



SMART ASIA CHEMICAL BHD

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

INTERIM FINANCIAL REPORT

FOR THE FIRST QUARTER ENDED 31 MARCH 2026

SMART ASIA CHEMICAL BHD

(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2026**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2026 ⁽¹⁾**

	Note	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		Unaudited 31.03.2026 RM'000	Unaudited 31.03.2025 RM'000	Unaudited 31.03.2026 RM'000	Unaudited 31.03.2025 RM'000
Revenue	A9	27,316	20,680	27,316	20,680
Cost of sales		<u>(17,760)</u>	<u>(14,581)</u>	<u>(17,760)</u>	<u>(14,581)</u>
Gross profit		9,556	6,099	9,556	6,099
Other income		55	24	55	24
Selling and distribution expenses		(3,513)	(3,318)	(3,513)	(3,318)
Administrative expenses		(1,821)	(1,550)	(1,821)	(1,550)
Other operating expenses		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating profit		4,277	1,255	4,277	1,255
Finance income		77	13	77	13
Finance costs		(268)	(218)	(268)	(218)
Share of results of an associate		<u>12</u>	<u>-</u>	<u>12</u>	<u>-</u>
Profit before tax	B5	4,098	1,050	4,098	1,050
Income tax expenses	B6	<u>(998)</u>	<u>(270)</u>	<u>(998)</u>	<u>(270)</u>
Profit after tax		3,100	780	3,100	780
Other comprehensive income, net of income tax		-	-	-	-
Total comprehensive income for the financial period		<u>3,100</u>	<u>780</u>	<u>3,100</u>	<u>780</u>

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2026**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2026 ⁽¹⁾ (CONT'D)**

	Note	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		Unaudited 31.03.2026 RM'000	Unaudited 31.03.2025 RM'000	Unaudited 31.03.2026 RM'000	Unaudited 31.03.2025 RM'000
Total comprehensive income/(loss) for the financial period attributable to:					
- Owners of the Company		3,183	797	3,183	797
- Non-controlling interests		(83)	(17)	(83)	(17)
		<u>3,100</u>	<u>780</u>	<u>3,100</u>	<u>780</u>
Earnings per share (sen) ⁽²⁾					
- Basic/diluted	B8	<u>0.86</u>	<u>0.22</u>	<u>0.86</u>	<u>0.22</u>

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 2025 and the accompanying explanatory notes attached to this interim financial report.
- (2) Basic and diluted earnings per share ("EPS") 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.

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2026**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2026⁽¹⁾**

	Note	Unaudited 31.03.2026 RM'000	Audited 31.12.2025 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		95,313	91,192
Intangible asset		125	130
Investment in associate		1,117	1,105
Deferred tax assets		7,807	6,941
Trade receivables		79	419
Total non-current assets		104,441	99,787
Current assets			
Inventories		27,279	26,345
Current tax assets		1,631	2,118
Trade and other receivables		30,141	26,945
Contract assets		210	-
Cash and short-term deposits		8,067	9,413
Total current assets		67,328	64,821
TOTAL ASSETS		171,769	164,608
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		91,326	91,326
Reorganisation reserve		(29,253)	(29,253)
Retained earnings		53,587	50,404
		115,660	112,477
Non-controlling interests		1,005	1,088
TOTAL EQUITY		116,665	113,565
Non-current liabilities			
Loans and borrowings	B7	22,465	18,046
Deferred income		376	384
Deferred tax liabilities		3,894	3,058
Total non-current liabilities		26,735	21,488
Current liabilities			
Loans and borrowings	B7	5,547	4,892
Current tax liabilities		842	1
Trade and other payables		19,172	22,338
Deferred income		30	30
Contract liabilities		2,778	2,294
Total current liabilities		28,369	29,555
TOTAL LIABILITIES		55,104	51,043
TOTAL EQUITY AND LIABILITIES		171,769	164,608
NET ASSETS PER SHARE (sen)⁽²⁾		31.27	30.41

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2026

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2026⁽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 2025 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 March 2026 and 31 March 2025 respectively.

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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2026**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2026⁽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
<u>Unaudited - 3 months ended 31 March 2026</u>						
Balance as at 1 January 2026	91,326	(29,253)	50,404	112,477	1,088	113,565
Profit after tax/total comprehensive income/(loss) for the financial period	-	-	3,183	3,183	(83)	3,100
Balance as at 31 March 2026	<u>91,326</u>	<u>(29,253)</u>	<u>53,587</u>	<u>115,660</u>	<u>1,005</u>	<u>116,665</u>
<u>Unaudited - 3 months ended 31 March 2025</u>						
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	-	-	797	797	(17)	780
Balance as at 31 March 2025	<u>91,326</u>	<u>(29,253)</u>	<u>50,163</u>	<u>112,236</u>	<u>(47)</u>	<u>112,189</u>

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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2026

**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2026⁽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 2025 and the accompanying explanatory notes attached to this interim financial report.

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(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2026**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2026⁽¹⁾**

	Unaudited 31.03.2026 RM'000	Unaudited 31.03.2025 RM'000
Cash flows from operating activities		
Profit before tax	4,098	1,050
Adjustments for:		
Depreciation of property, plant and equipment	928	923
Amortisation of intangible asset	5	5
Amortisation of deferred income	(7)	(7)
Gain on disposal of property, plant and equipment	(32)	-
Inventories written down	-	-
Inventories written off	-	-
Share of results of associate	(12)	-
Bad debts recovery	-	(8)
Net unrealised foreign exchange (gain)/loss	(42)	61
Reversal of impairment loss on trade receivables	-	-
Impairment loss on trade receivables	-	-
Finance costs	268	218
Finance income	(77)	(13)
Operating profit before changes in working capital	<u>5,129</u>	<u>2,229</u>
(Increase)/Decrease in inventories	(934)	310
(Increase)/Decrease in trade and other receivables	(2,888)	1,045
Decrease in trade and other payables	(1,088)	(5,519)
(Increase)/Decrease in contract assets	(210)	23
Increase/(Decrease) in contract liabilities	<u>484</u>	<u>(375)</u>
Net cash generated from/(used in) operations	493	(2,287)
Income tax paid	(167)	(284)
Income tax refund	467	-
Interest paid	-	-
Net cash generated from/(used in) operating activities	<u>793</u>	<u>(2,571)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,314)	(260)
Placement of fixed deposits	-	-
Subscription for shares in associate	-	-
Proceeds from disposal of property, plant and equipment	32	-
Proceed from government grants related to assets	-	-
Interest received	77	13
Net cash used in investing activities	<u>(3,205)</u>	<u>(247)</u>

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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2026**UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2026⁽¹⁾ (CONT'D)**

	Unaudited 31.03.2026 RM'000	Unaudited 31.03.2025 RM'000
Cash flows from financing activities		
Interest paid	(268)	(218)
Drawdown of term loans	2,107	716
Repayment of term loans	(939)	(187)
Drawdown of bankers' acceptance	766	624
Repayment of bankers' acceptance	(529)	(2,640)
Repayment of hire purchase	(48)	(55)
Repayment of lease liabilities	(23)	(14)
Capital injection into subsidiary by non-controlling interest	-	-
Proceeds from issuance of new ordinary shares, net	-	-
Net cash from/(used in) financing activities	1,066	(1,774)
Net decrease in cash and cash equivalents	(1,346)	(4,592)
Cash and cash equivalents at the beginning of the financial period	9,257	13,781
Cash and cash equivalents at the end of the financial period	<u>7,911</u>	<u>9,189</u>
Cash and cash equivalents at end of the financial period consist of:		
Short-term deposits	4,756	5,472
Less: Pledged deposits	(156)	(148)
Cash and bank balances	<u>3,311</u>	<u>3,865</u>
	<u>7,911</u>	<u>9,189</u>

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 2025 and the accompanying explanatory notes attached to this interim financial report.

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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2026

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 2025 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 2025 except for the following amendments to MFRSs that have been issued by the Malaysian Accounting Standard Board including the MFRSs that are not yet effective for the Group.

Effective for financial period beginning on or after 1 January 2026

Title		Effective Date
Amendments to MFRS 1	First-time Adoption of MFRSs	1 January 2026
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

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

Title		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 121	The Effects of Changes in Foreign Exchange Rates	1 January 2027
Amendments to MFRS 128	Investment in Associates and Joint Ventures	Deferred
Amendments to MFRS 10	Consolidated Financial Statements (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)	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.

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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2026

A3. Auditors' Report on Preceding Annual Financial Statements

The audited consolidated financial statements of the Company for the financial year ended 31 December 2025 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.

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2026

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 31.03.2026 RM'000	Unaudited 31.03.2025 RM'000	Unaudited 31.03.2026 RM'000	Unaudited 31.03.2025 RM'000
Manufacturing Segment	25,708	18,853	25,708	18,853
Sale and Trading Segment	1,105	1,595	1,105	1,595
Others ⁽¹⁾	503	232	503	232
Total	27,316	20,680	27,316	20,680

(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 31.03.2026 RM'000	Unaudited 31.03.2025 RM'000	Unaudited 31.03.2026 RM'000	Unaudited 31.03.2025 RM'000
Malaysia	23,859	18,216	23,859	18,216
Brunei	1,635	889	1,635	889
Myanmar	737	102	737	102
Singapore	657	680	657	680
Others ⁽²⁾	428	793	428	793
Total	27,316	20,680	27,316	20,680

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 and Vietnam.

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:	
Purchase of plant and machineries	1,644
Computers and software	349
	<hr/>
	1,993

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(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2026

A11. Significant Related Party Transactions

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited 31.03.2026 RM'000	Unaudited 31.03.2025 RM'000	Unaudited 31.03.2026 RM'000	Unaudited 31.03.2025 RM'000
Sales of goods to entities in which a person connected to a director has interests	2,240	1,590	2,240	1,590
Purchase of goods from entities in which a person connected to a director has interests	7	35	7	35

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

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

A16. Significant Events Occurring After the Current Financial Quarter

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

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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2026

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

B1. Review of financial performance for the individual quarter ended 31 March 2026 ("Q1FY2026") and the preceding year's corresponding individual quarter ended 31 March 2025 ("Q1FY2025")

	Q1FY2026 RM'000	Q1FY2025 RM'000	Variance RM'000	%
Revenue	27,316	20,680	6,636	32.09
Gross profit	9,556	6,099	3,457	56.68
Gross profit margin (%)	34.98	29.49	N/A	N/A
Profit before tax ("PBT")	4,098	1,050	3,048	290.29

The Group recorded revenue of RM27.32 million in Q1FY2026, representing an increase of RM6.64 million or 32.09% from RM20.68 million achieved in Q1FY2025, primarily due to an increase in demand for paints from local customers.

The Group recorded a gross profit of RM9.56 million in Q1FY2026, compared to RM6.10 million in Q1FY2025, marking an increase of RM3.46 million or 56.68%. The gross profit margin increased from 29.49% in Q1FY2025 to 34.98% in Q1FY2026, mainly due to lower cost of direct material.

The Group recorded a higher PBT of RM4.10 million for Q1FY2026, an increase of RM3.05 million or 290.29%, compared to PBT of RM1.05 million for Q1FY2025. The improvement in PBT was mainly attributable to higher gross profit, partially offset by increased administrative, selling and distribution expenses arising primarily from higher professional fees, transportation costs, and the expansion of the sales team.

B2. Review of financial performance for current quarter ended 31 March 2026 ("Q1FY2026") and immediate preceding quarter ended 31 December 2025 ("Q4FY2025")

	Q1FY2026 RM'000	Q4FY2025 RM'000	Variance RM'000	%
Revenue	27,316	25,080	2,236	8.92
Gross profit	9,556	7,711	1,845	23.93
Gross profit margin (%)	34.98	30.75	N/A	N/A
PBT	4,098	455	3,643	800.66

The Group recorded an increase in revenue of RM2.24 million or 8.92%, from RM25.08 million in Q4FY2025 to RM27.32 million in Q1FY2026, primarily due to an increase in demand for paints from local customers.

The Group recorded a gross profit of RM9.56 million in Q1FY2026, compared to RM7.71 million in Q4FY2025, an increase of RM1.85 million or 23.93%. The gross profit margin increased from 30.75% in Q4FY2025 to 34.98% in Q1FY2026, mainly attributable to a higher sales contribution from binding and coating chemicals with higher profit margins. In addition, no provision for slow-moving inventory was recorded in Q1FY2026, whereas such provision was recognised in Q4FY2025.

The Group reported a PBT of RM4.10 million in Q1FY2026, compared to a PBT of RM0.46 million in Q4FY2025, representing an increase of RM3.64 million or 800.66%. The improvement was mainly driven by higher gross profit as well as lower customer incentives and sales promotion expenses in Q1FY2026.

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2026

B3. Commentary on Prospects

The Group continued to operate within the construction sector, which is supported by ongoing Government-led infrastructure development initiatives. The Department of Statistics Malaysia (“**DOSM**”) reported that the value of work done in Q1FY2026 increased by 8.5% year-on-year to RM46.5 billion. This continued positive momentum provides a generally stable backdrop for the industry and is expected to sustain demand within the paints and coatings market, thereby enabling the Group to capture growth opportunities.

Further progress was recorded in Q1FY2026 for Smart CKS Marketing Sdn. Bhd., the associate company established with Keshun International Construction and Trading Sdn Bhd to broaden the Group’s product portfolio. Smart CKS Marketing Sdn. Bhd. is gradually establishing its presence in the local market. The Group has also obtained the Certificate of Practical Completion for the construction of its expanded portion of its chemical manufacturing facilities in Perak and is currently running test runs on the machines acquired by Smart CKS Manufacturing Sdn. Bhd. which are expected to enhance the supply chain efficiency and support the long-term growth of the Group within the regional construction market.

For the Q1FY2026, the Group further expanded its distribution network with the placement of an additional 10 Smart Colour POS Tinting Machines to wholesalers and dealers, reinforcing its retail growth strategies. The ongoing “NegaraKu, JenamaKu” campaign has progressed to the next phase, namely “Warna Kebangaanku,” which reflects the nation’s colours, culture and pride, with the aim of further enhancing the Group’s brand positioning as one of the leading locally produced brands. The Group has also participated in a seminar and exhibition organised by Pertubuhan Akitik Malaysia (PAM) as part of its ongoing efforts to engage with industry players.

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 expects these initiatives to contribute to the Group’s sustainable performance and remains cautiously optimistic on the Group’s outlook.

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INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2026**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 31.03.2026 RM'000	Unaudited 31.03.2025 RM'000	Unaudited 31.03.2026 RM'000	Unaudited 31.03.2025 RM'000
Profit before tax is arrived at after charging/(crediting):				
Depreciation of property, plant and equipment	928	923	928	923
Impairment loss on trade receivables	-	-	-	-
Amortisation of intangible asset	5	5	5	5
Amortisation of deferred income	(7)	(7)	(7)	(7)
Inventories written down	-	-	-	-
Inventories written off	-	-	-	-
Reversal of impairment loss on trade receivables	-	-	-	-
Finance costs				
- bankers' acceptance interest	13	12	13	12
- overdraft interest	-	-	-	-
- term loan interest	248	203	248	203
- lease liabilities interest	1	-	1	-
- hire purchase interest	6	3	6	3
Finance income	(77)	(13)	(77)	(13)
Bad debts recovery	-	(8)	-	(8)
Net unrealised foreign exchange (gain)/loss	(42)	61	(42)	61
Realised foreign exchange (gain)/loss	(6)	42	(6)	42
Gain on disposal of property, plant and equipment	(32)	-	(32)	-

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

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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2026**B6. Income tax**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited 31.03.2026 RM'000	Unaudited 31.03.2025 RM'000	Unaudited 31.03.2026 RM'000	Unaudited 31.03.2025 RM'000
Income tax expense/(benefit):				
- Current tax	1,027	358	1,027	358
- Prior year tax	-	-	-	-
- Deferred tax	(29)	(88)	(29)	(88)
Total income tax expenses	998	270	998	270
Effective tax rate (%) ⁽¹⁾	24.35	25.71	24.35	25.71
Statutory tax rate (%)	24.00	24.00	24.00	24.00

Note:

- (1) For the current financial quarter ended 31 March 2026, the effective tax rate was 24.35% 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.

B7. Loans and Borrowings

Details of the Group's loans and borrowings (all denominated in Ringgit Malaysia) as at 31 March 2026 are as follows:

		Unaudited 31.03.2026 RM'000	Audited 31.12.2025 RM'000
Current	Secured/ unsecured		
Term loans	Secured	2,652	2,685
Hire purchase payables	Secured	645	173
Bankers' acceptance	Secured	2,231	1,994
Lease liabilities	Unsecured	19	40
		5,547	4,892
Non-current			
Term loans	Secured	22,210	17,441
Hire purchase payables	Secured	240	590
Lease liabilities	Unsecured	15	15
		22,465	18,046
Total loans and borrowings		28,012	22,938

SMART ASIA CHEMICAL BHD

(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2026

B8. EPS

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Unaudited 31.03.2026	Unaudited 31.03.2025	Unaudited 31.03.2026	Unaudited 31.03.2025
Profit attributable to owners of the Company (RM'000)	3,183	797	3,183	797
Weighted average number of shares	369,850,420	369,850,420	369,850,420	369,850,420
Basic/Diluted EPS (sen) ⁽¹⁾	0.86	0.22	0.86	0.22

Note:

(1) The diluted EPS is equivalent to the basic EPS as the Company does not have any dilutive instruments during the current financial quarter and financial period-to-date.

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

Save as disclosed below, there were no other corporate proposals announced by the Company but pending completion as at the date of this interim financial report:

- (i) **Proposed establishment of a new Share Issuance Scheme ("SIS") of up to 10% of the total number of issued ordinary shares of SAC ("SAC Shares") (excluding treasury shares, if any) for the eligible employees of the Group ("Proposed SIS") and proposed allocation of SIS options to certain persons connected with the directors of SAC pursuant to the Proposed SIS ("Proposed Allocation"), collectively the ("Proposals")**

On 16 March 2026, on behalf of the Board of Directors of SAC ("**Board**"), TA Securities Holdings Berhad ("**TA Securities**") announced that the Company proposes to undertake the Proposals. On 17 March 2026, TA Securities had, on behalf of the Board, submitted the additional listing application in relation to the Proposed SIS to Bursa Securities. Subsequently, on 27 March 2026, TA Securities had, on behalf of the Board, announced that Bursa Securities had vide its letter dated 26 March 2026 approved the listing and quotation of such number of new SAC Shares, representing up to 10% of the total number of issued SAC Shares (excluding treasury shares, if any), to be issued upon exercise of the SIS options on the ACE Market of Bursa Securities.

SMART ASIA CHEMICAL BHD

(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2026

A circular to shareholders of SAC (including the Notice of Extraordinary General Meeting) in relation to the Proposals was released on 13 April 2026. The Proposals are currently pending the shareholders' approval to be obtained at the Extraordinary General Meeting to be convened on 25 June 2026.

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	1,222	3,778	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	33,622	3,778	

Notes:

- (1) Pending its intended utilisation, the unutilised balance of RM3.78 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.

SMART ASIA CHEMICAL BHD

(Registration no.: 201901016953 (1326281-T))

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2026

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
28 May 2026