PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2026
(The figures have not been audited)

	Individual Quarter			Cumulative Quarter		
	Current Quarter 30.6.2026 RM'000	Preceding year Corresponding Quarter 30.6.2025 RM'000	+/(-)	Current Year To Date 30.6.2026 RM'000	Preceding year Corresponding Period 30.6.2025 RM'000	+/(-)
Revenue	26,492	28,112	(0.06)	50,938	52,663	(0.03)
Cost of sales	(9,033)	(9,333)		(16,282)	(17,384)	
Gross profit	17,459	18,779	(0.07)	34,656	35,279	(0.02)
Profit income	131	107		252	212	
Other income	567	341		1,732	635	
Staff costs	(7,523)	(7,363)		(14,639)	(15,065)	
Depreciation and amortisation	(1,787)	(1,575)		(3,250)	(3,482)	
Other operating expenses	(2,750)	(4,781)		(6,197)	(8,082)	
Profit from operations	6,097	5,508	0.11	12,554	9,497	0.32
Finance costs	(1,180)	(1,763)		(2,590)	(2,791)	
Profit before tax	4,917	3,745	0.31	9,964	6,706	0.49
Income tax expense	(1,418)	(1,056)		(3,382)	(2,123)	
Profit net of tax	**3,499**	**2,689**	0.30	**6,582**	**4,583**	0.44
Other comprehensive income:						
Foreign currency translation	(853)	167		(1,263)	324	
Total comprehensive income for the period	**2,646**	**2,856**	(0.07)	**5,319**	**4,907**	0.08
Net Profit/(Loss) attributable to:						
Owners of the parent	1,223	(325)	4.76	2,201	(470)	5.68
Minority interest	2,276	3,014	(0.24)	4,381	5,053	(0.13)
	3,499	**2,689**	0.30	**6,582**	**4,583**	0.44

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2026
(The figures have not been audited)
(CONT'D.)

	Individual Quarter			Cumulative Quarter		
	Current Quarter 30.6.2026 RM'000	Preceding year Corresponding Quarter 30.6.2025 RM'000	+/(-)	Current Year To Date 30.6.2026 RM'000	Preceding year Corresponding Period 30.6.2025 RM'000	+/(-)
Total comprehensive income/(loss) attributable to :						
Owners of the parent	370	(158)	3.34	938	(146)	7.42
Minority interest	2,276	3,014	(0.24)	4,381	5,053	(0.13)
	2,646	**2,856**	(0.07)	**5,319**	**4,907**	0.08
Earning per share attributable to equity holders of the parent						
Basic earning per share (sen)	**0.19**	**(0.05)**		**0.34**	**(0.07)**	

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 30 JUNE 2026
(The figures have not been audited)

	Unaudited 30.6.2026 RM'000	Audited 31.12.2025 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	45,051	44,832
Investment properties	33,467	33,812
Goodwill on consolidation	6,952	6,952
Deferred tax assets	3,496	3,517
Other receivables	12	12
	88,978	89,125
Current assets		
Inventories	107	107
Trade and other receivables	43,989	43,172
Contract assets	827	2,124
Contract costs	3,363	3,051
Tax recoverable	209	222
Other current financial assets	3,764	3,998
Cash and bank balances	49,470	41,852
	101,729	94,526
TOTAL ASSETS	190,707	183,651
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	65,970	65,970
Treasury shares	(364)	(364)
Other reserves	(2,410)	(1,147)
Accumulated losses	(14,968)	(17,169)
	48,228	47,290
Non-controlling interest	39,597	37,676
Total equity	87,825	84,966
Non-current liabilities		
Retirement benefit obligation	884	1,123
Deferred tax liabilities	2,685	2,685
Lease obligations	321	70
Borrowings	23	23
Other payables	2,325	2,247
	6,238	6,148
Current liabilities		
Trade and other payables	30,973	26,949
Contract liabilities	83	126
Lease obligations	148	437
Borrowings	61,384	61,070
Retirement benefit obligation	276	455
Income tax payable	3,780	3,500
	96,644	92,537
Total Liabilities	102,882	98,685
TOTAL EQUITY AND LIABILITIES	190,707	183,651
Net assets per share attributable to equity holders of the parent (RM)	0.07	0.07

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 SECOND QUARTER ENDED 30 JUNE 2026
(The figures have not been audited)

	← Attributable to owners of the company →						
	← Non Distributable →			Distributable			
	Share Capital RM'000	Treasury Shares RM'000	Other Reserves RM'000	Retained Profits RM'000	Total RM'000	Non controlling Interest RM'000	Total Equity 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	-	-	324	(470)	(146)	5,053	4,907
Dividends payable to non-controlling interest	-	-	-	-	-	(2,460)	(2,460)
At 30 June 2025	**65,970**	**(364)**	**(1,977)**	**(19,332)**	**44,297**	**36,742**	**81,039**
At 1 January 2026	65,970	(364)	(1,147)	(17,169)	47,290	37,676	84,966
Total comprehensive income/ (loss) for the year	-	-	(1,263)	2,201	938	4,381	5,319
Dividends payable to non-controlling interest	-	-	-	-	-	(2,460)	(2,460)
At 30 June 2026	**65,970**	**(364)**	**(2,410)**	**(14,968)**	**48,228**	**39,597**	**87,825**

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 SECOND QUARTER ENDED 30 JUNE 2026
(The figures have not been audited)

	Cumulative Current Year To Date 30.6.2026 RM'000	Cumulative Corresponding Period 30.6.2025 RM'000
Cash flows from operating activities		
Profit before tax	9,964	6,706
Adjustments for :		
Depreciation of property, plant and equipment	2,904	3,125
Amortisation of investment properties	346	357
Provision for retirement benefit obligations	35	126
(Gain)/loss on disposal of property, plant and equipment	(964)	(1)
Impairment/(reversal of impairment) of trade receivables	46	1
Fair value gain on other current financial assets	(6)	(8)
Unrealised loss from foreign exchange	(1,044)	1,688
Finance cost	2,590	2,791
Profit income from deposits	(246)	(204)
Operating profit before working capital changes	13,625	14,581
Working capital changes :		
Contract customers	(1,412)	-
Receivables	1,614	(1,778)
Payables	4,037	4,058
Cash generated from operations	17,864	16,861
Retirement benefit obligation paid	(455)	(435)
Taxation (paid)/refund	(3,102)	(1,622)
Net cash generated from operating activities	14,307	14,804
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	964	539
Net withdrawal of unit trust/short term placement	165	400
Purchase of property plant and equipment	(3,289)	(7,923)
Profits received from deposits	246	204
(Placement)/withdrawal of deposits pledged	(567)	(4)
Net cash used in investing activities	(2,481)	(6,784)
Cash flows from financing activity		
Net drawdown/(repayment) of borrowings	614	(1,282)
Dividend paid to non-controlling interest	(2,460)	(2,460)
Financing cost paid	(2,590)	(2,791)
Lease payment	(38)	(167)
Net cash used in financing activity	(4,474)	(6,700)
Net increase in cash and cash equivalents	7,352	1,320
Cash and cash equivalents at 1 January 2026/2025	11,193	13,985
Cash and cash equivalents at 30 June 2026/2025	18,545	15,305
Cash and cash equivalents :		
Cash and bank balances	49,470	44,460
Overdraft	(18,298)	(17,091)
	31,172	27,369
Less: Restricted deposits	(12,627)	(12,064)
	18,545	15,305

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 SECOND QUARTER ENDED 30 JUNE 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 26 August 2026.

A2. Basis of preparation

The consolidated condensed interim financial information for the period ended 30 June 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 *Amendments that are part of Annual Improvement - Volume 11*	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.

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

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

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 30 June 2026.

A6. Segment information

30 June 2026	Environmental Monitoring, Consultancy & Services RM'000	Lab Testing Services RM'000	Others* RM'000	Elimination RM'000	Cumulative Quarter Year To Date 30.6.2026 RM'000
Segment Revenue					
External revenue	13,273	36,220	1,445	-	50,938
Inter- segment revenue	99	378	3,664	(4,141)	-
Total revenue	13,372	36,598	5,109	(4,141)	50,938
Segment Results					
Segment profit/(loss) from operations	315	13,587	2,589	(3,937)	12,554
Finance cost	(1,883)	(33)	(1,162)	488	(2,590)
Income tax expense	(95)	(3,287)	-	-	(3,382)
Profit net of tax					6,582
Non-controlling interest					(4,381)
Net profit for the year					2,201

30 June 2025	Environmental Monitoring, Consultancy & Services RM'000	Lab Testing Services RM'000	Others* RM'000	Elimination RM'000	Cumulative Quarter Year To Date 30.6.2025 RM'000
Segment Revenue					
External revenue	13,999	37,253	1,411	-	52,663
Inter- segment revenue	-	410	3,770	(4,180)	-
Total revenue	13,999	37,663	5,181	(4,180)	52,663
Segment Results					
Segment profit/(loss) from operations	(2,405)	14,294	2,315	(4,707)	9,497
Finance cost	(2,656)	(21)	(1,181)	1,067	(2,791)
Income tax expense	-	(2,123)	-	-	(2,123)
Profit net of tax					4,583
Non-controlling interest					(5,053)
Net loss for the year					(470)

* 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.

FOR THE SECOND QUARTER ENDED 30 JUNE 2026
SELECTED EXPLANATORY NOTES

A7. Seasonality or cyclicality

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

A8. Profit before taxation

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	30.6.2026 RM'000	30.6.2025 RM'000	30.6.2026 RM'000	30.6.2025 RM'000
Profit before taxation is arrived at after charging:				
Zakat	126	135	266	270

A9. Income tax expense

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	30.6.2026 RM'000	30.6.2025 RM'000	30.6.2026 RM'000	30.6.2025 RM'000
Tax expense :				
- Malaysia Income Tax	1,336	1,003	3,018	2,005
- Foreign Tax	82	53	364	118
- Deferred Tax	-	-	-	-
	1,418	1,056	3,382	2,123
Effective tax rate			34%	32%

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 6 months ended	
	30.6.2026	30.6.2025	30.6.2026	30.6.2025
Profit/(Loss) for the period (RM'000)	1,223	(325)	2,201	(470)
Number of ordinary shares of RM0.10 each in issue ('000)	655,631	655,631	655,631	655,631
Basic Earnings Per Share (sen)	0.19	(0.05)	0.34	(0.07)

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.

A12. Interest bearing loans and borrowings

	30.6.2026 RM'000	31.12.2025 RM'000
Short term borrowings		
Hire purchase	32	121
Overdraft	18,298	19,271
Revolving Credit	23,469	22,072
Term loan	17,948	17,912
Trust receipt	1,637	1,694
	61,384	61,070
Long term borrowings		
Hire purchase	23	23
	23	23
Total borrowings	61,407	61,093

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

A13. Trade receivables

	30.6.2026 RM'000	31.12.2025 RM'000
Trade and other receivable	43,989	43,172

A14. Dividends

No dividend declared or paid during current quarter.

A15. Commitments

	30.6.2026 RM'000	31.12.2025 RM'000
Capital expenditure		
Approved and contracted for :		
Property, plant & equipment	316	1,975
	316	1,975

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 30 June 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 30 June 2026.

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

Share buybacks/ Treasury shares of the Company

	30.6.2026 RM'000	31.12.2025 RM'000
As at 1 January	364	364
Share buyback	-	-
As at 30 June/31 December	364	364

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 30.6.2026 RM'000	Preceding Year Corresponding Period 30.6.2025 RM'000	Changes Amount RM'000	Changes +/(-)
Revenue				
Environmental monitoring, consultancy & services	13,372	13,999	(627)	(0.04)
Lab testing services	36,598	37,663	(1,065)	(0.03)
Corporate holding and Elimination	968	1,001	(33)	(0.03)
	50,938	52,663	(1,725)	(0.03)
Segment results				
Environmental monitoring, consultancy & services	315	(2,405)	2,720	1.13
Lab testing services	13,587	14,294	(707)	(0.05)
Corporate holding and Elimination	(1,348)	(2,392)	1,044	0.44
Profit from operations	12,554	9,497	3,057	0.32
Finance charges	(2,590)	(2,791)	201	0.07
Profit before tax	9,964	6,706	3,258	0.49
Tax expense	(3,382)	(2,123)	(1,259)	(0.59)
Profit net of tax	6,582	4,583	1,999	0.44
Non controlling interest	(4,381)	(5,053)	672	0.13
Profit/(Loss) attributable to owners of the Company	2,201	(470)	2,671	5.68

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 RM1.7 million compared to the preceding year corresponding period, mainly due to lower contributions from the lab testing services segment. Notwithstanding this, the Group's profit from operations improved by RM3.1 million, supported by higher gross profit and improved margins in the lab testing services segment, with the Group's gross margin increasing to 68% 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 26% from the total Group revenue in the current period, decreased by 1% from the preceding year corresponding quarter's contribution.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

FOR THE SECOND QUARTER ENDED 30 JUNE 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 4% or RM0.6 million compared to the preceding year corresponding period, due to lower revenue generated mainly by the Saudi operations. The segment's operating profit however, improved by more than 100% to RM0.3 million from operating loss of RM2.4 million in the preceding year corresponding period, driven by reduced losses in the Malaysian operations, supported by lower operating expenses and higher other income in the current financial period.

b) **Lab testing services**

Lab testing services segment remained the Group’s largest revenue contributor, accounting for 72% of the total Group revenue, consistent with the PY corresponding period.

The segment's revenue decreased marginally by 3% or RM1.1 million compared to the preceding year corresponding period, attributed by lower revenue from the Malaysian operations. The segment's profit from operations decreased by 5% or RM0.7 million compared to the preceding year corresponding period, mainly due to lower gross profit generated by the Malaysian operations.

The Group’s profit after tax increased by 44% from RM4.6 million to RM6.6 million in the preceding year corresponding period, mainly supported by the strong performance of the environmental monitoring, consultancy and services segment. Moving forward, the Group will continue to implement turnaround initiatives for the EMCS segment, focusing on cost rationalization, improved project execution and tighter operational controls. At the same time, the Group remains committed to strengthening its core segments through service quality enhancements, strategic market expansion and operational efficiency improvements, to support sustainable growth and long-term profitability.

B2. Material Changes in Profit for the Current Quarter as Compared to the Results of the Preceeding Quarter

	Individual Quarter			
	Current Quarter 30.6.2026 RM'000	Preceding Quarter 31.3.2026 RM'000	Changes Amount RM'000	Changes +/(-)
Revenue				
Environmental monitoring, consultancy & services	7,447	5,925	1,522	0.26
Lab testing services	18,444	18,154	290	0.02
Corporate holding and Elimination	601	367	234	0.64
	26,492	24,446	2,046	0.08
Segment results				
Environmental monitoring, consultancy & services	133	182	(49)	0.27
Lab testing services	6,794	6,793	1	0.00
Corporate holding and Elimination	(830)	(518)	(312)	(0.60)
Profit from operations	6,097	6,457	(360)	(0.06)
Finance charges	(1,180)	(1,410)	230	0.16
Profit before tax	4,917	5,047	(130)	(0.03)
Tax expense	(1,418)	(1,964)	546	0.28
Profit net of tax	3,499	3,083	416	0.13
Non controlling interest	(2,276)	(2,105)	(171)	(0.08)
Profit attributable to owners of the Company	1,223	978	245	(0.25)

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 increased by RM2.0 million as compared to the preceding quarter ended 30 June 2026, attributed by higher revenue recorded by all the segments. Consequently, the Group's profit from operations has decreased by 6% or RM0.4 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 28% to the Group's total revenue in the current quarter, increased by 4% from the preceding quarter's contribution. The segment's revenue increased by 26% or RM1.5 million, due to higher revenue from the Malaysian and Saudi operations. The segment reported a profit from operations of RM0.1 million, a reduction of 27% from the profit of RM0.2 million recorded in the preceding quarter. This was mainly due to lower profit from the Saudi operations.

b) **Lab testing services**

Lab testing services segment contributed 70% of the total Group revenue, decreased by 4% from the preceding quarter's revenue contribution of 74%. The segment's revenue however, increased by 2% or RM0.3 million from the preceding quarter, primarily due to higher revenue generated by the Malaysian operations. The segment's profit from operations slightly increased compared to the preceding quarter, mainly due to higher gross profit from the Malaysian operations.

B3. Commentary on prospects

Global growth is projected at 3.0% in 2026, as the global economy balances the lingering effects of the Middle East conflict—particularly higher energy prices and geopolitical uncertainty—against continued investment driven by the AI and technology boom. Global headline inflation is expected to rise to 4.7% in 2026, reflecting elevated energy and commodity prices, while the recent disinflation trend has temporarily stalled. The outlook remains tilted to the downside, driven by renewed geopolitical tensions, the absence of a comprehensive and lasting ceasefire or peace agreement in the Middle East, commodity price volatility, tighter financial conditions, and a potential correction in AI-related investments. A prolonged conflict could continue to exert upward pressure on energy prices, disrupt global trade and supply chains, and further dampen global economic growth. Conversely, faster AI adoption and a quicker normalisation of global trade and energy markets could support stronger growth, while policymakers continue to focus on maintaining price stability, rebuilding fiscal buffers, and advancing structural reforms to strengthen long-term economic resilience.

Malaysia's economy is projected to grow 4.0%–5.0% in 2026, supported by resilient domestic demand, firm labour market conditions, sustained public and private investment, and continued expansion in electrical and electronics (E&E) exports driven by global technology demand. Headline inflation is expected to average 1.5%–2.5%, with targeted fuel subsidies and other policy measures helping to contain the pass-through of higher global energy and commodity prices. While the outlook remains resilient, downside risks include geopolitical tensions, supply chain disruptions, commodity price volatility, and weaker external demand, while stronger technology exports, investment realisation, and resilient domestic demand could provide additional upside support.

At the industry level, the Middle East conflict has indirectly impacted 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.

B3. Commentary on prospects (cont'd.)

PICORP's turnaround strategy continues to deliver strong results, with profit before tax rising from RM6.9 million to RM10.2 million and profit after tax increasing from RM4.6 million to RM6.6 million, representing growth of over 40% compared to the preceding year's corresponding quarter. The Group also recorded a PATAMI of RM2.2 million in the current quarter, a marked improvement from a LATAMI of RM0.5 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 30 June 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 — Shah Alam
Company Secretary (MIA 3313)