HHRG BERHAD

Registration No. 201101041555 (969678-D)
(Incorporated in Malaysia under the Companies Act 2016)

INTERIM FINANCIAL REPORT
FOR THE SECOND QUARTER ENDED 31 MARCH 2026

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31.03.2026 (1) RM'000	**Preceding Year Corresponding Quarter 31.03.2025 RM'000**	**Current Year Period 31.03.2026 (1) RM'000**	**Preceding Year Corresponding Period 31.03.2025 RM'000**
Revenue	20,392	27,842	47,461	60,821
Cost of sales	(16,484)	(22,043)	(34,239)	(45,338)
Gross profit	3,908	5,799	13,222	15,483
Other income	160	1,281	240	5,573
Administrative expenses	(12,494) (3)	(7,211)	(18,492) (3)	(17,097)
Selling and distribution expenses	(382)	(990)	(855)	(1,726)
Allowance for expected credit losses on trade receivables	-	-	-	-
Loss (Profit) from operations	(8,808)	(1,121)	(5,885)	2,233
Finance costs	(268)	(564)	(555)	(907)
(Loss) Profit before tax	(9,076)	(1,685)	(6,440)	1,326
Taxation	(570)	(474)	(1,129)	(958)
Total comprehensive (loss) income	**(9,646)**	**(2,159)**	**(7,569)**	**368**
Total comprehensive loss (income) attributable to:				
- Owners of HHRG	(9,106)	(2,150)	(6,558)	510
- Non-controlling interests	(540)	(9)	(1,011)	(142)
	(9,646)	**(2,159)**	**(7,569)**	**368**
(Loss) Earnings per share (sen) attributable to owners of HHRG:				
- Basic (2)	(0.87)	(0.23)	(0.60)	0.06
- Diluted (2)	(0.70)	(0.22)	(0.49)	0.06

Notes:

(1) *The unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited consolidated financial statements for the financial year ended 30 September 2025 and the accompanying explanatory notes attached to this interim financial report.*

(2) *Kindly refer to **Note B8** for further details.*

(3) *The increase in administrative expenses was mainly due to the recognition of a one-off loss of approximately RM7.7 million arising from the disposal of the 100% equity interest in Fibre Star (M) Sdn Bhd "FSM", a subsidiary involved in mattress manufacturing operation under the furniture division, during the current quarter.*

The disposal was undertaken as part of the Group's strategic rationalisation exercise after taking into due consideration that FSM had been operating in a loss-making position in the past 3 years, which had adversely affected the overall financial performance of the Group. The loss of RM7.7 million is because of the huge capital contribution from the Company into FSM in the past to operate and sustain the business of FSM.

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	As at 31.03.2026 [1] RM'000	As at 30.09.2025 RM'000 (audited)
ASSETS		
Non-Current Assets		
Property, plant and equipment	150,306	165,100
Investment properties	27,249	11,188
Right-of-use assets	6,644	8,334
Inventories	26,083	26,083
Intangible assets	2,986	2,986
Deferred tax asset	574	574
Keyman insurance contracts	640	465
	214,482	214,730
Current Assets		
Inventories	26,107	20,595
Trade and other receivables	56,331	50,405
Keyman insurance contracts	-	207
Current tax assets	1,375	2,989
Other investment	2,269	2,513
Cash and cash equivalents	20,614	28,742
	106,696	105,451
TOTAL ASSETS	**321,178**	**320,181**
EQUITY AND LIABILITIES		
Share capital	186,782	177,722
Other reserves	(8,355)	(2,854)
Retained profits	33,208	37,662
	211,635	212,530
Non-controlling interests	67,676	68,709
Total Equity	**279,311**	**281,239**
Non-Current Liabilities		
Lease liabilities	2,689	4,143
Borrowings	8,150	8,329
Deferred tax liabilities	1,591	1,591
	12,430	14,063
Current Liabilities		
Trade, other payables and provision	22,717	17,129
Contract liabilities	-	275
Borrowings	3,891	3,969
Lease liabilities	2,829	3,506
	29,437	24,879
Total Liabilities	**41,867**	**38,942**
TOTAL EQUITY AND LIABILITIES	**321,178**	**320,181**
NET ASSETS PER SHARE (RM)	**0.25**[2]	**0.27**[3]

Notes:

(1) *The unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited consolidated financial statements for the financial year ended 30 September 2025 and the accompanying explanatory notes attached to this interim financial report.*

(2) *Calculated based on the Company's existing issued share capital for the financial period ended as at 31 March 2026 of 1,138,607,700 ordinary shares.*

(3) *Calculated based on the Company's existing issued share capital for the financial year ended as at 30 September 2025 of 1,048,366,259 ordinary shares.*

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	[------ *Attributable to Owners of the Company*							------]		
		[------ *Non-distributable*			------]					
	Share Capital RM'000	**Reorganisation Reserve RM'000**	**Capital Contribution RM'000**	**Warrants Reserve RM'000**	**SIS Reserve RM'000**	**Treasury Shares RM'000**	**Retained Profits/ (Accumulated Losses) RM'000**	**Total RM'000**	**Non-controlling Interests RM'000**	**Total Equity RM'000**
At 1 October 2025	177,722	(5,185)	3,470	1,831	2,136	(5,106)	37,662	212,530	68,709	281,239
Total comprehensive income for the financial period	-	-	-	-	-	-	(6,558)	(6,558)	(1,011)	(7,569)
Prior year adjustment	-	-	-	-	-	-	-	-	8	8
Acquisition and disposal of subsidiary	-	-	-	-	-	-	2,104	2,104	(30)	2,074
Issuance of shares pursuant to:										
- Warrant exercised	4,381	-	-	(1,344)	-	-	-	3,037	-	3,037
- SIS exercised	4,679	-	-	-	(2,911)	-	-	1,768	-	1,768
Shares buy-back exercised	-	-	-	-	-	(1,246)	-	(1,246)	-	(1,246)
At 31 March 2026	186,782	(5,185)	3,470	487	(775)	(6,352)	33,208	211,635	67,676	279,311
At 1 April 2024	153,776	(5,185)	-	1,864	2,914	-	29,664	183,033	22,307	205,340
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	608	608
Total comprehensive income for the financial period	-	-	-	-	-	-	8,572	8,572	57	8,629
SIS lapsed	-	-	-	-	(1,903)	-	1,903	-	-	-
Issuance of shares pursuant to:										
- Private placement	12,295	-	-	-	-	-	-	12,295	-	12,295
- Warrant exercised	137	-	-	(33)	-	-	-	104	-	104
- SIS exercised	979	-	-	-	(403)	-	-	21	-	576
Share issue expenses	-	-	-	-	3,960	-	-	3,960	-	3,960
At 31 March 2025	167,187	(5,185)	-	1,831	4,568	-	40,139	208,540	22,972	231,512

Note:
The unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited consolidated financial statements for the financial year ended 30 September 2025 and the accompanying explanatory notes attached to this interim financial report

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Year-to-date ended	
	31.03.2026 RM'000	31.03.2025 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) Profit before tax	(6,440)	11,168
Adjustments for:		
Accretion of interest on lease liabilities	224	-
Amortisation of intangible assets		
- customer relationship	-	1,291
- trademarks	-	34
Depreciation of:		
- investment properties	81	276
- property, plant and equipment	2,761	5,878
- right-of-use assets	1,702	2,634
Impairment of receivables	111	-
Fair value loss on keyman insurance contracts	32	6
(Gain) on disposal of investment properties	-	(2,853)
Gain on disposal of property, plant and equipment	(101)	(261)
Gain in modification	-	(92)
(Provision) goodwill	(66)	-
Interest expense	555	1,914
Interest income	-	(603)
Loss on disposal of subsidiary	7,780	-
Unrealised (gain) on foreign exchange	-	(19)
Operating profit before working capital changes	6,639	19,373
Inventories	(5,512)	1,938
Receivables	(6,036)	(8,368)
Payables	4,988	15,738
Contract liabilities	(275)	(1,594)
Cash (used in) from operations	(196)	27,087
Income tax paid	-	(2,203)
Income tax refund	454	-
Real property gains tax paid	-	(162)
Net cash from operating activities	**258**	**24,722**
CASH FLOWS FROM INVESTING ACTIVITIES		
Changes in fixed deposits pledged with licensed banks	(141)	519
Interest received	-	603
Proceed from disposal of subsidiary	6,531	10
Proceeds from disposal of property, plant and equipment	209	1,232
Proceeds from investment properties	-	16,945
Subscription for shares in subsidiary in investing activities	(30)	(40,130)
Purchase of property, plant and equipment	(780)	(33,020)
Purchase of investment properties	(16,142)	-
Changes in other investment	243	16,648
Net cash used in investing activities	**(10,110)**	**(37,193)**

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UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (cont'd)

	Year-to-date ended	
	31.03.2026 RM'000	31.03.2025 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(555)	(1,914)
Proceeds from exercise of warrants	3,037	104
Proceeds from exercise of SIS	3,943	576
Proceeds from exercise of ordinary shares	(1,246)	12,495
Repayment of bankers' acceptance	-	250
Repayment of term loans	(369)	(2,220)
Repayment of hire purchase	22	(882)
Repayment of lease liabilities	(2,032)	(2,376)
Share issuance expenses paid	-	3,960
Net cash from financing activities	**2,800**	**9,993**
Net (decrease) in cash and cash equivalents	(7,052)	(2,478)
Cash and cash equivalents at beginning of the financial period	15,849	13,698
Cash and cash equivalents at end of the financial period	**8,797**	**11,220**
Cash and cash equivalents comprise the following:		
Cash and bank balances	8,541	7,596
Fixed deposits with licensed banks	9,804	9,424
Short-term investment	2,269	7,447
Cash and cash equivalents per statement of financial position	20,614	24,467
Less: Bank overdraft	(2,983)	(8,575)
Less: Fixed deposits pledged to financial institutions	(8,834)	(4,672)
	8,797	**11,220**

Note:

(1) *The unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited consolidated financial statements for the financial year ended 30 September 2025 and the accompanying explanatory notes attached to this interim financial report.*

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EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134

A1. BASIS OF PREPARATION

The condensed consolidated interim financial statements as contained in this interim financial report are unaudited and have been prepared in accordance with the applicable Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

These unaudited interim financial statements are prepared under the historical cost convention unless otherwise indicated in the summary of accounting policies.

These unaudited interim financial statements should be read in conjunction with the audited consolidated financial statements for the financial period ended 30 September 2025 and the accompanying explanatory notes attached to this interim financial report. The explanatory notes contained herein provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial period ended 30 September 2025.

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation applied in the preparation of these unaudited interim financial statements are consistent with those adopted in the annual financial statements for the financial period ended 30 September 2025 as disclosed below:

During the financial period, the Group and the Company have adopted the following amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial period:

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 107and MFRS 7	Supplier Finance Arrangements

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company.

Standards issued but not yet effective

The Group and the Company have not applied the following new and amendments to MFRSs that have been issued by the MASB but are not yet effective for the Group and the Company:

		Effective dates for financial periods beginning on or after
Amendments to MFRS 121	Lack of Exchangeability	1 January 2025
Amendments to MFRS 9 and MFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026

Amendments to MFRS 1, MFRS 7, MFRS 9, MFRS 10 and MFRS 107	Annual Improvements to MFRS Accounting Standards - Volume 11	1 January 2026
Amendments to MFRS 9 and MFRS 7	Contracts Referencing Nature-ependent Electricity	1 January 2026
MFRS 18	Presentation and Disclosure in Financial Instruments	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 a Hyperinflationary Presentation Currency	1 January 2027
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further noticed

The Group and the Company intend to adopt the above new and amendments to MFRSs when they become effective.

The initial application of the above-mentioned new and amendments to MFRSs are not expected to have any significant impacts on the financial statements of the Group and the Company except as disclosed below:

<u>MFRS 18 *Presentation and Disclosure in Financial Statement*</u>

MFRS 18 will replace MFRS 101 *Presentation of Financial Statements*. It preserves the majority requirements of MFRS 101 while introducing additional requirements. In addition, narrow-scope amendments have been made to MFRS 107 *Statement of Cash Flows* and some requirements of MFRS 101 have been moved to MFRS 108 *Basis of Preparation of Financial Statements*.

MFRS 18 additional requirements are as follows:

(i) Statement of Profit or Loss and Other Comprehensive Income

MFRS 18 introduces newly defined "operating profit or loss" and "profit or loss before financing and income tax" subtotal which are to be presented in the statement of profit or loss, while the net profit or loss remains unchanged.

Statement of profit or loss to be presented in five categories: operating, investing, financing, income taxes and discontinued operations.

The initial application of the above-mentioned new and amendments to MFRSs are not expected to have any significant impacts on the financial statements of the Group and the Company except as disclosed below:
(Cont'd)

MFRS 18 Presentation and Disclosure in Financial Statement (Cont'd)
MFRS 18 additional requirements are as follows: (Cont'd)

(ii) Statement of Cash Flows

The standard modifies the starting point for calculating cash flows from operations using the indirect method, shifting from "profit or loss" to "operating profit or loss". It also provides guidance on classification of interest and dividend in statement of cash flows.

(iii) New disclosures of expenses by nature

Entities are required to present expenses in the operating category by nature, function or a mix of both. MFRS 18 includes guidance for entities to assess and determine which approach is most appropriate based on the facts and circumstances.

(iv) Management-defined Performance Measures (MPMs)

The standard requires disclosure of explanations of the entity's company-specific measures that are related to the statement of profit or loss, referred to MPMs. MPMs are required to be reconciled to the most similar specified subtotal in MFRS Accounting Standards.

(v) Enhanced Guidance on Aggregation and Disaggregation

MFRS 18 provides enhanced guidance on grouping items based on shared characteristics and requires disaggregation when items have dissimilar characteristics or when such disaggregation is material.

The potential impact of the new standard on the financial statements of the Group and the Company have yet to be assessed.

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 30 September 2025.

A4. SEASONALITY OR CYCLICALITY OF OPERATION

Save and except for oil palm empty fruit bunch ("EFB") fibre, the Group's biomass materials and value-added products are not significantly affected by seasonal or cyclical factors. The supply of oil palm EFB fibre generally declines during the monsoon and low-crop seasons in Malaysia, typically from November to May.

Our manufacturing and trading business for coconut fibre and related products is seasonal. Based on our records, demand for these products increases from October to January. During this period, however, we also face shortages of coconut husk due to the monsoon season and flooding in Malaysia. Uncertain weather conditions and climate variability further affect coconut yields, resulting in unpredictable coconut husk supply.

The Group's furniture division is subject to seasonal fluctuations, with performance impacted by major festive seasons and summer holidays in the United Kingdom, Europe and Asia.

A5. UNUSUAL ITEMS

There was no unusual item affecting the assets, liabilities, equity, net income or cash flows of the Group during the current quarter and cumulative quarter under review.

A6. MATERIAL CHANGES IN ESTIMATES

There was no material change in estimates of amounts reported in prior financial year that have a material impact on the current quarter and cumulative quarter under review.

A7. DEBTS AND EQUITY SECURITIES

Proposed Bonus Issue: Announcement dated 6 October 2025

Refer Note B6 for latest development.

Save and except for the above, there was no issuance, cancellation, repurchase, resale and repayment of debts and equity securities during the current quarter and cumulative quarter under review.

A8. DIVIDEND PAID OR DECLARED

No dividend has been paid during the current quarter and cumulative quarter under review.

A9. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE FINANCIAL PERIOD

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

A10. CHANGES IN THE COMPOSITION OF THE GROUP

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

A11. CHANGES IN CONTINGENT LIABILITIES

There is no material contingent liability as at the date of this report.

A12. CAPITAL COMMITMENTS

Save as disclosed below, as per reporting date, the Board is not aware of any material commitments incurred or know to be incurred by HHRG Group which upon becoming due or enforceable, may have a material impact on the financial position or business of HHRG Group.

	As at 31.03.2026 RM'000
Property, plant and equipment	
Approved but not contracted for	-
Contracted but not provided for	-
	-

A13. SEGMENT INFORMATION

The Group, through its subsidiaries, is principally engaged in the manufacturing and trading of biomass materials, manufacturing and trading of furniture, mattresses and related products, credit business, property development and management. There is no change to the principal activities of the Group during the current quarter and cumulative quarter under review.

The Group has arrived at four (4) reportable divisions that are organised and managed separately according to the nature of products, specific expertise and technologies requirements, which requires different business and marketing strategies. The reportable divisions are summarised as follows:

(i) Biomass materials and related products ("Biomass Division")

Manufacturing and trading of coconut fibre and related products, and oil palm EFB fibre and related products.

(ii) Furniture, mattresses and related products ("Furniture Division")

Manufacturing and trading of furniture, mattresses and related products.

(iii) Credit business ("Credit Division")

Licensed credit business.

(iv) Property development and management ("Property Division")

Real property, property development, property management, property renting and trading and investment holding.

	Current quarter ended		**Year-to-date ended**	
	31.03.26	**31.03.25**	**31.03.26**	**31.03.25**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Segment Revenue				
Biomass materials and related products	14,316	15,502	34,643	36,702
Furniture, mattresses and related products	6,559	13,040	14,148	26,200
Credit business	695	896	1,569	1,795
Property development and management	11	35	21	(313)
	21,581	29,473	50,381	64,384
Elimination of intragroup transactions	(1,189)	(1,631)	(2,920)	(3,563)
Revenue from external customers	**20,392**	**27,842**	**47,461**	**60,821**
Segment Results				
Biomass materials and related products	1,856	992	8,542	7,953
Furniture, mattresses, and related products	(106)	167	(491)	806
Credit business	(306)	286	(206)	442
Property development and management	(708)	(1,487)	(1,309)	(644)
	736	(42)	6,536	8,557
Unallocated corporate income and expenses (net)	6,298	5,390	3,134	9,381
Elimination of intragroup transactions and profits	(16,110)	(7,033)	(16,110)	(16,612)
(Loss) Profit before tax of the Group	**(9,076)**	**(1,685)**	**(6,440)**	**1,326**

	Current quarter ended		Year-to-date ended	
	31.03.26	31.03.25	31.03.26	31.03.25
	RM'000	RM'000	RM'000	RM'000
Segment Assets				
Biomass materials and related products	61,172	67,963	61,172	67,963
Furniture, mattresses, and related products	38,813	71,102	38,813	71,102
Credit business	42,024	33,727	42,024	33,727
Property development and management	116,535	83,421	116,535	83,421
	258,544	256,213	258,544	256,213
Tax assets	1,375	1,414	1,375	1,454
Unallocated assets	71,172	39,732	71,172	39,732
Elimination of intragroup balances	(9,913)	5,090	(9,913)	5,090
Total assets of the Group	**321,178**	**302,449**	**321,178**	**302,449**
Segment Liabilities				
Biomass materials and related products	15,198	22,829	15,198	22,829
Furniture, mattresses, and related products	11,979	24,905	11,979	24,905
Credit business	44,112	32,783	44,112	32,783
Property development and management	71,644	39,872	71,644	39,872
	142,933	120,389	142,933	120,389
Tax liabilities	1,591	1,855	1,591	1,855
Unallocated liabilities	10,127	9,414	10,127	9,414
Elimination of intragroup balances	(112,784)	(60,721)	(112,784)	(60,721)
Total liabilities of the Group	**41,867**	**70,937**	**41,867**	**70,937**

14. RELATED PARTY TRANSACTIONS

	Current quarter ended		Year-to-date ended	
	31.03.26	31.03.25	31.03.26	31.03.25
	RM'000	RM'000	RM'000	RM'000
Purchase of coconut fibre	369	-	723	-
	369	**-**	**723**	**-**

The above transactions are necessary for the Group's day-to-day operations and are undertaken in the ordinary course of business. The above transactions are carried out on terms not more favourable to the related parties than those generally available to the public, which are not to the detriment of the non-controlling shareholders of the Group.

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ADDITIONAL INFORMATION REQUIRED BY THE ACE MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. ANALYSIS OF PERFORMANCE

Profit and loss	Individual Quarter		Changes		Cumulative Period		Changes	
	Current 31.03.26 RM'000	Preceding 31.03.25 RM'000	RM'000	%	Current 31.03.26 RM'000	Preceding 31.03.25 RM'000	RM'000	%
Revenue	20,392	27,842	(7,450)	(26.76)	47,461	60,821	(13,360)	(21.97)
Profit before tax	(9,076)	(1,685)	(7,391)	(438.64)	(6,440)	1,326	(7,766)	(585.67)
Profit after tax	(9,646)	(2,159)	(7,487)	(346.78)	(7,569)	368	(7,937)	(2156.79)

<u>Revenue</u>

For the current quarter and cumulative quarter under review, the Group recorded revenue of RM20.39 million and RM47,461 million respectively. This represents a decrease of RM7.45 million or 26.76% and 13.36 million or 21.97% respectively as compared to the preceding year corresponding quarter and cumulative quarter.

Revenue reduction in furniture division was primarily due to:

i) No revenue to be recognised from mattress manufacturing business after disposal of 100% equity interest in Fibre Star (M) Sdn Bhd ("FSM") on 16 January 2026;

ii) Softer market demand for export sale;

iii) The weakening of the United States Dollar ("USD") against the local currency; and

iv) Delay in delivery sale order (i.e. difficulties in securing shipment bookings and longer delivery lead times) due to the conflict between United States and Iran.

Nevertheless, the biomass materials and related products division continued to remain profitable and this division remains as the key contributor to the Group's operating performance.

<u>Loss Before Tax</u>

Our Group reported a loss before tax of approximately RM9.08 million and RM6.44 million respectively for the current quarter and cumulative quarter ended 31 March 2026, as compared to a loss before tax of RM1.69 million and a profit before tax of RM1.33 million respectively recorded in the corresponding quarter and cumulative quarter of the preceding year.

The weaker performance for the current quarter and cumulative quarter under review was mainly attributable to the following factors:

i. the recognition of a one-off loss of approximately RM7.7 million during the current quarter as per the explanatory note 3 of the Unaudited Condensed Consolidated Statement of Profit and Loss and Other Comprehensive Income.

ii. Higher professional fees incurred in relation to ongoing legal matters.

iii. The higher other income recorded in the preceding year that was attributable to the gain on disposal of investment properties and grants obtained for the expansion of biomass materials and related products.

B2. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	Current quarter ended 31.03.2026 RM'000	Preceding quarter ended 31.12.2025 RM'000
(Loss)/Profit before taxation	(9,076)	2,636

The Group recorded a loss before tax of approximately RM9.06 million for the financial quarter under review as compared to a profit before tax of RM2.64 million recorded in the preceding quarter ended 31 December 2025.

The weaker performance was mainly attributable to lower contribution from the furniture division, coupled with the recognition of a one-off loss arising from the strategic disposal of a subsidiary involved in mattress manufacturing operations under the furniture division during the current quarter. Nevertheless, the biomass materials and related products division remained profitable and continued to contribute positively to the Group's operating performance.

B3. PROSPECTS

The Biomass Division remained a key revenue contributor during the quarter under review, supported by firmer selling prices of crude palm oil ("CPO"). The elevated CPO price environment was largely driven by geopolitical tensions arising from the Iran–US–Israel conflict, which contributed to volatility in global oil supply chains and supported stronger commodity prices. As a result, the Division benefited from improved average selling prices for its products, and the Management believes such favourable pricing conditions may persist should the geopolitical tensions continue.

The Furniture Division, which primarily serves a diversified base of overseas customers, recorded a decline in revenue for the quarter under review compared with the corresponding quarter of the preceding year, attributable to both external geopolitical developments and internal operational challenges. We believe the Iran–Israel–United States conflict will continue to disrupt Furniture Division's business and operation.

Moving forward, we remain cautiously optimistic on our Group's prospects, supported by resilient CPO demand and expectations of continued price stability amid ongoing geopolitical uncertainties. The Board and Management will continue to focus on operational resilience, prudent cost management, and reinforcing internal governance to strengthen the Group's long-term performance.

B4. PROFIT FORECAST OR PROFIT GUARANTEE

Not applicable as no profit forecast or profit guarantee has been previously published or issued by the Group.

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B5. TAX EXPENSE

	Current quarter ended 31.03.2026 RM'000	Year-to-date ended 31.03.2026 RM'000
Current tax expense	550	1,109
Under provision for taxation	20	20
Deferred tax income	-	-
Total tax expense	570	1,129
Effective tax rate	(6.28%)	(17.53%)

The negative effective tax rate for the current quarter and cumulative quarter under review was mainly attributable to the Group recording a loss before tax at consolidated level, whilst certain subsidiaries within the Group remained in taxable positions. The effective tax rate was also affected by certain non-deductible expenses and under provision of taxation from prior years.

B6. STATUS OF CORPORATE PROPOSALS

Proposed Acquisition: Announcement dated 29 May 2025

On 29 May 2025, the Board of Directors of the Company announced that Open Road (East Coast) Sdn. Bhd., the wholly-owned subsidiary of the Company (the "**OREC**") had on 28 May 2025:

i. entered into an unincorporated joint venture agreement ("**UJVA**") with Udaran Sdn Bhd ("**Udaran**") and Tregon Construction Sdn Bhd ("**Tregon**") to develop an existing mixed development project in Kuala Terengganu;
ii. entered into sale and purchase agreements with Tregon for the acquisition of the lands from Tregon for a total consideration of RM13,000,000 ("**SPAs**"); and
iii. entered into a 3-year call option agreement with Udaran to acquire up to 51% of equity interest in Udaran ("**Call Option Agreement**").

On 24 November 2025, the Board of Directors of the Company announced that further extension of one (1) month has been granted by OREC to Tregon. The Board of Directors of the Company also announced on 24 November 2025 that the condition precedent period under the UJVA has been further extended for one (1) month.

On 19 December 2025, the Board of Directors announced on the following:

1. the UJVA has been terminated on 19 December 2025;
2. the Call Option Agreement has been terminated on 19 December 2025; and
3. OREC and Tregon have on 19 December 2025 entered into amended and restated sale and purchase agreements to amend and supplement the SPAs.

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Proposed Bonus Issue: Announcement dated 6 October 2025

On 8 October 2025, on behalf of the Board of Directors of HHRG, Malacca Securities announced that the additional listing application in respect to the proposed bonus issue of Warrants B has been submitted to Bursa Securities on 8 October 2025.

On 14 November 2025, on behalf of the Board of Directors of HHRG, Malacca Securities announced that Bursa Securities had vide its letter dated 14 November 2025, resolved to approve the following:

i. Admission to the Official List and listing and quotation of up to 491,684,507 Warrants B to be issued pursuant to the proposed bonus issue of Warrants B; and

ii. Listing and quotation of up to 491,684,507 new ordinary shares in HHRG to be issued arising from the exercise of the Warrants B. Such approval granted by Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the proposed bonus issue of Warrants B is subject to the following conditions:

   a. HHRG and Malacca Securities must fully comply with the relevant provisions under the ACE Market Listing Requirements ("**ACE LR**") pertaining to the implementation of the proposed bonus issue of Warrants B.
   b. HHRG and Malacca Securities to inform Bursa Securities upon the completion of proposed bonus issue of Warrants B.
   c. HHRG to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the proposed bonus issue of Warrants B is completed.
   d. HHRG and Malacca Securities are required to provide a written confirmation that the terms of the Warrants B are in compliance with Rule 6.55(3) of the ACE LR.
   e. HHRG to furnish Bursa Securities on a quarterly basis a summary of the total number of shares listed pursuant to the exercise of Warrants B as at the end of each quarter together with a detailed computation of listing fees payable.

On 16 December 2025, on behalf of the Board of Directors of HHRG, Malacca Securities announced that the shareholders of HHRG had approved the ordinary resolution in respect to the proposed bonus issue of Warrants B.

On 17 December 2025, on behalf of the Board of Directors of HHRG, Malacca Securities announced the following in respect to the bonus issue of Warrants B:

Entitlement Date:	14 January 2026
Listing Date:	22 January 2026
Exercise Price:	RM0.045

On 22 January 2026, on behalf of the Board of Directors of HHRG, Malacca Securities announced that bonus issue of Warrants has been completed following the listing and quotation of 424,778,675 new Warrants B on the ACE Market of Bursa Securities on 22 January 2026.

Save and except for the above, there was no other corporate proposal announced as at date of this announcement.

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B7. BORROWINGS

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

	Short Term (Within 12 months) **RM'000**	**Long Term** (> 12 months) **RM'000**	**Total** **RM'000**
Secured and guaranteed			
Bankers' acceptance	-	-	-
Bank overdrafts	2,983	-	2,983
Hire purchase	143	215	358
Term loans	765	7,935	8,700
Total Borrowings	**3,891**	**8,150**	**12,041**

All the borrowings are denominated in Ringgit Malaysia (RM) and obtained from financial institutions based in Malaysia.

B8. EARNINGS PER SHARE

Basic Earnings per Share ("BEPS")

The basic earnings per share is calculated by dividing the profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the current quarter and financial period under review.

	Current quarter ended		**Year-to-date ended**	
	31.03.26	**31.03.25**	**31.03.26**	**31.03.25** (2)
Basic earnings per share				
Profit attributable to owners of the Company (RM'000)	(9,106)	(2,150)	(6,558)	510
Weighted average number of ordinary shares in issue ('000)	1,055,506	961,400	1,103,622	932,595
BEPS (sen)	(0.87)	(0.23)	(0.60)	0.06

Diluted Earnings per Share ("DEPS")

The diluted earnings per share of the Group is calculated by dividing the profit for the current quarter and cumulative quarter under review attributable to owners of the Company by the weighted average number of ordinary shares in issue during the current quarter and cumulative quarter under review adjusted to assume conversion of all dilutive potential ordinary shares arising from the outstanding Warrants and SIS.

	Current quarter ended		**Year-to-date ended**	
	31.03.26	**31.03.25**	**31.03.26**	**31.03.25**
Diluted earnings per share				
Profit attributable to owners of the Company (RM'000)	(9,106)	(2,150)	(6,558)	510

Weighted average number of ordinary shares in issue ('000)	1,055,506	961,400	1,103,622	932,595
Adjustment for dilutive effects of:				
- Warrants ('000)	189,011	15,372	189,011	36,723
- SIS ('000)	66,662	-[(1)]	66,662	-[(1)]
	1,311,179	976,772	1,359,335	969,318
DEPS (sen)	(0.70)	(0.22)	(0.49)	0.06

Notes:

[(1)] *The issued SIS were anti-dilutive as the exercise price was higher than the prevailing mother share price.*

B9. CHANGES IN MATERIAL LITIGATION

(i) Ooi Chieng Sim ("OCS") and Skylitech Resources Sdn. Bhd. ("SRSB") vs H'ng Choon Seng ("HCS"), Kee Swee Lai ("KSL"), HHRG, HK Kitaran Sdn. Bhd. ("HKSB"), HK Gua Musang Sdn. Bhd. ("HKGMSB") and Fibre Star (M) Sdn. Bhd. ("FSSB"). Penang High Court Civil Suit no. PA-22NCvC-58-04/2024

On 23 April 2024, OCS and SRSB commenced a civil suit in the Penang High Court against, among others, HHRG and its subsidiaries, namely HKSB, HKGMSB and FSSB.

OCS and SRSB are claiming, among others, breach of contract, breach of personal guarantee and undertaking, fraud, conspiracy and unlawful conversion of loans into shares. The reliefs sought by OCS and SRSB include:-

(a) declarations of fraud and conversion;

(b) declarations that RM1,414,125 being the value of 3,750,000 ordinary shares of the Company held by OCS and RM557,062 being the value of 1,875,000 Warrants A held by OCS should be compensated to OCS;

(c) declaration that 84,605,250 ordinary shares of the Company and 42,302,625 Warrants A held by HCS and KSL to be transferred to OCS;

(d) declarations that RM8,393,303 being the value of 22,257,500 ordinary shares of the Company held by SRSB and RM3,342,375 being the value of 11,250,000 Warrants A held by SRSB should be compensated to SRSB; and

(e) general, punitive and aggravated damages, interest and costs.

The matter is fixed for trial on 5 to 8 October 2026 and 12 to 13 October 2026.

(ii) Ch'ng Chen Mong ("CCM"), Tan Poh Cheng ("TPC"), Ch'ng Boon Sin ("CBS"), and Cfamillie Holdings Sdn. Bhd. ("CHSB") vs MG Furniture Sdn. Bhd. ("MGF"), MG Furniture Innovation Sdn Bhd ("MGFISB"), HHRG, HH Land and Development Sdn Bhd ("HHL") & 9 Ors - Penang High Court Civil Suit No. PA-22NCvC-111-07/2024 ("Suit 111")

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On 23 July 2024, CCM, TPC, CBS and CHSB (collectively, "**the Plaintiffs**") commenced a civil suit against, amongst others, HHRG, HHL, MGF, MGFISB, and several individual defendants. The Plaintiffs alleged that they were fraudulently induced in 2021 to execute a share sale agreement, shareholders agreement and related documents in connection with the sale and purchase of shares in MGF based on alleged fraudulent representations made by certain individual defendants.

On 26 July 2024, the Plaintiffs obtained an Ex-Parte Order prohibiting HHRG, certain directors and officers, namely Fong Chee Khuen ("**FCK**"), Cheng Pek Tong ("**CPT**") and Ng Ying Yiing ("**NYY**") (including their representatives, agents, employees and/or solicitors) from interfering with or altering the status quo of MGF and MGFISB, including in relation to bank signatories, management, operations and/or business, pending the inter partes hearing of the application. The Plaintiffs' inter partes application for an interlocutory injunction was dismissed by the Court. Thereafter, the Plaintiffs, filed appeal, at the Court of Appeal, the Plaintiffs applied for interim remedies, and the parties subsequently recorded a consent judgment on 6 January 2025.

On 27 September 2025, MGF, HHRG, HHL, NYY, CPT and others filed an application to expunge certain cause papers or alternatively certain parts of identified cause papers which contain material protected by privilege ("**Expungement Application**"). On 27 February 2026, the High Court allowed the Expungement Application. This decision has been appealed by counterparty. The first case management for this appeal has been fixed on 3 June 2026.

In relation to Suit 111, trial dates have been fixed on 4–6 and 10–13 November 2026.

(iii) <u>HHRG vs. Digital Trustees Berhad ("DTB") and CHSB Shah Alam High Court Civil Suit No. BA-22NCC-54-03/2025 ("Suit 54")</u>

On 14 March 2025, DTB, as custodian of CHSB holding more than 10% of the HHRG's shares, issued a requisition to convene an EGM pursuant to sections 310(b) and 311 of the Act, with special notice under sections 206 and 322, to remove five directors and appoint three new directors. The Board, after legal advice, declined to convene the EGM on the basis that the proposed resolutions would not be in HHRG's best interests.

HHRG thereafter commenced Suit 54 against DTB and CHSB at the Shah Alam High Court seeking, amongst others, a declaration that DTB acted in abuse of its powers under section 311 of the Act and that its requisition notice was invalid.

The case management for Suit 54 falls on 26 May 2026.

(iv) <u>HHRG Capital Sdn Bhd ("HHRG Capital") vs Synergy Fiftyseven Sdn Bhd ("SFSB"), Muhamad Ibrahim Bin Abd Majid ("MIBAM") and Mohd Azlan Bin Abdul Mutalib ("MABAM") - Shah Alam High Court Civil Suit No.: BA-22NCC-102-06/2025</u>

On 4 June 2025, HHRG Capital claims against SFSB, MIBAM and MABAM joint and severally for inter alia, recovery of the sum of RM1,500,000.00 lend to SFSB by HHRG Capital as a licenced money lender and the interest incurred pursuant to Moneylending Agreement and letter of undertakings signed by SFSB, MIBAM and MABAM respectively.

HHRG Capital filed an application for summary judgment. On 8 January 2026, the court allowed the summary judgement. HHRG Capital is in the midst of enforcing the said judgment.

(v) <u>HHRG, HHRG Capital, FSSB and HKSB vs FCK - Shah Alam High Court Suit No.: BA-22NCvC-408-09/2025</u>

On 18 September 2025, HHRG, HHRG Capital, FSSB and HKSB jointly claim against FCK for a declaration that FCK has breached his duties as Chief Executive Officer of HHRG, and director of HHRG Capital, FSSB and HKSB, a declaration that FCK has contravened section 317A of the Capital Markets and Services Act 2007 and damages.

At the case management on 14 May 2026, the learned Judicial Commissioner indicated that as the issue on whether the order obtained pursuant to the Expungement Application applies to this suit was neither raised nor clarified in Suit 111 at the material point in time, we are required to file an expungement application. The instructing solicitors are in the midst of preparing the said application.

B10. DISCLOSURE ON SELECTED INCOME/EXPENSE ITEMS

Included in profit before tax comprised the following income/(expense) items:

	Current quarter ended 31.03.2026 RM'000	Year-to-date ended 31.03.2026 RM'000
Interest income	-	-
Other income including investment income	-	-
Interest expense	(268)	(555)
Depreciation expenses	(2,223)	(4,544)
Amortisation expenses	-	-
Unrealised gain/(loss) on foreign exchange	64	-
Gain/(loss) on disposal of property, plant and equipment	2	101
Gain/(loss) on disposal of investment properties	-	-
Equity-settled share-based payment	-	-
Fair value gain on derivative instruments	-	-
Allowance for expected credit losses:	-	-
Impairment loss on property, plant and equipment	-	-
Property, plant and equipment written off	-	-
Intangible assets written off	-	-
Provision for and write off of inventories	-	-
Gain/(loss) on disposal of quoted or unquoted investments or properties	-	-
Exceptional items	-	-

B11. FINANCIAL INSTRUMENTS

Derivatives

There were no outstanding derivatives financial instruments entered into by the Group during the current quarter and cumulative quarter under review.

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