

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2026
(The figures have not been audited)

	Note	Quarter ended			Year to date ended		
		2026	2025	%	2026	2025	%
		RM'000	RM'000	+ / (-)	RM'000	RM'000	+ / (-)
Revenue	B1	46,019	51,556	(10.7)	46,019	51,556	(10.7)
Direct costs		(31,308)	(39,037)		(31,308)	(39,037)	
Gross profit		14,711	12,519	17.5	14,711	12,519	17.5
Other operating income		97	45		97	45	
Administrative expenses		(6,672)	(7,826)		(6,672)	(7,826)	
Other operating expenses		(1,487)	(1,717)		(1,487)	(1,717)	
Net loss on impairment of financial instruments		(63)	(277)		(63)	(277)	
Profit for the year from operations		6,586	2,744	140.0	6,586	2,744	140.0
Finance income		157	4		157	4	
Finance costs		(1,178)	(764)		(1,178)	(764)	
Share of results of associates		(10)	459		(10)	459	
Profit before taxation		5,555	2,443	127.4	5,555	2,443	127.4
Taxation	B4	(2,043)	(1,048)		(2,043)	(1,048)	
Profit for the financial period		3,512	1,395	151.8	3,512	1,395	151.8
Other comprehensive income: <i>Item that may be reclassified subsequently to profit or loss</i>							
Foreign currency translation gain/(loss)		(57)	(10)		(57)	(10)	
Total comprehensive income for the financial period		3,455	1,385	149.5	3,455	1,385	149.5
Profit for the financial period attributable to:-							
Owners of the Company		3,742	1,574	137.7	3,742	1,574	137.7
Non-controlling interests		(230)	(179)	(28.5)	(230)	(179)	(28.5)
		3,512	1,395		3,512	1,395	
Total comprehensive income attributable to:-							
Owners of the Company		3,685	1,564	135.6	3,685	1,564	135.6
Non-controlling interests		(230)	(179)	(28.5)	(230)	(179)	(28.5)
		3,455	1,385		3,455	1,385	
Earnings per share (sen)							
- Basic	B11	0.74	0.31	138.7	0.74	0.31	138.7
- Diluted	B11	0.74	0.31	138.7	0.74	0.31	138.7



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2026

(The figures have not been audited)

	Unaudited as at 31 Mar 2026 RM'000	Audited As At 31 Dec 2025 RM'000
ASSETS		
	Note	
NON-CURRENT ASSETS		
Property, plant and equipment	3,514	3,716
Intangible assets	1,037	971
Goodwill	162,677	162,677
Right-of-use assets	2,756	3,403
Investments in associates	7,646	7,656
Other investment	200	200
Employee benefits	-	25
Deferred tax assets	186	197
	<u>178,016</u>	<u>178,845</u>
CURRENT ASSETS		
Trade and other receivables	95,537	64,384
Contract assets	165,517	177,009
Current tax assets	1,950	3,457
Prepayment	14,725	15,098
Cash and cash equivalents	27,620	26,109
	<u>305,349</u>	<u>286,057</u>
TOTAL ASSETS	<u>483,365</u>	<u>464,902</u>
EQUITY AND LIABILITIES		
EQUITY		
Share capital	268,439	268,439
Reserves	33,015	29,330
Equity attributable to owners of the Company	<u>301,454</u>	<u>297,769</u>
Non-controlling interest	(478)	(248)
TOTAL EQUITY	<u>300,976</u>	<u>297,521</u>



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Company No: 201501003232 (1128564-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2026 (cont'd)

(The figures have not been audited)

		Unaudited as at 31 Mar 2026 RM'000	Audited As At 31 Dec 2025 RM'000
NON-CURRENT LIABILITIES	Note		
Loans and borrowings	B7	799	580
Lease liabilities	B7	419	460
Employee benefits		60	-
Deferred tax liabilities		8,379	8,379
		<u>9,657</u>	<u>9,419</u>
CURRENT LIABILITIES			
Loans and borrowings	B7	77,840	74,060
Lease liabilities	B7	2,509	3,134
Trade and other payables		59,379	57,927
Contract liabilities		28,429	18,917
Current tax liabilities		177	-
Provisions		4,398	3,924
		<u>172,732</u>	<u>157,962</u>
TOTAL LIABILITIES		<u>182,389</u>	<u>167,381</u>
TOTAL EQUITY AND LIABILITIES		<u>483,365</u>	<u>464,902</u>
Net assets per share (RM)		<u>0.59</u>	<u>0.59</u>



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Company No: 201501003232 (1128564-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR TO DATE ENDED 31 MARCH 2026

(The figures have not been audited)

	<u>Non-Distributable</u>		<u>Distributable</u>			
	Share	Foreign	Retained	Total	Non-	Total
	Capital	Currency	earnings		controlling	Equity
	RM'000	Reserve	RM'000	RM'000	interests	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2026	268,439	6	29,324	297,769	(248)	297,521
Other comprehensive income:						
- Foreign currency translation loss	-	(57)	-	(57)	-	(57)
Total other comprehensive income	-	(57)	-	(57)	-	(57)
Profit for the financial period	-	-	3,742	3,742	(230)	3,512
Total comprehensive income for the financial period	-	(57)	3,742	3,685	(230)	3,455
As at 31 March 2026	268,439	(51)	33,066	301,454	(478)	300,976



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Company No: 201501003232 (1128564-U)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR TO DATE ENDED 31 MARCH 2026 (cont'd)

(The figures have not been audited)

	Attributable to owner of the Company		Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total Equity RM'000
	Non-Distributable	Distributable				
	Share Capital RM'000	Foreign Currency Translation Reserve RM'000				
As at 1 January 2025	268,439	146	23,306	291,891	(183)	291,708
Other comprehensive income:						
- Foreign currency translation gain	-	(10)	-	(10)	-	(10)
- Actuarial loss on defined benefit obligations, net of tax				-		-
Total other comprehensive income	-	(10)	-	(10)	-	(10)
Profit for the financial period	-	-	1,574	1,574	(179)	1,395
Total comprehensive income for the financial period	-	(10)	1,574	1,564	(179)	1,385
As at 31 March 2025	268,439	136	24,880	293,455	(362)	293,093



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Company No: 201501003232 (1128564-U)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR TO DATE ENDED
31 MARCH 2026**

(The figures have not been audited)

	<u>Year to date ended</u>	
	31 Mar 2026 RM'000	31 Mar 2025 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,555	2,443
Adjustments for:		
Net loss on impairment of financial instruments	63	277
Depreciation of property, plant and equipment	257	267
Depreciation of right-of-use assets	741	732
Amortisation of intangible assets	76	47
Finance income	(157)	(4)
Finance costs	1,178	764
Share of profit of equity- accounted associates, net of tax	10	(459)
Operating profit before working capital changes	7,723	4,067
Changes in working capital:		
Change in employee benefits and provision	85	109
Change in trade and other receivables and prepayments	(30,843)	(4,050)
Change in trade and other payables	2,257	4,987
Change in contract assets	11,492	(14,833)
Change in contract liabilities	9,512	(1,213)
Cash generated used in operations	226	(10,933)
Interest paid	(285)	(95)
Interest received	157	4
Net tax paid	(348)	(1,545)
Net cash used in operating activities	(250)	(12,569)



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Company No: 201501003232 (1128564-U)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR TO DATE ENDED
31 MARCH 2026 (cont'd)**

(The figures have not been audited)

	Year to date ended	
	31 Mar 2026 RM'000	31 Mar 2025 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	-	(184)
Acquisition of intangible assets	(143)	-
Investment in associates	-	(1,060)
Net cash used in investing activities	(143)	(1,244)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment on hire purchase financing	(235)	(113)
Repayment of term loans	(11)	-
Net drawdown from/(repayment) of revolving credit	(2,001)	11,078
Payment of lease liabilities	(759)	(723)
Deposit pledged of licensed bank	(1,954)	(1,308)
Dividend paid	-	-
Interest paid	(893)	(669)
Net cash (used in)/from financing activities	(5,853)	8,265
Net decrease in cash and cash equivalents during financial period	(6,246)	(5,548)
Effect of exchange rate fluctuation on cash held	(50)	(8)
Cash and cash equivalents at beginning of financial period	(33,508)	(16,231)
Cash and cash equivalents at end of financial period	(39,804)	(21,787)



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Company No: 201501003232 (1128564-U)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR TO DATE ENDED
31 MARCH 2026 (cont'd)**

(The figures have not been audited)

Components of cash and cash equivalents as at 31 March 2026 is as follows:

	31 Mar 2026 RM'000	31 Mar 2025 RM'000
Cash and bank balances	2,291	1,632
Short term deposits with licensed banks	25,329	13,837
Bank overdrafts (secured)	<u>(42,095)</u>	<u>(23,419)</u>
	(14,475)	(7,950)
Less: short term deposits and bank balances pledged with licensed banks	<u>(25,329)</u>	<u>(13,837)</u>
	<u>(39,804)</u>	<u>(21,787)</u>

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HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2026

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial report of HSS Engineers Berhad (“**HEB**” or the “**Company**”) and its subsidiaries (“**the Group**”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) No. 134- Interim Financial Reporting, paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

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

A2. Changes in accounting policies

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted as disclosed in the audited consolidated financial statements of the Group for the financial year ended 31 December 2025 except for the adoption of the following applicable Amendments to Standards or new Standards during the current financial period which are effective from 1 January 2026:

MFRSs (Including The Consequential Amendments)

- 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
- MFRS 18 Presentation and Disclosure in Financial Statements
- MFRS 19 Subsidiaries without Public Accountability: Disclosures
- Amendment to MFRS 19 Subsidiaries without Public Accountability: Disclosures
- Amendment to MFRS 121 Translation to a Hyperinflationary Presentation Currency

A3. Auditors’ report on preceding audited financial statements

The preceding year’s audited financial statements was not subject to any qualification.

A4. Seasonal or cyclical factors

The Group’s business operations are not materially affected by seasonal or cyclical factors on an annual basis but varies on a quarterly basis.



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2026

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORT

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

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

A6. Material changes in estimates

There were no changes in estimates of amounts reported in previous financial years that have a material effect on the results for the current financial period 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 period under review.

A8. Dividend paid

There was no dividend paid during the current quarter under review.

A9. Segmental information

The Group's activities are conducted within a single industry segment comprising provision of engineering and project management services and provision of digital services. As such, the operating revenue and results of this segment are reflected in the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income. The segment assets and liabilities are as presented in the Unaudited Condensed Consolidated Statement of Financial Position.

A10. Valuation of property, plant and equipment

There was no valuation of property, plant and equipment in the current financial period under review.

A11. Capital commitments

The capital commitments of the Group as at 31 March 2026 were as follows:-

	RM'000
Authorised but not contracted for:	<u>1,946</u>

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HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2026

A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134: INTERIM FINANCIAL REPORT

A12. Material events subsequent to the end of the current financial period

There were no material events subsequent to the end of the current financial period.

A13. Effect of Changes in composition of the Group

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

A14. Contingent assets or contingent liabilities

The Group has no contingent assets or contingent liabilities as at the date of this report.

A15. Related party transactions

There were no related party transactions entered into during the current period under review.

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HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2026

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of performance

For the current quarter under review, the Group recorded revenue of RM46.0 million.

(a) Analysis of our revenue by activities is as follows:

	Quarter ended			Year to date ended		
	31 Mar 2026	31 Mar 2025	Variance	31 Mar 2026	31 Mar 2025	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Engineering services						
- Engineering design	11,725	14,223	(17.6)	11,725	14,223	(17.6)
- Construction supervision	10,598	11,718	(9.6)	10,598	11,718	(9.6)
Project management	21,280	22,653	(6.1)	21,280	22,653	(6.1)
Digital services	715	359	99.2	715	359	99.2
Reimbursable income	1,701	2,603	(34.7)	1,701	2,603	(34.7)
TOTAL	46,019	51,556	(10.7)	46,019	51,556	(10.7)

Engineering design

Engineering design revenue decreased by 17.6% to RM11.7 million for the current quarter as opposed to RM14.2 million for the corresponding quarter ended 31 March 2025. This was attributed to the decrease in revenue from Proposed Data Centre at Cyberjaya in line with the completion status of this project. However, the decline was partly offset by increase in revenue contributed by Engineering Design Consultancy Services for the Proposed Development of Container Terminal at Tuna Tekra, India – Design And Build [Package 2] for Hindustan Gateway Container Terminal Kandla Private Limited (Tuna Tekra project).



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HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2026

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of performance (cont'd)

- (a) Analysis of our revenue by activities is as follows (cont'd):-

Construction supervision

Construction supervision revenue decreased by 9.6% as compared to RM11.7 million for the corresponding quarter ended 31 March 2025. This was attributed to the lower revenue contributed by East Coast Rail Line in line with the progress of the project.

Project management

Project management revenue decreased marginally by 6.1% to RM21.3 million, compared to RM22.7 million in the corresponding quarter ended 31 March 2025. The decrease was mainly attributable to the absence of revenue recognition from the Project Management Consultancy Services and Supervision for the Railway/Metro Project in Capital City Baghdad. Nevertheless, this was partially offset by revenue contributions from consulting services for the Davao Public Transport Modernization Project – Contract Package No. 9: General Consultant, as well as Project Management Consultancy services for the KTP Data Centre in Johor Bahru.

Digital services

Digital services accounted for a small proportion of the group's revenue. The increase was due to contribution from EDOTCO Project.

Reimbursable income

Reimbursable income is recognised on a back to back basis with sub-consultants and allowances claimed by supervision staff and therefore it has no significant impact on the financial performance of the Group.

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**ENGINEERS****HSS ENGINEERS BERHAD****Company No: 201501003232 (1128564-U)****NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2026****B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)****B1. Review of performance (cont'd)**

(b) Analysis of our revenue by geographical locations is as follows:-

	Quarter ended			Year to date ended		
	31 Mar 2026	31 Mar 2025	Variance	31 Mar 2026	31 Mar 2025	Variance
	RM'000	RM'000	%	RM'000	RM'000	%
Local						
Malaysia	42,613	41,888	1.7	42,613	41,888	1.7
Overseas						
India	580	244	>100	580	244	>100
Middle East	-	7,469	(100.0)	-	7,469	(100.0)
Philippines	2,826	529	>100	2,826	529	>100
Cambodia	-	1,147	(100.0)	-	1,147	(100.0)
Indonesia	-	279	(100.0)	-	279	(100.0)
TOTAL	46,019	51,556	10.7	46,019	51,556	10.7

Local market continues to contribute significant portion of revenue amounting to 92.6% of the Group's total revenue for period to date ended 31 March 2026.

(c) Profit After Tax ("PAT")

The Group recorded PAT of approximately RM3.5 million for the current quarter as compared to a PAT of RM1.5 million for corresponding quarter in year 2025. This was primarily due to increase in gross profit in the current quarter, in line with project mix.

(d) Our unbilled order book as at 31 March 2026 was as follows:

	Unbilled order book RM'000	%
Engineering services		
- Engineering design	284,475	13.3
- Construction supervision	124,313	5.8
Project management	1,717,613	80.5
	<u>2,126,401</u>	<u>99.6</u>
Digital services	7,835	0.4
Total	2,134,236	100

The above unbilled order book will be billed progressively over the next eight (8) years.



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HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2026

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)

B2. Comparison with preceding quarter's profit before taxation

	Current Quarter 31 Mar 2026 RM'000	Preceding Quarter 31 Dec 2025 RM'000	Variance %
Revenue	46,019	64,287	(28.4)
Gross profit	14,711	28,887	(49.1)
Profit before taxation	5,555	6,346	(12.5)

The profit before tax for the current quarter was RM5.6 million, compared to RM6.3 million in the immediate preceding quarter ended 31 December 2025, primarily due to lower revenue recognised during the current quarter.

B3. Prospects

Well Positioned to Capture Infrastructure and Sustainable Growth Opportunities

The Group remains well positioned to benefit from Malaysia's accelerating infrastructure development cycle, underpinned by sustained public sector spending, expanding private investments and increasing adoption of technology-driven infrastructure solutions.

Under Budget 2026, the Government maintained a development expenditure allocation of RM81 billion while continuing its fiscal consolidation agenda with a targeted fiscal deficit of 3.5% of GDP. This allocation is expected to be further complemented by approximately RM30 billion of investments from Government-linked Investment Companies (GLICs), RM10 billion under public-private partnership initiatives and RM10.8 billion from government-linked companies, bringing total development-related spending to approximately RM131.3 billion in 2026.

The continued rollout of major national infrastructure initiatives, particularly across transportation, water infrastructure, rail and renewable energy, is expected to provide a favourable operating environment for the Group over the medium to long term.

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Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2026

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)

B3. Prospects (cont'd)

Advancing Digital and AI-Driven Engineering Capabilities

The Group continues to strengthen its technological capabilities through HSS Propick Technologies, its dedicated digital and AI solutions platform, as part of its broader strategy to expand into higher-value, technology-enabled engineering solutions.

As a registered technology partner under the Ministry of Digital, the Group was selected by the Malaysian Palm Oil Board (MPOB) under the MARCOP programme and awarded a grant to develop and scale AI-powered drone solutions for the palm oil sector. The initiative, which ran from August 2025 to January 2026, further enhances the Group's capabilities in intelligent infrastructure and data-driven solutions.

The Group is also progressing its Digital Twin initiatives through an ongoing engagement with the largest telecommunications tower operator in Southeast Asia. As at Q4 2025, more than 1,500 towers have been successfully digitised, with an additional 1,500 towers scheduled for implementation this year.

Strong Presence in Water Infrastructure

The Group continues to maintain a strong presence in the water infrastructure sector through its involvement in major consultancy, design and supervision assignments across Malaysia.

The Group is currently involved in capital water supply projects commissioned by Pengurusan Aset Air Berhad (PAAB) in Negeri Sembilan, Kedah, Pahang, Johor and Penang, including the Sungai Perai Water Treatment Plant project valued at approximately RM600 million.

The Group is also leading the design and supervision of the "Skim Jamin Air Selangor" initiative, a strategic pollution mitigation programme aimed at safeguarding key water supply schemes across Selangor. Since July 2021, the Group has served as a panel consultant for Air Selangor and has secured eight packages involving pipe replacement and refurbishment works to support the state's non-revenue water (NRW) reduction targets.

In the energy sector, the Group, together with an international consultant, is supervising the Life Extension Programme of the Sungai Perak Hydroelectric Schemes for Tenaga Nasional Berhad (TNB), which is targeted for completion by 2028.

The Group is also involved in water infrastructure works supporting the development of the Kulai Data Centre in Johor, which remains under construction.

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Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2026

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)

B3. Prospects (cont'd)

Transportation and Rail Opportunities

Pan Borneo Sabah Highway (Phase 1A)

The Group has been serving as Project Management Consultant since April 2021. As at September 2025, the project has achieved approximately 87.3% completion with full site mobilisation.

East Coast Rail Link (ECRL)

Design works for Package A, covering approximately 210 kilometres from Kota Bharu to Dungun, are nearing completion. The Group's teams remain fully mobilised for both Package A and Section 9 (Serendah–Port Klang), focusing on design resolution, site supervision and progress monitoring. Infrastructure works for Section A exceeded 96% completion as at Q3 2025.

Klang Valley Double Tracking Phase 2

The Group was appointed as Special Independent Technical Consultant for the approximately 100-kilometre stretch between Salak Selatan–Port Klang and Salak Selatan–Seremban.

Expanding Presence in the Port Sector

The Group continues to expand its footprint in the port and marine infrastructure segment through several strategic appointments.

Key projects include:

- Appointment as Detailed Design Consultant for a greenfield container terminal at Tuna Tekra, Gujarat, India, covering approximately 54 hectares including topside developments
- Lead Design Consultancy services for the Westports 2 Expansion (Phase 1: CT10–CT13) at Pulau Indah
- Appointment as Project Management Consultant for the Port Klang Cruise Terminal Extension designed to accommodate cruise and roll-on roll-off (RORO) vessels

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NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2026

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)

B3. Prospects (cont'd)

International Expansion

The Group continues to strengthen its regional presence through strategic partnerships and overseas project wins. In the Philippines, the Group, together with joint venture partner Oriental Consultants Global Co. Ltd., Japan, secured a consultancy contract worth approximately USD 4.5 million (equivalent to RM19.2 million) in June 2025 for the Davao Public Transport Modernisation Project – Contract Package No. 9. The project forms part of the Philippines Department of Transportation's Public Utility Vehicle Modernisation Program and involves the development of a 672-kilometre bus network in Davao City.

Healthy Order Book Supports Earnings Visibility

As at 31st March 2026, the Group's order book stood at approximately RM 2.13 billion, with the project management segment contributing approximately 80% of the total order book. In addition, the Group's tender book amounted to approximately RM 525 million, providing continued opportunities for replenishment and medium-term earnings visibility.

Building Recurring Income Streams

In line with the Group's strategy to strengthen recurring income, Unique HEB Energy Sdn Bhd, a special purpose vehicle jointly owned by HEB Energy Sdn Bhd (40%) and Unique Fire Holdings Berhad (60%), is developing a 95.0MW Large Scale Solar Photovoltaic (LSS PV) power plant in Hilir Perak. The project entered into a Solar Power Purchase Agreement (PPA) with Tenaga Nasional Berhad on 19 March 2025 and is currently in the development phase, with financial close achieved on 30th April 2026.

Separately, the Group is also involved in the engineering design and project management of a 29.99MW Solar PV Plant in Kuala Muda, Kedah together with consortium partners Shizen International Inc and Solarvest Asset Management Sdn Bhd. The project achieved financial close in November 2025 and is currently under construction.

These renewable energy initiatives are expected to enhance the Group's long-term recurring income profile while supporting the transition towards sustainable infrastructure development.

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ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2026

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)

B4. Income tax expense

	Quarter ended		Year to date ended	
	31 Mar 2026 RM'000	31 Mar 2025 RM'000	31 Mar 2026 RM'000	31 Mar 2025 RM'000
<u>Income tax expense</u>				
- Current financial period	2,032	1,171	2,032	1,171
	<u>2,032</u>	<u>1,171</u>	<u>2,032</u>	<u>1,171</u>
<u>Deferred tax</u>				
- Current financial period	11	(123)	11	(123)
	<u>11</u>	<u>(123)</u>	<u>11</u>	<u>(123)</u>
Total tax expense	<u>2,043</u>	<u>1,048</u>	<u>2,043</u>	<u>1,048</u>

The effective tax rate for the current financial period is higher than the statutory tax rate of 24% mainly due to losses incurred in subsidiaries. In addition, recurring non-deductible expenses such as legal and professional fees, business development and entertainment and restriction on certain interest expenses which are non-deductible has also contributed to the increase in effective tax rate.

B5. Variance of actual profit from profit forecast and profit guarantee

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement during the current financial period under review.

B6. Status of corporate proposals

There is no corporate proposal announced but not completed as at the date of this report.

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ENGINEERS

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Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2026

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)

B7. Group's borrowings and debt securities

The Group's borrowings as at 31 March 2026 are as follows:-

	As at 31 Mar 2026 RM'000	As at 31 Dec 2025 RM'000
Current:		
Lease liabilities	2,509	3,134
Hire purchase payables	465	526
Term Loan	35	46
Bank overdrafts	42,095	36,242
Revolving Credit	35,245	37,246
	<u>80,349</u>	<u>77,194</u>
Non-current:		
Lease liabilities	419	460
Hire purchase payables	616	397
Term Loan	183	183
	<u>1,218</u>	<u>1,040</u>
Total borrowings:		
Lease liabilities	2,928	3,594
Hire purchase payables	1,081	923
Term Loan	218	229
Bank overdrafts	42,095	36,242
Revolving Credit	35,245	37,246
	<u>81,567</u>	<u>78,234</u>

All borrowings are secured and denominated in Ringgit Malaysia.

Bank overdrafts are secured against the short term deposits pledged with licensed banks as disclosed in the Unaudited Condensed Consolidated Statement of Cash Flows.

B8. Material litigation

On 5th January 2026, HSSI was served with an Amended Writ of Summons and Amended Statement of Claim re-dated 2nd January 2026 in respect of a civil suit filed at the High Court of Malaya at Kuala Lumpur (Kuala Lumpur High Court Civil Suit No. WA-22NCC-872-12/2025) (the "Suit").

The Plaintiffs in the Suit are registered holders, custodians, trustees, beneficial owners, fund managers or representatives in relation to the Sukuk Murabahah issued by MEX II Sdn Bhd (In Receivership) to finance the construction of the Lebuh raya Putrajaya-KLIA (MEX II) highway project (the "Project").



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2026

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)

B8. Material litigation (cont'd)

HSS Integrated is named as the 11th Defendant among twelve (12) defendants.

The Plaintiffs allege losses arising from the default by MEX II Sdn Bhd on principal repayments and periodic profit payments under the Sukuk Murabahah. Specifically against HSSI, the Plaintiffs allege breaches of duty of care in its capacity as the consulting engineer for the Project by the certification of certain interim progress payment certificates during construction.

The Company believes that HSSI has, at all material times, discharged its duties and obligations in respect of the Project professionally and in accordance with applicable legal and contractual standards. As such, the Suit is not expected to have any material financial or operational impact on the Company or its Group.

Save for the matter disclosed above and in Note A16, there is no material litigation or arbitration and the Board of Directors is not aware of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings as at the date of this interim financial report.

B9. Dividend Payable

The Board of Directors does not recommend any dividend for the current quarter under review.

B10. Earnings per share ("EPS")

The basic and diluted EPS are computed as follows:

	Quarter ended		Year to date ended	
	31 Mar 2026	31 Mar 2025	31 Mar 2026	31 Mar 2025
Net profit attributable to ordinary equity holders of the Company (RM'000)	3,742	1,574	3,742	1,574
Weighted average number of ordinary shares in issue ('000)	508,480	508,480	508,480	508,480
Basic EPS (sen)	0.74	0.31	0.74	0.31
Diluted EPS (sen)	0.74	0.31	0.74	0.31

Diluted earnings per share of the Group is equivalent to the basic earnings per share as the Company does not have convertible options as at the end of the reporting period.



ENGINEERS

HSS ENGINEERS BERHAD

Company No: 201501003232 (1128564-U)

NOTES TO THE INTERIM FINANCIAL REPORT FOR THE FIRST (1ST) QUARTER ENDED 31 MARCH 2026

B. ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (cont'd)

B11. Notes to the Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

Profit for the financial period is arrived at after charging/(crediting) the following expense/(income):

	Quarter ended		Year to date ended	
	31 Mar 2026 RM'000	31 Mar 2025 RM'000	31 Mar 2026 RM'000	31 Mar 2025 RM'000
Depreciation of property, plant and equipment	257	267	257	267
Depreciation of Right-of-use assets	741	732	741	732
Amortisation of intangible assets	76	47	76	47
Net loss on impairment of Financial instruments	63	277	63	277
Finance costs	1,178	764	1,178	764
Finance income	(157)	(4)	(157)	(4)
Loss on foreign exchange	76	32	76	32

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

B12. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors on 20 May 2026.