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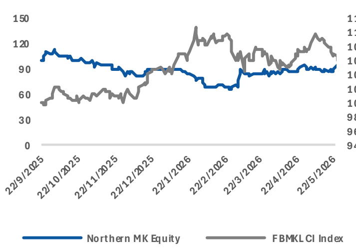
Recommendation:	Non-Rated
Current Price:	1.02
Previous Target Price:	-
Target Price:	N/A
Capital Upside/Downside:	N/A
Dividend Yield (%):	N/A
Total Upside/Downside	**N/A**

Stock information	
Board	ACE
Sector	Renewable Energy
Bursa / Bloomberg Code	0340 / NORTHERN MK
Syariah Compliant	No
ESG Rating	★★★
Shares issued (m)	395.6
Market Cap (RM' m)	403.5
52-Week Price Range (RM)	1.14-0.445
Beta (x)	1.4
Free float (%)	36.3
3M Average Volume (m)	1.0
3M Average Value (RM' m)	0.8

Top 3 Shareholders	(%)
Lew Shoong Kai	29.3
Chew Win Hoe	29.3
Areca Capital Sdn Bhd	3.9

Share Price Performance



	1M	3M	12M
Absolute (%)	48.9	59.4	41.7
Relative (%)	54.2	59.7	35.5

Earnings Summary	FY26	FY27F	FY28F
Revenue (RM'm)	113.0	264.2	393.8
PATAMI (RM'm)	15.3	26.6	37.9
CNP (RM'm)	15.3	26.6	37.9
EPS - core (sen)	3.9	6.7	9.6
P/E (x)	26.4	15.2	10.7

Northern Solar Holdings Berhad

From Rooftop Specialist to Developer

- **Earnings inflection ahead. We forecast CNP to rise 74% in FY27F and 42% in FY28F to RM37.9m, with core EPS rising to 9.6 sen.**
- **LSS5 drives the next leg of growth. The RM119.39m LSS5 award provides near-term earnings visibility while giving Northern its first utility-scale grid-interconnection track record.**
- **From contractor to asset owner. Northern Solar is building a recurring PPA portfolio, with RM10.18m of in-service assets already generating electricity revenue and another RM9.57m under construction.**
- **At RM1.02, Northern Solar trades at 10.7x FY28F P/E, at a discount to its peers.**
- **We set fair value at RM1.44, based on 15x FY28F P/E, while the potential 170MW RM800m-plus CRESS project is excluded from our forecasts and valuation.**

Investment Highlights

FY27–28F earnings inflection. We forecast revenue to rise from RM113.0m in FY26 to RM264.2m in FY27F and RM393.8m in FY28F, while core NP grows 74% and 42%, respectively, to RM26.6m and RM37.9m. Core EPS rises from 3.9 sen to 6.7 sen/9.6 sen.

LSS5 provides near-term earnings visibility. Northern has secured a RM119.39m LSS5 award, with 60% scheduled for recognition in FY27F and the balance in FY28F. The RM71.86m collector-line and grid-interconnection scope also establishes a utility-scale track record.

The business is pivoting from contractor to asset owner. In-service PPA assets of RM10.18m generated RM2.31m of electricity revenue in FY26, while another RM9.57m is under construction. This should gradually add recurring PPA income alongside EPCC earnings.

CRESS offers a step-change opportunity beyond our forecasts. Management is finalising a potential 170MW solar-plus-storage CRESS project worth RM800m-plus, with Northern Solar expected to participate as asset owner. We have excluded the project from our earnings forecasts and valuation.

Pipeline supports continued growth. The Group entered FY27 with a RM189.3m unbilled order book and a RM2.23bn tender book, while Solar ATAP, BESS and LSS5+/LSS6 provide further avenues for EPCC replenishment.

Non-Rated. Fair value: **RM1.44,** based on **15x FY28F P/E applied to FY28F core EPS of 9.6 sen, a 34% discount to the 22.8x FY28F peer average. At RM1.02, Northern Solar trades at 10.7x FY28F P/E, at a discount to peers**.

Key risks: dependence on government policy, LSS execution and counterparty exposure, margin-mix dilution, customer concentration, supply and trade shocks, and the funding gap on the RM1bn asset target.

Company Background

Northern Solar Holdings Berhad is a solar energy company founded in 2019 and based in Petaling Jaya. It designs, builds and commissions solar power systems for homes, businesses, factories and ground-mounted sites. Alongside it, Northern has also started to own solar systems on customers' roofs and sell them the electricity under 15-to-25-year contracts.

The company currently employs around 110 people and opened branches in Penang, Johor and Sabah during 2025. It has completed more than 2,900 projects since 2019, with FY26 alone adding 54,034 kWp of capacity, taking the cumulative total above 130 MWp. Northern Solar listed on the ACE Market of Bursa Malaysia in February 2025 and is pending a transfer to the Main Market, with completion targeted by 4Q CY2026. Shariah-compliant status is expected to be reinstated in November 2026.

Figure 1: Company Structure

Source: Company

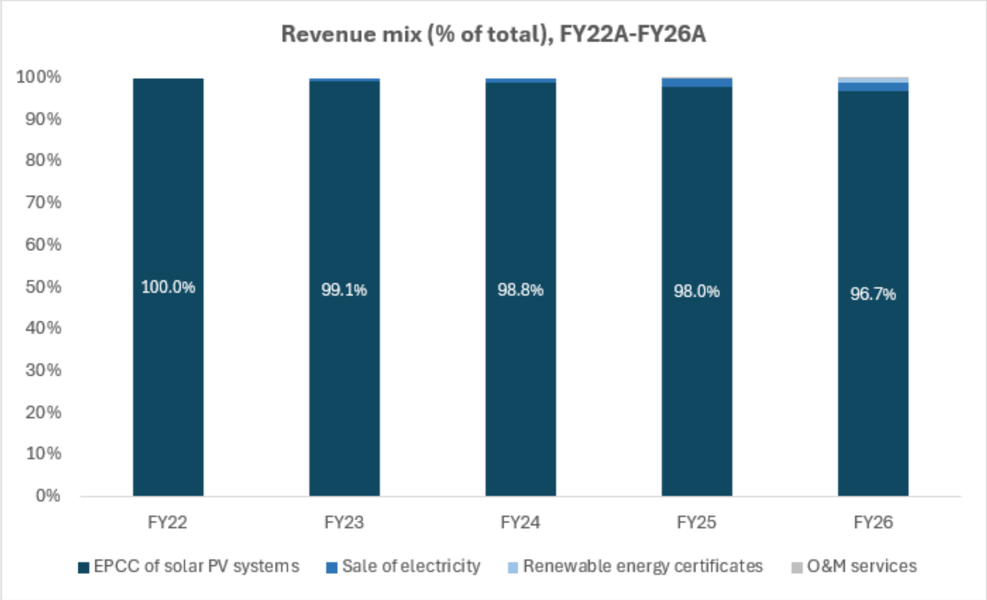
Business Model

Northern Solar has three revenue streams, of which EPCC contracting is the largest. Through the main operating company, Northern Solar Sdn Bhd, the Group designs, procures, constructs and commissions solar PV systems for commercial and industrial, residential and, since FY26, utility-scale customers. The stream is transactional: revenue is recognised as each project is delivered, the customer owns the system on completion, and the book has to be replenished with new awards every year. It generated RM109.3m in FY26, or 96.7% of Group revenue.

The second stream is asset ownership and electricity sales. Northern owns and installs the system and sells the electricity to the customer over 15 to 25 years. This earned RM2.31m in FY26 from more than 17 systems. The trade-off is timing: a one-off construction payment is exchanged for a smaller recurring income over about twenty years.

The third stream is the smallest source, with O&M on installed systems earning RM0.28m and sales of renewable energy certificates RM1.09m. O&M income is projected to grow as the installed base grows. The certificates are traded, not generated by Northern. We estimate Northern maintains less than 15% of the capacity it has built, as most customers service their own systems.

Figure 2: Revenue Mix by Segment



Source: Company

Group structure. Northern Solar Sdn Bhd (NSSB) earns all of the Group's revenue. In FY26 the Group incorporated four subsidiaries, one for each new line of work: Northern Solar Utilities for utility-scale and CRESS projects, Northern Solar Rakyat for rooftop investment, Northern Solar Assets for generation, and NS Sunrise for solar street lighting. It also holds 51% of Norwatt Power for public-sector work and a 20% stake in Engtex Energy carried at RM252k. Ring-fencing each pool of solar assets in its own entity allows each to be financed, sold or partnered separately, which project lenders typically require. The subsidiaries remain lightly capitalised, as NSSB advanced RM4.6m to them in FY26 against RM9.6m of construction in progress, so the asset build is still funded from the operating company's cash.

The owned fleet. Owned solar systems are now the Group's main fixed asset. Of RM23.35m of plant and equipment, RM19.75m, or 85%, is solar generation. About half is in service and earning energy tariff revenue. The remaining RM9.57m was under construction at year end and absorbed most of the RM10.0m FY26 capex. These assets have an economic life of around twenty years but are only about 15% of total assets, as the balance sheet is dominated by cash and receivables: RM45.3m of cash, RM34.3m of receivables, RM13.0m of inventory and RM7.5m of contract assets.

Unit economics and project scale. Projects are getting larger and the price per kWp is falling. The largest single job grew from 490 kWp in FY20 to 5,616 kWp in FY26, before the LSS award. Northern charged about RM2,000 per kWp on average in FY26, with its two largest jobs at RM1,798 and RM1,459, against RM2,224 in FY23. Larger projects and cheaper modules both lower the unit price. We therefore expect installed capacity to grow faster than revenue, and view MW added as a better gauge of activity than the top line.

Accreditation. Northern holds the licences needed to bid for the largest jobs: top-grade CIDB and government contractor ratings, the Energy Commission Class A electrical licence (upgraded from Class C in 2025) and TNB registration for high-voltage grid connection work. It has been a SEDA-registered solar investor since 2021, which allows it to own systems and sell power. Other certifications are standard industry and quality marks. Huawei's 2025 preferred-installer designation is a supplier endorsement rather than a technical qualification.

Management and Board

Board composition. The Board has six directors: an Independent Non-Executive Chairman, a Managing Director, an Executive Director and three Independent Non-Executive Directors. Four of six seats are independent. The chair is independent and separate from the executive line, which is stronger than the MCCG requires. All three committees are chaired by independent directors. Four of the six were appointed in February 2024, ahead of the listing. The only change in FY26 was Goay Ngee Chiew replacing Roselinda Mohammad Hashim on 18 March 2026. That added credit and risk experience to the audit committee as the Group transitions into utility-scale work.

Figure 3: Board of Directors

Director	Designation	Background
Amirul Azhar Baharom	Independent Non-Executive Chairman	Chairs the Board. The chair is independent and separated from the executive line, which is a stronger structure than the MCCG requires.
Lew Shoong Kai	Managing Director	Co-founder and 29.76% shareholder. Holds the mandate for business model, corporate direction and growth strategy.
Chew Win Hoe	Executive Director	Co-founder and 29.76% shareholder. Runs business development and daily operations.
Tan Ai Ning	Independent Non-Executive Director	Chairs the Nomination Committee. One of two female directors on a six-member Board.
Teh Muy Ch'ng	Independent Non-Executive Director	Chairs the Audit and Risk Management Committee. One of two female directors on a six-member Board.
Goay Ngee Chiew	Independent Non-Executive Director	Chairs the Remuneration Committee. Appointed March 2026, adding credit and risk expertise.

Source: Company, Apex Securities

Figure 4: Key Senior Management

Name	Designation	Remit
Lew Fui Shi	Chief Financial Officer	Financial reporting, treasury and capital allocation.

Source: Company, Apex Securities

Ownership is concentrated in the two founders. Lew Shoong Kai and Chew Win Hoe each held 29.76% as at 1 July 2026, or 59.52% between them. Both are executives, so strategy, delivery and ownership sit with the same two people. The annual report states no director has a family relationship with another director or major shareholder. The one related-party link is at management level: Lew Fui Shi, the Chief Financial Officer, is the sister of the Managing Director. They co-founded KSI Automation in 2014 and she remains a director of it.

Investment Catalysts

Earnings are entering an inflection phase. Northern Solar is moving into a stronger earnings cycle, underpinned by LSS5 execution and continued EPCC replenishment. We forecast revenue to more than double from RM113.0m in FY26 to RM264.2m in FY27F, lifting core NP by 74% to RM26.6m. We expect another 42% increase in core NP to RM37.9m in FY28F, with EPS rising from 3.9 sen in

FY26 to 9.6 sen by FY28F. The RM119.39m LSS5 award provides near-term earnings visibility, with 60% scheduled for recognition in FY27 and the balance in FY28.

From solar contractor to asset owner. Northern Solar remains predominantly an EPCC contractor, with 96.7% of FY26 revenue generated from EPCC, but its capital allocation is increasingly shifting towards owned solar assets. In-service PPA assets of RM10.18m generated RM2.31m of electricity revenue in FY26, while another RM9.57m of assets is under construction. This expanding asset base should provide a growing stream of recurring PPA income alongside its project-based EPCC earnings, supporting a more diversified earnings profile over time.

LSS5 provides a foothold in utility-scale projects. The RM119.39m LSS5 award marks Northern Solar's entry into larger utility-scale solar and grid-interconnection work, including RM71.86m of collector lines and interconnection scope. Beyond the immediate revenue contribution, the project provides a track record in medium- and high-voltage infrastructure and strengthens Northern's credentials for future utility-scale opportunities. We see this as an important step in broadening the company's addressable market beyond rooftop and C&I projects.

A sizeable pipeline supports continued EPCC growth. Northern Solar entered FY27 with RM189.3m of unbilled order book and RM2.23bn of active tenders, up from RM110m and RM1.96bn respectively a year earlier. EPCC replenishment remains healthy at around RM16m per month, supported by approximately RM10m of C&I and RM5m-6m of residential ATAP opportunities. Meanwhile, LSS5, LSS5+ and LSS6 should continue to expand the utility-scale opportunity set, while BESS requirements increase the contract value of larger solar installations.

CRESS offers significant upside beyond our forecasts. Management is currently finalising details of a potential 170MW solar-plus-storage CRESS project, with Northern Solar expected to participate as asset owner rather than contractor. The project is indicated at more than RM800m, with a 2.5-year construction period and a single data-centre offtaker. If secured, it would represent a significant step-up from Northern's existing asset base and accelerate its transition towards long-dated PPA income. **We have not incorporated the potential project into our earnings forecasts or valuation, making it an additional upside catalyst rather than a prerequisite for our current investment case**.

Regulatory Landscape

Solar ATAP replaced NEM on 1 January 2026. Non-domestic systems can now be sized to 100% of the site's maximum demand, capped at 1,000 kWac, and export credits for non-domestic users are priced at the Single Buyer's system marginal price rather than the tariff energy charge. Existing NEM assets are generally grandfathered for their contracted term. ATAP is the main volume driver for the commercial rooftop segment.

The BESS mandate. From January 2026, larger commercial and industrial solar systems must include battery energy storage, allowing power to be stored and released steadily rather than only when the sun shines. The rule adds storage scope and cost to new projects and favours installers able to deliver batteries at scale. Battery hardware is high-cost and largely imported, which raises the equipment content of compliant systems.

LSS5, LSS5+ and LSS6 are the utility-scale pool. LSS is the Energy Commission's competitive tender for solar above 1 MW where bidders compete on tariff, technical capability and financial strength, winners sign long-term PPAs with the Single Buyer, and the construction flows to EPCC contractors. The programme has approved more than 6 GW since 2016. LSS5, launched in April 2024, carried a 2,000 MWac quota, the largest to that point, with LSS5+ adding close to 2 GW in September 2025. These projects are slated to reach commercial operation through 2027 and early 2028. LSS6, announced by PETRA in July 2026, is the largest round yet at 2,500 MW of solar paired with 1,250 MW of mandatory battery storage, offered in three packages, with bid sizes of 60 MW to 500 MW in the two main packages and commercial operation required by end-2029. Bidding ran from July to August 2026, with shortlist announcements expected in 1H2027 and awards in 2H2027, which lines up the next replenishment for contractors just as LSS5 work completes.

Industry estimates put EPCC work across the three rounds at RM15bn to RM18bn over two years. The rounds allow participation as contractor or as developer, the latter requiring SEDA Investor registration and the capital to fund a utility-scale asset.

CRESS opens open-access green supply. Launched in September 2024, CRESS lets a qualified developer sell green power directly to a corporate buyer over the TNB grid for projects of 30 MW and above, with no national quota, under a long-term physical PPA rather than one-off EPCC revenue. The developer pays a fixed System Access Charge over the three-year IBR period. Unlike the one-off CGPP quota, it is open-ended, and it is the route of choice for data centres needing firm, 24/7 green power. It is the main channel through which contractors can step up into project ownership at utility scale.

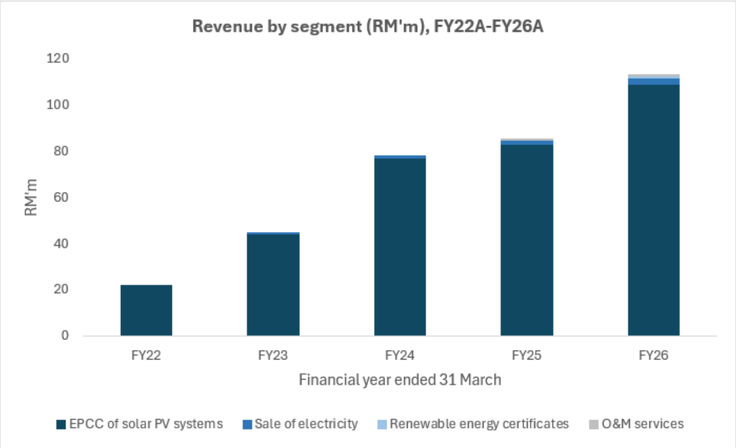
CREAM and NEEAP. CREAM, whose guidelines the Energy Commission issued in March 2025, lets a licensed aggregator lease residential rooftops, install solar and sell the output to consumers within a 5 km radius over the distribution network, with no firm-supply obligation. The aggregator pays a Community Access Charge that was cut to 9 sen/kWh from 15 sen in August 2025, fixed for three years with revisions capped at 15%, and keeps the green attributes; settlement runs through the NEDA mechanism. It opens a residential ownership model for distributed rooftop players against a national rooftop potential of about 34 GW.

NEEAP 2.0, launched on 11 August 2026, represents the demand-side counterpart with a ten-year plan anchored by the Energy Efficiency and Conservation Act 2024 that targets an 11.6% cut in energy demand against business-as-usual by 2035, cumulative savings of 815,382 TJ, or about RM85bn, and 26 million tonnes of CO2 avoided, with the industrial sector delivering roughly 69% of the savings. It regulates consumption through audits, efficient facilities and appliance standards rather than allocating generation, so it shapes load rather than solar volume.

Financial Analysis

Revenue and mix. Revenue rose 33.1% to RM113.0m from RM84.9m. EPCC grew 31.5% to RM109.3m. Electricity sales grew 45.9% to RM2.31m and O&M 121.1% to RM0.28m. REC sales of RM1.09m are new to revenue; in FY25, RM1.37m of REC income was booked as other income. The recurring lines grew fastest but from a very small base, and together they are still 3.3% of revenue, or 2.3% once traded RECs are stripped out. FY26 growth came from EPCC.

Figure 5: Revenue by Segment



Source: Company, Apex Securities

Reported earnings flatter the underlying trend. PBT rose RM4.76m, but two items made the increase look larger than the underlying growth. First, impairment of financial assets swung RM2.13m, from a RM1.31m charge in FY25 to a RM0.83m writeback in FY26. Second, interest income was RM1.15m in FY26, or 5.2% of PBT, against RM0.40m in FY25, when the IPO proceeds had only just been received. Excluding the impairment swing, PBT grew RM2.63m, or 15.4%, against the 27.9% headline. PATAMI rose 33.9% but EPS only 14.5%, reflecting the enlarged share base after the IPO.

Profitability. Gross profit rose 21.1% to RM38.8m, but gross margin fell to 34.4% and admin costs rose 32%. The margin fall most likely marks the start of a shift towards utility-scale subcontract work, which is expected to continue.

Cost analysis. Equipment is the largest cost. FY26 purchases of goods and services were RM92.82m, mostly modules, inverters, mounting and cables, so gross margin is driven by the spread between equipment cost and the installed price. That spread narrowed to 34.4% from 37.8%. Overseas purchases more than doubled to RM44.94m from RM21.57m, against revenue growth of 33%, which management attributes to specialised equipment, most likely batteries for the first storage project. Higher import content adds currency and freight exposure to the cost base.

We expect margin pressures to persist. Utility-scale subcontract work earns less than rooftop work, so gross margin should trend below the FY26 level as LSS revenue is recognised. Admin costs are also growing faster than revenue as the Group adds branches and headcount and scales up procurement as it pursues bigger projects.

Balance sheet. Net cash was RM35.0m, or RM32.5m after lease liabilities. Total assets were RM124.0m and total equity RM83.4m. Borrowings of RM10.3m carry rates of 3.90% to 5.88%, secured by corporate guarantee and an SJPP government guarantee. Capital commitments were RM1.49m, pledged deposits RM2.3m and financial guarantees given RM3.34m. We note that lenders required SJPP support on RM10.3m of borrowings despite RM45.3m of cash and RM83.4m of equity, which suggests limited unsecured banking capacity. Utility-scale work also requires performance bonds, typically around 5% of contract value, and bonding and working capital lines draw on the same collateral. Banking capacity, rather than execution capability, is therefore the binding constraint on how much utility-scale work Northern can carry at once.

Cash flow and working capital. Operating cash flow fell to RM2.4m from RM8.4m, or 11% of PBT against 49% in FY25. Free cash flow was negative RM7.6m after RM10.0m of capex, and cash fell to RM45.3m from RM52.2m. Working capital absorbed RM14.1m net. Inventories rose RM7.8m, receivables RM12.2m and contract assets RM4.5m, against payables up RM7.2m and contract liabilities up RM3.2m. Receivable days went from 82 to 101, on stated credit terms of 30 to 90 days. Inventory days went from 36 to 64, with the balance at RM13.0m. Management says it bought modules early at low prices ahead of mobilisation.

Provisioning and concentration. The expected credit loss allowance fell to RM2.32m on RM33.6m of gross trade receivables, or 6.9%, from RM3.15m on RM22.3m, or 14.1%. The provisioning rate halved in a year when receivable days lengthened by nineteen days, which is counter-intuitive, as slower collection would normally raise the expected loss rate. BDO flagged recoverability of trade receivables as a key audit matter and issued an unmodified opinion. We view the provisioning judgement as the key question for management. On concentration, FY25 had no customer above 10% of revenue; FY26 has Customer A at RM17.1m, or 15%. The top five customers were 65% of trade receivables at year end, against 38% a year earlier. Whether Customer A is the LSS counterparty is not disclosed.

1QFY27. Revenue was RM38.2m, the highest quarter since listing, with gross profit of RM10.5m, a 27.4% margin against 34.4% for FY26. LSS5 is in delivery, with management scheduling 60% of the RM119.39m value to FY27. The lower quarterly margin is consistent with the shift towards utility-scale work and supports our view that margin pressure persists.

Figure 6: Financial Summary

FYE Mar (RM m)	FY26	FY27F	FY28F	FY29F
Revenue	113.0	264.2	393.8	430.4
EBITDA	24.0	41.7	59.4	66.8
Pre-tax profit	21.8	39.7	56.5	63.1
Net profit	15.3	26.6	37.9	42.3
Core net profit	15.3	26.6	37.9	42.3
Core EPS (sen)	3.9	6.7	9.6	10.7
P/E (x)	26.4	15.2	10.7	9.5
P/B (x)	4.8	3.9	3.0	2.4
EV/EBITDA (x)	18.2	9.9	6.9	6.3
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%
Net Gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash

Source: Company, Apex Securities

Valuation

Non-Rated. We set a fair value of **RM1.44** on Northern Solar, applying a **15x P/E**, representing a **34% discount to the 22.8x average FY28F P/E of Solarvest, Samaiden and Pekat**, given Northern Solar's smaller scale and relatively shorter operating track record. This is applied to our **FY28F core EPS of 9.6 sen**, with a three-star ESG rating. At RM1.02, the stock trades at a discount to the peer set on P/E but at a premium on P/B (Figure 7). The case rests on the recurring generation fleet converting into earnings and the RM119.39m LSS order book recognising through FY27 and FY28. Key re-rating triggers are LSS revenue recognition, a recovery in cash conversion, and a credible project-finance or partnership route to fund the RM1bn asset target by FY30.

Figure 7: Peers Comparison

Company	FYE	Market Cap (RM'mil)	Price (RM) as at 23Sep26	P/E (x) 2027F	P/E (x) 2028F	P/B (x) 2027F	P/B (x) 2028F	Dividend Yield (%)	ROE 2027F	ROE 2028F	ESG Rating
Northern Solar	**Mar**	**403.5**	**1.02**	**15.2**	**10.7**	**3.9**	**3.0**	**0.0%**	**28.1%**	**25.0%**	★★★
Solarvest Holdings Berhad	Mar	3646.7	3.79	26.5	14.9	3.0	2.4	0.0%	13.3%	19.4%	★★★
Samaiden Group Berhad	June	1426.8	2.55	26.0	26.1	3.4	3.1	1.3%	17.8%	16.1%	★★★
Pekat Group Berhad	Dec	1702.8	2.40	24.8	27.4	2.7	2.4	1.7%	14.3%	13.8%	★★★
Average-ex. Northern Solar				**25.8**	**22.8**	**3.0**	**2.6**				

Source: Apex Securities

Investment Risks

Policy dependence. The entire demand backdrop is government-created: Solar ATAP, the BESS mandate, CRESS and the LSS5, LSS5+ and LSS6 rounds. A change of policy direction, fiscal tightening or a slower renewable-energy push, or revisions to access charges, export pricing or mandate thresholds, would shrink the addressable market and weaken the economics of the owned PPA assets Northern is now taking on for twenty years. The ownership pivot raises this exposure, since long-dated returns depend on stable tariffs and grid-access terms. What to watch: the NETR trajectory and national RE targets, CRESS access-charge and export-price revisions, BESS threshold changes, and the pace of LSS awards.

Cash conversion. Operating cash flow was 11% of PBT and free cash flow was negative RM7.6m, in a growth year. If working capital does not release in FY27, the asset build and the LSS mobilisation will compete for a shrinking cash pile. What to watch: operating cash flow to PBT and receivable days each quarter.

LSS execution and counterparty. The LSS scope is a subcontract to an unnamed main EPC. Tenure was not confirmed at announcement and the agreement is not confirmed as signed. Interconnection sits on the critical path to commercial operation, so liquidated damages flow down the chain. Payment may also be back-to-back with the main contractor being paid by the asset owner. What to watch: the signed subcontract, the liquidated damages cap, retention and milestone terms, and high-voltage equipment lead times.

Customer concentration. In one year the Group went from no customer above 10% of revenue to one at 15%. The top five customers went from 38% to 65% of trade receivables, a step change that almost certainly comes from the utility-scale pivot. What to watch: major customer disclosure and receivable concentration at FY27.

Funding the target. The RM1bn asset target by FYE2030 is about 8 times total assets and 50 times the owned solar fleet, and EPCC cash cannot fund it: FY26 operating cash flow was RM2.4m and net cash is RM32.5m, against an RM800m-plus first CRESS project alone. The plan therefore rests on third-party capital that is not yet in place, a JV partner taking equity and project-level debt taking the rest. If JV terms are poor, Northern keeps a thin slice of an asset it originated; if project finance is slow or expensive, the build stalls and the developer story reverts to contracting. Bonding for utility-scale work draws on the same bank lines, and lenders already required an SJPP guarantee on RM10.3m of borrowings, which points to limited unsecured capacity. What to watch: the identity and equity share of the CRESS partner, project-finance terms, any equity raise despite the stated no-dilution stance, and bonding headroom.

Execution and supply shocks. Northern has never delivered a utility-scale project as principal, and the 170 MW build is roughly thirty times its largest completed job of 5.6 MW; schedule slippage, interconnection delays and liquidated damages are live risks on fixed-price work. Equipment is the largest cost and increasingly imported, so anti-dumping duties or export controls on Chinese modules and batteries, freight disruption or ringgit weakness would compress margin on contracts already priced, and the no-long-term-contract procurement policy offers no hedge. What to watch: module and battery price moves, trade measures on Chinese solar and storage equipment, and any renegotiation of contract terms or claims for extension of time.

Financial Highlights

Income Statement

FYE Mar (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Revenue	**84.9**	**113.0**	**264.2**	**393.8**	**430.4**
Gross Profit	**32.1**	**38.8**	**81.8**	**119.9**	**132.4**
EBITDA	**18.7**	**24.0**	**41.7**	**59.4**	**66.8**
Depreciation & Amortisation	-0.9	-1.6	-1.5	-2.4	-3.3
EBIT	**17.8**	**22.4**	**40.2**	**57.0**	**63.5**
Net Finance Income/ (Cost)	-0.8	-0.6	-0.6	-0.5	-0.5
Associates & JV	0.0	0.0	0.0	0.1	0.1
Pre-tax Profit	**17.1**	**21.8**	**39.7**	**56.5**	**63.1**
Tax	-5.7	-6.6	-13.1	-18.7	-20.8
Profit After Tax	**11.4**	**15.3**	**26.6**	**37.9**	**42.3**
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net Profit	**11.4**	**15.3**	**26.6**	**37.9**	**42.3**
Exceptionals	-2.8	0.0	0.0	0.0	0.0
Core Net Profit	**14.2**	**15.3**	**26.6**	**37.9**	**42.3**

Key Ratios

FYE Mar (RM m)	FY25	FY26	FY27F	FY28F	FY29F
EPS (sen)	3.6	3.9	6.7	9.6	10.7
P/E (x)	28.5	26.4	15.2	10.7	9.5
P/B (x)	5.9	4.8	3.9	3.0	2.4
EV/EBITDA (x)	23.7	18.2	9.9	6.9	6.3
DPS (sen)	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA margin (%)	22.1%	21.2%	15.8%	15.1%	15.5%
EBIT margin (%)	21.0%	19.8%	15.2%	14.5%	14.7%
PBT margin (%)	20.1%	19.3%	15.0%	14.4%	14.7%
PAT margin (%)	13.4%	13.5%	10.1%	9.6%	9.8%
NP margin (%)	13.4%	13.5%	10.1%	9.6%	9.8%
CNP margin (%)	16.7%	13.5%	10.1%	9.6%	9.8%
ROE (%)	20.8%	18.3%	25.4%	28.1%	25.0%
ROA (%)	14.6%	12.3%	14.8%	15.9%	15.1%
Gearing (%)	18.6%	15.4%	12.3%	9.5%	7.6%
Net gearing (%)	Net Cash	Net Cash	Net Cash	Net Cash	Net Cash

Valuations

Core EPS (sen), FY28F	9.6
Peer average P/E (x)	15.0
Fair value (RM)	1.44
ESG premium/(discount)	0.0%
Implied fair value (RM)	**1.44**

Source: Company, Apex Securities

Balance Sheet

FYE Mar (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Cash and bank balances	52.2	45.3	20.0	17.2	31.3
Receivables	21.8	34.3	72.4	97.1	106.1
Inventories	5.2	13.0	32.0	48.0	52.3
Other current assets	3.0	7.6	17.8	26.5	28.9
Total Current Assets	**82.2**	**100.3**	**142.2**	**188.8**	**218.6**
Fixed Assets	14.6	23.5	37.0	49.6	61.3
Intangibles	0.0	1.0	2.0	3.0	4.0
Other non-current assets	0.2	-0.7	-1.7	-2.7	-3.6
Total Non-Current Assets	**14.8**	**23.7**	**37.3**	**49.9**	**61.7**
Short-term debt	2.8	4.6	4.6	4.6	4.6
Payables	10.1	17.3	42.5	63.8	69.4
Other current liabilities	5.4	9.2	18.2	25.8	28.0
Total Current Liabilities	**18.3**	**31.1**	**65.3**	**94.3**	**102.0**
Long-term debt	9.8	8.2	8.2	8.2	8.2
Other non-current liabilities	0.8	1.3	1.3	1.3	1.3
Total Non-Current Liabilitie	**10.6**	**9.5**	**9.5**	**9.5**	**9.5**
Shareholder's equity	67.6	82.9	104.2	134.5	168.3
Minority interest	0.5	0.5	0.5	0.5	0.4
Total Equity	**68.1**	**83.4**	**104.6**	**134.9**	**168.8**

Cash Flow

FYE Mar (RM m)	FY25	FY26	FY27F	FY28F	FY29F
Pre-tax profit	**17.1**	**21.8**	**39.7**	**56.5**	**63.1**
Depreciation & amortisation	0.9	1.6	1.5	2.4	3.3
Changes in working capital	-6.7	-14.1	-33.0	-20.5	-7.9
Others	-2.9	-6.9	-13.1	-18.7	-20.9
Operating cash flow	**8.4**	**2.4**	**-5.0**	**19.8**	**37.6**
Capex	-3.2	-9.9	-15.0	-15.0	-15.0
Others	-1.1	0.7	0.0	0.0	0.0
Investing cash flow	**-4.2**	**-9.2**	**-15.0**	**-15.0**	**-15.0**
Dividends paid	-5.0	0.0	-5.3	-7.6	-8.5
Others	43.0	-0.9	0.0	0.0	0.0
Financing cash flow	**38.0**	**-0.9**	**-5.3**	**-7.6**	**-8.5**
Net cash flow	**42.2**	**-7.7**	**-25.3**	**-2.8**	**14.1**
Forex	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Beginning cash	8.5	50.7	43.0	17.7	14.9
Ending cash	**50.7**	**43.0**	**17.7**	**14.9**	**29.0**

ESG Matrix Framework:

Environment

Parameters	Rating	Comments
Climate	★★★★	Plants generated 10.86 GWh in FYE2026, avoiding an estimated 8,230 tCO2e; own emissions were 905.6 tCO2e. Targets are net-zero Scope 1 and 2 by 2035 and value-chain neutrality by 2050.
Waste & Effluent	★★	Waste, effluent and biodiversity are excluded as immaterial. Module and battery end-of-life is not disclosed, a gap that widens as the owned fleet scales.
Energy	★★★	Energy use rose to 497.9 GJ from 134.3 GJ, mainly on fuel tracking begun June 2025; purchased electricity was up 95% on branch expansion. No reduction target is set.
Water	★★★	Not water-intensive; use is limited to offices and panel cleaning, and reporting covers offices only. Not a material exposure.
Compliance	★★★	Reporting follows the GHG Protocol, IFRS S2 and GRI, with energy and water as the material topics. No ISO 14001 certification is referenced.

Social

Diversity	★★★★	Women were 34.56% of the workforce and 33.33% of leadership, including two of six Board seats, above the MCCG 30% threshold (Practice 5.9).
Human Rights	★★★	Zero human rights, discrimination, forced or child labour incidents in FYE2026. All staff are on written contracts and outsourced workers get equal OHS cover. No supplier audit results are disclosed.
Occupational Safety and Health	★★	ISO 45001-guided, with site inspections and induction. FYE2026 had one minor injury and an LTIR of 3.70, up from zero, with only 19.85% of staff trained in OHS.
Labour Practices	★★★	Averaged seven training hours per employee under a Learning and Development Framework. Benefits include medical insurance and parental leave, with full return to work.

Governance

CSR Strategy	★★★	Board-approved Sustainability Policy and Annual Report disclosure (Practices 4.1, 4.2). Management evaluation is not yet tied to sustainability (4.4 departure), due FYE March 2027.
Management	★★	Board-level oversight, but no sustainability officer (4.5) and no Risk Management and Sustainability Committee (10.3). Code of Conduct and whistleblowing policy in place. Anti-bribery per MACC Act Section 17A, zero cases, no formal corruption risk assessment.
Stakeholders	★★★	Corporate Disclosure Policy covers quarterly results, the Annual Report, Bursa and press (Practice 12.1). Community contribution rose to RM58,662; local suppliers were 51.58% of procurement, down from 63.33%.

Overall ESG Scoring: ★★★

Recommendation Framework:
BUY: Total returns* are expected to exceed 10% within the next 12 months.
HOLD: Total returns* are expected to be within +10% to – 10% within the next 12 months.
SELL: Total returns* are expected to be below -10% within the next 12 months.
TRADING BUY: Total returns* are expected to exceed 10% within the next 3 months.
TRADING SELL: Total returns* are expected to be below -10% within the next 3 months.
*Capital gain

Sector Recommendations:
OVERWEIGHT: The industry defined by the analyst is expected to exceed 10% within the next 12 months.
NEUTRAL: The industry defined by the analyst is expected to be within +10% to – 10% within the next 12 months.
UNDERWEIGHT: The industry defined by the analyst is expected to be below -10% within the next 12 months.

ESG Rating Framework:
★★★★★ : Appraised with 3% premium to fundamental fair value
★★★★ : Appraised with 1% premium to fundamental fair value
★★★ : Appraised with 0% premium/discount to fundamental fair value
★★ : Appraised with -1% discount to fundamental fair value
★ : Appraised with -5% discount to fundamental fair value

As of **Thursday, 24 Sep, 2026**, the analyst(s), whose name(s) appears on the front page, who prepared this report, has interest in the following securities covered in this report:
(a) nil.