SPRING ART HOLDINGS BERHAD
REGISTRATION NO: 201801016143 (1278159-A)

NOTES TO THE INTERIM FINANCIAL STATEMENTS
FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2025

PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS ("MFRS") 134, INTERIM FINANCIAL REPORTING

A1. BASIS OF PREPARATION

The interim financial report of SPRING ART HOLDINGS BERHAD ("**SPRING**" or "**the Company**") and its subsidiaries ("**the Group**") are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("**MFRS**") No. 134: Interim Financial Reporting and Rule 9.22 of Listing Requirements.

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

A2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted as disclosed in the Group's annual audited financial statements for the year ended 31 December 2024.

Adoption of new or revised MFRSs

The Group and the Company have applied the following standards, amendments to published standards and IC Interpretation approved by Malaysian Accounting Standards Board ("MASB") for the first time for the financial year beginning on 1 January 2025:

- Amendments to MFRS 121: Lack of Exchangeability

The adoption of the above MFRSs, amendments to published standards and IC Interpretation did not have any material impact on the current and prior year financial statements of the Group and of the Company.

Standards issued but not yet effective

The following are MFRSs, Amendments to MFRSs and IC Interpretations with effective dates on or after 1 January 2026 issued by MASB and they have not been early adopted by the Group. The Group intends to adopt these new standards, amendments to the published standards and interpretations, if applicable, when they become effective.

(a) MFRS and amendments effective for financial period beginning on or after 1 January 2026

- MFRS 18 Presentation and Disclosure in Financial Statements
- MFRS 19 Subsidiaries without Public Accountability: Disclosures
- Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments
- Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity
- Annual Improvements to MFRS Accounting Standards – Volume 11

(b) Amendments effective for a date yet to be confirmed

- Amendments to MFRS 10 and MFRS 128*:* Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The initial application of the MFRSs and amendments to the published standards and interpretations is not expected to have any material impact on the financial statements of the Group and of the Company.

A3. AUDITORS' REPORT

The audited financial statements for the financial year ended 31 December 2024 was not subject to any qualification.

A4. SEASONAL OR CYCLICAL FACTORS

Our operations are not significantly affected by seasonal or cyclical patterns as our furniture products are exported to several regions globally, where the differing sales and promotion period of furniture sales in different regions allow us to benefit from consistent sales throughout the year.

A5. EXTRAORDINARY AND EXCEPTIONAL ITEMS

There were no extraordinary and exceptional items of unusual nature affecting assets, liabilities, equity, net income, or cash flows during the current financial quarter under review.

A6. MATERIAL CHANGES IN ESTIMATES OF AMOUNTS REPORTED

There were no material changes in estimates of amounts reported in prior interim periods or prior financial year that have a material effect during the current financial quarter under review.

A7. CHANGES IN DEBT AND EQUITY SECURITIES

There were no issuances, cancellation, repurchase, resale or repayment of debt and/or equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares during the current financial quarter under review.

Type of Securities	As at 01.10.2025	Allotment	Conversion	As at 31.12.2025
Ordinary shares	415,691,400	-	-	415,691,400

A8. DIVIDENDS PAID

There were no dividends paid for the current financial quarter under review.

A9. SEGMENTAL INFORMATION

For management purposes, majority of the operations of the Group is involved in the manufacturing of office and household furniture. There were no separate business units for the purpose of making decisions about resource allocation and performance assessment by the Managing Director.

The Group operates only in Malaysia hence there is no disclosure of geographical segments on the non-current assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

The following table provides an analysis of the Group's revenue by geographical segment:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.12.2025	**31.12.2024**	**31.12.2025**	**31.12.2024**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Middle East	11,332	6,519	36,857	38,409
Asia Pacific	824	1,085	3,160	4,310
North America and Latin America	701	528	2,962	3,877
Europe	782	771	2,752	1,915
Africa	360	286	360	832
Oceania	110	109	224	229
Total	**14,109**	**9,298**	**46,315**	**49,572**

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

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

A11. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE CURRENT FINANCIAL QUARTER

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

A12. CHANGES IN THE COMPOSITION OF THE GROUP

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

A13. CHANGES IN CONTINGENT LIABILITIES/ASSETS

As at the date of this report, the Group has contingent liabilities as follows:

	RM'000
Corporate guarantees for credit facilities granted to subsidiaries (unsecured)	14,053

A14. CAPITAL COMMITMENTS

The material capital commitments of the Group as at 31 December 2025 are as follows:

	As at 31.12.2025 RM'000	As at 31.12.2024 RM'000
Authorised and Contracted for:		
Purchase of property, plant and equipment	10	256
	10	**256**

A15. RELATED PARTY TRANSACTIONS

(i) **Spring Art Industries Sdn. Bhd. and Kejora Bitara Sdn. Bhd.**

Kejora Bitara Sdn. Bhd. is a company in which Datuk Lim Kok Eng and Datin Kwan Chian Poh have interest.

	Transaction value	
	As at 31.12.2025 RM'000	As at 31.12.2024 RM'000
Nature of transaction:		
• Rental payable by Spring Art Industries Sdn. Bhd. to Kejora Bitara Sdn. Bhd. in respect of the rental of office and factory (1)	353	147

Note:

(1) Spring Art Industries Sdn. Bhd. entered into a tenancy agreement dated 15 August 2024 with Kejora Bitara Sdn. Bhd. for the rental of an office and factory space located at No. K45, Jalan Rami 3, Kawasan Perindustrian Bukit Pasir, 84300 Muar, Johor for a period commencing from 15 August 2024 to 14 August 2027.

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PART B - EXPLANATORY NOTES PURSUANT TO CHAPTER 9, APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1. PERFORMANCE REVIEW

- **Results for current quarter and financial year-to-date**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current Year Quarter 31.12.2025 RM'000	Preceding Year Corresponding Quarter 31.12.2024 RM'000	+/- %	Current Year-To-Date 31.12.2025 RM'000	Preceding Year Corresponding Period 31.12.2024 RM'000	+/- %
Revenue	14,109	9,298	51.7	46,315	49,572	(6.6)
PBT / (LBT)	1,211	676	79.1	(315)	6,719	(104.7)

The Group recorded revenue of RM14.11 million for the current financial quarter ended 31 December 2025 ("Q4 2025"), an increase of 51.7% as compared to the preceding year corresponding quarter ended 31 December 2024 ("Q4 2024").

The increase in revenue was mainly due to higher demand from the Middle East driven by robust consumer spending in anticipation of the Hari Raya festivities.

The Group's PBT increased by 79.1% from RM0.68 million in Q4 2024 to RM1.21 million in Q4 2025. The increase in profit before tax was mainly due to sales went up and better production efficiency, resulting in better absorption of fixed factory overhead. Although the US Dollar weakened against the Malaysian Ringgit and reduced the value of foreign sales when converted, overall performance remained resilient.

B2. COMPARISON WITH IMMEDIATE PRECEDING QUARTER RESULTS

	INDIVIDUAL QUARTER		CHANGES	
	Current Year Quarter 31.12.2025 RM'000	Preceding Quarter 30.09.2025 RM'000	RM'000	%
Revenue	14,109	8,758	5,351	61.1
PBT / (LBT)	1,211	(1,706)	2,917	(171.0)

The Group recorded revenue of RM14.11 million in Q4 2025 as compared to RM8.76 million recorded in the preceding quarter ended 30 September 2025 ("Q3 2025"), it was a increase of RM5.35 million during current financial quarter.

The revenue contribution from customers in the Middle East, Asia Pacific, North America and Latin America increased in Q4 2025 compared to Q3 2025, primarily due to stronger demand for bedroom furniture.

B3. PROSPECT AND OUTLOOK FOR THE CURRENT FINANCIAL YEAR

The outlook for the global furniture industry in 2026 remains cautiously positive, supported by ongoing product innovation and the continued expansion of e-commerce channels. Nevertheless, the industry continues to face cost pressures, currency fluctuations and broader geopolitical uncertainties which may affect overall market sentiment.

In response to these developments, the Group remains committed to strengthening its position in the global furniture market through operational excellence and continuous innovation. Our transformation initiatives focus on improving production efficiency, enhancing and refining our product offerings to better meet evolving customer preferences, and advancing automation to increase precision, scalability and cost competitiveness.

To navigate market challenges, the Group will leverage its core strengths, diversify its market presence and implement prudent cost management measures to mitigate financial impact. Expanding our international footprint remains a priority through participation in international trade fairs, the introduction of innovative designs and proactive exploration of new sales opportunities to broaden and retain our customer base.

Notwithstanding the external uncertainties, the Group remains focused on strengthening financial performance for the financial year ending 31 December 2026 while building a resilient foundation for sustainable long-term growth. The Board will continue to closely monitor market developments and adapt strategies prudently to maintain competitiveness and resilience.

B4. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

The Group did not issue any profit forecast or profit guarantee during the current financial quarter under review.

B5. INCOME TAX EXPENSE/(CREDIT)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM'000	RM'000	RM'000	RM'000
Current tax expense/(credit)	83	(1,266)	350	97
Deferred tax expense/(credit)	338	(2,944)	124	(2,618)
Total tax expense/(credit)	**421**	**(4,210)**	**474**	**(2,521)**

B6. STATUS OF CORPORATE PROPOSALS

There were no other corporate proposals announced but not completed for the current financial quarter under review.

B7. GROUP'S BORROWINGS AND DEBT SECURITIES

The Group's borrowings are as follows:

	As At 31.12.2025 RM'000	As At 31.12.2024 RM'000
Non-current :		
Hire purchase payable	1,912	2,470
Term loans	10,361	12,435
	12,273	14,905
Current :		
Hire purchase payable	563	530
Term loans	1,217	1,350
	1,780	1,880
Total borrowings	**14,053**	**16,785**

All the Group's borrowings are secured and denominated in Ringgit Malaysia.

B8. FINANCIAL INSTRUMENTS - DERIVATIVES

The Group uses derivative financial instruments, mainly foreign currency forward contracts to hedge its exposure to fluctuations in foreign exchange arising from sales. The Group does not hold or issue derivative financial instruments for trading purposes.

The details of the outstanding foreign currency forward contracts are as follows: -

	NOTIONAL AMOUNT AS AT		FAIR VALUE (GAIN) / LOSS AS AT	
	31.12.2025 RM'000	31.12.2024 RM'000	31.12.2025 RM'000	31.12.2024 RM'000
Foreign currency contracts				
Less than one year	2,686	2,682	(110)	67

The above instruments are executed with credit worthy financial institutions in Malaysia. The Directors are of the view that the possibility of non-performance by these financial institutions is remote on the basis of their financial strength. There are also no cash requirements risks as the Group only uses foreign currency forward contracts as its hedging instruments. The fair value changes have been recognised in the profit and loss.

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B9. MATERIAL LITIGATION

There were no material litigation involving the Group as at 31 December 2025.

B10. DIVIDEND

No dividend has been proposed for the current quarter under review.

B11. DISCLOSURE ON SELECTED EXPENSE / INCOME ITEMS AS REQUIRED BY THE LISTING REQUIREMENTS

Profit / (loss) before tax is arrived after charging / (crediting): -

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.12.2025 RM'000	31.12.2024 RM'000	31.12.2025 RM'000	31.12.2024 RM'000
Depreciation of property, plant and equipment	1,094	938	4,495	2,482
Depreciation of right-of-use assets	153	181	613	418
Fair value (gain) / loss on derivative financial instruments	(46)	279	(110)	67
Write down of inventories	308	41	308	41
Gain on disposal of property,plant and equipment	-	-	-	(120)
Loss / (Gain) on foreign exchange				
Realised	485	445	580	572
Unrealised	93	(246)	135	(354)
Interest income	(105)	(158)	(424)	(578)
Finance costs	210	170	700	617

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B12. EARNINGS / (LOSS) PER SHARE

Basic earnings per share

Basic earnings / (loss) per share amount are calculated by dividing the profit / (loss) attributable to Owners of the Parent by the weighted average number of ordinary shares outstanding during the period.

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	31.12.2025	**31.12.2024**	**31.12.2025**	**31.12.2024**
Profit / (Loss) after tax attributable to owners of the Company (RM'000)	790	4,886	(789)	9,240
Weighted average number of ordinary shares in issue ('000) **(a)**	415,691	415,691	415,691	415,691
Basic earnings / (loss) per share (sen)	**0.19**	**1.18**	**(0.19)**	**2.22**
Profit / (Loss) after tax attributable to owners of the Company (RM'000)	790	4,886	(789)	9,240
Weighted average number of ordinary shares for diluted earnings / (loss) per ordinary share computation ('000) **(b)**	415,691	415,691	415,691	415,691
Diluted earnings / (loss) per share (sen)	**0.19**	**1.18**	**(0.19)**	**2.22**

Notes:

(a) Basic earnings / (loss) per share is calculated based on the Company's number of ordinary shares at the end of the reporting period which is 415,691,400 shares.

(b) The diluted earnings / (loss) per share is equal to the basic earnings / (loss) per share because there were no potential ordinary shares as at the end of the reporting period.

Board of Directors
Spring Art Holdings Berhad
25th February 2026