HUP SENG INDUSTRIES BERHAD 199101015786 (226098-P)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATMENTS

Condensed Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

The figures have not been audited

	Note	2025 CURRENT QUARTER ENDED 31 December RM'000	2024 CURRENT QUARTER ENDED 31 December RM'000	2025 12 MONTHS CUMULATIVE TO DATE RM'000	2024 12 MONTHS CUMULATIVE TO DATE RM'000
Revenue		112,412	117,118	394,670	395,349
Cost of sales		(78,051)	(81,292)	(277,185)	(272,282)
Gross profit		34,361	35,826	117,485	123,067
Other income		941	1,156	3,774	4,250
Administrative expenses		(4,786)	(4,352)	(17,832)	(18,266)
Selling and marketing expenses		(10,274)	(10,292)	(36,783)	(35,257)
Operating profit		20,242	22,338	66,644	73,794
Finance cost		(8)	(15)	(26)	(28)
Profit before tax	10	**20,234**	**22,323**	**66,618**	**73,766**
Income tax expense	23	(4,993)	(4,984)	(16,802)	(16,155)
Profit for the period		**15,241**	**17,339**	**49,816**	**57,611**
Total comprehensive income for the period, net of tax		**15,241**	**17,339**	**49,816**	**57,611**
Profit attributable to: Owners of the Parent		15,241	17,339	49,816	57,611
Total Comprehensive Income for the period, net of tax attributable to: Owners of the Parent		15,241	17,339	49,816	57,611
Earnings per share attributable to Owners of the Parent (sen):					
-Basic	32(a)	1.91	2.17	6.23	7.20
-Diluted	32(b)	1.91	2.17	6.23	7.20

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements)

HUP SENG INDUSTRIES BERHAD 199101015786 (226098-P)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATMENTS

Condensed Consolidated Statement of Financial Position

As at 31 December 2025

The figures have not been audited

	Note	As at 31/12/2025 RM'000	As at 31/12/2024 RM'000
ASSETS:			
Non-current assets:			
Property, plant and equipment		81,626	84,304
Investment properties		1,564	1,147
Right-of-use assets		5,305	4,899
Deferred tax assets		485	674
Prepayments		56	358
Sub total		89,036	91,382
Current assets:			
Inventories		35,780	31,891
Trade and other receivables	11	39,721	44,030
Prepayments		620	645
Tax recoverable		1	11
Cash and bank balances	12	83,746	83,109
Sub total		159,868	159,686
TOTAL ASSETS		**248,904**	**251,068**
EQUITY AND LIABILITIES:			
Equity attributable to Owners of the Company:			
Share capital		80,000	80,000
Retained earnings		85,613	83,797
TOTAL EQUITY *Sub total*		**165,613**	**163,797**
Non-current liabilities:			
Deferred tax liabilities		7,265	7,527
Lease liabilities		249	340
Sub total		7,514	7,867
Current liabilities:			
Trade and other payables		66,449	72,006
Lease liabilities		284	240
Refund liabilities		4,078	3,356
Income tax payable		4,966	3,802
Sub total		75,777	79,404
TOTAL LIABILITIES		**83,291**	**87,271**
TOTAL EQUITY AND LIABILITIES		**248,904**	**251,068**

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements)

HUP SENG INDUSTRIES BERHAD 199101015786 (226098-P)
(Incorporated in Malaysia)
INTERIM FINANCIAL STATMENTS
Condensed Consolidated Statement of Changes in Equity
The figures have not been audited

For the year ended 31 December 2025

	Attributable to owners of the parent		
	Non-distributable	Distributable	
	Share capital RM'000	Retained earnings RM'000	Total RM'000
Opening balance at 1 January 2025	80,000	83,797	163,797
Total comprehensive income for the year	-	49,816	49,816
Transaction with the owners			
Dividends on ordinary shares (Note 8)	-	(48,000)	(48,000)
Total transaction with the owners	-	(48,000)	(48,000)
Closing balance at 31 December 2025	80,000	85,613	165,613

For the corresponding year ended 31 December 2024

	Attributable to owners of the parent		
	Non-distributable	Distributable	
	Share capital RM'000	Retained earnings RM'000	Total RM'000
Opening balance at 1 January 2024	80,000	82,186	162,186
Total comprehensive income for the year	-	57,611	57,611
Transaction with the owners			
Dividends on ordinary shares	-	(56,000)	(56,000)
Total transaction with the owners	-	(56,000)	(56,000)
Closing balance at 31 December 2024	80,000	83,797	163,797

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements)

HUP SENG INDUSTRIES BERHAD 199101015786 (226098-P)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATMENTS

Condensed Consolidated Statement of Cash Flows

For the year ended 31 December 2025

The figures have not been audited

	Note	2025 12 months ended 31/12/2025 RM'000	2024 12 months ended 31/12/2024 RM'000
Cash flows from operating activities:			
Profit before tax		66,618	73,766
Adjustments for:			
Reversal of allowance for doubtful debts		(2)	(1)
Bad debts written off		8	2
Depreciation of property, plant and equipment		5,953	5,604
Depreciation of investment properties		64	64
Depreciation of right-of-use assets		511	503
Interest expense on lease liabilities		26	28
Interest income		(2,243)	(2,716)
Inventories written off		116	83
Gain on disposal of property, plant and equipment		(95)	(56)
Property, plant and equipment written off		1,306	584
Unrealised exchange loss		187	-
Total adjustments		5,831	4,095
Operating cash flows before changes in working capital		72,449	77,861
Changes in working capital			
Increase in inventories		(4,005)	(1,848)
Decrease/(increase) in trade and other receivables		4,116	(6,770)
Decrease in prepayments		327	3,018
(Decrease)/increase in trade and other payables		(4,834)	11,013
Total changes in working capital		(4,396)	5,413
Cash flows generated from operations		68,053	83,274
Interest expense on lease liabilities paid		(26)	(28)
Income taxes paid		(15,702)	(16,791)
Net cash flows generated from operating activities		52,325	66,455
Cash flows from investing activities			
Interest income received		2,243	2,716
Proceeds from disposal of property, plant and equipment		95	56
Purchase of property, plant and equipment		(4,581)	(20,345)
Additions of right-of-use assets		(673)	-
Additions of investment property		(481)	-
Net cash flows used in investing activities		(3,397)	(17,573)
Cash flows from financing activity			
Repayment for lease liabilities		(291)	(279)
Dividends paid on ordinary shares		(48,000)	(56,000)
Net cash flows used in financing activity		(48,291)	(56,279)
Net increase/(decrease) in cash and cash equivalents		637	(7,397)
Cash and cash equivalents at beginning of financial year		83,109	90,506
Cash and cash equivalents at end of financial year	12	83,746	83,109

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to the interim financial statements)

Part A: Explanatory notes pursuant to MFRS 134
For the year ended 31 December 2025

1. Corporate information

Hup Seng Industries Berhad is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

2. Basis of Preparation

These condensed consolidated interim financial statements, for the year ended 31 December 2025, have been prepared in accordance with MFRS 134 Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group's annual audited financial statements for the year ended 31 December 2024. The explanatory notes attached to these condensed consolidated interim financial statements 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 year ended 31 December 2024.

3. Material accounting policy information

The material accounting policy information and methods of computation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the year ended 31 December 2024, except for the adoption of the following which are applicable to the financial statements and are relevant to the operations:

(I) Adoption of amendment

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

The adoption of the above amendment does not have significant financial impact to the Group's consolidated financial statements for the current quarter.

(II) Standards, Annual Improvements and Amendments issued but not yet effective

At the date of authorisation of these interim financial statements, the followings Standards, Annual Improvements and Amendments were issued but not yet effective and have not been applied by the Group:

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9 and MFRS 7:	
-Classification and Measurement of Financial Instruments	1 January 2026
-Contracts Referencing Nature-dependent Electricity	1 January 2026
Annual Improvements to MFRS Accounting Standards-Volume 11	1 January 2026
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 121: The Effects of Changes in Foreign Exchange Rates	
-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

The adoption of the Standards, Annual Improvements and Amendments above will have no material impact on the financial statements in the year of initial adoption.

4. Comments about seasonal or cyclical factors

The Group's business operations are normally affected by seasonal factors occurring in certain periods of the financial year, such as Hari Raya Puasa, Chinese New Year, etc.

5. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income, or cash flows for the cumulative financial period ended 31 December 2025.

6. Changes in estimates

There were no changes in estimates that have had a material effect in the current quarter results.

7. Capital management, debt and equity securities

The Group's objectives of managing capital are to safeguard the Group's ability to continue in operations as a going concern in order to provide fair returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain the optimal capital structure, the Group may, from time to time, adjust the dividend payout to shareholders, return capital to shareholders and issue new shares, where necessary. For capital management purposes, the Group considers shareholders' equity and total liabilities to be the key components in the Group's capital structure. The Group monitors capital on the basis of the gearing ratio. The ratio is calculated as the total liabilities to total equity. Total equity is the sum of total equity attributable to shareholders. The gearing ratio as at 31 December 2025 and 31 December 2024, which are within the Group's objectives for capital management, are as follows:

	As at 31.12.2025 RM'000	As at 31.12.2024 RM'000
Total liabilities	83,291	87,271
Total equity	165,613	163,797
Total capital	80,000	80,000
Gearing ratio	50%	53%

The decrease in the gearing ratio is mainly due to the decrease in trade and other payables.

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial period to date.

8. Dividends

	Date of payment	Cumulative to date 31.12.2025 RM'000
Dividend on ordinary shares:		
- Third interim single-tier dividend of 1 sen per share and special single-tier dividend of 1 sen per share for 2024 declared on 5 March 2025	09.04.2025	16,000
- First interim single-tier dividend of 2 sen per share for 2025 declared on 27 August 2025	06.10.2025	16,000
- Second interim single-tier dividend of 2 sen per share for 2025 declared on 27 November 2025	30.12.2025	16,000
		48,000

9. Operating Segments

For management purposes, the Group is organised into business units based on their products and services, and has three reportable operating segments as follows:

I. The biscuit manufacturing segment is in the business of manufacture and sales of biscuits.
II. The beverage manufacturing segment is in the business of manufacture and wholesale of coffee mix and all kinds of foodstuff.
III. The trading division segment is in the business of sales and distribution of biscuits, confectionery and other foodstuff.

	Biscuit manufacturing division RM'000	Beverage manufacturing division RM'000	Trading division RM'000	Total RM'000
Quarter ended 31.12.2025				
Revenue *	83,598	1,200	89,696	174,494
Profit for reportable segments	10,960	34	9,511	20,505
12 months cumulative to date				
Revenue *	293,949	5,816	318,986	618,751
Profit for reportable segments	34,713	93	33,498	68,304

Reconciliation of profit or loss

Profit or loss for the financial period ended 31.12.2025	Quarter ended RM'000	Cumulative to date RM'000
Total profit for reportable segments	20,505	68,304
Profit from inter-segment sales	246	(61)
Other income	255	1,097
Unallocated expenses	(772)	(2,722)
Profit before tax	20,234	66,618

* Revenue reported above represents revenue generated from the reportable segments. Inter-segment sales for the current quarter and 12 months cumulative to date are RM62,082,000 and RM224,081,000.

Trading division mainly comprises domestic sales. Biscuits remain the dominant range which represents about 95% of the total sales, while beverages and other agents' products make up the balance. The comments on Note 19 apply to the above three reportable operating segments.

Part A: Explanatory notes pursuant to MFRS 134
For the year ended 31 December 2025

10. Profit before tax

Included in the profit before tax are the following items:

	Quarter ended		Cumulative to date	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Interest income	(590)	(707)	(2,243)	(2,716)
Rental income	(92)	(83)	(341)	(333)
Allowance for/(reversal of) doubtful debts (Note 11)	20	38	(2)	(1)
Bad debts written off	5	-	8	2
Depreciation of property, plant and equipment	1,479	1,517	5,953	5,604
Depreciation of investment properties	15	16	64	64
Depreciation of right-of-use assets	124	120	511	503
Gain on disposal of property, plant and equipment	-	(51)	(95)	(56)
Interest expense on lease liabilities	8	15	26	28
Inventories written off	15	21	116	83
Property, plant and equipment written off	862	266	1,306	584
Realised exchange loss	73	178	169	268
Unrealised exchange loss	187	-	187	-

11. Trade and other receivables

	As at	
	31.12.2025	31.12.2024
	RM'000	RM'000
Trade receivables		
Third parties	39,780	44,065
Less: Allowance for doubtful debts	(391)	(429)
Trade receivables, net	39,389	43,636
Other receivables	332	394
Total trade and other receivables	39,721	44,030

Trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	As at	
	31.12.2025	31.12.2024
	RM'000	RM'000
Neither past due nor impaired	29,989	32,057
1 to 30 days past due not impaired	8,261	10,106
31 to 60 days past due not impaired	1,103	1,363
61 to 90 days past due not impaired	24	106
91 to 120 days past due not impaired	12	4
	9,400	11,579
Impaired	391	429
	39,780	44,065

Receivables that are impaired

Movement in allowance accounts:		
At 1 January	429	465
Written off	(36)	(35)
Reversal for the period (Note 10)	(2)	(1)
	391	429

12. Cash and bank balances

Cash and bank balances comprised the following amounts:

	As at	
	31.12.2025	31.12.2024
	RM'000	RM'000
Cash and bank balances	11,196	7,609
Short-term deposits with licensed banks	72,550	75,500
Cash and cash equivalents	83,746	83,109

13. Foreign exchange exposure

The Group's exposures to foreign currency are as follows:

	As at	
	31.12.2025	31.12.2024
	RM'000	RM'000
Trade and other receivables		
United States Dollars	177	68
Singapore Dollars	2,044	1,990

14. Events after the reporting period

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

15. Changes in composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period to date.

16. Changes in contingent liabilities and contingent assets

The Group has no contingent liabilities or contingent assets since the last annual date of the statement of financial position as at 31 December 2024.

17. Capital commitments

Approved capital commitments not recognised in the interim financial statements as at 31 December 2025 are as follows:

	RM’000
Contracted but not provided for:	
-Purchase of property, plant and equipment	488

Part A: Explanatory notes pursuant to MFRS 134
For the year ended 31 December 2025

18. Related party transactions

	Current quarter ended 31.12.2025 RM	12 months cumulative to date 31.12.2025 RM
Rental of premises payable to:		
-Hup Seng Brothers Holdings Sdn. Bhd. #	25,500	102,000

Note:
Certain directors of the Group are also directors and shareholders of Hup Seng Brothers Holdings Sdn. Bhd.

The Directors are of the opinion that the above transactions have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

Part B: Explanatory notes pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad
For the year ended 31 December 2025

19. Performance review

Financial review for current quarter and financial year to date

	3 months Quarter ended		Changes		12 months cumulative to date		Changes	
	31.12.2025 RM'000	31.12.2024 RM'000	Amount RM'000	%	31.12.2025 RM'000	31.12.2024 RM'000	Amount RM'000	%
Revenue	112,412	117,118	(4,706)	(4)	394,670	395,349	(679)	(0)
Operating profit	20,242	22,338	(2,096)	(9)	66,644	73,794	(7,150)	(10)
Profit before interest and tax	20,242	22,338	(2,096)	(9)	66,644	73,794	(7,150)	(10)
Finance cost	(8)	(15)	7	47	(26)	(28)	2	7
Profit before tax	20,234	22,323	(2,089)	(9)	66,618	73,766	(7,148)	(10)
Profit after tax	15,241	17,339	(2,098)	(12)	49,816	57,611	(7,795)	(14)
Profit attributable to: Owners of the Parent	15,241	17,339	(2,098)	(12)	49,816	57,611	(7,795)	(14)

The Group's revenue for the current quarter ended 31 December 2025 has decreased by 4% to RM112.4 million from RM117.1 million in the quarter ended 31 December 2024 mainly as a result of drop in both domestic and export markets. Domestic market has decreased by about 4% or RM3.7 million from hypermarkets and wholesale channels. Export market saw a decline of 4% or RM1 million mainly from Thailand and Myanmar.

The Group registered a profit before tax of RM20.2 million which was lower by 9% or RM2.1 million as compared to a profit before tax of RM22.3 million in the preceding corresponding quarter mainly due to lower sales recorded.

The Group's revenue for the twelve months ended 31 December 2025 was broadly flat at RM394.7 million compared with RM395.3 million in the preceding year. Domestic sales increased slightly by 1% or RM4.3 million, mainly from super and hypermarkets as well as East Malaysia. Export market, on the other hand, saw a decline of about 6% or RM5 million mainly from Indonesia, Myanmar, Mauritius, Singapore, Thailand and Saudi Arabia due to weaker demand and fluctuations in Ringgit Malaysia, resulting in broadly flat growth across the Group.

The profit before tax has decreased by 10% to RM66.6 million when compared with the preceding year corresponding period of RM73.8 million. The lower margin for the year was mainly due to higher costs of certain raw materials, minimum wages from RM1,500 to RM1,700 per month, lower revenue from export markets and increased distribution costs such as carriage outwards, distribution center costs for outlets and promotional expenses.

Part B: Explanatory notes pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad
For the year ended 31 December 2025

20. Comment of material change in profit before taxation

<u>Financial review for current quarter compared with immediate preceding quarter</u>

	Current quarter	Immediate preceding quarter	Changes	
	31.12.2025 RM'000	30.09.2025 RM'000	Amount RM'000	%
Revenue	112,412	105,695	6,717	6
Operating profit	20,242	20,689	(447)	(2)
Profit before interest and tax	20,242	20,689	(447)	(2)
Finance cost	(8)	(6)	(2)	(33)
Profit before tax	20,234	20,683	(449)	(2)
Profit after tax	15,241	15,469	(228)	(1)
Profit attributable to: Owners of the Parent	15,241	15,469	(228)	(1)

The Group's revenue has increased by 6% to RM112.4 million in the current quarter ended 31 December 2025 as compared to RM105.7 million in the preceding quarter. Domestic market has increased by 4% or RM3.8 million from all channels except hypermarkets. Export market has increased by 15% or RM2.9 million as compared to RM19.5 million in the preceding quarter mainly from Indonesia and Thailand.

Profit before tax has decreased by about 2% to RM20.2 million as compared to RM20.7 million in the preceding quarter mainly due to higher promotional expenses.

21. Commentary of prospects

Looking ahead, the Group remains cautiously optimistic. Domestic demand is expected to remain resilient, while export performance is anticipated to improve gradually as market conditions stabilise. Nevertheless, the Group will continue to prioritise cost control, enhance operational efficiencies and strengthen growth opportunities in both domestic and export markets to mitigate cost pressures and support profitability going forward.

22. Profit forecast or profit guarantee

The disclosure requirements for explanatory notes for the variance of actual profit after tax and non-controlling interest and forecast profit after tax and non-controlling interest and for the shortfall in profit guarantee are not applicable.

23. Income tax expense

	3 months Quarter ended		Cumulative to date	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Current income tax:				
-Malaysia income tax	4,965	4,602	16,876	15,196
-Deferred taxation	28	382	(74)	959
	4,993	4,984	16,802	16,155

Major components of tax expenses

	Current quarter ended 31.12.2025 RM'000	12 months cumulative to date 31.12.2025 RM'000
Current tax expense	4,965	16,876
Deferred tax expense	28	(74)
	4,993	16,802
Profit before taxation	20,234	66,618
Taxation at the Malaysian statutory tax rate of 24%	4,856	15,988
Adjustments:		
-Non-deductible expenses	618	1,306
-Expenses with double deduction	(481)	(492)
Income tax expense	4,993	16,802
Effective tax rate	24.7%	25.2%

24. Sale of unquoted investments and properties

There were no sale of unquoted investments and properties for the current quarter and financial year to date.

Part B: Explanatory notes pursuant to Main Market Listing Requirements of Bursa Malaysia Securities Berhad
For the year ended 31 December 2025

25. Quoted securities

There were no purchase and sale of quoted securities for the current quarter and financial year to date.

26. Corporate proposals

There were no corporate proposals announced but not completed not earlier than seven (7) days from 23 February 2026.

27. Borrowings and debt securities

There were no group borrowings and debt securities as at the end of the reporting period.

28. Derivative financial instruments

As at the reporting date of 31 December 2025, the Group has no outstanding derivative financial instruments.

29. Gains/losses arising from fair value changes of financial liabilities

There are no gains/losses arising from fair value changes of any financial liabilities.

30. Changes in material litigation

There were no material litigation not earlier than seven (7) days from 23 February 2026.

31. Dividend payable

The Board of Directors do not recommend the payment of any dividend for the financial quarter under review.

Part B: Explanatory notes pursuant to Main Market Listing Requirements of
Bursa Malaysia Securities Berhad
For the year ended 31 December 2025

32. Earnings per share

Basic earnings per share is calculated by dividing the profit for the period by the weighted average number of ordinary shares in issue during the period.

	3 months quarter ended		12 months cumulative to date	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
(a) Basic				
Profit for the period (RM'000)	15,241	17,339	49,816	57,611
Weighted average number of ordinary shares for earnings per share ('000)	800,000	800,000	800,000	800,000
Basic earnings per share (sen)	1.91	2.17	6.23	7.20
(b) Diluted				
Diluted earnings per share (sen)	1.91	2.17	6.23	7.20

33. Auditors' report on preceding annual financial statements

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

34. Authorization for issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 23 February 2026.