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TSA GROUP BERHAD
(Registration No. 202201010003 (1455700-A))
(Incorporated in Malaysia under the Companies Act 2016)

Interim Financial Report
For the Fourth Quarter Ended 31 December 2025

TSA GROUP BERHAD

202201010003 (1455700-A)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2025

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2025

	Note	Individual Quarter 3 months ended 31 December		Cumulative Quarter 12 months ended 31 December	
		2025 RM ’000	2024 RM ’000	2025 RM ’000	2024 RM ’000
Revenue	A9	68,725	76,907	262,076	290,691
Cost of sales		(54,448)	(61,034)	(203,187)	(230,050)
Gross profit (“**GP**”)		14,277	15,873	58,889	60,641
Other income		1,526	(2,043)	7,211	8,906
Administrative expenses		(5,456)	(4,656)	(20,063)	(19,645)
Distribution expenses		(3,146)	(3,183)	(11,875)	(12,795)
Finance costs		(908)	(1,149)	(3,584)	(4,515)
Other expenses		(1,792)	(98)	(7,123)	(6,789)
Net reversal on impairment loss/(impairment loss) on financial assets		(5)	251	92	(1,622)
Profit before tax (“**PBT**”)	B14	4,496	4,995	23,547	24,181
Tax expense	B5	(1,522)	(1,418)	(7,399)	(6,521)
Profit after tax (“PAT”)		**2,974**	**3,577**	**16,148**	**17,660**
Other comprehensive income					
Item that will be reclassified subsequently to profit and loss					
Foreign currency translation differences		(449)	282	(549)	(837)
Total comprehensive income		**2,525**	**3,859**	**15,599**	**16,823**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2025 (CONTINUED)

		Individual Quarter 3 months ended 31 December		Cumulative Quarter 12 months ended 31 December	
	Note	2025 RM '000	2024 RM '000	2025 RM '000	2024 RM '000
PAT attributable to:					
- Owners of the Company		2,902	3,473	16,062	17,484
- Non-controlling interest		72	104	86	176
		2,974	**3,577**	**16,148**	**17,660**
Total comprehensive income attributed to:					
- Owners of the Company		2,543	3,695	15,623	16,815
- Non-controlling interest		(18)	164	(24)	8
		2,525	**3,859**	**15,599**	**16,823**
Earnings per share (sen)					
Basic/Diluted	B13	**0.94**	**1.12**	**5.19**	**5.78**[(1)]

Note:

(1) Basic earnings per share ("**EPS**") is computed based on profit attributable to owners of the Company divided by weighted average number of ordinary shares of the Company after the completion of the initial public offering ("**IPO**") of the Company on 2 February 2024 with the issuance of 77,325,000 new ordinary shares.

The basis of preparation of Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2024 and the accompanying explanatory notes attached to this interim financial report.

TSA GROUP BERHAD
202201010003 (1455700-A)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2025

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025

	Note	Unaudited 31.12.2025 RM '000	Audited 31.12.2024 RM '000
Non-current assets			
Property, plant and equipment		42,822	39,946
Right-of-use assets		14,470	15,025
Intangible asset		3,864	-
Deferred tax assets		636	1,195
Total non-current assets		**61,792**	**56,166**
Current assets			
Inventories		60,801	73,130
Trade receivables		57,986	66,424
Other receivables, deposit and prepayment		16,870	8,990
Contract assets		4,800	-
Amount owing by a related party		-	569
Short term investment		29,921	20,072
Derivative assets	B10	-	842
Fixed deposits with licensed banks		579	566
Cash and bank balances		23,648	50,482
Total current assets		**194,605**	**221,075**
Total assets		**256,397**	**277,241**
Equity			
Share capital		160,732	160,732
Reserves		24,283	21,032
		185,015	181,764
Non-controlling interest		2,656	2,778
Total equity		**187,671**	**184,542**
Non-current liabilities			
Contract liabilities		173	-
Other payables		2,964	-
Lease liabilities		704	1,082
Borrowings	B9	7,699	8,717
Deferred tax liabilities		1,684	1,802
Total non-current liabilities		**13,224**	**11,601**

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2025 (CONTINUED)

	Note	Unaudited 31.12.2025 RM '000	Audited 31.12.2024 RM '000
Current Liabilities			
Trade payables		5,523	6,648
Contract liabilities		264	-
Other payables and accruals		9,538	8,325
Dividend payables		95	197
Lease liabilities		1,367	1,355
Derivative liabilities	B10	582	-
Borrowings	B9	36,470	62,878
Current tax liabilities		1,663	1,695
Total current liabilities		**55,502**	**81,098**
Total liabilities		**68,726**	**92,699**
Total equity and liabilities		**256,397**	**277,241**
Number of ordinary shares ('000)		**309,300**	**309,300**
Net assets per ordinary share attributable to owners of the Company (RM)		**0.60**	**0.59**

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

TSA GROUP BERHAD

202201010003 (1455700-A)
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INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2025

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2025

	Share capital RM ’000	Translation Reserve RM ’000	Reorganisation Deficit RM ’000	Retained Profits RM ’000	Attributable to Owners of the Company RM ’000	Non-controlling interest RM ’000	Total Equity RM ’000
As 1 January 2024	120,000	1,414	(115,000)	133,268	139,682	3,247	142,929
PAT for the financial year	-	-	-	17,484	17,484	176	17,660
Other comprehensive income for financial year							
- Foreign currency translation differences	-	(669)	-	-	(669)	(168)	(837)
Total comprehensive income for financial year	-	(669)	-	17,484	16,815	8	16,823
Issuance of ordinary shares pursuant to the IPO	42,529	-	-	-	42,529	-	42,529
Less: Share issuance expenses pursuant to the IPO	(1,797)	-	-	-	(1,797)	-	(1,797)
Distribution to owners of the Company:							
- by the company	-	-	-	(15,465)	(15,465)	-	(15,465)
- by a subsidiary to non-controlling interest	-	-	-	-	-	(477)	(477)
As at 31 December 2024	160,732	745	(115,000)	135,287	181,764	2,778	184,542

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2025 (CONTINUED)

	Share capital RM '000	Translation Reserve RM '000	Reorganisation Deficit RM '000	Retained Profits RM '000	Attributable to Owners of the Company RM '000	Non-controlling interest RM '000	Total Equity RM '000
As 1 January 2025	160,732	745	(115,000)	135,287	181,764	2,778	184,542
PAT for the financial year	-	-	-	16,062	16,062	86	16,148
Other comprehensive income for financial year							
- Foreign currency translation differences	-	(439)	-	-	(439)	(110)	(549)
Total comprehensive income for financial year	-	(439)	-	16,062	15,623	(24)	15,599
Distribution to owners of the Company:							
- by the company	-	-	-	(12,372)	(12,372)	-	(12,372)
- by a subsidiary to non-controlling interest	-	-	-	-	-	(98)	(98)
As at 31 December 2025	160,732	306	(115,000)	138,977	185,015	2,656	187,671

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2024 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2025

	12-months ended 31 December 2025 RM '000	12-months ended 31 December 2024 RM '000
CASH FLOWS FROM OPERATING ACTIVITIES		
PBT:	23,547	24,181
Adjustments for:		
Amortisation of intangible asset	351	-
Bad debts recovered	(2)	(87)
Bad debts written off	86	-
Depreciation:		
- property, plant and equipment	2,102	1,854
- right-of-use assets	1,837	1,748
Fair value loss/(gain) on derivatives	1,424	(1,131)
Gain on disposal of property, plant and equipment	(147)	-
Interest expenses	3,584	4,515
Interest income	(1,900)	(1,880)
Inventories written (back)/down	(1,548)	638
Impairment losses on:		
- trade receivables	459	1,641
Reversal of impairment losses on:		
- trade receivables	(551)	(19)
Unrealised (gain)/loss on foreign exchange	(1,724)	3,616
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**27,518**	**35,076**
Decrease/(Increase) in inventories	13,455	(15,124)
Decrease in trade and other receivables	294	8,355
Increase in contract assets	(4,800)	-
(Decrease)/Increase in trade and other payables	(1,563)	127
Increase in contract liabilities	438	-
Decrease/(Increase) in amount owing by a related party	569	(317)
OPERATING PROFIT AFTER WORKING CAPITAL CHANGES	**35,911**	**28,117**
Interest paid	(3,147)	(3,735)
Interest received	1,900	1,880
Income tax paid	(7,105)	(5,476)
Income tax refunded	117	137
NET CASH FROM OPERATING ACTIVITIES	**27,676**	**20,923**

UNAUDITED COMBINED AND CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2025 (CONTINUED)

	12-months ended 31 December 2025 RM '000	12-months ended 31 December 2024 RM '000
CASH FLOWS FOR INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(5,075)	(1,213)
Proceeds from disposal of property, plant and equipment	215	-
Increase in deposit pledged with finance institution	(13)	(13)
NET CASH FOR INVESTING ACTIVITIES	**(4,873)**	**(1,226)**
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES		
Dividends paid	(12,569)	(15,745)
Repayment of lease liabilities	(1,628)	(1,559)
Net drawdown/(repayment) of hire purchases	143	(318)
Net repayment of term loans	(1,176)	(1,172)
Net (repayment)/drawdown of onshore foreign currency loan	(29,451)	13,911
Net drawdown of structured and trade commodity financing	5,283	5,470
Net repayment of banker's acceptances	-	(8,734)
Payment of share issuance expenses	-	(1,797)
Proceeds from issuance of ordinary shares	-	42,529
NET CASH (FOR)/FROM FINANCING ACTIVITIES	**(39,398)**	**32,585**
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(16,595)	52,282
EFFECTS OF FOREIGN EXCHANGE TRANSLATION	(390)	(481)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR	70,554	18,753
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	**53,569**	**70,554**

The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2024 and the accompanying explanatory notes attached to this interim financial report.

PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") NO 134 – INTERIM FINANCIAL REPORTING

A1. Basis of preparation

This unaudited interim financial report of TSA Group Berhad ("**Company**") and its subsidiaries ("**Group**") have been prepared in accordance with the applicable disclosure provisions of Paragraph 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**") and in compliance with Malaysian Financial Reporting Standards "MFRS 134, *Interim Financial Reporting*".

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

A2. Accounting policies

The unaudited condensed consolidated interim financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards ("**MFRS**"), International Financial Reporting Standards ("**IFRS**") and the requirements of the Companies Act, 2016 in Malaysia.

The Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any) issued by the Malaysian Accounting Standard Board ("**MASB**") which becomes effective for the annual year beginning on or after 1 January 2025.

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	**Effective Date**
Amendments to MFRS 121: Lack of Exchangeability	1 January 2025

The adoption of the above accounting standards and/or interpretations (including the consequential amendments if any) did not have any material impact on the Group's financial statements.

PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") NO 134 – INTERIM FINANCIAL REPORTING (CONTINUED)

A2. Accounting policies (continued)

The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the financial year ended 31 December 2025:-

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
MFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to MFRS 9 and MFRS 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to MFRS 9 and MFRS 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
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
Annual Improvements to MFRS Accounting Standards – Volume 11	1 January 2026

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

MFRS 18 Presentation and Disclosure in Financial Statements

MFRS 18 'Presentation and Disclosure in Financial Statements' will replace MFRS 101 'Presentation of Financial Statements' upon its adoption. This new standard aims to enhance the transparency and comparability of financial information by introducing new disclosure requirements. Specifically, it requires that income and expenses be classified into 3 defined categories: "operating", "investing" and "financing" and introduces 2 new subtotals: "operating profit or loss" and "profit or loss before financing and income tax". In addition, MFRS 18 requires the disclosure of management-defined performance measures and sets out principles for the aggregation and disaggregation of information, which will apply to all primary financial statements and the accompanying notes. The statement of financial position and the statement of cash flows will also be affected. The potential impact of the new standard on the financial statements of the Group and of the Company has 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 31 December 2024.

PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) NO 134 – INTERIM FINANCIAL REPORTING (CONTINUED)

A4. Seasonal or cyclical factors

The business operation of the Group has not been materially affected by any unusual seasonal or cyclical factors for the current quarter and the financial year under review.

A5. Unusual and material items

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

A6. Material changes in estimates

There were no material changes in estimates that have a material effect on the results of the Group for the current quarter and financial year under review.

A7. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the current quarter and the financial year under review.

A8. Dividends Paid

During the financial year ended ("**FYE**") 31 December 2025, the Group paid the following dividends:

a) A final single tier dividend of 1 sen per ordinary share amounting to RM3,093,000 in respect of the financial year ended 31 December 2024, which was paid on 26 March 2025.

b) An interim single tier dividend of 1 sen per ordinary share amounting to RM3,093,000 in respect of the financial year ended 31 December 2025, which was paid on 20 June 2025.

c) An interim single tier dividend of 1 sen per ordinary share amounting to RM3,093,000 in respect of the financial year ended 31 December 2025, which was paid on 24 September 2025.

d) An interim single tier dividend of 1 sen per ordinary share amounting to RM3,093,000 in respect of the financial year ended 31 December 2025, which was paid on 30 December 2025.

PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") NO 134 – INTERIM FINANCIAL REPORTING (CONTINUED)

A9. Segment Reporting

The Group operates predominantly in one business segment i.e. trading in stainless steel and other metal products; and manufacturing of stainless-steel pipes. Accordingly, the information by business segment is not presented.

Geographical Market

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

	Individual Quarter 3 months ended 31 December				Cumulative Quarter 12 months ended 31 December			
	2025 RM '000	%	2024 RM '000	%	2025 RM '000	%	2024 RM '000	%
Revenue:								
- Malaysia	58,865	85.7	64,025	83.2	226,363	86.4	239,058	82.2
- Outside Malaysia	9,860	14.3	12,882	16.8	35,713	13.6	51,633	17.8
	68,725	**100.0**	**76,907**	**100.0**	**262,076**	**100.0**	**290,691**	**100.0**

A10. Contingent liabilities and contingent assets

There were no contingent liabilities and contingent assets in the Group during the current quarter and the financial year under review.

PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) NO 134 – INTERIM FINANCIAL REPORTING (CONTINUED)

A11. Capital commitments

	As at 31 December 2025
	RM ’000
Approved and contracted for	
Purchase of machineries	14,976
Contracted consultant	318
Contracted contractor	1,999
	17,293

A12. Significant related party transactions

The significant related party transactions with the Group in which certain Directors/shareholders have interest are as shown below:

	Individual Quarter 3 months ended 31 December		Cumulative Quarter 12 months ended 31 December	
	2025	2024	2025	2024
	RM ’000	RM ’000	RM ’000	RM ’000
Sales	33	82	466	860
Purchases	3	4	23	16
Rental expenses	-	5	-	18

A13. Fair value of financial liabilities

There was no gain or loss arising from fair value changes of the Group's financial liabilities as the financial liabilities are not carried at fair value for the current quarter and financial year under review.

PART A: SELECTED EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") NO 134 – INTERIM FINANCIAL REPORTING (CONTINUED)

A14. Material events subsequent to the end of the reporting period

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

A15. Changes in composition of the Group

On 4 March 2025, TSA Quarry Sdn Bhd, a wholly owned subsidiary of TSA Industries Sdn. Bhd. ("**TSA Industries**") was incorporated.

Save for the above, there were no other changes in the composition of the Group during the current financial quarter and financial year under review.

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

B1. Review of performance

	Current Quarter				Year-To-Date-Ended (YTD)			
	31.12.2025	31.12.2024	Variance		31.12.2025	31.12.2024	Variance	
	RM '000	RM '000	RM '000	%	RM '000	RM '000	RM '000	%
Revenue	68,725	76,907	(8,182)	(10.6)	262,076	290,691	(28,615)	(9.8)
GP	14,277	15,873	(1,596)	(10.1)	58,889	60,641	(1,752)	(2.9)
PBT	4,496	4,995	(499)	(10.0)	23,547	24,181	(634)	(2.6)
PAT	2,974	3,577	(603)	(16.9)	16,148	17,660	(1,512)	(8.6)

4Q2025 vs 4Q2024

The Group recorded a revenue of RM68.7 million in the fourth quarter of 2025, representing a decrease of RM8.2 million or 10.6% compared to RM76.9 million in the same quarter of the preceding year. The decline was mainly due to lower average selling prices and softer market demand.

The Group recorded a lower PBT of RM4.5 million in the fourth quarter of 2025, a decrease of RM0.5 million or 10.0% compared to RM5.0 million in the same quarter of 2024. The decline was mainly attributable to a reduction in gross profit of RM1.6 million, higher administrative expenses of RM0.8 million and increase in other expenses of RM1.7 million mainly arising from foreign exchange movement, partially offset by an increase in other income of RM3.6 million.

FYE 2025 vs FYE 2024

For the cumulative twelve months FYE 31 December 2025, the Group recorded revenue of RM262.1 million, comprising RM226.4 million (86.4%) from the Malaysian market and RM35.7 million (13.6%) from sales outside the Malaysian market. This represents a decrease in revenue of RM28.6 million (9.8%) compared to RM290.7 million in the corresponding year ended 31 December 2024, primarily due to lower average selling prices and softer market demand.

The Group's PBT declined to RM23.5 million compared to RM24.2 million for the FYE 31 December 2024. The slight decrease was mainly attributable to a reduction in gross profit of RM1.8 million and a reduction in other income of RM1.7 million which including the absence of a one-off recovery of monies from legal case of RM3.2 million recorded in the prior financial year. In addition, higher administrative expenses of RM0.4 million and other expenses of RM0.3 million also contributed to the decrease. This impact was partially mitigated by reduced impairment losses on financial assets of RM1.7 million, lower finance costs of RM0.9 million, and lower selling and distribution expenses of RM0.9 million.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B2. Comparison with the preceding quarter results

4Q2025 vs 3Q2025

	Current Quarter 31.12.2025	Preceding Quarter 30.9.2025	Variances	
	RM '000	RM '000	RM '000	%
Revenue	68,725	67,529	1,196	1.8
GP	14,277	14,074	203	1.4
PBT	4,496	5,253	(757)	(14.4)
PAT	2,974	2,923	51	1.7

The Group's revenue for the current financial quarter increased by RM1.2 million or 1.8%, to RM68.7 million, compared to RM67.5 million in the preceding quarter. Gross profit rose marginally by RM0.2 million or 1.4%, to RM14.3 million from RM14.1 million in the preceding quarter, attributable to a slightly lower gross profit margin recorded during the current quarter.

Consequently, the Group's PBT in the fourth quarter stood at RM4.5 million, representing a decrease of RM0.8 million or 14.4% from RM5.3 million in the preceding quarter. The decline was primarily driven by higher other expenses, notably the increase in fair value loss on derivatives.

B3. Prospects

The Group remains committed to expand its core business in the trading of stainless steel and other metal products, and the manufacturing of stainless-steel pipes.

The earthworks for the construction of the manufacturing premise in Semenyih have been completed and the main building work is scheduled to commence in March 2026.

The stainless steel industry is dependent on demand from among others, the manufacturing sector and construction industry. Global economic conditions have a significant impact on both the demand and the pricing of stainless steel and other metal commodities.

The Group continues to explore new markets and new growth opportunities. In August 2025, TSA Quarry Sdn Bhd through a Joint Operation and Sole Distribution Agreement entered into the granite quarrying sector. Whilst the Group acknowledges uncertainties remain, we will continue to adopt a cautious and flexible approach in navigating the evolving business landscape.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B4. Variance of actual profits vs profit forecast

Not applicable as there were no profit forecast and profit guarantee published in the current financial quarter under review.

B5. Income tax expense

The breakdown of income tax expenses are as follows:

	Individual Quarter 3 months ended 31 December		Cumulative Quarter 12 months ended 31 December	
	2025 RM '000	**2024 RM '000**	**2025 RM '000**	**2024 RM '000**
Tax expenses				
- Current year	1,729	1,563	6,533	6,825
- Prior year	44	(127)	424	(253)
Deferred tax expenses	(251)	(18)	442	(51)
	1,522	1,418	7,399	6,521
Effective tax rate (%)	34%	28%	31%	27%

The Group's effective tax rate for the current quarter and the FYE 31 December 2025 was 34% and 31% respectively, higher than the statutory tax rate of 24%. The primary reason for the higher effective tax rate which was partly due to expenditure incurred by pre-operational expenditures for the new quarry venture. In addition, under-provision of prior year's tax expenses and non-deductible expenses, including finance costs and professional fees.

B6. Investment in quoted securities

There was no purchase or disposal of any quoted securities during the financial reporting period under review.

B7. Status of corporate proposals

There are no corporate proposals announced by the Group but not completed as at the date of this interim financial report.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B8. Utilisation of proceeds from the Public Issue

The gross proceeds from the public issue amounting to RM42.53 million and the status of utilisation of proceeds as at 31 December 2025 is as follows:

Utilisation of proceeds(1)	Proposed utilisation	Actual utilisation	Balance	Estimated timeframe for utilisation from the date of the Listing
	RM '000	RM '000	RM '000	
Capital expenditure for the establishment of Semenyih Manufacturing Premises	5,100	5,100	-	Within 24 months
Working capital	12,329	12,329	-	Within 36 months
Repayment of bank borrowings	20,000	20,000	-	Within 5 months
Estimated listing expenses	5,100	5,100	-	Within 1 month
Total	**42,529**	**42,529**	**-**	

Note:
(1) The utilisation of the proceeds as disclosed above should be read in conjunction with the Prospectus dated 27 December 2023.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B9. Group borrowings and debt securities

	As at 31 December 2025 Denominated in			
	RM	**USD**	**SGD**	**Total**
	RM ’000	**RM ’000**	**RM ’000**	**RM ’000**
Non-current				
Term loans	7,070	-	-	7,070
Hire purchase	225	-	404	629
	7,295	-	404	7,699
Current				
Term loan	1,220	-	-	1,220
Onshore foreign currency loan	-	20,803	-	20,803
Structured and trade commodity financing	-	14,210	-	14,210
Hire purchase	142	-	95	237
	1,362	35,013	95	36,470
Total	**8,657**	**35,013**	**499**	**44,169**

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B9. Group borrowings and debt securities (continued)

	As at 31 December 2024 Denominated in			
	RM RM '000	**USD RM '000**	**SGD RM '000**	**Total RM '000**
Non-current				
Term loans	8,256	-	-	8,256
Hire purchase	366	-	95	461
	8,622	-	95	8,717
Current				
Term loan	1,219	-	-	1,219
Onshore foreign currency loan	-	52,038	-	52,038
Structured and trade commodity financing	-	9,359	-	9,359
Hire purchase	155	-	107	262
	1,374	61,397	107	62,878
Total	**9,996**	**61,397**	**202**	**71,595**

All the above borrowings of the Group are secured by the following:
i) A legal charge over a piece of industrial leasehold land;
ii) Assignment of life assurance policy of a director; and
iii) Corporate guarantee of the Company.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B10. Derivative financial instruments

As at 31 December 2025, the Group has the following outstanding derivatives financial instruments:

Foreign Currency Forward Contracts

	Principal or Notional Amount	Fair Value	
		Assets	Liabilities
	RM '000	RM '000	RM '000
Less than 1 year	27,026	-	582

The purpose of entering into foreign currency forward contracts is to minimise the impact of unfavorable movement in exchange rate in the trade payables and expected purchases denominated in United States Dollar. There are no cash requirements for these contracts.

The market risk posed by the Group's foreign currency forward contracts depends on the economic changes that impact market prices. As the exchange rate is pre-determined under such contracts, the market risk in these instruments is not significant. The foreign currency forward contracts are transacted with the Group's bankers and the credit risk for non-performance by the counterparty in these instruments is minimal. There are no changes to the type of derivative financial instruments entered into, risk associated with the derivatives and the Group's financial risk management objectives and policies in managing these derivatives financial instruments and their related accounting policies.

The fair value derivative liabilities amounting to RM581,674 has been recognised in the financial statements.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B11. Material litigations

Save as disclosed below, the Group is not involved in any other material litigation or arbitration, either as plaintiff or defendant, which may have a material adverse effect on the business or financial position of the Group.

(a) High Court of Shah Alam, Originating Summons No.: BA-24NCvC-1131-09/2021

TSA Industries Sdn Bhd ("Plaintiff")
-v-
1. Alliance Bank Malaysia Bhd;
2. RHB Bank Bhd;
3. HSBC Bank Malaysia Bhd; and
4. Public Bank Bhd,

(Alliance Bank Malaysia Bhd, RHB Bank Bhd, HSBC Bank Malaysia Bhd and Public Bank Bhd are collectively referred to as "Defendants")

On 24 September 2021, a discovery application ("**Discovery Application**") was commenced, on behalf of TSA Industries, against the Defendants to trace the misappropriated funds which were transferred into Entrust Marketing's account (held in Alliance Bank Malaysia Bhd) belonging to Teoh Nam Hooi, who is the brother of Teoh Lai Kin. The objective of tracing the funds is towards facilitation of the assertion of TSA Industries' right over the misappropriated funds. The estimated claim for the misappropriated sums is RM7,843,334.

The Discovery Application was completed.

The instructing solicitors acting for TSA Industries commenced execution proceedings following the decision by the High Court in the civil suit set out in note B11(b).

(b) High Court of Shah Alam, Civil Suit No.: BA-22NCvC-89-02/2017

TSA Industries ("Plaintiff")
-v-
1. Teoh Lai Kin ("First Defendant");
2. Teoh Nam Hooi ("Second Defendant");
3. Chow Yew Fye ("Third Defendant");
4. Jennifer Yen Lean Hwa ("Fourth Defendant");
5. Teoh Lai Foong ("Fifth Defendant"); and
6. Standard Chartered Bank Malaysia Berhad ("Sixth Defendant")

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B11. Material litigations (continued)

On 15 February 2017, this civil suit was commenced by TSA Industries, against the Defendants for the unauthorised transfers of monies from TSA Industries' bank account maintained with the Sixth Defendant to the Second Defendant's bank account.

Between 2003 and 2016, the First Defendant was employed as accounts executive by TSA Industries. It is contended that the transfers were effected by way of 79 letters of instruction forged by the First Defendant for the benefit of the First to Fifth Defendants.

TSA Industries claimed against the First to Sixth Defendants for, amongst others, the sum of RM31,784,100.98 or such other sum as the Court deems fit and just.

TSA Industries also claimed against the Sixth Defendant, amongst others, a declaration that the Sixth Defendant is not entitled to debit TSA Industries' current account with the sum of RM31,935,688.60 together with interest.

On 9 December 2022, the Court ordered as follows:

(a) TSA Industries' claim against the First to Fifth Defendants is allowed with costs of RM150,000.00 to be paid by the First to Fifth Defendants to TSA Industries; and

(b) TSA Industries' claim against the Sixth Defendant is dismissed with costs of RM150,000.00 to be paid by TSA Industries to the Sixth Defendant. Such costs of RM150,000.00 is inclusive of all other previous costs orders between TSA Industries and the Sixth Defendant which were made as costs in the cause.

On 27 December 2022, an appeal was filed in the Court of Appeal (B-02(NCvC)(W)-2432-12/2022) ("**Appeal**") against the decision of the Court in relation to the Sixth Defendant. On 17 September 2025, this case was dismissed with cost of RM30,000 and TSA Industries has 30 days to apply for leave to appeal to Federal Court. TSA Industries has filed the appeal to Federal Court on 16 October 2025. On 26 January 2026, TSA Industries has filed a Notice of Discontinuance to appeal to Federal Court (08(f)-376-10/2025(B)) with cost of RM5,000.00 to be paid by TSA Industries. Accordingly, the suit has been discontinued.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B11. Material litigations (continued)

Further, 8 garnishee applications were filed with the Court to recover the judgment sum owed to TSA Industries by the First to Fifth Defendants. However, 4 of the garnishee applications filed with the Court which involved the Second Defendant were withdrawn as the Second Defendant was adjudged bankrupt on 13 December 2017. Further, 2 of the garnishee applications filed with the Court were withdrawn as the relevant defendants' bank accounts were closed. TSA Industries has recovered an aggregate sum of RM22,405.84 from 2 of the garnishee applications filed with the Court.

On 28 November 2023, an originating summons was filed by TSA Industries, against the Second Defendant, Fourth Defendant and 4 of the banks where they maintained accounts with for, amongst others, a declaratory order that monies held in the accounts bearing the name of the Second Defendant either solely and/or jointly at the 4 defendant banks shall not be vested with the Director General of Insolvency by virtue of the illegality of the monies, and recovery of the monies held by the Director General of Insolvency due to the bankruptcy status of the Second Defendant.

On 16 January 2024, the Judge directed TSA Industries to file an application in the Bankruptcy Court for leave to commence an action against the 2nd Defendant in the High Court as he is an undischarged bankrupt. TSA Industries' originating summons application was put on hold pending its leave application in the Bankruptcy Court.

On 6 March 2024, the leave application was obtained from the Bankruptcy Court to commence action against the Second Defendant. On 25 March 2024, the Court gave direction that all Defendants to file their Affidavit in Reply on or before 8 April 2024 while TSA Industries to file Affidavit in Reply on or before 22 April 2024. On 27 May 2024, the Court has allowed TSA Industries' application for the Director General of Insolvency to return TSA Industries' money in Teoh Nam Hooi and Jennifer Yen's bank accounts to TSA Industries. To date, TSA Industries has recovered an aggregate sum of RM3,264,427.93 from defendants' bank accounts pursuant to the court order. With this, all the funds in the Defendants' banks have been recovered.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B11. Material litigations (continued)

(c) High Court of Kuala Lumpur, Admiralty Action In Rem Suit No.: WA-27NCC-44-10/2022

TSA Industries ("Plaintiff") -v- The Owners and/or Other Persons Interested in the Ship or Vessel "MSR No 1" (IMO NO.: 9141742) of Port of Panama ("Vessel") ("Defendant")

TSA Industries purchased one set of reconditioned annealing furnace from Hongkong Chengxin International Development Co. Limited ("**Seller**") at a price of USD1,127,760.50. On 13 September 2022, 23 packages of cargo containing pieces of the annealing furnace (collectively, "**Cargo**") were shipped on board the Vessel from Shanghai to Port Klang. While on voyage from Shanghai to Port Klang, the Vessel encountered turbulent weather conditions and 8 packages fell overboard into the sea while 15 packages remained on board with varied degree of damages of the packages. The Vessel arrived at Port Klang with the damaged packages.

On 3 October 2022, the Court issued the Writ *in rem* and a Warrant of Arrest for the Vessel. The arrest was effected on 4 October 2022 by the Sheriff of the Court at the territorial waters of Malaysia at Port Klang. The arrest was on the basis that, as the carrier and bailee of the Cargo, the Defendant had failed to ensure that the Cargo is received by TSA Industries in a good, workable condition and was fit for its function and purpose.

The solicitors acting for TSA Industries had, on 7 November 2022, filed the statement of claim. TSA Industries is claiming, amongst others, the sum of USD1,127,760.50, interest and legal and other costs amounting to RM400,000.

On 31 January 2023, the Vessel was released from arrest after security for the claim amounting to USD1,240,536.55 (being the value of the cargo lost and costs of RM400,000.00) was paid into Court. On 3 April 2023, the Admiralty Judge dismissed the Defendant's application to strike out the claim and to set aside the arrest.

On 10 February 2026, the High Court dismissed TSA Industries' claim and the Vessel's counterclaim. Following the dismissal of both TSA Industries' claim and the Vessel's counterclaim, the Court awarded costs of RM100,000 to TSA Industries and RM40,000 to the Vessel. On 12 February 2026, TSA Industries filed a Notice of Appeal and is in the midst of preparing the cause papers to file an Application for a Stay of Execution of the Judgment.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B11. Material litigations (continued)

TSA Industries does not anticipate any material losses if it fails to win the legal suit because the Seller has agreed to replace another set of equipment with the same function and configuration at no cost to TSA Industries.

TSA Industries has made a claim from its insurer. TSA Industries and the Seller have agreed that any amount received by TSA Industries from the insurance claim, less the legal fees and other costs, will be paid to the Seller.

B12. Dividend

The Board is pleased to declare an interim single tier dividend of 1 sen per ordinary share in respect of the financial year ended 31 December 2025. The dividend is proposed to be payable on 2 April 2026 to shareholders whose names appear in the Record of Depositors as at the close of business on 16 March 2026.

A depositor shall qualify for entitlement to the dividend only in respect of:

a) shares transferred into the depositor's securities account before 5.00 p.m. on 16 March 2026 in respect of transfers; and
b) shares bought on Bursa Securities on a cum entitlement basis according to the Rules of Bursa Securities.

The financial statements for the current quarter do not reflect the interim dividend. The dividend will be accounted for in equity as an appropriation of retained profits in the financial statements for the financial year ending 31 December 2026.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B13. EPS

The calculation of basic EPS was based on the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, calculated as follows:

	Individual Quarter 3 months ended 31 December		Cumulative Quarter 12 months ended 31 December	
	2025 RM '000	2024 RM '000	2025 RM '000	2024 RM '000
Profit attributable to ordinary shareholders	2,902	3,473	16,062	17,484
Weighted average number of ordinary shares ('000)	309,300	309,300	309,300	302,328
Basic earnings per share (sen)	0.94	1.12	5.19	5.78[1]

Note:
(1) Basic EPS is computed based on profit attributable to owners of the Company divided by weighted average number of ordinary shares of the Company after the completion of the IPO of the Company on 2 February 2024 with the issuance of 77,325,000 new ordinary shares.

Diluted EPS is equivalent to the basic EPS as the Group does not have any other securities which are dilutive to the existing ordinary shares issue during and at the end of the financial year ended 31 December 2025.

PART B: EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS (CONTINUED)

B14. Notes to the Condensed Statement of Profit or Loss and Other Comprehensive Income

PBT is arrived after charging/(crediting):

	Individual Quarter 3 months ended 31 December		Cumulative Quarter 12 months ended 31 December	
	2025 RM '000	2024 RM '000	2025 RM '000	2024 RM '000
Amortisation of intangible asset	211	-	351	-
Compensation of loss	-	(72)	-	(3,264)
Depreciation of:				
- property, plant and equipment	558	472	2,102	1,854
- right-of-use assets	474	448	1,837	1,748
Fair value (gain)/loss on derivatives	552	(4,273)	1,424	(1,131)
Gain on disposal of property, plant and equipment	-	-	(147)	-
Interest expenses	907	1,149	3,584	4,515
Interest income	(499)	(539)	(1,900)	(1,880)
Inventories written down/(back)	44	(265)	(1,548)	638
Net (reversal of impairment loss)/impairment loss on:				
- trade receivables	5	(251)	(92)	1,622
Realised loss/(gain) on foreign exchange	(597)	(566)	(754)	(2,057)
Unrealised loss/(gain) on foreign exchange	15	6,931	(1,724)	3,616

B15. Authorisation for issue

This interim financial report of TSA Group for the fourth quarter ended 31 December 2025 was authorised for issuance by the Board on 27 February 2026.