

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2026
(The figures have not been audited)

	Individual Quarter			Cumulative Quarter		
	Current Quarter 31.3.2026 RM'000	Preceding year Corresponding Quarter 31.3.2025 RM'000	+ / (-)	Current Year To Date 31.3.2026 RM'000	Preceding year Corresponding Period 31.3.2025 RM'000	+ / (-)
Revenue	24,446	24,551	(0.00)	24,446	24,551	(0.00)
Cost of sales	(7,249)	(8,051)		(7,249)	(8,051)	
Gross profit	17,197	16,500	0.04	17,197	16,500	0.04
Profit income	121	105		121	105	
Other income	1,165	294		1,165	294	
Staff costs	(7,116)	(7,702)		(7,116)	(7,702)	
Depreciation and amortisation	(1,463)	(1,907)		(1,463)	(1,907)	
Other operating expenses	(3,447)	(3,301)		(3,447)	(3,301)	
Profit from operations	6,457	3,989	0.62	6,457	3,989	0.62
Finance costs	(1,410)	(1,028)		(1,410)	(1,028)	
Profit before tax	5,047	2,961	0.70	5,047	2,961	0.70
Income tax expense	(1,964)	(1,067)		(1,964)	(1,067)	
Profit net of tax	3,083	1,894	0.63	3,083	1,894	0.63
Other comprehensive income:						
Foreign currency translation	(410)	157		(410)	157	
Other comprehensive income attributable to:	(410)	157		(410)	157	
Total comprehensive income for the period	2,673	2,051	0.30	2,673	2,051	0.30
Net Profit/(Loss) attributable to:						
Owners of the parent	978	(145)	7.74	978	(145)	7.74
Minority interest	2,105	2,039	0.03	2,105	2,039	0.03
	3,083	1,894	0.63	3,083	1,894	0.63

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 203352-V)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FIRST QUARTER ENDED 31 MARCH 2026
(The figures have not been audited)
(CONT'D.)

	Individual Quarter			Cumulative Quarter		
	Current Quarter	Preceding year Corresponding Quarter	+ / (-)	Current Year To Date	Preceding year Corresponding Period	+ / (-)
	31.3.2026	31.3.2025		31.3.2026	31.3.2025	
	RM'000	RM'000		RM'000	RM'000	
Total comprehensive income/(loss) attributable to :						
Owners of the parent	568	12	(46.33)	568	12	(46.33)
Minority interest	2,105	2,039	0.03	2,105	2,039	0.03
	<u>2,673</u>	<u>2,051</u>	0.30	<u>2,673</u>	<u>2,051</u>	0.30
Earning per share attributable to equity holders of the parent						
Basic earning per share (sen)	<u>0.15</u>	<u>(0.02)</u>		<u>0.15</u>	<u>(0.02)</u>	

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2025 and the accompanying explanatory notes attached to the financial statements.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2026
(The figures have not been audited)

	Unaudited 31.3.2026 RM'000	Audited 31.12.2025 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	44,729	44,832
Investment properties	33,639	33,812
Goodwill on consolidation	6,952	6,952
Deferred tax assets	3,511	3,517
Other receivables	12	12
	<u>88,843</u>	<u>89,125</u>
Current assets		
Inventories	107	107
Trade and other receivables	45,547	43,172
Contract assets	918	2,124
Contract costs	2,724	3,051
Tax recoverable	218	222
Other current financial assets	3,926	3,998
Cash and bank balances	47,340	41,852
	<u>100,780</u>	<u>94,526</u>
TOTAL ASSETS	<u>189,623</u>	<u>183,651</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	65,970	65,970
Treasury shares	(364)	(364)
Other reserves	(1,557)	(1,147)
Accumulated losses	(16,191)	(17,169)
	<u>47,858</u>	<u>47,290</u>
Non-controlling interest	39,781	37,676
Total equity	<u>87,639</u>	<u>84,966</u>
Non-current liabilities		
Retirement benefit obligation	678	1,123
Deferred tax liabilities	2,685	2,685
Lease obligations	17	70
Borrowings	23	23
Other payables	2,286	2,247
	<u>5,689</u>	<u>6,148</u>
Current liabilities		
Trade and other payables	29,551	26,949
Contract liabilities	544	126
Lease obligations	392	437
Borrowings	61,775	61,070
Retirement benefit obligation	455	455
Income tax payable	3,578	3,500
	<u>96,295</u>	<u>92,537</u>
Total Liabilities	<u>101,984</u>	<u>98,685</u>
TOTAL EQUITY AND LIABILITIES	<u>189,623</u>	<u>183,651</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>0.07</u>	<u>0.07</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2025 and the accompanying explanatory notes attached to the financial statements.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FIRST QUARTER ENDED 31 MARCH 2026
(The figures have not been audited)

	← Attributable to owners of the company →						Non controlling Interest RM'000	Total Equity RM'000
	← Non Distributable →			Distributable		Total RM'000		
	Share Capital RM'000	Treasury Shares RM'000	Other Reserves RM'000	Retained Profits RM'000	Profits RM'000			
At 1 January 2025	65,970	(364)	(2,301)	(18,862)	44,443	34,149	78,592	
Total comprehensive income/ (loss) for the year	-	-	157	(145)	12	2,039	2,051	
At 31 March 2025	65,970	(364)	(2,144)	(19,007)	44,455	36,188	80,643	
At 1 January 2026	65,970	(364)	(1,147)	(17,169)	47,290	37,676	84,966	
Total comprehensive income/ (loss) for the year	-	-	(410)	978	568	2,105	2,673	
At 31 March 2026	65,970	(364)	(1,557)	(16,191)	47,858	39,781	87,639	

The Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2025.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE FIRST QUARTER ENDED 31 MARCH 2026
(The figures have not been audited)

	Cumulative Current Year To Date 31.3.2026 RM'000	Cumulative Corresponding Period 31.3.2025 RM'000
Cash flows from operating activities		
Profit before tax	5,047	2,961
Adjustments for :		
Depreciation of property, plant and equipment	1,290	1,728
Amortisation of investment properties	173	179
Provision for retirement benefit obligations	34	298
(Gain)/loss on disposal of property, plant and equipment	(785)	-
Impairment/(reversal of impairment) of trade receivables	-	1
Fair value gain on other current financial assets	(3)	(5)
Unrealised loss from foreign exchange	84	60
Deferred tax expense/(credit)	-	-
Finance cost	1,410	1,028
Profit income from deposits	(118)	(100)
Operating profit before working capital changes	<u>7,132</u>	<u>6,150</u>
Working capital changes :		
Contract customers	1,951	-
Receivables	(2,376)	(1,504)
Payables	2,556	8,240
Cash generated from operations	<u>9,263</u>	<u>12,886</u>
Retirement benefit obligation paid	(455)	(381)
Taxation (paid)/refund	<u>(1,888)</u>	<u>(766)</u>
Net cash generated from operating activities	<u>6,920</u>	<u>11,739</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	785	-
Net withdrawal of unit trust/short term placement	-	535
Purchase of property plant and equipment	(1,352)	(6,898)
Profits received from deposits	118	100
(Placement)/withdrawal of deposits pledged	(430)	92
Net cash used in investing activities	<u>(879)</u>	<u>(6,171)</u>
Cash flows from financing activity		
Net drawdown/(repayment) of borrowings	494	(3,219)
Financing cost paid	(1,410)	(1,029)
Lease payment	(98)	(48)
Net cash used in financing activity	<u>(1,014)</u>	<u>(4,296)</u>
Net increase in cash and cash equivalents	5,027	1,272
Cash and cash equivalents at 1 January 2026/2025	11,193	14,889
Translations differences	(179)	-
Cash and cash equivalents at 31 March 2026/2025	<u>16,041</u>	<u>16,161</u>
Cash and cash equivalents :		
Cash and bank balances	47,340	46,298
Overdraft	(18,809)	(18,046)
	<u>28,531</u>	<u>28,252</u>
Less: Restricted deposits	(12,490)	(12,091)
	<u>16,041</u>	<u>16,161</u>

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statement for the financial year ended 31 December 2025 and the accompanying explanatory notes attached to the financial statements.

FOR THE FIRST QUARTER ENDED 31 MARCH 2026
SELECTED EXPLANATORY NOTES

A EXPLANATORY NOTES PURSUANT TO FRS 134

A1. Corporate information

Progressive Impact Corporation Berhad ("the Company") is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad.

The condensed consolidated interim financial statements were approved by the Board of Directors on 25 May 2026.

A2. Basis of preparation

The consolidated condensed interim financial information for the period ended 31 March 2026 is unaudited and has been prepared in accordance with Malaysia Financial Reporting Standards ("MFRS") 134 "Interim financial reporting" issued by the Malaysian Accounting Standards Board (MASB), Appendix 9B (Part A) of the Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Bursa Securities Listing Requirements") and the requirements of the Companies Act, 2016 in Malaysia. The consolidated condensed interim financial information should be read in conjunction with the annual financial statements for the financial year ended 31 December 2025, which have been prepared in accordance with MFRS, IFRS Accounting Standards and the requirements of the Companies Act, 2016 in Malaysia.

A3. MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective

Effective for Annual periods commencing on or after 1 January 2026

The Group has adopted the following Amendments to MFRSs mandatory for annual periods beginning on or after 1 January 2026.

	Effective for annual period beginning on or after
Amendments to MFRS 9 and MFRS 7 Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 1, MFRS 7, MFRS 9, MFRS 10 and MFRS 107 <i>Amendments that are part of Annual Improvement - Volume 11</i>	1 January 2026
Amendments to MFRS 9 and MFRS 7 Contract Referencing Nature - Dependent Electricity	1 January 2026

The adoption of the above pronouncements will have no material impact on the financial statements of the Group.

MFRSs and Amendments to MFRS issued but not yet effective

At the date of authorisation of these interim financial statements, the following Amendments to MFRSs were issued but not yet effective and have not been applied by the Group.

MFRSs and amendments to MFRSs	Effective for annual period beginning on or after
MFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
MFRS 19 and Amendments to MFRS 19 <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to MFRS 121 <i>Translation to a Hyperinflationary Presentation Currency</i>	1 January 2027
Amendments to MFRS 10 and MFRS 128: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The interim report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2025.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

FOR THE FIRST QUARTER ENDED 31 MARCH 2026
SELECTED EXPLANATORY NOTES

A4. Changes in estimates

There were no changes in estimates of amounts reported in prior financial quarter or financial year that have a material effect in the financial quarter under review.

A5. Changes in composition of the Group

No changes in composition of the Group for the quarter ended 31 March 2026.

A6. Segment information

<u>31 March 2026</u>	Environmental Monitoring, Consultancy & Services	Lab Testing Services	Others*	Elimination	Cumulative Quarter Year To Date 31.3.2026 RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue					
External revenue	5,925	17,817	704	-	24,446
Inter- segment revenue	-	337	61	(398)	-
Total revenue	<u>5,925</u>	<u>18,154</u>	<u>765</u>	<u>(398)</u>	<u>24,446</u>
Segment Results					
Segment profit/(loss) from operations	182	6,793	(363)	(155)	6,457
Finance cost	(1,071)	(6)	(625)	292	(1,410)
Income tax expense	(94)	(1,870)	-	-	(1,964)
Profit net of tax					<u>3,083</u>
Non-controlling interest					<u>(2,105)</u>
Net profit for the year					<u>978</u>

<u>31 March 2025</u>	Environmental Monitoring, Consultancy & Services	Lab Testing Services	Others*	Elimination	Cumulative Quarter Year To Date 31.3.2025 RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000
Segment Revenue					
External revenue	6,681	17,448	422	-	24,551
Inter- segment revenue	-	601	386	(987)	-
Total revenue	<u>6,681</u>	<u>18,049</u>	<u>808</u>	<u>(987)</u>	<u>24,551</u>
Segment Results					
Segment profit/(loss) from operations	(1,010)	5,931	(280)	(652)	3,989
Finance cost	(1,033)	(5)	(588)	598	(1,028)
Income tax expense	-	(1,067)	-	-	(1,067)
Profit net of tax					<u>1,894</u>
Non-controlling interest					<u>(2,039)</u>
Net loss for the year					<u>(145)</u>

* The segment denoted as "others" includes the revenue and results of Progressive Impact Corporation Berhad ("the Company") and subsidiaries which do not fall under the environmental monitoring, consultancy and services and lab testing services segments.

The review of the group and segmental performance is further illustrated in Note B1 and B2 of the announcement.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

FOR THE FIRST QUARTER ENDED 31 MARCH 2026
SELECTED EXPLANATORY NOTES

A7. Seasonality or cyclical

The Group's performance is not affected by any seasonal or cyclical factors.

A8. Profit before taxation

	Individual quarter 3 months ended		Cumulative quarter 3 months ended	
	31.3.2026 RM'000	31.3.2025 RM'000	31.3.2026 RM'000	31.3.2025 RM'000
Profit before taxation is arrived at after charging:				
Zakat	140	135	140	135

A9. Income tax expense

	Individual quarter 3 months ended		Cumulative quarter 3 months ended	
	31.3.2026 RM'000	31.3.2025 RM'000	31.3.2026 RM'000	31.3.2025 RM'000
Tax expense :				
- Malaysia Income Tax	1,682	1,002	1,682	1,002
- Foreign Tax	282	65	282	65
- Deferred Tax	-	-	-	-
	<u>1,964</u>	<u>1,067</u>	<u>1,964</u>	<u>1,067</u>
Effective tax rate			39%	36%

The effective tax rate for 2026 and 2025 is higher than the statutory income tax rate of 24% .This is due to the losses incurred by the subsidiary companies which has lowered the basis for the computation of the effective tax rate.

A10. Earnings per share

The basic earnings per share for the quarter and cumulative year to date are computed as follow:

	Individual quarter 3 months ended		Cumulative quarter 3 months ended	
	31.3.2026	31.3.2025	31.3.2026	31.3.2025
Profit/(Loss) for the period (RM'000)	<u>978</u>	<u>(145)</u>	<u>978</u>	<u>(145)</u>
Number of ordinary shares of RM0.10 each in issue ('000)	<u>655,631</u>	<u>655,631</u>	<u>655,631</u>	<u>655,631</u>
Basic Earnings Per Share (sen)	<u>0.15</u>	<u>(0.02)</u>	<u>0.15</u>	<u>(0.02)</u>

There is no diluted earnings per share as there were no potential dilutive ordinary shares outstanding as at the end of the reporting period.

A11. Valuation of property, plant and equipment

The Group measured its land and building at the date of transition at its revalued amounts and uses that amounts as its deemed cost at that date.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

FOR THE FIRST QUARTER ENDED 31 MARCH 2026
SELECTED EXPLANATORY NOTES

A12. Interest bearing loans and borrowings

	31.3.2026	31.12.2025
	RM'000	RM'000
Short term borrowings		
Hire purchase	64	121
Overdraft	18,809	19,271
Revolving Credit	22,870	22,072
Term loan	17,817	17,912
Trust receipt	2,215	1,694
	<u>61,775</u>	<u>61,070</u>
Long term borrowings		
Hire purchase	23	23
	<u>23</u>	<u>23</u>
Total borrowings	<u>61,798</u>	<u>61,093</u>

Current year utilisation of additional borrowings relates to its investment and working capital financing.

A13. Trade receivables

	31.3.2026	31.12.2025
	RM'000	RM'000
Trade and other receivable	<u>45,547</u>	<u>43,172</u>

A14. Dividends

No dividend declared or paid during current quarter.

A15. Commitments

	31.3.2026	31.12.2025
	RM'000	RM'000
Capital expenditure		
Approved and contracted for :		
Property, plant & equipment	1,308	1,975
	<u>1,308</u>	<u>1,975</u>

A16. Contingent liabilities and contingent assets

There were no material changes in the contingent liabilities and contingent assets since the last audited financial statements for the financial period ended 31 March 2026.

A17. Related party transactions

The transactions between related parties have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from that obtainable in transactions with unrelated parties.

A18. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period ended 31 March 2026.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

FOR THE FIRST QUARTER ENDED 31 MARCH 2026
SELECTED EXPLANATORY NOTES

A19. Issuance, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

Share buybacks/ Treasury shares of the Company

	31.3.2026	31.12.2025
	RM'000	RM'000
As at 1 January	364	364
Share buyback	-	-
As at 31 December	<u>364</u>	<u>364</u>

FOR THE FIRST QUARTER ENDED 31 MARCH 2026
SELECTED EXPLANATORY NOTES

B EXPLANATORY NOTES PURSUANT TO BURSA MALAYSIA LISTING REQUIREMENTS : CHAPTER 9, APPENDIX 9B, PART A

B1. Performance review

Review of Group Performance

	Current Year To Date 31.3.2026 RM'000	Preceding Year Corresponding Period 31.3.2025 RM'000	Changes Amount RM'000	Changes + / (-)
<u>Revenue</u>				
Environmental monitoring, consultancy & services	5,925	6,681	(756)	(0.11)
Lab testing services	18,154	18,049	105	0.01
Corporate holding and Elimination	367	(179)	546	(3.05)
	<u>24,446</u>	<u>24,551</u>	(105)	(0.00)
<u>Segment results</u>				
Environmental monitoring, consultancy & services	182	(1,010)	1,192	1.18
Lab testing services	6,793	5,931	862	0.15
Corporate holding and Elimination	(518)	(932)	414	0.44
Profit from operations	6,457	3,989	2,468	0.62
Finance charges	(1,410)	(1,028)	(382)	(0.37)
Profit before tax	5,047	2,961	2,086	0.70
Tax expense	(1,964)	(1,067)	(897)	(0.84)
Profit net of tax	3,083	1,894	1,189	0.63
Non controlling interest	(2,105)	(2,039)	(66)	(0.03)
Profit/(Loss) attributable to owners of the Company	<u>978</u>	<u>(145)</u>	1,123	7.74

1.1 Segments Background:

The Group is organised into two operating segments as follows based on products offered and services rendered:

- (a) The environmental monitoring, consultancy and services segment includes the provision of environmental related services in air, water, wastewater and public health.
- (b) The lab testing services segment includes the provision of environmental and food testing and analysis services.

1.2 Group and Segments Analysis

Group Analysis:

The Group recorded a marginal decrease in revenue of RM0.1 million compared to the preceding year corresponding period, mainly due to lower contributions from the environmental monitoring, consultancy and services segment. Notwithstanding this, the Group's profit from operations improved by RM2.5 million, supported by higher gross profit and improved margins in the lab testing services segment, with the Group's gross margin increasing to 70% from 67% in the preceding year corresponding period.

An analysis of the results of each segment is as follows:

a) Environmental monitoring, consultancy & services

Environmental monitoring, consultancy and services segment contributed 24% from the total Group revenue in the current quarter, decreased by 3% from the preceding year corresponding quarter's contribution.

FOR THE FIRST QUARTER ENDED 31 MARCH 2026
SELECTED EXPLANATORY NOTES

B1. Performance review (cont'd.)

An analysis of the results of each segment is as follows: (cont'd.)

a) **Environmental monitoring, consultancy & services (cont'd.)**

The segment's revenue decreased by 11% or RM0.8 million compared to the preceding year corresponding quarter, due to lower revenue generated mainly by the Saudi operations. The segment's operating profit however, improved by more than 100% to RM0.2 million from operating loss of RM1.0 million in the preceding year corresponding quarter, driven by reduced losses in both the Malaysian and Saudi operations, supported by lower operating expenses and higher other income in the current financial period.

b) **Lab testing services**

Lab testing services segment contributed 74% of the total Group revenue, consistent with its contribution of 74% in the preceding year corresponding quarter.

The segment's revenue increased marginally by 1% or RM0.1 million compared to the preceding year corresponding quarter, attributed by higher revenue from the Indonesian operations. The segment's profit from operations increased by 15% or RM0.9 million compared to the preceding year corresponding quarter, resulting from higher gross profit recorded by both the Malaysian and Indonesian operations.

The Group's profit after tax increased by 63% to RM3.1 million from RM1.9 million in the preceding year corresponding quarter, mainly supported by the strong performance of the environmental monitoring, consultancy and services segment. Going forward, the Group will continue to implement turnaround initiatives for the EMCS segment, including cost rationalization, improved project execution and tighter operational controls. The Group remains focused on strengthening its core segments through service quality enhancements, strategic market expansion and operational efficiency improvements, which are expected to support sustainable performance moving forward.

B2.

	Individual Quarter		Changes Amount RM'000	Changes + / (-)
	Current Quarter 31.3.2026 RM'000	Preceding Quarter 31.12.2025 RM'000		
Revenue				
Environmental monitoring, consultancy & services	5,925	8,737	(2,812)	(0.32)
Lab testing services	18,154	19,980	(1,826)	(0.09)
Corporate holding and Elimination	367	474	(107)	(0.23)
	<u>24,446</u>	<u>29,191</u>	(4,745)	(0.16)
Segment results				
Environmental monitoring, consultancy & services	182	1,540	(1,358)	0.88
Lab testing services	6,793	8,296	(1,503)	(0.18)
Corporate holding and Elimination	(518)	(421)	(97)	(0.23)
Profit from operations	<u>6,457</u>	<u>9,415</u>	(2,958)	(0.31)
Finance charges	(1,410)	(1,604)	194	0.12
Profit before tax	<u>5,047</u>	<u>7,811</u>	(2,764)	(0.35)
Tax expense	(1,964)	(4,760)	2,796	0.59
Profit net of tax	<u>3,083</u>	<u>3,051</u>	32	0.01
Non controlling interest	(2,105)	(1,378)	(727)	(0.53)
Profit attributable to owners of the Company	<u><u>978</u></u>	<u><u>1,673</u></u>	(695)	0.42

B2. Material Changes in Profit for the Current Quarter as Compared to the Results of the Preceding Quarter (cont'd.)

2.1 Group and Segments Analysis

Group Analysis:

The Group's revenue decreased by RM4.7 million as compared to the preceding quarter ended 31 December 2025, attributed by lower revenue recorded by all the segments. Consequently, the Group's profit from operations has decreased by 31% or RM2.9 million from the preceding quarter, resulting from lower contributions from all the segments.

An analysis of the results of each segment is as follows:

a) **Environmental monitoring, consultancy & services**

Environmental monitoring, consultancy and services segment contributed 24% to the Group's total revenue in the current quarter, decreased by 6% from the preceding quarter's contribution. The segment's revenue decreased by 32% or RM2.8 million, due to lower revenue from both the Malaysian and Saudi operations. The segment reported a profit from operations of RM0.2 million, a significant reduction of 88% from the profit of RM1.5 million recorded in the preceding quarter. This was mainly due to lower gross profit contribution from both the Malaysian and Saudi operations.

b) **Lab testing services**

Lab testing services segment contributed 74% of the total Group revenue, increased by 6% from the preceding quarter's revenue contribution of 68%. The segment's revenue however, decreased by 9% or RM1.8 million from the preceding quarter, primarily due to lower revenue generated by the Malaysian operations. The segment's profit from operations decreased by 18% or RM1.5 million compared to the preceding quarter, mainly due to lower gross profit from both the Malaysian and Indonesian operations.

B3. Commentary on prospects

Global growth is projected to moderate to 3.1% in 2026, reflecting renewed geopolitical tensions – particularly the Middle East conflict – which have driven energy price spikes and supply chain disruptions. Inflation is expected to rise to 4.4% before easing thereafter, amid higher commodity prices and firmer inflation expectations. This outlook highlights ongoing headwinds from geopolitical and trade uncertainties, with downside risks including prolonged conflicts, commodity price volatility, and financial market instability, while policy focus remains on rebuilding fiscal buffers and maintaining price stability.

Malaysia's economy is projected to grow 4.0%–5.0% in 2026, supported by resilient domestic demand, firm labour market conditions, sustained investment activity, and continued strength in E&E exports and tourism. Headline inflation is expected to remain moderate at 1.5%–2.5%, with core inflation stable near its long-term average, reflecting easing global cost pressures and supportive policy measures. The outlook faces downside risks from external uncertainties such as geopolitical tensions, commodity price volatility, and exchange rate pressures, while upside potential stems from stronger external demand, tourism recovery, and continued investment realization.

At the industry level, the ongoing Middle East conflict could have an indirect impact on lab testing services in Malaysia, particularly in the food safety and agrochemical segments. Supply chain disruptions – especially in petrochemical-based materials – have led to shortages and higher costs of plastic and aluminum packaging, while increased war-risk insurance premiums and sea freight costs have raised overall export expenses. These pressures have reduced manufacturers' production capacity and export activities, resulting in lower demand for laboratory testing services as companies scale back output and testing requirements.

FOR THE FIRST QUARTER ENDED 31 MARCH 2026
SELECTED EXPLANATORY NOTES

B3. Commentary on prospects (cont'd.)

PICORP's turnaround strategy continues to deliver strong results, with profit before tax rising from RM3.1 million to RM5.2 million and profit after tax increasing from RM1.9 million to RM3.1 million, representing growth of over 50% compared to the preceding year's corresponding quarter. The Group also recorded a PATAMI of RM1.0 million in the current quarter, a marked improvement from a LATAMI of RM0.1 million previously. These performance reflects enhanced operational efficiency, disciplined cost management, and effective execution of strategic initiatives under the turnaround plan. The Group remains confident in sustaining this positive momentum in the coming quarters.

PICORP is driving sustainable growth and enhancing financial performance through a focused strategy that strengthens its core business segments while seizing new market opportunities. The Group's key initiatives include expanding into IT services and digital solutions, enhancing laboratory testing capabilities and capacity, including agrochemical labs in Malaysia and Indonesia, and growing the Integrated Pest Management (IPM) segment by targeting key accounts and entering the Saudi market leveraging Saudi ASMA's strong industry recognition. In addition, PICORP is advancing technology, IoT, and ESG initiatives to support long-term competitiveness, innovation, and sustainable business growth.

With the continued execution of the enhanced EMCS turnaround plan, the Group expects further performance improvements in 2026 and beyond, barring unforeseen disruptions or significant market shifts amid prevailing geopolitical risks.

B4. Profit forecast or profit guarantee

There were no profit forecasts or profit guarantees issued by the Group.

B5. Corporate proposals

There were no corporate proposals announced by the Group during the current quarter.

B6. Disclosure of gains/(losses) arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 31 March 2026.

B7. Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at the date of this report.

B8. Changes in Material Litigation

There is no material litigation in the current quarter.

B9. Dividend

The Company does not recommend any payment of dividend in respect of the financial year ended 31 December 2025.

B10. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2025 was not qualified.

By order of the Board
PROGRESSIVE IMPACT CORPORATION BERHAD
Hajjah Zaidah Binti Haji Mohd Salleh
Company Secretary (MIA 3313)

Shah Alam