PANDA ECO SYSTEM BERHAD

(Registration No: 202201028635 (1474332-M))

(Incorporated in Malaysia)

2nd QUARTER INTERIM FINANCIAL REPORT
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2026

PANDA ECO SYSTEM BERHAD
Registration No.: 202201028635 (1474332-M)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME[(1)] FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2026

	Note	INDIVIDUAL QUARTER 3 MONTHS ENDED 30.06.2026 Unaudited RM'000	INDIVIDUAL QUARTER 3 MONTHS ENDED 30.06.2025 Unaudited RM'000	CUMULATIVE QUARTER 6 MONTHS ENDED 30.06.2026 Unaudited RM'000	CUMULATIVE QUARTER 6 MONTHS ENDED 30.06.2025 Unaudited RM'000
Revenue		13,049	10,641	24,935	18,645
Cost of sales		(8,790)	(5,569)	(16,997)	(10,243)
Gross profit		**4,259**	**5,072**	**7,938**	**8,402**
Other income		286	227	562	490
Administrative and other expenses		(2,220)	(2,121)	(4,288)	(3,857)
Net impairment losses on financial assets		(138)	(141)	(340)	(311)
Profit from operations		**2,187**	**3,037**	**3,872**	**4,724**
Finance costs		(6)	(6)	(11)	(10)
Profit before tax	B13	**2,181**	**3,031**	**3,861**	**4,714**
Tax expense	B5	(732)	(1,002)	(1,218)	(1,473)
Profit after tax/ Total comprehensive income for the period		**1,449**	**2,029**	**2,643**	**3,241**
Profit after tax/ Total comprehensive income for the period attributable to:					
Owners of the Group		1,743	2,267	3,126	3,658
Non-controlling interests ("**NCI**")		(294)	(238)	(483)	(417)
		1,449	**2,029**	**2,643**	**3,241**
Earnings per share ("EPS")	B12				
- Basic (sen)[(2)]		0.25	0.34	0.45	0.54
- Diluted (sen)[(3)]		0.25	0.34	0.45	0.54

Notes:

(1) The basis of preparation of the above Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income is detailed in Note A1 and should be read in conjunction with the audited financial statements of Panda Eco System Berhad ("**Panda**" or the "**Company**") and its subsidiaries ("**Panda Group**" or the "**Group**") for the financial year ended ("**FYE**") 31 December 2025 and the accompanying explanatory notes attached to this interim financial report.

(2) Basic EPS is calculated based on the weighted average number of ordinary shares of the Company of 690,649,674 as at 30 June 2026 (30 June 2025: 672,838,378).

(3) There are no dilutive instruments as at the end of the current financial quarter.

PANDA ECO SYSTEM BERHAD
Registration No.: 202201028635 (1474332-M)
(Incorporated in Malaysia)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION[(1)]
AS AT 30 JUNE 2026

	Note	Unaudited As at 30.06.2026 RM'000	Audited As at 31.12.2025 RM'000
ASSETS			
Non-current assets			
Plant and equipment		2,122	2,271
Right-of-use assets		355	336
Intangible assets		8,092	8,086
Goodwill		9,282	9,282
Deferred tax assets		705	224
Total non-current assets		**20,556**	**20,199**
Current assets			
Inventories		589	413
Trade receivables		7,551	5,740
Other receivables, deposits and prepayments		1,822	1,526
Contract assets		442	72
Current tax assets		-	382
Fixed deposits with licensed banks		21,549	21,937
Cash and bank balances		12,902	13,626
Total current assets		**44,855**	**43,696**
TOTAL ASSETS		**65,411**	**63,895**
EQUITY AND LIABILITIES			
EQUITY			
Share capital		27,720	27,720
Merger deficits		(5,239)	(5,239)
Retained earnings		27,479	26,080
Equity attributable to the owners of the Company		**49,960**	**48,561**
NCI		(854)	(371)
Total equity		**49,106**	**48,190**
LIABILITIES			
Non-current liabilities			
Lease liabilities	B7	119	125
Hire purchase payable	B7	59	11
Deferred tax liabilities		1,123	1,402
Total non-current liabilities		**1,301**	**1,538**
Current liabilities			
Trade payables		1,998	1,206
Other payables and accruals		5,828	9,443
Contract liabilities		6,047	3,285
Lease liabilities	B7	248	225
Hire purchase payable	B7	20	8
Current tax liabilities		863	-
Total current liabilities		**15,004**	**14,167**
TOTAL LIABILITIES		**16,305**	**15,705**
TOTAL EQUITY AND LIABILITIES		**65,411**	**63,895**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION[1]
AS AT 30 JUNE 2026 (CONTINUED)

	Unaudited As at 30.06.2026 RM'000	Audited As at 31.12.2025 RM'000
Net assets per ordinary share attributable to owners of the Company (RM)[2]	0.07	0.07

Notes:

(1) The basis of preparation of the above Unaudited Condensed Consolidated Statement of Financial Position is detailed in Note A1 and should be read in conjunction with the audited financial statements of the Group for FYE 31 December 2025 and the accompanying explanatory notes attached to this interim financial report.

(2) Computed based on total equity attributable to the owners of the Company divided by the number of ordinary shares of the Company of 690,649,674 as at 30 June 2026 (31 December 2025: 690,649,674).

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PANDA ECO SYSTEM BERHAD
Registration No.: 202201028635 (1474332-M)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY[1]
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2026

		Non-distributable	Distributable			
	Share Capital RM'000	Merger Deficits RM'000	Retained Earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
At 1 January 2025 (Audited)	22,173	(5,239)	20,264	37,198	-	37,198
Issuance of shares	5,547	-	-	5,547	-	5,547
Investment in a subsidiary	-	-	-	-	98	98
Profit/(Loss) after tax/Total comprehensive income/(expense) for the financial period	-	-	3,658	3,658	(417)	3,241
Dividend paid by the Company	-	-	(1,678)	(1,678)	-	(1,678)
At 30 June 2025 (Unaudited)	**27,720**	**(5,239)**	**22,244**	**44,725**	**(319)**	**44,406**
At 1 January 2026 (Audited)	27,720	(5,239)	26,080	48,561	(371)	48,190
Profit/(Loss) after tax/Total comprehensive income/(expense) for the financial period	-	-	3,126	3,126	(483)	2,643
Dividend paid by the Company	-	-	(1,727)	(1,727)	-	(1,727)
At 30 June 2026 (Unaudited)	**27,720**	**(5,239)**	**27,479**	**49,960**	**(854)**	**49,106**

Note:

(1) The basis of preparation of the above Unaudited Condensed Consolidated Statement of Changes in Equity is detailed in Note A1 and should be read in conjunction with the audited financial statements of the Group for FYE 31 December 2025 and the accompanying explanatory notes attached to this interim financial report.

PANDA ECO SYSTEM BERHAD
Registration No.: 202201028635 (1474332-M)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS[(1)]
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2026

	Unaudited CURRENT PERIOD-TO-DATE 30.06.2026 RM'000	**Unaudited PRECEDING PERIOD-TO-DATE 30.06.2025 RM'000**
CASH FLOWS GENERATED FROM OPERATING ACTIVITIES		
Profit before tax	3,861	4,714
Adjustments for:		
Amortisation of intangible assets	781	146
Depreciation of plant and equipment	254	155
Depreciation of right-of-use assets	142	77
Gain on disposal of plant and equipment	(6)	-
Gain on lease termination	-	(3)
Interest expense	1	1
Interest expense on lease liabilities	10	9
Interest income	(489)	(464)
Inventories written down	8	2
Net impairment losses on trade receivables	340	311
Operating profit before changes in working capital	**4,902**	**4,948**
Changes in working capital:		
Inventories	(184)	(48)
Contract assets	(370)	(25)
Trade and other receivables	(2,447)	1,091
Trade and other payables	(1,096)	(679)
Contract liabilities	2,762	(325)
Cash generated from operations	**3,567**	**4,962**
Tax paid	(1,131)	(1,935)
Tax refunded	398	62
Net cash generated from operating activities	**2,834**	**3,089**
CASH FLOWS USED FOR INVESTING ACTIVITIES		
Acquisition of subsidiaries, net of cash and cash equivalents acquired	-	(6,147)
Additional investment in intangible assets	(787)	(216)
Interest received	489	464
Placement of fixed deposits with tenure more than 3 months	(1,428)	(4,950)
Proceeds from disposal of plant and equipment	8	-
Purchase of plant and equipment	(42)	(784)
Net cash used for investing activities	**(1,760)**	**(11,633)**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS[(1)]
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2026 (CONTINUED)

	Unaudited CURRENT PERIOD-TO-DATE 30.06.2026 RM'000	Unaudited PRECEDING PERIOD-TO-DATE 30.06.2025 RM'000
CASH FLOWS USED FOR FINANCING ACTIVITIES		
Proceeds from issuance of ordinary shares to non-controlling interests	*	98
Dividends paid	(3,454)	(1,678)
Interest paid	(11)	(9)
Repayment of loan and borrowings	(6)	(26)
Repayment of lease liabilities	(143)	(76)
Net cash used for financing activities	**(3,614)**	**(1,691)**
NET CASH DECREASE IN CASH AND CASH EQUIVALENTS	**(2,540)**	**(10,235)**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL PERIOD	**16,792**	**31,951**
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL PERIOD	**14,252**	**21,716**

	As at 30.06.2026 RM’000	As at 30.06.2025 RM’000
Cash and cash equivalents at the end of the financial period are represented by:		
Fixed deposits with licensed banks	21,549	14,544
Cash and bank balances	12,902	14,172
	34,451	**28,716**
Less: Fixed deposits with tenure more than 3 months	(20,199)	(7,000)
	14,252	**21,716**

Note:

* Amount less than RM1,000

(1) The above Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Group for FYE 31 December 2025 and the accompanying explanatory notes attached to this interim financial report.

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A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

This condensed consolidated interim financial report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standards ("**MFRS**") 134, Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("**MASB**") and Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**").

This interim financial report should be read in conjunction with the audited financial statements of the Group for FYE 31 December 2025 and the accompanying explanatory notes attached to this interim financial report.

A2. Significant Accounting Policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the Group's audited financial statements for the financial year ended 31 December 2025 as disclosed in the Annual Report, except for the following new MFRSs and amendments to MFRSs that have been issued by the MASB.

(a) New MFRS and amendments/Improvements to MFRSs effective on 1 January 2026

Amendments to MFRS 9 and MFRS 7: *Amendments to the Classification and Measurement of Financial Instruments*
Amendments to MFRS 9 and MFRS 7: *Contracts Referencing Nature-dependent Electricity*
Annual Improvements to MFRS Accounting Standards – Volume 11

The adoption of the above new MFRS and amendments/improvements to MFRSs does not have any significant effect on the financial statements of the Group.

(b) Amendments/improvements to MFRSs that have been issued, but yet to be effective

	Effective Date
MFRS 18: *Presentation and Disclosure in Financial Statements*	1 January 2027
MFRS 19: *Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Amendments to MFRS 19: *Subsidiaries without Public Accountability: Disclosures*	1 January 2027
Amendments to MFRS 121: *Translation to 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 initial application of the abovementioned accounting standards, interpretations or amendments is not expected to have any material financial impact on the Group.

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING (CONTINUED)

A3. Auditors' Report on Preceding Annual Financial Statements

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2025.

A4. Seasonal or Cyclical Factors

The Group's operation was not significantly affected by any unusual seasonal or cyclical factors in the current quarter and financial period-to-date under review.

A5. Unusual Items Due to Their Nature, Size or Incidence

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows in the current quarter and financial period-to-date under review.

A6. Material Changes in Estimates

There were no material changes in estimates in the current quarter and financial period-to-date under review.

A7. Debt and Equity Securities

There were no issuances, cancellation, repurchase, resale or repayment of debt and equity securities in the current quarter and financial period-to-date under review.

A8. Dividend Paid

During the current quarter and financial period to date under review:

(i) A first interim single-tier dividend of 0.25 sen per ordinary share in respect of the financial year ended 31 December 2025, amounting to RM1,726,624, was approved and declared on 19 December 2025 and paid on 23 January 2026; and

(ii) A first interim single-tier dividend of 0.25 sen per ordinary share in respect of the financial year ending 31 December 2026, amounting to RM1,726,624, was approved and declared on 25 May 2026 and paid on 26 June 2026.

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A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING (CONTINUED)

A9. Segmental Information

The Group's revenue is segmented as follows:

Revenue by products/services

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 6 MONTHS ENDED	
	30.06.2026 Unaudited RM'000	30.06.2025 Unaudited RM'000	30.06.2026 Unaudited RM'000	30.06.2025 Unaudited RM'000
Retail Management Eco-system:				
➢ HQ Centralised Management, Store Operations and Financial Management solution	9,204	7,490	17,537	12,351
➢ xBridge B2B solution and E-vendor portal	2,068	1,643	3,931	3,235
➢ Omni-Channel Engagement solution	538	524	1,005	1,015
Others:				
➢ Outright sale of IT hardware and third-party software	1,134	945	2,254	1,968
➢ Software customisation, configuration, implementation and integration	105	39	208	76
	13,049	**10,641**	**24,935**	**18,645**

A10. Valuation of Plant and Equipment

There was no revaluation of plant and equipment during the current financial quarter under review.

A11. Material Events

There were no material events subsequent to the end of the current financial quarter under review that have not been reflected in this interim financial report.

A12. Changes in the Composition of the Group

On 14 April 2026, the Company subscribed for a 51% equity interest in Agentis Solutions Sdn. Bhd. ("**Agentis**"), comprising 51 ordinary shares out of 100 ordinary shares, for a cash consideration of RM51. Consequently, Agentis became a 51% owned subsidiary of the Company.

Save as the above, there were no changes in the composition of the Group during the current quarter under review.

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS 134, INTERIM FINANCIAL REPORTING (CONTINUED)

A13. Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets in the Group as at the date of this interim financial report.

A14. Related Party Transactions Disclosures

The related party transactions between the Group and related parties are as follows:

	INDIVIDUAL QUARTER 3 MONTHS ENDED		**CUMULATIVE QUARTER 6 MONTHS ENDED**	
	30.06.2026 Unaudited RM'000	**30.06.2025 Unaudited RM'000**	**30.06.2026 Unaudited RM'000**	**30.06.2025 Unaudited RM'000**
Companies in which certain Directors of the Company have financial interests				
Purchase of goods and services	560	88	829	373
Lease expenses paid/payable	52	9	105	9
Directors of the Company				
Lease expenses paid/payable	17	14	32	28
Directors of the subdiaries				
Lease expenses paid/payable	-	9	-	3
Purchase of goods and services	33	-	33	-

A15. Capital Commitments

There were no material commitments at the end of the financial period.

A16. Goodwill

There was no movement in goodwill during the current financial period. The carrying amount of goodwill of RM9.28 million was brought forward from the previous financial year.

This goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS

B1. Review of Financial Performance

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 6 MONTHS ENDED	
	30.06.2026 Unaudited RM'000	30.06.2025 Unaudited RM'000	30.06.2026 Unaudited RM'000	30.06.2025 Unaudited RM'000
Revenue	13,049	10,641	24,935	18,645
Gross profit	4,259	5,072	7,938	8,402
Profit before tax	2,181	3,031	3,861	4,714
Profit after tax	1,449	2,029	2,643	3,241
Profit attributable to:				
- Owners of the Group	1,743	2,267	3,126	3,658

<u>Current quarter ended 30 June 2026 compared with preceding year corresponding quarter ended 30 June 2025</u>

In the current quarter ended 30 June 2026, the Group recorded an increase in revenue by RM2.41 million to approximately RM13.05 million as compared to corresponding quarter ended 30 June 2025 of approximately RM10.64 million. Such increase was mainly attributable to higher revenue generated from the Retail Management Eco System (HQ Centralised Management, Store Operations and Financial Management Solution) which increased by RM1.71 million, mainly driven by an increase in recurring software maintenance fees. In addition, revenue from the Retail Eco System (xBridge B2B solution and E-vendor portal) increased by RM0.43 million, mainly due to higher recurring subscription fees.

Gross profit of current quarter ended 30 June 2026 decreased by RM0.81 million to approximately RM4.26 million as compared to corresponding quarter ended 30 June 2025 of approximately RM5.07 million. Such decrease was mainly attributable to changes in the sales mix, with a higher proportion of revenue generated from services and products with lower gross profit margins, coupled with higher staff cost incurred from the higher headcount as compared to the corresponding quarter. These factors resulted in an overall reduction in the Group’s gross profit.

Profit before tax of current quarter ended 30 June 2026 decreased by RM0.85 million to approximately RM2.18 million as compared to corresponding quarter ended 30 June 2025 of approximately RM3.03 million. The decrease was mainly attributable to the lower gross profit recorded during the current quarter, as explained above.

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B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B1. Review of Financial Performance (Continued)

Current period ended 30 June 2026 compared with preceding year corresponding period ended 30 June 2025

For the current period ended 30 June 2026, the Group recorded an increase in revenue by RM6.29 million to approximately RM24.94 million, compared with RM18.65 million for the corresponding period ended 30 June 2025. Such increase was mainly attributable to higher revenue contributed from Gross Synergy Sdn. Bhd. and Day One Technology Sdn. Bhd., amounting to RM6.17 million.

Gross profit for the current period ended 30 June 2026 decreased by RM0.46 million to approximately RM7.94 million, compared with RM8.40 million for the corresponding period ended 30 June 2025. This decrease was mainly attributable to changes in the sales mix, with a higher proportion of revenue generated from services and products with lower gross profit margins, coupled with higher staff cost incurred from the higher headcount as compared to the corresponding period. As a result, the Group's overall gross profit decreased despite the increase in revenue during the current period.

Profit before tax for the current period ended 30 June 2026 decreased by RM0.85 million to approximately RM3.86 million, compared with RM4.71 million for the corresponding period ended 30 June 2025. Such decrease was mainly attributable to the lower gross profit margin recorded during the current period, as explained above.

B2. Comparison with Immediate Preceding Quarter's Results

	CURRENT QUARTER 30.06.2026 Unaudited RM'000	IMMEDIATE PRECEDING QUARTER 31.03.2026 Audited RM'000	Changes %
Revenue	13,049	11,886	9.78
Gross profit	4,259	3,679	15.77
Profit before tax	2,181	1,680	29.82
Profit after tax	1,449	1,194	21.36
Profit attributable to:			
- Owners of the Group	1,743	1,383	26.03

The Group's revenue for the current quarter increased by RM1.16 million or 9.78% to approximately RM13.05 million as compared with the immediate preceding quarter of approximately RM11.89 million. Such increase was mainly attributable to higher revenue contribution from the Retail Management Eco-system, including HQ Centralised Management, Store Operations and Financial Management, xBridge B2B solution and E-vendor portal.

The Group recorded a gross profit of approximately RM4.26 million in the current quarter as compared with approximately RM3.68 million in the immediate preceding quarter. The increase was in line with the higher revenue recorded during the current quarter.

The Group recorded a profit before tax of approximately RM2.18 million in the current quarter as compared with approximately RM1.68 million in the immediate preceding quarter. The increase was mainly attributable to the higher gross profit, as explained above.

B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B3. Prospects of the Group

The Group remains principally involved in the development, customisation, implementation and integration of its Retail Management Eco-system. The Group continues to operate in a competitive and evolving technology landscape, where demand for digital retail solutions remains influenced by market conditions, technological developments and changing customer requirements.

The Group continues to actively enhance and expand its technological capabilities, including the development and deployment of artificial intelligence ("**AI**") features by the software development teams. These initiatives are further supported by Agentis, a subsidiary incorporated on 14 April 2026 with a focus on AI-related capabilities. The Group's existing AI capabilities include, among others, customer profiling and segmentation, document workflow automation, chatbot applications, management analytics solutions and other customised AI-related solutions, which can be integrated into the Group's existing Retail Management Eco-system.

In parallel, the Group continues to actively develop and enhance further AI features and capabilities aimed at enhancing the functionality, automation, data analytics and overall value proposition of its existing solutions. The Group intends to progressively integrate and deploy these AI capabilities into its Retail Management Eco-system, subject to development progress, integration requirements, customer needs and market acceptance.

In addition, the Group is developing a cloud-based Retail Management Eco-system, which is being developed with enhanced features, greater flexibility and scalability to better address the evolving requirements of the Group's customers and the increasing adoption of cloud-based technology solutions.

The Group will continue to focus on enhancing its existing products and services, progressing its AI and cloud-based Retail Management Eco-system initiatives, strengthening its customer base and maintaining operational efficiency. The Group will also continue to evaluate opportunities for business expansion, including potential regional expansion into other ASEAN countries.

The contribution from the Group's AI capabilities and cloud-based Retail Management Eco-system will depend on the progress of integration and development, successful commercialisation, customer adoption and market acceptance.

Barring any unforeseen circumstances, the Board holds a positive outlook about the Group's prospects in its technology development initiatives, and expects to achieve satisfactory performance for the financial year.

B4. Variance of Actual Profits from Profit Forecast/Profit Guarantee

The Group did not issue any profit forecast or profit guarantee during the current financial quarter under review.

B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B5. Taxation

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 6 MONTHS ENDED	
	30.06.2026 Unaudited RM'000	30.06.2025 Unaudited RM'000	30.06.2026 Unaudited RM'000	30.06.2025 Unaudited RM'000
Income tax expense				
- Current period	732	1,002	1,218	1,473
Effective tax rate (%)	33.56	33.06	31.55	31.25
Statutory tax rate (%)	24.00	24.00	24.00	24.00

The Group's effective tax rates for the current quarter ended 30 June 2026 and the current period ended 30 June 2026 were 33.56% and 31.55%, respectively, which were higher than the statutory tax rate of 24.00%. The higher effective tax rates were mainly attributable to the unrecognised deferred tax assets arising from the business losses incurred by a subsidiary.

B6. Status of Corporate Proposals

There were no corporate proposals pending completion as at the date of this interim financial report.

B7. Group Borrowings and Debts Securities

	30.06.2026 Unaudited RM'000	31.12.2025 Audited RM'000
Non-current:		
Lease liabilities	119	125
Hire purchase payable	59	11
	178	**136**
Current:		
Lease liabilities	248	225
Hire purchase payable	20	8
	268	**233**
Total borrowings	**446**	**369**

All the borrowings are secured and denominated in Ringgit Malaysia.

B8. Derivative Financial Instruments

There were no outstanding derivatives as at 30 June 2026.

PANDA ECO SYSTEM BERHAD
Registration No.: 202201028635 (1474332-M)
(Incorporated in Malaysia)

B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B9. Utilisation of Proceeds from the Public Issue

The gross proceeds of RM17.49 million from the Public Issue is intended to be utilised in the following manner:

Details of utilisation of proceeds	Initial Proposed utilisation	First Variation [(2)]	Second Variation [(3)]	Revised Utilisation of	Percentage of IPO proceeds	Actual utilisation	Balance to be utilised	Initial timeframe for utilisation[(1)]	Revised timeframe for utilisation[(3)]
	RM'000 (A)	RM'000 (B)	RM'000 (C)	RM'000 (D) = (A)+(B)+(C)	%	RM'000 (E)	RM'000 (F) = (D)-(E)		
Research and development of new solutions	2,712	-	-	2,712	15.51	2,712	-	Within 36 months	Within 36 months
Business expansion									
• Regional expansion in ASEAN countries	1,890	-	(1,890)	-	-	-	-	Within 36 months	Within 36 months
• Establishing additional service hubs within Malaysia	2,634	-	1,890	4,524	25.87	2,589	1,935	Within 24 months	Within 48 months (previously revised to 36 months)[(2)]
➢ Staff cost allocated to Northern region of Peninsular Malaysia	576	(576)	-	-	-	-	-		
➢ Rental of service hub for Northern region of Peninsular Malaysia	84	(84)	-	-	-	-	-		
➢ Purchase of office equipment for Northern region of Peninsular Malaysia	50	(50)	-	-	-	-	-		
➢ Staff cost allocated to East Malaysia and Johor	768	(356)	-	412	2.36	412	-		
➢ Staff cost allocated to Central region of Peninsular Malaysia	960	831	1,890	3,681	21.05	1,791	1,890		
➢ Rental of service hub for Central region of Peninsular Malaysia	96	135	-	231	1.32	186	45		
➢ Purchase of office equipment for Central region of Peninsular Malaysia	100	100	-	200	1.14	200	-		
Expansion of customer technical support department	1,680	-	-	1,680	9.61	1,680	-	Within 24 months	Within 24 months
Headquarters' expansion ("HQ expansion")	3,000	-	-	3,000	17.16	-	3,000	Within 36 months	Within 48 months
Working capital	2,833	-	-	2,833	16.20	2,833	-	Within 24 months	Within 24 months
Estimated listing expenses	2,736	-	-	2,736	15.65	2,736	-	Within 1 month	Within 1 month
	17,485	-	-	**17,485**	**100.00**	**12,550**	**4,935**		

B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B9. Utilisation of Proceeds from the Public Issue (Continued)

The utilisation of proceeds disclosed above should be read in conjunction with the Prospectus of the Company dated 8 November 2023, the announcement on the extension of timeframe and variation in the utilisation of Initial Public Offering Proceeds ("**IPO Proceeds**") dated 28 August 2025, and the announcement on the variation and extension of timeframe for the utilisation of IPO Proceeds dated 26 August 2026.

On 26 August 2026, the Company announced the following:-

(i) variation of the utilisation of RM1.89 million of IPO Proceeds allocated for regional expansion in ASEAN countries to establishing additional service hub within Malaysia, and extension of the timeframe for an additional 12 months; and

(ii) extension of the timeframe for the utilisation of RM3.00 million of IPO Proceeds allocated for HQ expansion for an additional 12 months.

Both (i) and (ii) as mentioned above are up to 26 November 2027.

Notes:

(1) From the date of listing of the Company on 27 November 2023.

(2) The announcement on the extension of timeframe and variation in the utilisation of IPO Proceeds dated 28 August 2025.

(3) The announcement on the variation and extension of timeframe in the utilisation of IPO Proceeds dated 26 August 2026.

B10. Material Litigations

There were no material litigations by or against the Group as at 30 June 2026.

B11. Dividend Declarations

There were no dividends declared for the financial period under review.

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B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B12. Earnings Per Share

The basic and diluted EPS for the current financial quarter under review and financial period-to-date are computed as follows:

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 6 MONTHS ENDED	
	30.06.2026 Unaudited RM'000	30.06.2025 Unaudited RM'000	30.06.2026 Unaudited RM'000	30.06.2025 Unaudited RM'000
Net profit attributable to ordinary equity holders of the Company	1,743	2,267	3,126	3,658
Weighted average number of ordinary shares in issue ('000)(1)	690,650	672,838	690,650	672,838
Weighted average number of diluted ordinary shares in issue ('000)(2)	690,650	672,838	690,650	672,838
Basic EPS (sen)(1)	0.25	0.34	0.45	0.54
Diluted EPS (sen)(2)	0.25	0.34	0.45	0.54

Notes:

(1) Basic EPS is calculated based on the weighted average number of ordinary shares of the Company of 690,649,674 as at 30 June 2026 (30 June 2025: 672,838,378).

(2) There are no dilutive instruments as at the end of the period ended 30 June 2026 and 30 June 2025, respectively.

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B. EXPLANATORY NOTES PURSUANT TO PART A OF APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B13. Notes to the Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

The following items have been charged/(credited) in arriving at the profit before tax for the current financial quarter and the profit before tax for the financial period-to-date:

	INDIVIDUAL QUARTER 3 MONTHS ENDED		CUMULATIVE QUARTER 6 MONTHS ENDED	
	30.06.2026 Unaudited RM'000	30.06.2025 Unaudited RM'000	30.06.2026 Unaudited RM'000	30.06.2025 Unaudited RM'000
After charging:				
Amortisation of intangible assets	414	107	781	146
Depreciation of:				
- plant and equipment	129	89	254	155
- right-of-use assets	70	39	142	77
Inventories written down	-	-	8	2
Interest expense	1	1	1	1
Interest expense on lease liabilities	5	5	10	9
Net impairment losses on trade receivables	138	141	340	311
Professional fees	134	286	286	469
Realised loss on foreign exchange	2	-	2	-
And crediting:				
Loss/(Gain) on disposal of plant and equipment	2	-	(6)	-
Gain on lease termination	-	(3)	-	(3)
Interest income	(269)	(217)	(489)	(464)

Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements are not applicable.

B14. Authorisation for Issue

This interim financial report was authorised for issue by the Board of Directors on 26 August 2026.