

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2025
(The figures have not been audited)

	Individual Quarter			Cumulative Quarter		
	Current Quarter 30.6.2025 RM'000	Preceding year Corresponding Quarter 30.6.2024 RM'000	+ / (-)	Current Year To Date 30.6.2025 RM'000	Preceding year Corresponding Period 30.6.2024 RM'000	+ / (-)
Revenue	28,112	24,799	0.13	52,663	47,861	0.10
Cost of sales	(9,333)	(10,109)		(17,384)	(18,396)	
Gross profit	18,779	14,690	0.28	35,279	29,465	0.20
Profit income	107	119		212	259	
Other income	341	253		635	1,107	
Staff costs	(7,363)	(7,510)		(15,065)	(14,953)	
Depreciation and amortisation	(1,575)	(1,685)		(3,482)	(3,326)	
Other operating expenses	(4,781)	(3,011)		(8,082)	(6,222)	
Profit from operations	5,508	2,856	0.93	9,497	6,330	0.50
Finance costs	(1,763)	(2,068)		(2,791)	(2,952)	
Profit before tax	3,745	788	3.75	6,706	3,378	0.99
Income tax expense	(1,056)	(1,140)		(2,123)	(2,134)	
Profit/(Loss) net of tax	2,689	(352)	(8.64)	4,583	1,244	2.68
Other comprehensive income:						
Foreign currency translation	167	(576)		324	(1,517)	
Total comprehensive income/(loss) for the period	2,856	(928)	(4.08)	4,907	(273)	(18.97)
Net Profit/(Loss) attributable to:						
Owners of the parent	(325)	(1,999)	0.84	(470)	(2,217)	0.79
Minority interest	3,014	1,647	0.83	5,053	3,461	0.46
	2,689	(352)	(8.64)	4,583	1,244	2.68

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2025
(The figures have not been audited)
(CONT'D.)

	Individual Quarter			Cumulative Quarter		
	Current Quarter 30.6.2025 RM'000	Preceding year Corresponding Quarter 30.6.2024 RM'000	+ / (-)	Current Year To Date 30.6.2025 RM'000	Preceding year Corresponding Period 30.6.2024 RM'000	+ / (-)
Total comprehensive income/(loss) attributable to :						
Owners of the parent	(158)	(2,575)	0.94	(146)	(3,734)	0.96
Minority interest	3,014	1,647	0.83	5,053	3,461	0.46
	<u>2,856</u>	<u>(928)</u>	(4.08)	<u>4,907</u>	<u>(273)</u>	(18.97)
Earning per share attributable to equity holders of the parent						
Basic earning per share (sen)	<u>(0.05)</u>	<u>(0.30)</u>		<u>(0.07)</u>	<u>(0.34)</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 2024 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 2025
(The figures have not been audited)

	Unaudited 30.6.2025 RM'000	Audited 31.12.2024 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	43,345	37,471
Investment properties	34,124	34,482
Goodwill on consolidation	6,952	6,952
Deferred tax assets	5,197	5,197
	89,618	84,102
Current assets		
Inventories	35	35
Trade and other receivables	45,262	44,423
Contract assets	2,669	1,506
Tax recoverable	270	771
Other current financial assets	4,247	4,895
Cash and bank balances	44,460	44,644
	96,943	96,274
TOTAL ASSETS	186,561	180,376
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	65,970	65,970
Treasury shares	(364)	(364)
Other reserves	(1,977)	(2,301)
Accumulated losses	(19,332)	(18,862)
	44,297	44,443
Non-controlling interest	36,742	34,149
Total equity	81,039	78,592
Non-current liabilities		
Retirement benefit obligation	1,480	1,881
Deferred tax liabilities	1,934	1,934
Lease obligations	184	270
Borrowings	143	143
	3,741	4,228
Current liabilities		
Trade and other payables	38,019	31,871
Contract liabilities	181	279
Lease obligations	558	354
Borrowings	59,806	62,596
Income tax payable	3,217	2,456
	101,781	97,556
Total Liabilities	105,522	101,784
TOTAL EQUITY AND LIABILITIES	186,561	180,376
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 2024 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 2025
(The figures have not been audited)

	← Attributable to owners of the company →						
	← Non Distributable →		Distributable			Non	Total
	Share	Treasury	Other	Retained	Total	controlling	Total
	Capital	Shares	Reserves	Profits	RM'000	Interest	Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2024	65,970	(364)	(3,041)	(14,839)	47,726	32,443	80,169
Total comprehensive income/ (loss) for the period	-	-	(1,517)	(2,217)	(3,734)	3,461	(273)
Dividends payable to non-controlling interest	-	-	-	-	-	(2,460)	(2,460)
At 30 June 2024	65,970	(364)	(4,558)	(17,056)	43,992	33,444	77,436
At 1 January 2025	65,970	(364)	(2,301)	(18,862)	44,443	34,149	78,592
Total comprehensive income/ (loss) for the period	-	-	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

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 2023.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE SECOND QUARTER ENDED 30 JUNE 2025
(The figures have not been audited)

	Cumulative Current Year To Date 30.6.2025 RM'000	Cumulative Corresponding Period 30.6.2024 RM'000
Cash flows from operating activities		
Profit before tax	6,706	3,378
Adjustments for :		
Depreciation of property, plant and equipment	3,125	2,969
Amortisation of investment properties	357	357
Provision for retirement benefit obligations	126	249
Gain on disposal of property, plant and equipment	(1)	(45)
Impairment/(reversal of impairment) of trade receivables	1	(8)
Fair value gain on other current financial assets	(8)	(17)
Unrealised foreign exchange loss/(gain), net	1,688	(455)
Finance cost	2,791	2,952
Profit income from deposits	(204)	(242)
Operating profit before working capital changes	14,581	9,138
Working capital changes :		
(Increase)/decrease in inventories	-	-
Increase in receivables	(1,778)	(4,528)
Increase in payables	4,058	513
Cash generated from operations	16,861	5,123
Retirement benefit obligation paid	(435)	(95)
Taxation (paid)/refund	(1,622)	(1,895)
Net cash generated from operating activities	14,804	3,133
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	539	725
Net withdrawal of unit trust/short term placement	400	10,541
Purchase of property plant and equipment	(7,923)	(2,514)
Profits received from deposits	204	242
Net cash flow on acquisition of a subsidiary	-	(8,387)
Placement of deposits pledged	(4)	(48)
Net cash (used in)/generated from investing activities	(6,784)	559
Cash flows from financing activity		
Net (repayment)/drawdown of borrowings	(1,282)	2,078
Dividend paid to non-controlling interest	(2,460)	(2,460)
Financing cost paid	(2,791)	(2,952)
Lease payment	(167)	(62)
Net cash used in financing activity	(6,700)	(3,396)
Net increase in cash and cash equivalents	1,320	296
Cash and cash equivalents at 1 January 2025/2024	13,985	9,868
Cash and cash equivalents at 30 June 2025/2024	15,305	10,164
Cash and cash equivalents :		
Cash and bank balances	44,460	37,937
Overdraft	(17,091)	(16,252)
	27,369	21,685
Less: Restricted deposits	(12,064)	(11,521)
	15,305	10,164

The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the Audited Financial Statement for the financial year ended 31 December 2024 and the accompanying explanatory notes attached to the financial statements.

FOR THE SECOND QUARTER ENDED 30 JUNE 2025
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 2025.

A2. Basis of preparation

The consolidated condensed interim financial information for the period ended 30 June 2025 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 2024, which have been prepared in accordance with MFRS, International Financial Reporting 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 2025

The Group has adopted the following Amendments to MFRSs mandatory for annual periods beginning on or after 1 January 2025.

	Effective for annual period beginning on or after
Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates:	
Lack of Exchangeability	1 January 2025

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.

	Effective for annual period beginning on or after
MFRSs and amendments to MFRSs	
Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments:	
Disclosures - Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9 Financial Instruments and MFRS 7 Financial Instruments:	
Disclosures - Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments that are part of Annual Improvement - Volume 11: Amendments to MFRS 1, 7, 9, 10 and 107	1 January 2026
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures Amendments to	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 2024.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

FOR THE SECOND QUARTER ENDED 30 JUNE 2025
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 30 June 2025.

A6. Segment information

<u>30 June 2025</u>	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 period					(470)

<u>30 June 2024</u>	Environmental Monitoring, Consultancy & Services RM'000	Lab Testing Services RM'000	Others* RM'000	Elimination RM'000	Cumulative Quarter Year To Date 30.6.2024 RM'000
Segment Revenue					
External revenue	15,085	31,369	1,407	-	47,861
Inter- segment revenue	-	440	3,768	(4,208)	-
Total revenue	15,085	31,809	5,175	(4,208)	47,861
Segment Results					
Segment profit/(loss) from operations	(1,982)	10,466	2,605	(4,759)	6,330
Finance cost	(2,909)	(11)	(1,156)	1,124	(2,952)
Income tax expense	(1)	(2,133)	-	-	(2,134)
Profit net of tax					1,244
Non-controlling interest					(3,461)
Net loss for the period					(2,217)

* 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 SECOND QUARTER ENDED 30 JUNE 2025
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 6 months ended	
	30.6.2025	30.6.2024	30.6.2025	30.6.2024
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after charging:				
Zakat	135	240	270	400

A9. Income tax expense

	Individual quarter 3 months ended		Cumulative quarter 6 months ended	
	30.6.2025	30.6.2024	30.6.2025	30.6.2024
	RM'000	RM'000	RM'000	RM'000
Tax expense :				
- Malaysia Income Tax	1,003	1,071	2,005	1,932
- Foreign Tax	53	69	118	202
- Deferred Tax	-	-	-	-
	1,056	1,140	2,123	2,134
Effective tax rate			32%	63%

The effective tax rate for 2025 and 2024 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	
	30.6.2025	30.6.2024	30.6.2025	30.6.2024
Loss for the period (RM'000)	(325)	(1,999)	(470)	(2,217)
Number of ordinary shares of RM0.10 each in issue ('000)	655,631	655,631	655,631	655,631
Basic Earnings Per Share (sen)	(0.05)	(0.30)	(0.07)	(0.34)

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 SECOND QUARTER ENDED 30 JUNE 2025
SELECTED EXPLANATORY NOTES

A12. Interest bearing loans and borrowings

	30.6.2025	31.12.2024
	RM'000	RM'000
Short term borrowings		
Hire purchase	160	315
Overdraft	17,091	18,599
Revolving Credit	22,097	23,270
Term loan	18,125	18,985
Trust receipt	2,333	1,427
	<u>59,806</u>	<u>62,596</u>
Long term borrowings		
Hire purchase	143	143
	<u>143</u>	<u>143</u>
Total borrowings	<u>59,949</u>	<u>62,739</u>

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

A13. Trade receivables

	30.6.2025	31.12.2024
	RM'000	RM'000
Trade and Other receivable	<u>45,262</u>	<u>44,423</u>

A14. Dividends

No dividend declared or paid during current quarter.

A15. Commitments

	30.6.2025	31.12.2024
	RM'000	RM'000
Capital expenditure		
Approved and contracted for :		
Property, plant & equipment	814	4,282
	<u>814</u>	<u>4,282</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 30 June 2025.

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 2025.

PROGRESSIVE IMPACT CORPORATION BERHAD
(Company No. 199001011782)

FOR THE SECOND QUARTER ENDED 30 JUNE 2025
SELECTED EXPLANATORY NOTES

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

Share buybacks/ Treasury shares of the Company

	30.6.2025	31.12.2024
	RM'000	RM'000
As at 1 January	364	364
Share buyback	-	-
As at 30 June/December	<u>364</u>	<u>364</u>

FOR THE SECOND QUARTER ENDED 30 JUNE 2025
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 30.6.2025 RM'000	Preceding Year Corresponding Period 30.6.2024 RM'000	Changes Amount RM'000	Changes +/(-)
<u>Revenue</u>				
Environmental monitoring, consultancy & services	13,999	15,085	(1,086)	(0.07)
Lab testing services	37,663	31,809	5,854	0.18
Corporate holding and Elimination	1,001	967	34	0.04
	<u>52,663</u>	<u>47,861</u>	<u>4,802</u>	<u>0.10</u>
<u>Segment results</u>				
Environmental monitoring, consultancy & services	(2,405)	(1,982)	(423)	(0.21)
Lab testing services	14,294	10,466	3,828	0.37
Corporate holding and Elimination	(2,392)	(2,154)	(238)	(0.11)
Profit from operations	<u>9,497</u>	<u>6,330</u>	<u>3,167</u>	<u>0.50</u>
Finance charges	(2,791)	(2,952)	161	0.05
Profit before tax	<u>6,706</u>	<u>3,378</u>	<u>3,328</u>	<u>0.99</u>
Tax expense	(2,123)	(2,134)	11	0.01
Profit net of tax	<u>4,583</u>	<u>1,244</u>	<u>3,339</u>	<u>2.68</u>
Non controlling interest	(5,053)	(3,461)	(1,592)	(0.46)
Loss attributable to owners of the Company	<u>(470)</u>	<u>(2,217)</u>	<u>1,747</u>	<u>0.79</u>

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 an increase in revenue of RM4.8 million compared to the preceding year corresponding period, primarily attributable to higher contributions from the lab testing services segment. As a result, the Group's profit from operations improved by RM3.2 million, supported by higher gross profit recorded in the current financial period.

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

a) Environmental monitoring, consultancy & services

Environmental monitoring, consultancy and services segment contributed 27% from the total Group revenue in the current period, decreased by 5% from the preceding year corresponding period's contribution.

FOR THE SECOND QUARTER ENDED 30 JUNE 2025
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 7% or RM1.1 million compared to the preceding year corresponding period, due to lower revenue generated by the Saudi operation. The segment reported higher operating loss of 21% or RM0.4 million compared to the preceding year corresponding period, primarily due to increased operating expenses from the Saudi operation arising from foreign exchange translation losses, following the strengthening of Ringgit against Saudi Riyal.

b) Lab testing services

Lab testing services segment contributed 72% of the total Group revenue, increased by 6% from the preceding year corresponding period's revenue contribution of 66%.

The segment's revenue increased by 18% or RM5.9 million compared to the preceding year corresponding period, attributed by higher revenue from both the Malaysia and Indonesia operations, primarily from the Environmental segments. The segment's profit from operations increased significantly by 37% or RM3.8 million compared to the preceding year corresponding period as a result of higher revenue recorded by both the Malaysia and Indonesia operations.

The Group's profit after tax increased by more than 100% to RM4.6 million from RM1.2 million in the preceding year corresponding period, mainly supported by the strong performance of the lab testing services segment. Moving forward, the Group will continue to focus on strengthening its core segments through continuous improvements in service quality, strategic market expansion and enhanced operational efficiency. These initiatives are anticipated to contribute positively to the Group's future performance.

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

	Individual Quarter		Changes	Changes
	Current Quarter	Preceding Quarter		
	30.6.2025	31.3.2025	Amount	
	RM'000	RM'000	RM'000	+/(-)
<u>Revenue</u>				
Environmental monitoring, consultancy & services	7,318	6,681	637	0.10
Lab testing services	20,215	17,448	2,767	0.16
Corporate holding and Elimination	579	422	157	0.37
	<u>28,112</u>	<u>24,551</u>	<u>3,561</u>	<u>0.15</u>
<u>Segment results</u>				
Environmental monitoring, consultancy & services	(1,395)	(1,010)	(385)	(0.38)
Lab testing services	8,363	5,931	2,432	0.41
Corporate holding and Elimination	(1,460)	(932)	(528)	(0.57)
Profit from operations	<u>5,508</u>	<u>3,989</u>	<u>1,519</u>	<u>0.38</u>
Finance charges	(1,763)	(1,028)	(735)	(0.71)
Profit before tax	<u>3,745</u>	<u>2,961</u>	<u>784</u>	<u>0.26</u>
Tax Expense	(1,056)	(1,067)	11	0.01
(Loss)/Profit net of tax	<u>2,689</u>	<u>1,894</u>	<u>795</u>	<u>0.42</u>
Non Controlling interest	(3,014)	(2,039)	(975)	(0.48)
Loss attributable to owners of the company	<u>(325)</u>	<u>(145)</u>	<u>(180)</u>	<u>(1.24)</u>

FOR THE SECOND QUARTER ENDED 30 JUNE 2025
SELECTED EXPLANATORY NOTES

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 has increased by RM3.6 million as compared to the preceding quarter ended 31 March 2025, attributed by higher revenue recorded by all the segments. The Group's profit from operations accordingly, has increased by RM1.5 million from the preceding quarter as a results of higher contributions from the lab testing services segment in the current quarter.

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

a) Environmental monitoring, consultancy & services

Environmental monitoring, consultancy and services segment reported higher revenue by 10% or RM0.6 million compared to the preceding quarter, contributed by higher revenue from the Malaysia operation. The segment recorded higher loss from operations by 38% or RM0.4 million in the current quarter compared to the preceding quarter. This was mainly due to higher operating expenses from the Saudi operation arising from foreign exchange translation losses, following the strengthening of Ringgit against Saudi Riyal.

b) Lab testing services

Lab testing services segment's revenue increased by 16% or RM2.8 million from the preceding quarter, primarily due to higher revenue generated by the Malaysia operation. Accordingly, the segment's profit from operations increased by 41% or RM2.4 million compared to the preceding quarter, driven by higher contribution from the Malaysia operation.

B3. Commentary on prospects

The IMF's July 2025 World Economic Outlook Update projects global growth at 3.0% in 2025 and 3.1% in 2026, a slight upward revision driven by stronger early-year activity ahead of anticipated tariff hikes, lower U.S. tariffs, a weaker dollar, improved financial conditions, and fiscal expansion in major economies. Global headline inflation is expected to ease to 4.2% in 2025 and 3.6% in 2026, though it will likely remain above target in the U.S. while staying more subdued elsewhere. However, risks such as escalating tariffs, persistent trade tensions, geopolitical instability, and tighter financial conditions remain.

Malaysia's economy is expected to grow between 4.0% and 4.8% in 2025, supported by strong domestic demand, a stable labour market, recovering tourism, infrastructure investments, and a gradual rebound in exports. Headline inflation is projected to stay moderate, averaging between 1.5% and 2.3%, as domestic cost pressures remain contained. Despite external uncertainties, Malaysia's economic resilience and sound policy framework are expected to sustain its growth momentum.

PICORP's ongoing turnaround strategy continues to deliver encouraging results. In the current period under review, profit before tax increased by 85%, rising from RM3.8 million to RM6.9 million. Similarly, profit after tax grew by more than 100% from RM1.2 million to RM4.6 million, compared to the preceding year corresponding period. These positive outcomes reflect strengthened operational performance, driven by continuous process improvements, disciplined cost management and the strategic initiatives under the turnaround plan. The Group remains confident in sustaining its positive trajectory in the quarters ahead.

To drive sustainable growth and enhance financial performance in a changing global landscape, PICORP is executing a focused strategy aimed at strengthening its core business segments and capturing new market opportunities. Key initiatives include promoting our innovative water treatment solutions and expanding agrochemical laboratory services in Malaysia and Indonesia. We are also maintaining a strong focus on the Integrated Pest Management (IPM) segment, targeting potential key accounts and penetrating the Saudi market by leveraging Saudi ASMA's strong industry recognition in IPM.

FOR THE SECOND QUARTER ENDED 30 JUNE 2025
SELECTED EXPLANATORY NOTES

B3. Commentary on prospects (cont'd.)

With continued execution of the enhanced EMCS turnaround plan, the Group expects further performance improvements in 2025, barring unforeseen disruptions or significant market shifts.

B4. Profit forecast or profit guarantee

There were no profit forecast or profit guarantee issued by the Group.

B5. Corporate proposals

There were no corporate proposal issued by the group for quarter ended 30 June 2025.

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 2025.

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 2024.

B10. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2024 was not qualified.

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

Shah Alam