**SMART ASIA CHEMICAL BHD**

(Registration no.: 201901016953 (1326281-T))
(Incorporated in Malaysia)

# INTERIM FINANCIAL REPORT

# FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2025

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2025 (1)

| | | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|---|
| | Note | Unaudited 31.12.2025 RM'000 | Unaudited 31.12.2024 RM'000 | Unaudited 31.12.2025 RM'000 | Audited 31.12.2024 RM'000 |
| Revenue | A9 | 25,080 | 26,157 | 88,369 | 93,467 |
| Cost of sales | | (17,369) | (17,702) | (62,796) | (66,433) |
| **Gross profit** | | **7,711** | **8,455** | **25,573** | **27,034** |
| Other income | | 110 | 129 | 335 | 186 |
| Selling and distribution expenses | | (5,046) | (4,201) | (15,644) | (14,899) |
| Administrative expenses | | (1,668) | (1,732) | (6,965) | (7,159) |
| Other operating expenses | | (102) | (261) | (238) | (543) |
| **Operating profit** | | **1,005** | **2,390** | **3,061** | **4,619** |
| Finance income | | 15 | 35 | 60 | 54 |
| Finance costs | | (274) | (180) | (996) | (1,409) |
| Share of results of an associate | | (291) | - | (120) | - |
| **Profit before tax** | B5 | **455** | **2,245** | **2,005** | **3,264** |
| Income tax (expenses)/benefit | B6 | (721) | (425) | (1,071) | 3,318 |
| **Profit/(loss) after tax** | | **(266)** | **1,820** | **934** | **6,582** |
| Other comprehensive income, net of income tax | | - | - | - | - |
| Total comprehensive income/(loss) for the financial period | | (266) | 1,820 | 934 | 6,582 |

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2025 (1) (CONT'D)

| | | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|---|
| | | Unaudited | Unaudited | Unaudited | Audited |
| | | 31.12.2025 | 31.12.2024 | 31.12.2025 | 31.12.2024 |
| | Note | RM'000 | RM'000 | RM'000 | RM'000 |
| Total comprehensive income/(loss) for the financial period attributable to: | | | | | |
| - Owners of the Company | | (231) | 1,840 | 1,041 | 6,662 |
| - Non-controlling interests | | (35) | (20) | (107) | (80) |
| | | (266) | 1,820 | 934 | 6,582 |
| Earnings/loss per share (sen)(2) | | | | | |
| - Basic/diluted | B8 | (0.06) | 0.50 | 0.28 | 2.02 |

**Notes:**

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Comprehensive Income is disclosed in Note A1 of this interim financial report and should be read in conjunction with the Company's audited consolidated financial statements for the financial year ended 31 December 2024 and the accompanying explanatory notes attached to this interim financial report.

(2) Basic and diluted earnings per share ("**EPS**") or loss per share ("**LPS**") is calculated based on the weighted average number of ordinary shares in issue in the Company (as disclosed in Note B8 of this interim financial report). Diluted EPS or LPS is equivalent to the basic EPS or LPS as the Company does not have any dilutive instruments during the respective reporting periods.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2025[(1)]

| | Note | Unaudited 31.12.2025 RM'000 | Audited 31.12.2024 RM'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | | 91,192 | 78,670 |
| Intangible asset | | 130 | 150 |
| Investment in associate | | 1,105 | - |
| Deferred tax assets | | 6,941 | 7,445 |
| **Total non-current assets** | | **99,368** | **86,265** |
| | | | |
| **Current assets** | | | |
| Inventories | | 26,345 | 24,108 |
| Current tax assets | | 2,121 | 1,394 |
| Trade and other receivables | | 26,544 | 31,074 |
| Contract assets | | - | 1,354 |
| Cash and short-term deposits | | 9,359 | 13,929 |
| **Total current assets** | | **64,369** | **71,859** |
| **TOTAL ASSETS** | | **163,737** | **158,124** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to owners of the Company** | | | |
| Share capital | | 91,326 | 91,326 |
| Reorganisation reserve | | (29,253) | (29,253) |
| Retained earnings | | 50,407 | 49,366 |
| | | 112,480 | 111,439 |
| Non-controlling interests | | 1,088 | (30) |
| **TOTAL EQUITY** | | **113,568** | **111,409** |
| | | | |
| **Non-current liabilities** | | | |
| Loans and borrowings | B7 | 18,068 | 15,149 |
| Deferred income | | 414 | 443 |
| Deferred tax liabilities | | 3,060 | 2,732 |
| **Total non-current liabilities** | | **21,542** | **18,324** |
| | | | |
| **Current liabilities** | | | |
| Loans and borrowings | B7 | 4,870 | 3,908 |
| Current tax liabilities | | 1 | 109 |
| Trade and other payables | | 21,644 | 21,949 |
| Contract liabilities | | 2,112 | 2,425 |
| **Total current liabilities** | | **28,627** | **28,391** |
| **TOTAL LIABILITIES** | | **50,169** | **46,715** |
| **TOTAL EQUITY AND LIABILITIES** | | **163,737** | **158,124** |
| | | | |
| **NET ASSETS PER SHARE (sen)[(2)]** | | 30.71 | 30.12 |

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2025[1] (CONT'D)

**Notes:**

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Financial Position is disclosed in Note A1 of this interim financial report and should be read in conjunction with the Company's audited consolidated financial statements for the financial year ended 31 December 2024 and the accompanying explanatory notes attached to this interim financial report.

(2) Net assets per share is computed based on the number of issued shares of 369,850,420 ordinary shares as at 31 December 2025 and 31 December 2024 respectively.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2025(1)**

| | ←-- Attributable to the owners of the Company---> | | | | | |
|---|---|---|---|---|---|---|
| | ←----- Non-distributable----→ | | Distributable | | | |
| | Share capital | Reorganisation reserve | Retained earnings | Sub-total | Non-controlling interests | Total equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| **Unaudited - 12 months ended 31 December 2025** | | | | | | |
| Balance as at 1 January 2025 | 91,326 | (29,253) | 49,366 | 111,439 | (30) | 111,409 |
| Profit after tax/total comprehensive income/(loss) for the financial period | - | - | 1,041 | 1,041 | (107) | 934 |
| **Transaction with owners** | | | | | | |
| Non-controlling interests arising from acquisition of a subsidiary | - | - | - | - | 1,225 | 1,225 |
| Balance as at 31 December 2025 | 91,326 | (29,253) | 50,407 | 112,480 | 1,088 | 113,568 |
| **Audited - 12 months ended 31 December 2024** | | | | | | |
| Balance as at 1 January 2024 | 51,800 | (25,783) | 42,704 | 68,721 | 50 | 68,771 |
| Profit after tax/total comprehensive income/(loss) for the financial period | - | - | 6,662 | 6,662 | (80) | 6,582 |
| **Transaction with owners** | | | | | | |
| Adjustment pursuant to merger accounting | 3,470 | (3,470) | - | - | - | - |
| Issuance of shares | 37,400 | - | - | 37,400 | - | 37,400 |
| Share issuance expenses | (1,344) | - | - | (1,344) | - | (1,344) |
| Balance as at 31 December 2024 | 91,326 | (29,253) | 49,366 | 111,439 | (30) | 111,409 |

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## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2025[1] (CONT'D)

**Note:**

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity is disclosed in Note A1 of this interim financial report and should be read in conjunction with the Company's audited consolidated financial statements for the financial year ended 31 December 2024 and the accompanying explanatory notes attached to this interim financial report.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2025[1]

| | Unaudited 31.12.2025 RM'000 | Audited 31.12.2024 RM'000 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit before tax | 2,005 | 3,264 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 3,740 | 3,166 |
| Amortisation of intangible asset | 20 | 20 |
| Amortisation of deferred income | (29) | (2) |
| Gain on disposal of property, plant and equipment | (112) | (30) |
| Inventories written down | 164 | 85 |
| Inventories written off | 504 | 442 |
| Share of results of associate | 120 | - |
| Bad debts recovery | (8) | (3) |
| Net unrealised foreign exchange (gain)/loss | (83) | 52 |
| Reversal of impairment loss on trade receivables | - | (116) |
| Impairment loss on trade receivables | 238 | 530 |
| Finance costs | 996 | 1,409 |
| Finance income | (60) | (54) |
| Operating profit before changes in working capital | 7,495 | 8,763 |
| (Increase)/Decrease in inventories | (2,905) | 613 |
| Decrease/(Increase) in trade and other receivables | 3,096 | (2,711) |
| Decrease in trade and other payables | (310) | (4,969) |
| Decrease/(Increase) in contract assets | 1,354 | (145) |
| (Decrease)/Increase in contract liabilities | (313) | 457 |
| Net cash generated from operations | 8,417 | 2,008 |
| Income tax paid | (1,411) | (3,163) |
| Income tax refund | 337 | 129 |
| Interest paid | - | (29) |
| Net cash generated from/ (used in) operating activities | 7,343 | (1,055) |
| | | |
| **Cash flows from investing activities** | | |
| Purchase of property, plant and equipment | (6,778) | (4,420) |
| Placement of fixed deposits | - | (5) |
| Subscription for shares in associate | (1,225) | - |
| Proceeds from disposal of property, plant and equipment | 112 | 30 |
| Proceed from government grants related to assets | - | 303 |
| Interest received | 60 | 54 |
| Net cash used in investing activities | (7,831) | (4,038) |

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2025[1] (CONT'D)

| | Unaudited 31.12.2025 RM'000 | Audited 31.12.2024 RM'000 |
|---|---|---|
| **Cash flows from financing activities** | | |
| Interest paid | (996) | (1,380) |
| Drawdown of term loans | - | 16,314 |
| Repayment of term loans | (3,253) | (38,544) |
| Drawdown of bankers' acceptance | 2,861 | 6,956 |
| Repayment of bankers' acceptance | (3,656) | (7,347) |
| Repayment of hire purchase | (224) | (215) |
| Repayment of lease liabilities | (39) | (89) |
| Capital injection into subsidiary by non-controlling interest | 1,225 | - |
| Proceeds from issuance of new ordinary shares, net | - | 37,400 |
| Net cash (used in)/from financing activities | (4,082) | 13,095 |
| | | |
| **Net (decrease)/increase in cash and cash equivalents** | (4,570) | 8,002 |
| Cash and cash equivalents at the beginning of the financial period | 13,781 | 5,778 |
| Cash and cash equivalents at the end of the financial period | 9,211 | 13,780 |
| | | |
| **Cash and cash equivalents at end of the financial period consist of:** | | |
| Short-term deposits | 4,756 | 6,429 |
| Less: Pledged deposits | (148) | (149) |
| | 4,608 | 6,280 |
| Cash and bank balances | 4,603 | 7,500 |
| | 9,211 | 13,780 |

**Note:**

(1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Cash Flows is disclosed in Note A1 of this interim financial report and should be read in conjunction with the Company's audited consolidated financial statements for the financial year ended 31 December 2024 and the accompanying explanatory notes attached to this interim financial report.

## PART A: EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134 - INTERIM FINANCIAL REPORTING

### A1. Basis of Preparation

The interim financial report of Smart Asia Chemical Bhd ("**SAC**" or the **"Company**") and its subsidiaries (the "**Group**") is unaudited and have been prepared in accordance with the requirements of the Malaysian Financial Reporting Standard ("**MFRS**") 134: Interim Financial Reporting, Rule 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**").

This interim financial report should be read in conjunction with the Company's audited consolidated financial statements for the financial year ended 31 December 2024 and the accompanying explanatory notes attached to this interim financial report.

### A2. Summary of Material Accounting Policies

The summary of material accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in preparation of the Company's audited consolidated financial statements for the financial year ended 31 December 2024 except for the following amendments to MFRSs that have been issued by the Malaysian Accounting Standard Board but are not yet effective for the Group.

**Effective for annual period beginning on or after 1 January 2025**

| **Title** | | **Effective Date** |
|---|---|---|
| Amendments to MFRS 121 | The Effect of Change in Foreign Exchange Rates | 1 January 2025 |

**Effective for financial period beginning on or after 1 January 2026 and onwards**

| **Title** | | **Effective Date** |
|---|---|---|
| Amendments to MFRS 7 | Financial Instruments: Disclosures | 1 January 2026 |
| Amendments to MFRS 9 | Financial Instruments | 1 January 2026 |
| Amendments to MFRS 107 | Statement of Cash Flows | 1 January 2026 |
| Amendments to MFRS 10 | Consolidated Financial Statements | 1 January 2026/ Deferred |
| MFRS 18 | Presentation and Disclosure in Financial Statements | 1 January 2027 |
| MFRS 19 | Subsidiaries without Public Accountability: Disclosures | 1 January 2027 |
| Amendments to MFRS 128 | Investment in Associates and Joint Ventures | Deferred |

The Group will adopt the abovementioned standards, amendments or interpretations, if applicable, when they become effective.

The initial application of the above standards, amendments or interpretations is not expected to have any material impact to the financial statements of the Group upon adoption.

## A3. Auditors' Report on Preceding Annual Financial Statements

The audited consolidated financial statements of the Company for the financial year ended 31 December 2024 were not subject to any qualification.

## A4. Seasonal or Cyclical Factors

The business operations of the Group were not affected by any seasonal or cyclical factors during the current financial quarter and financial period-to-date.

## A5. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and financial period-to-date.

## A6. Material Changes in Estimates and Judgements

There were no material changes in accounting estimates and judgements that have a material effect on the current financial quarter and financial period-to-date.

## A7. Debts and Equity Securities

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities during the current financial quarter and financial period-to-date.

## A8. Dividend Paid

There were no dividends paid during the current financial quarter and financial period-to-date.

## A9. Segmental Information

The segmental analysis of the Group's revenue is set out as follows:

### (a) Revenue by business activities, products and services

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | Unaudited 31.12.2025 RM'000 | Unaudited 31.12.2024 RM'000 | Unaudited 31.12.2025 RM'000 | Audited 31.12.2024 RM'000 |
| Manufacturing Segment | 22,461 | 23,770 | 80,370 | 85,902 |
| Sale and Trading Segment | 1,283 | 1,384 | 5,529 | 4,215 |
| Others(1) | 1,336 | 1,003 | 2,470 | 3,350 |
| Total | 25,080 | 26,157 | 88,369 | 93,467 |

### (b) By geographical locations

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers.

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | Unaudited 31.12.2025 RM'000 | Unaudited 31.12.2024 RM'000 | Unaudited 31.12.2025 RM'000 | Audited 31.12.2024 RM'000 |
| Malaysia | 22,064 | 20,692 | 74,101 | 80,069 |
| Myanmar | 1,033 | 3,463 | 5,754 | 4,694 |
| Brunei | 738 | 486 | 3,340 | 2,744 |
| Singapore | 617 | 915 | 2,693 | 3,457 |
| Others(2) | 628 | 601 | 2481 | 2,503 |
| Total | 25,080 | 26,157 | 88,369 | 93,467 |

**Notes:**

(1) Revenue generated from other business activities, products and services comprise of sale of disinfecting products, sales of Smart Colour POS Tinting Machines, maintenance services for Smart Colour POS Tinting Machines and painting services.

(2) Other geographical locations comprise of Indonesia, Vietnam and Cambodia.

## A10. Material Capital Commitments

Save as disclosed below, there are no material capital commitments as at the date of this interim financial report:

| | RM'000 |
|---|---|
| **Approved and contracted for:** | |
| Building extension at Perak Plant | 2,913 |
| Purchase of plant and machineries | 1,902 |
| Computers and software | 370 |
| | 5,185 |

## A11. Significant Related Party Transactions

The significant related party transactions of the Group are shown below:

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | Unaudited 31.12.2025 RM'000 | Unaudited 31.12.2024 RM'000 | Unaudited 31.12.2025 RM'000 | Audited 31.12.2024 RM'000 |
| Sales of goods to entities in which person connected to a director has interests | 2,581 | 1,304 | 5,355 | 5,909 |
| Purchase of goods from entities in which a person connected to a director has interests | 15 | 28 | 79 | 139 |

Kindly refer to the Company's circular to shareholders dated 30 April 2025 for further details of the related party transactions which was approved by the shareholders at the Company's 3rd Annual General Meeting held on 26 June 2025.

## A12. Valuation of Property, Plant and Equipment

The Group has not carried out any valuation on its property, plant and equipment during the current financial quarter and financial period-to-date.

## A13. Contingent Assets and Liabilities

There were no material contingent assets and liabilities as at the end of the current financial quarter and financial period-to-date.

## A14. Fair Value of Financial Instruments

There were no gain or loss arising from fair value changes of financial assets and liabilities for the current financial quarter under review and financial period-to-date.

## A15. Changes in Composition of the Group

Smart Homebox Sdn. Bhd. ("**Smart Homebox**"), a wholly-owned subsidiary of the Company, which was incorporated on 18 July 2025 with an initial share capital of RM2, received an additional capital injection of RM299,998 on 7 November 2025, bringing its total paid-up capital to RM300,000. As at the date of this interim financial report, Smart Homebox has yet to commence operations and intends to engage in trading of paints and construction-related products, software development and general household services.

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

## A16. Significant Events Occurring After the Current Financial Quarter

On 11 February 2026, Smart Paint Manufacturing Sdn. Bhd. ("**Smart Paint Manufacturing**"), a wholly-owned subsidiary of the Company, received an additional capital injection of RM30,000,000 bringing its total paid-up capital to RM50,000,000.

Save as disclosed above, there were no other significant event subsequent to the end of the current financial quarter under review that have not been reflected in this interim financial report.

## PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS

### B1. Review of financial performance for the individual quarter ended 31 December 2025 ("Q4FY2025") and the preceding year's corresponding individual quarter ended 31 December 2024 ("Q4FY2024")

| | Q4FY2025 | Q4FY2024 | Variance | |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 25,080 | 26,157 | (1,077) | (4.12) |
| Gross profit | 7,711 | 8,455 | (744) | (8.80) |
| Gross profit margin (%) | 30.75 | 32.32 | N/A | N/A |
| Profit before tax ("**PBT**") | 455 | 2,245 | (1,790) | (79.73) |

The Group recorded revenue of RM25.08 million in Q4FY2025, representing a decrease of RM1.08 million or 4.12% from RM26.16 million achieved in Q4FY2024, primarily due a decrease in exports to a customer in Myanmar.

The Group recorded a gross profit of RM7.71 million in Q4FY2025, compared to RM8.46 million in Q4FY2024, marking a decrease of RM0.74 million or 8.80%. The gross profit margin decreased from 32.32% in Q4FY2024 to 30.75% in Q4FY2025, mainly driven by lower average selling prices for certain products in the Group's manufacturing segment.

The Group recorded a lower PBT of RM0.46 million for Q4FY2025, a decrease of RM1.79 million or 79.73%, compared to PBT of RM2.25 million for Q4FY2024. This decrease in PBT was primarily due to the reduction in gross profit and higher selling and distribution expenses, mainly resulting from the expansion of the sales team and higher transportation costs.

### B2. Review of financial performance for current quarter ended 31 December 2025 ("Q4FY2025") and immediate preceding quarter ended 30 September 2025 ("Q3FY2025")

| | Q4FY2025 | Q3FY2025 | Variance | |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 25,080 | 21,910 | 3,170 | 14.47 |
| Gross profit | 7,711 | 7,318 | 393 | 5.37 |
| Gross profit margin (%) | 30.75 | 33.40 | N/A | N/A |
| PBT | 455 | 569 | (114) | (20.04) |

The Group recorded an increase in revenue of RM3.17 million or 14.47%, from RM21.91 million in Q3FY2025 to RM25.08 million in Q4FY2025, primarily due to an increase in demand for paints from local customers.

The Group recorded a gross profit of RM7.71 million in Q4FY2025, compared to RM7.32 million in Q3FY2025, an increase of RM0.39 million or 5.37%. The gross profit margin decreased from 33.40% in Q3FY2025 to 30.75% in Q4FY2025, mainly due to lower average selling prices for certain products in the Group's manufacturing segment.

The Group reported a PBT of RM0.46 million in Q4FY2025, compared to a PBT of RM0.57 million in Q3FY2025, representing a decrease of RM0.11 million or 20.04%. The decline was mainly due to the share of loss from an associate, which outweighed the increase in gross profit in Q4FY2025.

## B3. Commentary on Prospects

The Group continued to operate within the construction sector that is supported by ongoing Government-led infrastructure development initiatives. The Department of Statistics Malaysia ("**DOSM**") reported that the value of work done in Q4FY2025 increased by 10.3% year-on-year to RM46.4 billion. This continued positive momentum provides a generally stable backdrop for the industry and is expected to maintain demand within the paints and coatings market, thereby allowing the Group to capture growth opportunities.

Following the joint venture established with Keshun International Construction and Trading Sdn Bhd to broaden the Group's product portfolio, further progress was recorded in Q4FY2025. Subsequent to Phase 1 of the capital injection in Smart CKS Manufacturing Sdn. Bhd. and Smart CKS Marketing Sdn. Bhd. ("**SCKS Marketing**") which was completed on 21 August 2025, SCKS Marketing continues its business operations and is gradually establishing its presence in the market. The Group is also progressing with its expansion plan for the construction of its chemical manufacturing facilities in Perak, which is expected to enhance supply chain efficiency and support long-term growth within the regional construction market.

In 2025, the Group further expanded its distribution network with the placement of an additional 38 Smart Colour POS Tinting Machines to wholesalers and dealers, reinforcing its retail growth strategies. The ongoing "NegaraKu, JenamaKu" campaign continues to enhance the Group's brand positioning as one of the leading locally produced brands. The Group also sustained its engagement within the industry through participation in key sector events, including the Konvensyen Kontraktor CIDB Malaysia 2025 in Johor and ARCHIDEX 2025 in Kuala Lumpur.

Looking ahead, the Group will continue to align its products and services with the evolving needs of the construction industry, supported by the generally favourable market conditions and ongoing strategic initiatives. The Board of Directors of the Company ("**Board**") expects these initiatives to contribute to the Group's sustainable performance and remains cautiously optimistic on the Group's outlook.

### B4. 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 quarter and financial period-to-date.

### B5. Profit before Tax

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | Unaudited 31.12.2025 RM'000 | Unaudited 31.12.2024 RM'000 | Unaudited 31.12.2025 RM'000 | Audited 31.12.2024 RM'000 |
| **Profit before tax is arrived at after charging/(crediting):** | | | | |
| Depreciation of property, plant and equipment | 911 | 934 | 3,740 | 3,166 |
| Impairment loss on trade receivables | 102 | 251 | 238 | 530 |
| Amortisation of intangible asset | 5 | 5 | 20 | 20 |
| Amortisation of deferred income | (7) | (2) | (29) | (2) |
| Inventories written down | 164 | 85 | 164 | 85 |
| Inventories written off | 29 | 442 | 504 | 442 |
| Reversal of impairment loss on trade receivables | - | (116) | - | (116) |
| Finance costs | | | | |
| - bankers' acceptance interest | 33 | 29 | 59 | 133 |
| - overdraft interest | - | - | - | 29 |
| - term loan interest | 236 | 147 | 918 | 1,238 |
| - lease liabilities interest | - | 2 | 3 | 4 |
| - hire purchase interest | 5 | 2 | 16 | 5 |
| Listing expenses | - | - | - | 1,314 |
| Finance income | (15) | (35) | (60) | (54) |
| Bad debts recovery | - | - | (8) | (3) |
| Net unrealised foreign exchange (gain)/loss | (11) | 6 | (83) | 52 |
| Realised foreign exchange loss | 98 | 37 | 121 | 70 |
| Gain on disposal of property, plant and equipment | - | - | (112) | (30) |

Save as disclosed above, the other disclosure items pursuant to Rule 16 of Appendix 9B of the Listing Requirements are not applicable.

## B6. Income tax

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | Unaudited 31.12.2025 RM'000 | Unaudited 31.12.2024 RM'000 | Unaudited 31.12.2025 RM'000 | Audited 31.12.2024 RM'000 |
| Income tax expense/(benefit): | | | | |
| - Current tax | (1) | 434 | 449 | 1,484 |
| - Prior year tax | 7 | 55 | (210) | 229 |
| - Deferred tax | 715 | (64) | 832 | (5,031) |
| Total income tax expenses/(benefit) | 721 | 425 | 1,071 | (3,318) |
| Effective tax rate (%) | 158.46 | 18.93 | 53.42 | (101.65) |
| Statutory tax rate (%) | 24.00 | 24.00 | 24.00 | 24.00 |

**Notes:**

(1) For the current financial quarter ended 31 December 2025, the effective tax rate was 158.46% compared with the statutory tax rate of 24%. The higher effective tax rate was primarily attributable to losses incurred by the Company and certain subsidiaries, for which deferred tax assets were not recognised, as well as deferred tax adjustments during the current quarter.

(2) For the financial period ended 31 December 2025, the effective tax rate was 53.42%. The higher effective tax rate was mainly due to losses incurred by the Company and certain subsidiaries, including the non-recognition of deferred tax assets on unutilised tax losses.

## B7. Loans and Borrowings

Details of the Group's loans and borrowings (all denominated in Ringgit Malaysia) as at 31 December 2025 are as follows:

| | | Unaudited 31.12.2025 RM'000 | Audited 31.12.2024 RM'000 |
|---|---|---|---|
| **Current** | **Secured/ unsecured** | | |
| Term loans | Secured | 2,685 | 903 |
| Hire purchase payables | Secured | 173 | 156 |
| Bankers' acceptance | Secured | 1,994 | 2,789 |
| Lease liabilities | Unsecured | 18 | 60 |
| | | 4,870 | 3,908 |
| **Non-current** | | | |
| Term loans | Secured | 17,441 | 14,826 |
| Hire purchase payables | Secured | 590 | 288 |
| Lease liabilities | Unsecured | 37 | 35 |
| | | 18,068 | 15,149 |
| **Total loans and borrowings** | | **22,938** | **19,057** |

## B8. EPS or LPS

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|---|---|---|---|---|
| | **Unaudited 31.12.2025** | **Unaudited 31.12.2024** | **Unaudited 31.12.2025** | **Audited 31.12.2024** |
| Profit attributable to owners of the Company (RM'000) | (231) | 1,840 | 1,041 | 6,662 |
| Weighted average number of shares | 369,850,420 | 369,850,420 | 369,850,420 | 330,190,959 |
| Basic/Diluted EPS/(LPS) (sen)(1) | (0.06) | 0.50 | 0.28 | 2.02 |

**Note:**

(1) The diluted EPS or LPS is equivalent to the basic EPS or LPS as the Company does not have any dilutive instruments during the respective reporting periods.

## B9. Material Litigation

The Group was not engaged in any litigation as at the date of this interim financial report.

## B10. Dividend Proposed or Declared

No dividend has been proposed or declared by the Board during the current financial quarter under review.

## B11. Status of Corporate Proposals

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

## B12. Derivatives

The Group did not enter into any derivatives during the current financial quarter under review.

## B13. Status of Utilisation of Initial Public Offering ("IPO") Proceeds

In conjunction with the listing of the Company on the ACE Market of Bursa Securities on 28 May 2024, the Company had raised gross proceeds of RM37.40 million from the IPO ("**IPO Proceeds**").

As of the date of this interim financial report, the status of utilisation of the IPO Proceeds as disclosed below should be read in conjunction with the Prospectus of the Company dated 2 May 2025:

| Details of use of proceeds | Proposed Utilisation (RM'000) | Amount Utilised (RM'000) | Balance Unutilised (RM'000)[1] | Estimated timeframe for use from the date of Listing |
|---|---|---|---|---|
| (a) Establishment of Perak Plant: | | | | |
| (i) Construction of Perak Plant | 16,000 | 16,000 | - | Within 12 months |
| (ii) Purchase and commissioning of automated paint production system | 11,000 | 11,000 | - | Within 24 months[2] |
| (b) Purchase of 250 sets of Smart Colour POS Tinting Machine | 5,000 | 1,057 | 3,943 | Within 36 months |
| (c) Working capital | 1,300 | 1,300 | - | Within 12 months |
| (d) Listing expenses | 4,100 | 4,100 | - | Within 1 month |
| **Total** | **37,400** | **33,457** | **3,943** | |

**Notes:**

(1) Pending its intended utilisation, the unutilised balance of RM3.94 million of the IPO Proceeds was placed with licensed financial institutions and is generating interest income.

(2) On 13 May 2025, the Board has approved the extension of time for its utilisation of the proceeds for the intended purpose from 12 months to 24 months from the date of listing on 28 May 2024.

## B14. Off balance sheet financial instruments

There were no financial instruments with off balance sheet risk as at the date of this interim financial report.

**By Order Of The Board**
**SMART ASIA CHEMICAL BHD**
27 February 2026