PAN MERCHANT BERHAD

Registration No.: 202401010821 (1556671-D)
(Incorporated in Malaysia)

Unaudited Interim Financial Report for the First Quarter Ended 31 March 2026

PAN MERCHANT BERHAD

Registration No.: 202401010821 (1556671-D)
(Incorporated in Malaysia)

Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income for the First Quarter ended 31 March 2026 (1)

	Note	Individual quarter ended 31 March Unaudited		Cumulative quarter ended 31 March Unaudited	
		2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Revenue		15,986	27,345	15,986	27,345
Cost of sales		(10,629)	(16,519)	(10,629)	(16,519)
Gross profit		5,357	10,826	5,357	10,826
Other income		520	1,005	520	1,005
		5,877	11,831	5,877	11,831
Administrative expenses		(10,436)	(9,832)	(10,436)	(9,832)
Other expenses		(327)	(766)	(327)	(766)
(Loss)/Profit from operations		(4,886)	1,233	(4,886)	1,233
Finance costs		(277)	(222)	(277)	(222)
(Loss)/Profit before taxation	B12	(5,163)	1,011	(5,163)	1,011
Income tax expense	B5	50	(112)	50	(112)
(Loss after taxation) ("LAT")/ Profit after taxation ("PAT")		(5,113)	899	(5,113)	899
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
- Foreign currency translation difference		(200)	183	(200)	183
Total comprehensive (expenses)/ income for the financial period		(5,313)	1,082	(5,313)	1,082
(Loss)/Profit after taxation attributable to:-					
Owners of the Company		(5,120)	282	(5,120)	282
Non-controlling interests		7	617	7	617
		(5,113)	899	(5,113)	899
Total comprehensive (expenses)/ income attributable to:-					
Owners of the Company		(5,311)	449	(5,311)	449
Non-controlling interests		(2)	633	(2)	633
		(5,313)	1,082	(5,313)	1,082
Earnings per ordinary share ("EPS") (sen)					
Basic		(0.56) (2)	0.04	(0.56) (2)	0.04
Diluted (2)		(0.56)	0.04	(0.56)	0.04

Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income for the First Quarter ended 31 March 2026 (Cont'd) [(1)]

Notes

[(1)] *The basis of the preparation of the Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income is disclosed in Note A1 and should be read in conjunction with the Group's audited consolidated financial statements for the financial year ended 31 December 2025 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.*

[(2)] *Basic and diluted earnings per share ("EPS") is calculated based on the number of ordinary shares referred to in Note B11. Diluted EPS is equivalent to the basic EPS as there were no potential dilutive securities in issue during the financial quarter under review.*

PAN MERCHANT BERHAD

Registration No.: 202401010821 (1556671-D)
(Incorporated in Malaysia)

Unaudited Consolidated Statement of Financial Position as at 31 March 2026 (1)

	Note	Unaudited As at 31 March 2026 RM'000	Audited As at 31 December 2025 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		23,130	23,591
Right-of-use assets		23,920	24,193
Goodwill		815	815
Total non-current assets		**47,865**	**48,599**
Current assets			
Inventories		23,405	20,864
Trade receivables		13,605	14,319
Other receivables, deposits and prepayments		3,968	3,076
Contract assets		12,341	16,377
Amount owing by a related party		134	2
Short-term investment		26,146	20,360
Current tax assets		2,061	1,291
Fixed deposits with licensed banks		31,166	30,718
Cash and bank balances		11,532	23,812
Total current assets		**124,358**	**130,819**
Non-current assets held for sale		339	339
Total assets		**172,562**	**179,757**
EQUITY AND LIABILITIES			
Share capital		129,327	129,327
Reserves		(63)	7,079
Equity attributable to owners of the Company		129,264	136,406
Non-controlling interests		1,345	1,347
Total equity		**130,609**	**137,753**
Non-current liabilities			
Lease liabilities		646	731
Borrowings	B8	1,793	1,962
Deferred tax liabilities		2,574	2,624
Total non-current liabilities		**5,013**	**5,317**

Unaudited Consolidated Statement of Financial Position as at 31 March 2026 (Cont'd)[1]

	Note	Unaudited As at 31 March 2026 RM'000	Audited As at 31 December 2025 RM'000
Current liabilities			
Trade payables		9,710	12,482
Other payables and accruals		9,134	1,329
Contract liabilities		1,995	6,734
Amount owing to related parties		40	670
Lease liabilities		337	331
Borrowings	B8	15,724	13,635
Current tax liabilities		-	1,506
Total current liabilities		**36,940**	**36,687**
Total liabilities		**41,953**	**42,004**
Total equity and liabilities		**172,562**	**179,757**
Net assets per ordinary share (sen)		14.11 [2]	14.89 [2]

Notes:

[1] *The basis of the preparation of the Unaudited Consolidated Statement of Position is disclosed in Note A1 and should be read in conjunction with the Group's audited consolidated financial statements for the financial year ended 31 December 2025 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.*

[2] *Net assets per ordinary share attributable to the owners of the Company is computed based on equity attributable to owners of the Company divided by the Company's total number of issued ordinary shares of 916,000,000 ordinary shares ("Shares").*

PAN MERCHANT BERHAD
Registration No.: 202401010821 (1556671-D)
(Incorporated in Malaysia)

Unaudited Consolidated Statement of Changes in Equity for the First Quarter ended 31 March 2026 [1]

	<--- Non-distributable				--->	*Distributable*			
	Share Capital RM'000	Invested Capital RM'000	Reorganisation Reserve RM'000	Revaluation Reserve RM'000	Foreign Exchange Translation Reserve RM'000	Retained Profits RM'000	Attributable to Owners of the Company RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance 1 January 2025	* [2]	**14,200**	**-**	**10,597**	**(217)**	**45,733**	**70,313**	**1,763**	**72,076**
Profit after taxation for the financial year	-	-	-	-	-	4,968	4,968	284	5,252
Other comprehensive income for the financial year:									
- foreign currency translation differences	-	-	-	-	274	-	274	60	334
Total comprehensive income for the financial year	-	-	-	-	274	4,968	5,242	344	5,586
Contribution by and distribution to owners of the Company:									
Effect of group reorganisation exercise	-	(14,200)	(54,181)	-	-	(95)	(68,476)	-	(68,476)
Issuance of shares for acquisition of a subsidiary	68,381	-	-	-	-	-	68,381	-	68,381
Pursuant to public issue:									
- Issuance of shares	62,691	-	-	-	-	-	62,691	-	62,691
- Share issuance expenses	(1,745)	-	-	-	-	-	(1,745)	-	(1,745)
Dividends by the subsidiary to non-controlling interests	-	-	-	-	-	-	-	(760)	(760)
Total transactions with owners	129,327	(14,200)	(54,181)	-	-	(95)	60,851	(760)	60,091
Balance at 31 December 2025/ Balance at 1 January 2026	**129,327**	**-**	**(54,181)**	**10,597**	**57**	**50,606**	**136,406**	**1,347**	**137,753**
Loss after taxation for the financial period	-	-	-	-	-	(5,120)	(5,120)	7	(5,113)
Other comprehensive expenses for the financial period:									
- foreign currency translation differences	-	-	-	-	(191)	-	(191)	(9)	(200)
Total comprehensive expenses for the financial loss	-	-	-	-	(191)	(5,120)	(5,311)	(2)	(5,313)
Distribution to the owners of the Company:									
- Dividends	-	-	-	-	-	(1,831)	(1,831)	-	(1,831)
Balance at 31 March 2026	**129,327**	**-**	**(54,181)**	**10,597**	**(134)**	**43,655**	**129,264**	**1,345**	**130,609**

Notes:

[1] *The basis of the preparation of the Unaudited Consolidated Statement of Changes in Equity is disclosed in Note A1 and should be read in conjunction with the Group's audited consolidated financial statements for the financial year ended 31 December 2025 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.*

[2] *Represents less than RM1,000.*

PAN MERCHANT BERHAD

Registration No.: 202401010821 (1556671-D)
(Incorporated in Malaysia)

Unaudited Consolidated Statement of Cash Flows for the First Quarter ended 31 March 2026 (1)

	Current Period-to-date ended 31 March 2026 Unaudited RM'000	Preceding Period-to-date ended 31 March 2025 Unaudited RM'000
Cash flows (for)/from operating activities		
(Loss)/Profit before taxation	(5,163)	1,011
Adjustments for:		
Depreciation of property, plant and equipment	561	602
Depreciation of right-of-use assets	275	281
Interest expenses	188	171
Interest on lease liabilities	18	26
Fair value gain on short-term investment	(213)	-
Interest income	(236)	(73)
Gain on disposal of equipment	-	* (2)
Unrealised gain on foreign exchange	(638)	(778)
Operating (loss)/profit before working capital changes	**(5,208)**	**1,240**
Increase in inventories	(2,541)	(1,180)
(Increase)/Decrease in trade and other receivables	(61)	11,431
Decrease in contract assets	4,035	2,405
(Increase)/Decrease in amount owing by related party	(143)	261
Decrease in trade and other payables	(2,196)	(6,435)
Increase/(Decrease) in contract liabilities	666	(5,350)
(Decrease)/Increase in amount owing to related parties	(630)	113
Cash (for)/from operations	**(6,078)**	**2,485**
Tax paid	(2,076)	(582)
Net cash (for)/from operating activities	**(8,154)**	**1,903**
Cash flows for investing activities		
Additions of pledged fixed deposits	(181)	(179)
Additions of rights-of-use assets	-	(17)
Purchase of short-term investments	(5,573)	-
Purchase of plant and equipment	35	(149)
Interest received	236	73
Proceed from disposal of equipment	-	2
Net cash for investing activities	**(5,483)**	**(270)**

Unaudited Consolidated Statement of Cash Flows for the First Quarter ended 31 March 2026 (Cont'd) [1]

	Current Period-to-date ended 31 March 2026 Unaudited RM'000	Preceding Period-to-date ended 31 March 2025 Unaudited RM'000
Cash flows from/(for) financing activities		
Interest paid	(206)	(198)
Net repayment of bankers' acceptance	(684)	(5,252)
Net drawdown of invoice financing	2,644	-
Net repayment of hire purchase	(287)	(283)
Repayment of lease liabilities	(81)	(80)
Net repayment of term loan		(41)
Net cash from/(for) financing activities	**1,386**	**(5,854)**
Net decrease in cash and cash equivalents	**(12,251)**	**(4,221)**
Cash and cash equivalents at the beginning of financial period	34,100	15,469
Effects on foreign exchange translation	127	773
Cash and cash equivalents at the end of financial period	**21,976**	**12,021**

(i) Cash and cash equivalents

Cash and cash equivalents included in the unaudited consolidated statement of cash flows comprise the following unaudited consolidated statement of financial position amounts:

	Current Period-to-date ended 31 March 2026 Unaudited RM'000	Preceding Period-to-date ended 31 March 2025 Unaudited RM'000
Cash and bank balances	11,532	10,209
Fixed deposits with licensed banks	31,166	11,261
Bank overdrafts	(983)	(290)
	41,715	21,180
Less: Fixed deposits with a tenure of more than 3 months	(10,000)	-
Less: Fixed deposits pledged to licensed banks	(9,739)	(9,159)
	21,976	**12,021**

PAN MERCHANT BERHAD

Registration No.: 202401010821 (1556671-D)
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Unaudited Consolidated Statement of Cash Flows for the First Quarter ended 31 March 2026 (Cont'd) [(1)]

Notes:

(1) *The basis of the preparation of the Unaudited Consolidated Statement of Cash Flows is disclosed in Note A1 and should be read in conjunction with the Group's audited consolidated financial statements for the financial year ended 31 December 2025 as disclosed in the Annual Report and the accompanying explanatory notes attached to this interim financial report.*

(2) *Represents less than RM1,000.*

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

A1. Basis of Preparation

The interim financial report of Pan Merchant Berhad and its subsidiaries (collectively, the “Group”) are unaudited and have 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.

This interim financial report should be read in conjunction with the Group's audited consolidated financial statements for the financial year ended 31 December 2025 as disclosed in the Annual Report 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 preparation of the Group’s audited financial statements for the financial year ended 31 December 2025 except for the adoption of the following amendments/improvements to MFRSs, which are applicable during the current financial period.

MFRS and/or IC intepretations (including the Consequential

Amendments to MFRS 121: Lack of Exchangeability

The adoption of the above accounting standard and/or interpretation (including the consequential amendments, if any) did not have any material impact on the financial statements of the Group.

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

A2. Significant Accounting Policies (Cont'd)

As at the date of authorisation of this interim financial report, the following accounting standards and/or interpretations (including the consequential amendments, if any) were issued but not yet effective and have not been adopted by the Group:

MFRS and/or IC intepretations (including the Consequential	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 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 19: Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 121: Translation to a Hyperinflationary Presentation	1 January 2027

The initial application of the above accounting standards and/or interpretations (including the consequential amendments, if any) is not expected to have any material impact to the consolidated financial statements of the Group except as follows:

MFRS 18 'Presentation and Disclosure in Financial Statements' will replace MFRS 101 'Presentation of Financial Statements' upon its adoption. This new standard aims to enhance the transparency and comparability of financial information by introducing new disclosure requirements. Specifically, it requires that income and expenses be classified into 3 defined categories: "operating", "investing" and "financing" and introduces 2 new subtotals: "operating profit or loss" and "profit or loss before financing and income tax". In addition, MFRS 18 requires the disclosure of management-defined performance measures and sets out principles for the aggregation and disaggregation of information, which will apply to all primary financial statements and the accompanying notes. The statement of financial position and the statement of cash flows will also be affected. The Group is currently evaluating the impact of implementing this new standard.

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 business operations of the Group were not affected by any seasonal or cyclical trend.

A5. Material Unusual Items

There were no material unusual items affecting assets, liabilities, equity, net income or cash flows during the current financial quarter under review.

A6. Material Changes in Accounting Estimates

There were no material changes in accounting estimates that have a material effect on the Group in the current financial quarter under review.

A7. Debt and Equity Securities

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current financial quarter under review.

A8. Dividend Paid

On 25 March 2026, the Board of Directors declared an interim single-tier dividend of 0.20 sen per ordinary share in respect of the financial year ended 31 December 2025. It was paid on 30 April 2026 to shareholders whose name appeared in the Record of Depositors of the Company at the close of business on 10 April 2026.

Save as disclosed above, there was no dividend paid during the current financial quarter under review.

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

A9. Segmental Reporting

The Group operates predominantly in the business of solutions provider of solid-liquid filtration equipment, fabrication of steel works and technical support services.

	Individual quarter ended 31 March Unaudited		Cumulative quarter ended 31 March Unaudited	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Business segments				
Filtration solutions:				
- Filter presses	703	2,074	703	2,074
- Hermetic filters	10,696	16,296	10,696	16,296
	11,399	18,370	11,399	18,370
Steel works	735	1,554	735	1,554
Technical support services	3,852	7,421	3,852	7,421
	15,986	27,345	15,986	27,345

The geographical segments of the Group's revenue are as follows:

	Individual quarter ended 31 March Unaudited		Cumulative quarter ended 31 March Unaudited	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Geographical segments				
Africa	1,021	19	1,021	19
America	2,690	7,272	2,690	7,272
Asia (excluding Malaysia and Indonesia) [(1)]	3,377	1,838	3,377	1,838
Europe	847	5,924	847	5,924
Indonesia	3,406	4,195	3,406	4,195
Malaysia	4,645	8,097	4,645	8,097
	15,986	27,345	15,986	27,345

Note:
(1) *Comprising Southeast Asia (excluding Malaysia and Indonesia), China, Bangladesh and South Korea.*

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

A10. Material Event Subsequent to the End of the Reporting Period

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

A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter under review.

A12. Contingent Assets and Contingent Liabilities

There were no contingent assets and contingent liabilities as at the date of this consolidated interim financial report.

A13. Material Capital Commitments

Save as disclosed below, our Group does not have any other material capital commitments:

	Unaudited As at 31 March 2026 RM'000	**Audited As at 31 December 2025 RM'000**
Capital expenditure in respect of purchase of property, plant and equipment		
Approved but not contracted for:		
- acquisition of machinery, equipment and tools	17,655	19,687
- renovation/enhancement of manufacturing plants and office	7,560	7,560
- upgrade of laboratory at Headquarters	1,400	1,400
- setting up filter leaf production line	2,103	2,103
Approved and contracted for:		
- acquisition of machinery, equipment and tools	2,345	1,584
Total	**28,718**	**30,750**

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

A14. Related Party Transactions

Saved as disclosed below, there were no other significant related party transactions during the current financial quarter.

	Individual quarter ended 31 March Unaudited		Cumulative quarter ended 31 March Unaudited	
	2026 RM'000	2025 RM'000	2026 RM'000	2025 RM'000
Transactions with:				
Sales to a related party	1,244	1,759	1,244	1,759
Provision of labour services charged by a related paty	94	288	94	288
Administration costs charged by a related party	5	6	5	6
Management fee charged by a related party	46	47	46	47
Rental of office, manufacturing facility and warehouse charged by a related party	27	26	27	26

A15. Fair Value Information

There was no gain or loss arising from fair value changes of the Group's financial liabilities for the current financial quarter.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. Review of financial performance

a) Review for the current financial quarter against preceding corresponding financial quarter

	Individual quarter ended 31 March Unaudited		Cumulative quarter ended 31 March Unaudited	
	2026 RM'000	**2025 RM'000**	**2026 RM'000**	**2025 RM'000**
Revenue	15,986	27,345	15,986	27,345
(Loss before taxation) ("LBT")/ Profit before taxation ("PBT")	(5,163)	1,011	(5,163)	1,011

The Group recorded revenue of RM15.99 million and a LBT of RM5.16 million for the current financial quarter ended 31 March 2026, compared to revenue of RM27.35 million and PBT of RM1.01 million in the corresponding quarter ended 31 March 2025.

The decrease in revenue of RM11.36 million or 41.5% was attributable to lower revenue contribution from the hermetic filter segment from the Americas. In addition sales were softer in the filter press segment, particularly from the Indonesian market.

The ongoing geopolitical tensions led to customers' caution on capital expenditure decisions and slower sales activities during the period. The Group's revenue was also affected by the weakening of the USD and Euro against the Group's reporting currency, which resulted in lower translated revenue contribution from export sales.

Consequently, the Group recorded a LBT of RM5.16 million for the current quarter.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B2. Performance Comparison with Immediate Preceding Quarter's results

b) Review of financial performance for current quarter ended 31 March 2026 ("Q1 FY2026") and immediate preceding quarter ended 31 December 2025 ("Q4 FY2025")

	Q1 FY2026	Q4 FY2025	Changes	
	RM'000	RM'000	RM'000	%
Revenue	15,986	42,442	(26,456)	(62.3)
(LBT)/PBT	(5,163)	3,383	(8,546)	(252.6)
(LBT)/PBT margin	-32.3%	8.0%		

The Group recorded revenue of RM15.99 million in Q1 FY2026, compared to RM42.44 million in Q4 FY2025, representing a decrease of RM26.46 million or 62.3%. The decline was mainly attributable to lower demand for hermetic filters and lower sales of replacement parts.

The Group recorded LBT of RM5.16 million in Q1 FY2026, compared to a PBT of RM3.38 million in Q4 FY2025. The lower performance was mainly due to reduced gross profit contribution arising from the decrease in revenue of RM26.46 million. In addition, the Group's financial performance in Q1 is generally lower compared to Q4 as production output was lower due to shorter working days.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B3. Prospects of the Group

The Group remains cautiously optimistic on its business outlook amidst the prevailing geopolitical uncertainties, global trade tensions and prudent capital expenditure spending environment. Despite ongoing market volatility, the Group continues to demonstrate resilience through its diversified exposure across various end-user industries and geographical markets.

The Group's filtration solutions continue to serve a broad range of industries, namely the renewable energy, edible oil, food processing and water and wastewater treatment sectors. The Group believes that the increasing focus on sustainable energy, environmental compliance and infrastructure development will continue to support long-term demand for filtration solutions, particularly the water and wastewater treatment sector.

The Group is actively pursuing its global sales and marketing initiatives through its subsidiaries and representative offices in Malaysia, the Netherlands, the United States and Singapore to further expand its customer base and strengthen market penetration. These regional platforms are expected to enhance the Group's ability to provide on-the-ground technical support, faster response times and improved customer engagement for both new projects and after-sales services.

In addition, the Group continues to focus on operational efficiency, disciplined cost management and strengthening its technical and engineering capabilities to improve competitiveness and support future growth. The Group's established reputation, internationally recognised certifications and long-standing customer relationships continue to position the Group favourably within the global solid-liquid filtration industry.

Moving forward, the Group will continue to pursue opportunities in higher growth industries and geographically diversified markets while maintaining prudent financial management to navigate the evolving business environment.

As at 28 May 2026, our pipeline is still strong and our Group's order book stood at approximately RM42.02 million, which consists of orders for filtration equipment, replacement parts and steel works and is expected to be recognised within next 12 months.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B4. Profit forecast

The Group did not issue any profit forecast or profit estimation in any announcement or public document.

B5. Income tax expense

Income tax expense comprises the following:

	Individual quarter ended 31 March Unaudited		Cumulative quarter ended 31 March Unaudited	
	2026 RM'000	**2025 RM'000**	**2026 RM'000**	**2025 RM'000**
Recognised in profit or loss				
Current tax expense:				
- for the financial period	-	112	-	112
Deferred tax:				
- origination of temporary differences	50	-	50	-
Income tax expenses [1]	50	112	50	112
Effective tax rate	-1.0%	11.1%	-1.0%	11.1%
Statutory tax rate	24.0%	24.0%	24.0%	24.0%

Note:
[1] Income tax expense is recognised based on management's best estimate.

The Group did not recognise any current tax expense for the current quarter mainly due to the Group recording a loss before taxation during the financial period. However, a deferred tax expense was recognised arising from temporary differences.

B6. Status of Corporate Proposals

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

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B7. Utilisation of Proceeds

The utilisation of proceeds from the IPO of RM62.69 million are intended to be utilised in the following manner:

	Estimated timeframe for utilisation from date of listing	Proposed utilisation RM'000	%	Amount utilised as at 31 March 2026 RM'000	Balance unutilised RM'000	Deviation RM'000	%
Capital expenditure on manufacturing plants:							
(i) Acquisition of machinery, equipment and tools	Within 36 months	20,000	31.90	(151)	19,849	-	-
(ii) Renovation of manufacturing plants	Within 36 months	8,000	12.76	-	8,000	-	-
		28,000	44.66	(151)	27,849	-	-
Product development	Within 24 months	7,000	11.17	-	7,000	-	-
Business expansion	Within 24 months	6,000	9.57	(202)	5,798	-	-
Working capital	Within 12 months	14,691	23.43	(9,000)	5,691	-	-
Estimated listing expenses	Within 1 month	7,000	11.17	(5,713)	1,287 [2]	-	-
Total		**62,691**	**100.00**	**(15,066)**	**47,625**	**-**	**-**

Notes:
[1] The proposed utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus.

[2] The actual amount utilised for listing expenses are final and lower than the estimated amount as at the date of this report. The excess will be used for working capital purposes.

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B8. Borrowings

The details of the Group’s borrowings are as follows:-

	Unaudited As at 31 March 2026 RM'000	Audited As at 31 December 2025 RM'000
Non-current		
Hire Purchase	1,793	1,962
	1,793	1,962
Current		
Bank Overdrafts	983	397
Banker's acceptances	9,791	29,775
Invoice financing	3,844	-
Hire purchases payables	1,106	1,155
Term loan	-	86
	15,724	31,413

All the borrowings are secured and denominated in Ringgit Malaysia.

B9. Material litigation

There were no material litigations by or against the Group as at the date of this interim financial report.

B10. Dividends

No dividend has been declared or recommended for payment by the Board during the financial period under review.

B11. Earnings per share

The basic and diluted EPS of the Group for the current financial quarter and period are as follows:-

	Individual quarter ended 31 March Unaudited		Cumulative quarter ended 31 March Unaudited	
	2026	**2025**	**2026**	**2025**
(Loss)/Profit for the financial period attributable to owners of the Company (RM'000)	(5,120)	282	(5,120)	282
Based on weighted average number of ordinary shares ('000)	916,000	683,812 [1]	916,000	683,812 [1]
Basic and diluted EPS (sen) [2]	(0.56)	0.04	(0.56)	0.04

Notes:

[1] The basic EPS is calculated based on PAT attributable to owners of our Company divided by the number of issued Shares of 683,812,100 Shares after the completion of acquisition of PMI-Technology Sdn Bhd by our Company but prior to our initial public offering.

[2] The diluted EPS is equivalent to the basic EPS as there were no potential dilutive securities in issue during the financial quarter under review.

PAN MERCHANT BERHAD
Registration No.: 202401010821 (1556671-D)
(Incorporated in Malaysia)

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B12. Profit before taxation

	Individual quarter ended 31 March Unaudited		Cumulative quarter ended 31 March Unaudited	
	2026 RM'000	**2025 RM'000**	**2026 RM'000**	**2025 RM'000**
(Loss)/Profit before taxation is arrived at after charging/ (crediting):-				
Depreciation:				
- property, plant and equipment	561	602	561	602
- right-of-use assets	275	281	275	281
Directors' remuneration	1,455	1,310	1,455	1,310
Staff costs:				
- defined contribution benefits	740	644	740	644
- others	8,442	7,623	8,442	7,623
Interest expense on financial liabilities that are not fair value through profit or loss:				
- term loan	-	1	-	1
- bank overdrafts	10	6	10	6
- bankers' acceptances	100	101	100	101
- invoice financing	27	2	27	2
- hire purchase payables	51	61	51	61
Interest on lease liabilities	18	26	18	26
Lease expenses:				
- short-term expenses	59	174	59	174
(Gain)/Loss on foreign exchange:				
- realised	296	46	296	46
- unrealised	(638)	(778)	(638)	(778)
Fair value gain on short-term investment	(213)	-	(213)	-
Gain on disposal of equipment	-	* (1)		* (1)
Total interest income on financial assets measured at amortised cost	(236)	(73)	(236)	(73)

The Group did not report any provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investments, impairment of assets and gain or loss on derivatives for the current financial quarter under review.

Note:
(1) *Represents less than RM1,000*

PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B13. Derivative Financial Instruments

	Contract/Notional Amount		Fair Value	
	Unaudited 31 March 2026 RM'000	Audited 31 December 2025 RM'000	Unaudited 31 March 2026 RM'000	Audited 31 December 2025 RM'000
Derivative liability:				
Forward currency contracts	4,094	-	4,013	-

Forward currency contract is used to hedge the Group's sales denominated in EURO for which firm commitments existed at the end of the financial year 2025. The settlement date of the forward currency contract is 2 to 4 months after the end of the financial year.

B14. Authorisation for Issue

The interim financial report was authorised for issue by the Board of Directors of the Company in accordance with a resolution passed by the Board of Directors on 28 May 2026.