MERCURY SECURITIES SDN. BHD.

Elridge Energy Holdings Berhad

Burning Bright on Biomass Demand

Elridge Energy Holdings Berhad is a Malaysian pure-play biomass fuel producer, primarily manufacturing palm kernel shells (PKS) for biomass power plants and industrial boilers across Asia Pacific, with Japan as a key export market. Backed by its patented PKS processing, Green Gold Label (GGL) certification and long-term offtake agreements, the Group is well positioned to capture structural demand from the shift away from coal, with further growth from its capacity expansion to 2.16m MT and its move downstream into activated carbon. We have a Fair Value of RM1.290, based on a PE multiple of 20x applied to FY27E EPS of 6.45 sen.

Pure-play PKS Producer Riding Japan's Biomass Demand. Elridge is a pure-play biomass fuel producer, with PKS accounting for 97% of 1HFY26 revenue (FY25: 90%). Its products ultimately fuel biomass power plants and industrial boilers across Asia Pacific, with Japan as a key export market. As Japan has required certified sustainable PKS for its (Feed-in Tariff) FiT-backed biomass power plants since April 2024, Elridge's Green Gold Label (GGL) certification places it well to capture continued demand from the market.

Capacity Expansion to Drive the Next Leg of Growth. Elridge currently has an annual PKS production capacity of 1.44m MT across its facilities in Selangor, Kuantan and Pasir Gudang. Management plans to raise this to 1.9m MT by end-2026, with four additional production lines in Kuantan (c.480,000 MT) slated to begin operations in 4Q26, and further to 2.16m MT in 2027 upon completion of its Lahad Datu, Sabah plant (c.240,000 MT). This enlarged capacity underpins our forecast of revenue rising to RM854m by FY27E (FY25: RM432m).

Strong Margin Expansion, with Activated Carbon as the Next Value Driver. Elridge's GP margin has expanded from 8% in FY21 to 24% in FY25 and 29% in 1HFY26, lifting 1HFY26 PAT by 54% YoY to RM40m. The Group is now moving downstream with a RM45m investment in six activated carbon production chains in Klang, converting PKS into a higher value-added product for water treatment and industrial filtration. Phase 1 (three chains; 10,800 MT p.a.) is slated for commercial production in 1HFY27, with the rest in 2HFY27. The venture will be funded internally from its RM198m cash pile (end-June 2026).

Financials. We expect Elridge's core earnings to post a 3-year CAGR of 36% (FY25A–FY28E), supported by topline growth of 29% CAGR Growth is largely volume-driven: effective PKS capacity expands from 1.44m MT in FY26E to 2.16m MT by FY28E-FY29E with the Kuantan expansion and Lahad Datu plant. Long-term offtake agreements with JFE Shoji and PT Orion APAC add earnings visibility. We assume 75% utilisation and keep FY26E GP margin at 24% (1HFY26: 28.5%), rising to 25% from FY27E as higher-margin PKS contributed 95% of topline. Any contribution from activated carbon is upside to our forecasts.

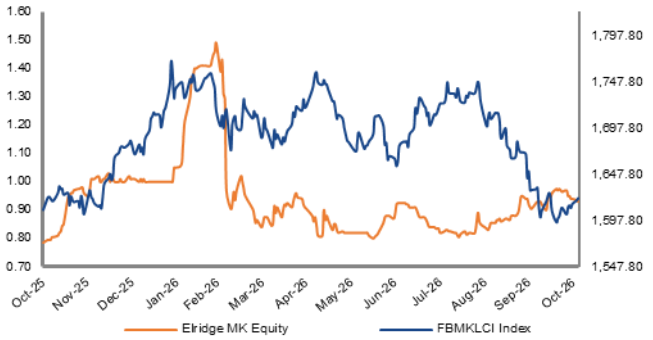
Key risks include: (i) Supply and price volatility of raw PKS, (ii) regulatory and policy changes in key export markets, particularly Japan's Feed-In Tariff (FiT) scheme, and (iii) execution risk from the ongoing capacity expansion and new activated carbon venture.

Stock in View

Research Team Coverage / research@mersec.com.my

Rating: Not Rated
Wednesday, November 4, 2026
Last Price: RM0.930
Fair Value: RM1.290

Share Price Performance



Business Overview

Elridge Energy Holdings Berhad is an investment holding company which, through its wholly-owned subsidiary Bio Eneco Sdn Bhd, is principally involved in the manufacturing and trading of biomass fuel products, primarily palm kernel shells (PKS) and wood pellets. Its products are used for heat and electricity generation by industrial boiler users and biomass power plants, and are supplied mainly to Japan, Thailand, Singapore, Indonesia and Malaysia. The Group operates PKS facilities in Selangor, Pahang and Johor, and holds Green Gold Label (GGL) and PEFC sustainability certifications. The Company is listed on the ACE Market.

Return Information	
KLCI (pts)	1,621.85
YTD KLCI chg	-3.5%
YTD Stock Price chg	-7.9%

Price Performance	1M	3M	12M
Absolute	2.8%	12.0%	17.0%
Relative to KLCI	3.3%	18.4%	17.1%

Stock Information	
Market Cap (RM m)	1,860.0
Issued Shares (m)	2,000.0
52-week High (RM)	1.52
52-week Low (RM)	0.79
Free Float	30%
Beta	0.5
3-mth Average Vol.(m)	3,881,321
Shariah Compliant	Yes
Bloomberg Ticker	Elridge MK Equity

Top 3 Shareholders	%
Mikro Msc Bhd	20.6%
Kayavest Sdn Bhd	16.8%
Rhb Trustees Bhd	12.1%

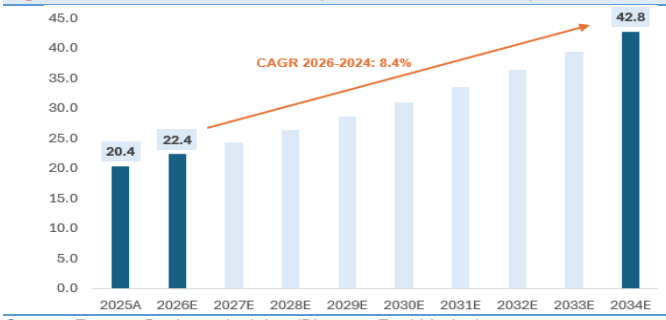
FY DEC (RM m)	FY25A	FY26E	FY27E
Revenue	**432.0**	**616.2**	**853.6**
EBITDA	87.8	128.6	180.1
EBIT	79.1	113.8	166.1
PBT	75.9	113.1	169.9
Core Net Profit	**57.3**	**86.0**	**129.1**
Core EPS (sen)	2.87	4.30	6.45
Core EPS Growth (%)	39.2%	50.0%	50.2%
Net DPS (sen)	-	-	-
Net Div. Yield (%)	0.0%	0.0%	0.0%
BVPS (RM)	11.6	15.9	22.4
PER	32.6	21.6	14.4
PBV (x)	8.1	5.8	4.2
Net Gearing	*Net Cash*	*Net Cash*	*Net Cash*

Industry Overview

Biomass Fuel Market on a Steady Growth Path, With Activated Carbon as a Higher-Value Adjacency. The global biomass fuel market, covering wood pellets and palm kernel shell (PKS), was valued at USD20.4bn in 2025 and is projected to reach USD22.4bn in 2026 and USD42.8bn by 2034 (2026–2034 CAGR: 8.4%; Figure 1). Growth is driven by decarbonisation targets, the coal phase-out in power and industrial heating, and wider use of agricultural and forestry residues as lower-carbon fuel. PKS is set to grow slightly faster (CAGR: 8.6%), backed by low production costs and abundant supply as a palm oil by-product in Malaysia, Indonesia and Thailand. PKS is also a feedstock for activated carbon, a market *Fortune Business Insights* values at USD5.6bn in 2025, rising to USD11.9bn by 2034 (2026–2034 CAGR: 8.8%) on water treatment and air purification demand. With traditional coconut shell feedstock becoming scarcer and costlier, PKS offers a viable, more abundant alternative. This supports Elridge's planned move into activated carbon, which sells at a much higher price than PKS fuel.

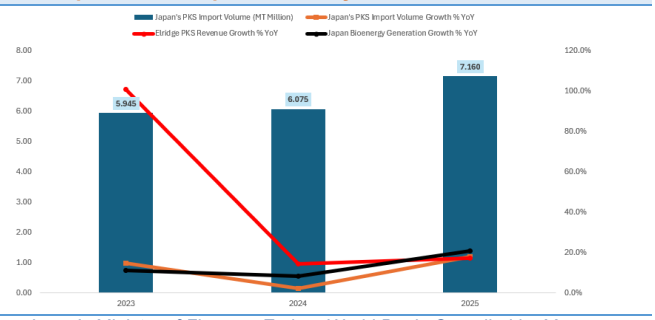
Japan's Sustained PKS Demand Anchors Elridge's Growth. Japan is the dominant PKS destination, with imports rising from 5.9m MT in 2023 to a record 7.2m MT in 2025, up 18% in 2025 alone (*Figure 2*). Demand is underpinned by biomass power plants on 20-year FIT (Feed-in Tariff) contracts that rely on imported fuel, with Japan's bioenergy generation also picking up in 2025. Malaysia supplied about 21% of Japan's PKS imports in 2025, while Japan absorbs over 90% of Malaysia's PKS exports (MPOB). Although only about 19% of Elridge's FY25 revenue was billed directly to Japan-based customers, much of its domestic sales go to trading houses that re-export there, making Japan its key end market. **Elridge's PKS revenue has tracked this closely, rising 17% in FY25, broadly in line with Japan's 18% import growth in CY2025**. Going forward, Japan's tighter sustainability rules, requiring PKS for FIT-eligible plants to be mill-traceable and certified under recognised schemes such as GGL, should favour established, certified suppliers like Elridge over smaller, uncertified traders.

Figure 1: Global Biomass Fuel (Wood Pellets & PKS) Market Size



Source: Fortune Business Insights (Biomass Fuel Market)

Figure 2: Japan's PKS Imports and Key Growth Indicators



Source: Japan's Ministry of Finance, Ember, World Bank, Compiled by Mercury

Robust PKS-led Growth and Margin Expansion. Elridge's revenue grew from RM115m in FY21 to RM432m in FY25 (4-year CAGR: 39%). FY25 revenue rose 11% YoY, driven by PKS (+17% YoY to RM389m) on sustained export demand, notably from Japan, where biomass fuel is used in power generation. This more than offset lower wood pellet sales (-25% YoY to RM43m) as the Group shifted its focus to PKS, lifting PKS's revenue share to 90% (FY24: 85%). On improving product margins, GP rose 26% YoY to RM103m (GP margin: 24% vs 21% in FY24), while EBITDA grew 35% YoY to RM91m (EBITDA margin: 21% vs 17% in FY24), further helped by higher other operating income (RM4m vs RM200k in FY24). PAT grew faster at 39% YoY to RM57m (PAT margin: 13% vs 11% in FY24) as the effective tax rate eased to 25% (FY24: 27%).

Quarterly Review. Momentum carried into 2QFY26, with revenue up 26% YoY to a record RM132m on higher PKS revenue (+43% YoY to RM127m) from customers in Japan, Malaysia and Thailand, more than offsetting lower wood pellet revenue (-70% YoY to RM4m) on weaker demand. GP rose 82% YoY to RM39m (GP margin: 30% vs 21% in 2QFY25), and EBITDA grew faster at 88% YoY to RM34m (EBITDA margin: 26% vs 18% in 2QFY25) as selling and administrative expenses rose at a slower pace. PAT rose 78% YoY to RM22m (PAT margin: 17% vs 12% in 2QFY25), with the effective tax rate edging up to 26% (2QFY25: 25%).

Figure 3: Quarterly Results Highlights

Quarter (RM'm)	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26
Revenue	102.920	95.547	109.673	104.138	104.842	113.323	130.790	131.714
EBITDA	15.377	16.707	20.935	18.227	20.945	27.680	28.132	34.269
PBT	12.669	13.786	18.032	16.540	17.614	23.715	24.077	29.768
PAT	8.880	9.629	13.582	12.431	13.589	17.709	17.773	22.187
Margins (%)								
EBITDA	14.9%	17.5%	19.1%	17.5%	20.0%	24.4%	21.5%	26.0%
PBT	12.3%	14.4%	16.4%	15.9%	16.8%	20.9%	18.4%	22.6%
PAT	8.6%	10.1%	12.4%	11.9%	13.0%	15.6%	13.6%	16.8%

Source: Mercury Research, Bursa Announcement

Valuation. Not Rated with a Fair Value (FV) of RM1.29, based on 20.0x FY27E EPS of 6.45 sen. As Elridge has no direct listed peer on Bursa Malaysia, we benchmark it against regional biomass fuel peers, which trade at an average 1-year forward PER of 25x. We apply a 20% discount to reflect its lower GP and EBITDA margin (FY25: 23.9% and 20.3%) relative to the peer average (GP margin: 32.6%, EBITDA margin: 44.8% as at latest financial year recorded).

Company Background

Established in 2011, Elridge Energy Holdings Berhad ("Elridge" or "EEHB" or "the Group") manufactures and trades biomass fuel, namely palm kernel shells (PKS) and wood pellets, through its wholly-owned subsidiary Bio Eneco Sdn Bhd. Headquartered in Sri Petaling, Kuala Lumpur and listed on Bursa Malaysia's ACE Market since August 2024, the Group has two segments: (i) PKS Manufacturing and (ii) Wood Pellet Trading and Manufacturing. Its plants in Telok Gong (Port Klang) and Kapar (Selangor), Kuantan (Pahang) and Pasir Gudang (Johor) have a combined annual capacity of 1.44m MT, rising to 1.92m MT when four new Kuantan lines start in 4QFY26 and to 2.16m MT in FY27 with the commissioning of its Lahad Datu, Sabah facility. Its Green Gold Label (GGL)-certified PKS, made using a patented process, is sold mainly to biomass power plants and trading houses in Japan, Indonesia, Thailand, Singapore and Malaysia, anchored by long-term offtake agreements with JFE Shoji Corporation and PT Orion APAC and an annually renewable MoU with Berkana Power. Elridge is also diversifying into higher-value activated carbon via a RM45m, 21,600 MT-capacity venture, due for a phased launch in 2HFY27.

Sustainability Review

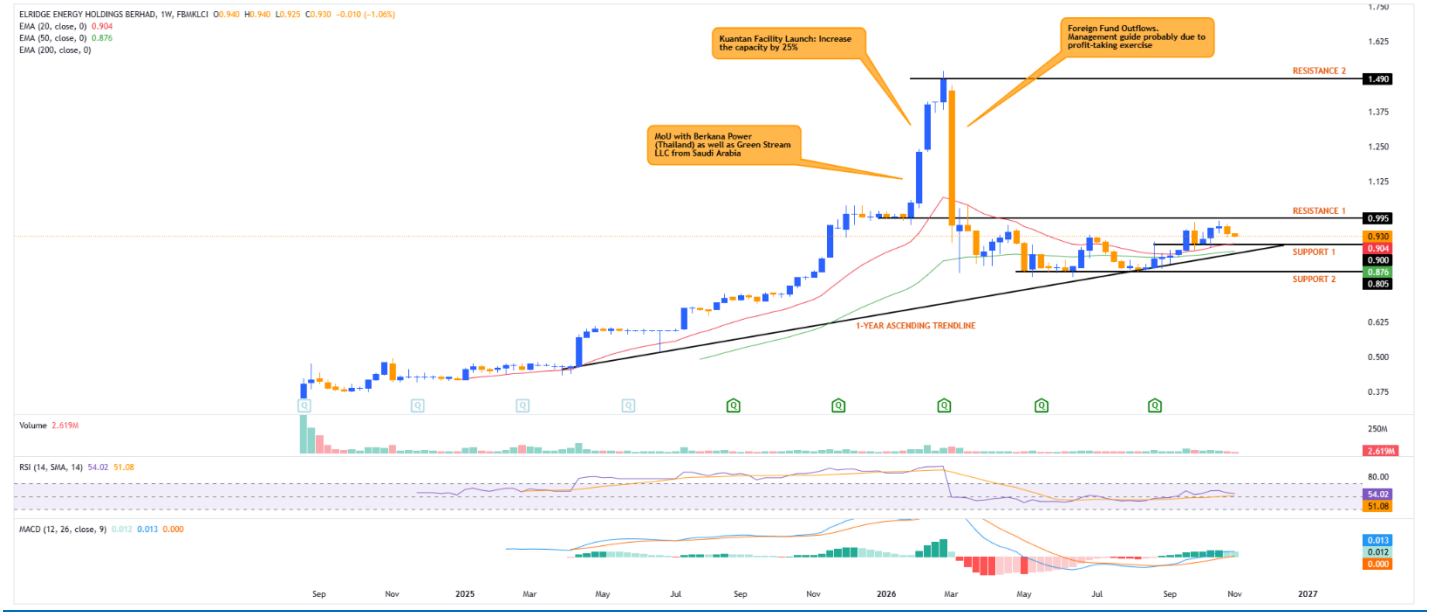
In line with Bursa Malaysia's guidelines, Elridge's sustainability governance is overseen by the Board, supported by the Audit and Risk Management Committee and a Sustainability Working Committee led by the Head of Finance and Project. Its first materiality assessment in FY25 set key Economic, Environmental and Social (EES) priorities, notably emissions, energy, occupational health and safety, and anti-corruption, reflecting its role in the regional renewable energy transition as it converts agricultural and timber by-products into biomass fuel.

Responsible Sourcing and Environmental Management. The Group sources raw materials from sustainably managed suppliers. This is backed by its Green Gold Label (GGL) certification for PKS, PEFC certification for wood pellets and the myHIJAU Mark, which is increasingly important as Japan tightens traceability requirements for FIT-eligible biomass fuel. Its production process uses no water, removing impurities through vibration screening rather than washing. Impurities such as rocks and metals are repurposed for road resurfacing or recycled, in line with circular economy principles.

Social Responsibility, Governance and Compliance. The Group upholds fair labour practices, with zero confirmed incidents of forced or child labour in FY25, and invests in workforce development through structured training programmes. Elridge maintains a zero-tolerance stance on bribery and corruption. All employees received anti-corruption training in FY25 and no confirmed incidents were reported, underscoring its commitment to ethical conduct, transparency and accountability.

Technical Watch

Figure 6: 5-Year Weekly Chart of Elridge Energy Holdings Berhad as at 03 November 2026



Source: TradingView, Mercury Securities

Last Close:	RM0.935	**52-Week High:**	RM1.490	**52-Week Low:**	RM0.785
Resistance 1:	RM0.995	**Support 1:**	RM0.900	**RSI:**	Bullish
Resistance 2:	RM1.490	**Support 2:**	RM0.805	**MACD:**	Positive

Technical Highlights. Elridge Energy has stayed in an uptrend since its listing in August 2024, with its 1-year ascending trendline intact. After peaking at an all-time high of RM1.490 in late February 2026, the stock retraced on profit-taking and has since consolidated within RM0.805–RM0.950. It appears to have formed a potential double bottom: both troughs held near the RM0.805 support, and the second coincided with a rebound off the trendline. At RM0.930 (03 Nov 2026), the stock is trading between its support of RM0.900 and resistance of RM0.995. It is above its 20- and 50-week EMAs (RM0.904/RM0.876), while the RSI (54.0) and MACD point to a positive bias. A decisive break above the RM0.995 neckline would confirm the reversal and open the way to a retest of RM1.490.

Disclaimer & Disclosure of Conflict of Interest

The information contained in this report is based on data obtained from data and sources believed to be reliable at the time of issue of this report. However, the data and/or sources have not been independently verified and as such, no representation, express or implied, are made as to the accuracy, adequacy, completeness or reliability of the information or opinions in this report.

This report may contain forward-looking statements which are often but not always identified by the use of words such as “believe”, “estimate”, “intend” and “expect” and statements that an event or result “may”, “will” or “might” occur or be achieved and other similar expressions. Such forward-looking statements are based on assumptions made and information currently available to Mercury Securities Sdn Bhd. (“Mercury Securities”) and are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievement to be materially different from any future results, performance or achievement, expressed or implied by such forward-looking statements. Caution should be taken with respect to such statements and recipients of this report should not place undue reliance on any such forward-looking statements. Mercury Securities expressly disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or circumstances after the date of this publication or to reflect the occurrence of unanticipated events.

Accordingly, neither Mercury Securities nor any of its holding company, related companies, directors, employees, agents and/or associates nor person connected to it accept any liability whatsoever for any direct, indirect, or consequential losses (including loss of profits) or damages that may arise from the use or reliance on the information or opinions in this publication. Any information, opinions or recommendations contained herein are subject to change at any time without prior notice. Mercury Securities has no obligation to update its opinion or the information in this report.

This report does not have regard to the specific investment objectives, financial situation and particular needs of any specific person. Accordingly, investors are advised to make their own independent evaluation of the information contained in this report and seek advice from, amongst others, tax, accounting, financial planner, legal or other business professionals regarding the appropriateness of investing in any securities or the investment strategies discussed or recommended in this report. Nothing in this report constitutes investment, legal, accounting or tax advice or a representation that any investment or strategy is suitable or appropriate to your individual circumstances or otherwise represents a personal recommendation to you. This report is not intended and should not under no circumstances be considered as an offer to sell or a solicitation of any offer or a solicitation or expression of views to influence any one to buy or sell the securities referred to herein or any related financial instruments.

Mercury Securities and its holding company, related companies, directors, employees, agents, associates and/or person connected with it may, from time to time, hold any positions in the securities and/or capital market products (including but not limited to shares, warrants and/or derivatives), trade or otherwise effect transactions for its own account or the account of its customers or be materially interested in any securities mentioned herein or any securities related thereto, and may further act as market maker or have assumed underwriting commitment or deal with such securities and provide advisory, investment, share margin facility or other services for or do business with any companies or entities mentioned in this report. In reviewing the report, investors should be aware that any or all of the foregoing among other things, may give rise to real or potential conflict of interests and should exercise their own judgement before making any investment decisions.

This research report is being supplied to you on a strictly confidential basis solely for your information and is made strictly on the basis that it will remain confidential. All materials presented in this report, unless specifically indicated otherwise, are under copyright to Mercury Securities. This research report and its contents may not be reproduced, stored in a retrieval system, redistributed, transmitted, or passed on, directly or indirectly, to any person or published in whole or in part, or altered in any way, for any purpose.

This report may provide the addresses of, or contain hyperlinks to websites. Mercury Securities takes no responsibility for the content contained therein. Such addresses or hyperlinks (including addresses or hyperlinks to Mercury Securities own website material) are provided solely for your convenience. The information and the content of the linked site do not in any way form part of this report. Accessing such website or following such link through the report or Mercury Securities’ website shall be at your own risk.

This report is not directed to or intended for distribution or publication outside Malaysia. If you are outside Malaysia, you should have regard to the laws of the jurisdiction in which you are located.

The views expressed in this research report accurately reflect the analyst’s personal views about any and all of the subject securities or issuers; and no part of the research analyst’s compensation was, is or will be, directly or indirectly, related to the specific recommendations or views expressed in the report.

Recommendation Rating

Mercury Securities maintains a list of stock coverage. Stock can be added or dropped subject to needs with or without notice. Hence, the recommendation rating only applicable to stocks under the list. Stocks out of the coverage list will not carry recommendation rating as the analyst may not follow the stocks adequately.

Mercury Securities has the following recommendation rating:

BUY	Stock's total return is expected to be +10% or better over the next 12 months (including dividend yield)
HOLD	Stock's total return is expected to be within +10% or -10% over the next 12 months (including dividend yield)
SELL	Stock's total return is expected to be -10% or worse over the next 12 months (including dividend yield)

Published & Printed By:

MERCURY SECURITIES SDN BHD
Registration No. 198401000672 (113193-W)
L-7-2, No 2, Jalan Solaris, Solaris Mont' Kiara, 50480 Kuala Lumpur
Telephone: (603) - 6203 7227
Website: www.mercurysecurities.com.my
Email: mercurykl@mersec.com.my