarter under review, the hire purchase segment recorded revenue of RM32.67 million, marking a 13% year-on-year (y-o-y) increase as the Group continued to expand its hire purchase portfolio. However, higher impairment allowances contributed to a 13% decline in profit before tax (PBT) for this segment, which stood at RM10.42 million for 3QFY2025. Even so, the net impaired loans ratio improved slightly to 0.50% as at 31 December 2024, compared to 0.56% on 31 March 2024.

Meanwhile, the furniture segment posted revenue of RM18.68 million, representing a notable 35% y-o-y increase. This uplift came on the back of stronger domestic sales and continued efforts to strengthen the Group’s presence in Sabah and Sarawak. Despite higher shipping and operating costs, the segment’s profit before tax had surged by 48% year-on-year to RM1.44 million mainly due to the higher furniture sales.

From a nine-month (“9M”) perspective, the Group’s revenue expanded 19% to RM143.66 million, versus RM121.14 million in the same period last year. The Group’s PBT for the nine-month period, however, dipped by 6% from RM35.94 million to RM33.92 million, owing largely to increased impairment allowances in the hire purchase segment.

Commenting on the results, **Mr. Teoh Seng Hee, Executive Director and Chief Financial Officer of ELK-Desa Resources Berhad**, said:

“Our continued top-line growth is encouraging and this is reflective of our ability to meet the demand for used-car financing by expanding our hire purchase business prudently in order to cater to this resilient market.”

“Moving forward, we remain mindful of the potential impact of subsidy rationalisation on consumer spending. We are also paying close attention to global economic uncertainties that may impact business and consumer confidence here in Malaysia.”

“Against this backdrop, ELK-Desa will still be pursuing an expansive strategy for our hire purchase business while also sustaining a highly active loan recovery practice in a bid to lower our impaired loans ratio further,” he concluded.

About ELK-Desa Resources Berhad

ELK-Desa Resources Berhad (Stock Code: 5228/Sector: Finance) started its hire purchase financing operations in 2004. The Group’s core focus area is in the under-served hire purchase financing for used motor vehicles. The Group also cross-sells general insurance products to its hire purchase customers. ELK-Desa currently employs more than 200 individuals for its hire purchase division and its business activities are centered within the Klang Valley. In addition, the Group is also involved in the trading of home furniture products. For more information, please visit <https://elk-desa.com.my>

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