

ELK-DESA[®]

ELK-DESA RESOURCES BERHAD

(Company No: 198901002858 (180164-X))

**QUARTERLY REPORT ON CONSOLIDATED
RESULTS FOR THE PERIOD ENDED
31 DECEMBER 2025**

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the financial period ended 31 December 2025
(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	31.12.2025	31.12.2024	31.12.2025	31.12.2024
	RM	RM	RM	RM
Revenue	51,241,901	51,347,276	149,366,070	143,664,627
Other income	635,119	612,593	2,069,122	2,166,476
Cost of inventories sold	(11,443,094)	(12,235,360)	(31,333,276)	(31,762,948)
Depreciation of PPE & right-of-use assets	(831,706)	(633,506)	(2,268,226)	(1,823,069)
Impairment allowances on receivables, net of reversal	(11,743,072)	(11,110,501)	(35,789,024)	(31,895,804)
Other expenses	(12,644,793)	(12,044,785)	(37,554,274)	(34,751,702)
Finance costs	(4,684,132)	(4,099,167)	(14,190,954)	(11,700,369)
Share of Results of Associates, Net of Tax	-	15,724	-	26,195
Profit before taxation	10,530,223	11,852,274	30,299,438	33,923,406
Taxation	(2,842,910)	(3,009,652)	(7,595,446)	(8,682,497)
Profit for the financial period	7,687,313	8,842,622	22,703,992	25,240,909
Other comprehensive income, net of tax				
Items that will not be reclassified subsequently to profit or loss				
Equity instruments measured at fair value through other comprehensive income ("FVOCI")	-	-	2,609,787	-
Total comprehensive income	7,687,313	8,842,622	25,313,779	25,240,909
Earnings per ordinary share - basic (sen)	1.73	1.94	5.06	5.55
Earnings per ordinary share - diluted (sen)	1.73	1.94	5.06	5.55

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2025)

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

(The figures have not been audited.)

	As at 31.12.2025 RM	As at 31.03.2025 RM
ASSETS		
Non-current assets		
Property, plant and equipment	33,077,515	33,103,262
Investment in associate	1	3,320,138
Other investment	6,673,924	744,000
Hire purchase receivables	573,978,955	559,220,101
Right-of-use assets	10,442,499	3,400,305
Deferred tax assets	8,862,800	5,922,678
	633,035,694	605,710,484
Current assets		
Inventories	14,397,722	14,238,154
Other assets	2,965,343	4,475,840
Trade receivables	21,919,848	25,410,606
Hire purchase receivables	158,417,440	157,205,745
Financing receivables	84,776	65,786
Other receivables, deposits and prepayments	2,521,696	1,646,303
Current tax assets	850	85,189
Short term funds	25,262,449	65,501,253
Cash and bank balances	36,150,521	18,516,205
	261,720,645	287,145,081
Total assets	894,756,339	892,855,565
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	351,493,098	351,493,098
Treasury shares	(16,024,723)	-
Reserves	147,032,435	141,829,468
Total equity	482,500,810	493,322,566
LIABILITIES		
Non-current liabilities		
Block discounting payables - secured	225,065,018	230,643,418
Lease liabilities	9,318,440	2,818,140
	234,383,458	233,461,558
Current liabilities		
Trade payables	5,675,795	7,162,417
Other payables and accruals	7,531,095	9,195,903
Block discounting payables - secured	104,926,232	101,623,354
Fixed loan - secured	291,118	-
Revolving Credit - secured	18,000,000	22,000,000
Lease liabilities	1,657,231	1,034,051
Bank overdraft	23,700,000	21,695,916
Dividend payable	8,817,569	-
Current tax liabilities	7,273,031	3,359,800
	177,872,071	166,071,441
Total liabilities	412,255,529	399,532,999
TOTAL EQUITY AND LIABILITIES	894,756,339	892,855,565
Net assets per share	1.10	1.08

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2025)

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 31 December 2025
(The figures have not been audited.)

	←	<u>Non-distributable</u>	→	<u>Distributable</u>	
	Share Capital RM	Treasury Shares RM	FVOCI Reserve RM	Retained Earnings RM	Total Equity RM
Balance as at 1 April 2024	351,493,098	-	-	131,923,383	483,416,481
Total comprehensive income	-	-	-	25,240,909	25,240,909
Second interim dividend for financial year ended 31 March 2024	-	-	-	(13,644,254)	(13,644,254)
Interim dividend for financial year ended 31 March 2025	-	-	-	(9,096,169)	(9,096,169)
Balance as at 31 December 2024	351,493,098	-	-	134,423,869	485,916,967
Balance as at 1 April 2025	351,493,098	-	-	141,829,468	493,322,566
Purchase of treasury shares	-	(16,024,723)	-	-	(16,024,723)
Total comprehensive income	-	-	2,609,787	22,703,992	25,313,779
Second interim dividend for financial year ended 31 March 2025	-	-	-	(11,293,243)	(11,293,243)
Interim dividend for financial year ending 31 March 2026	-	-	-	(8,817,569)	(8,817,569)
Balance as at 31 December 2025	351,493,098	(16,024,723)	2,609,787	144,422,648	482,500,810

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2025)

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 31 December 2025
(The figures have not been audited.)

	9 months ended	
	31.12.2025	31.12.2024
	RM	RM
<u>Cash flows from operating activities</u>		
Profit before taxation	30,299,438	33,923,406
Adjustment for :		
Depreciation of property, plant and equipment	1,094,605	920,883
Depreciation of right-of-use assets	1,173,621	902,186
Unrealised fair value (gain)/loss on short term funds	(18,258)	292,277
Gain on disposal of property, plant and equipment	(21,263)	-
Derecognition of right-of-use assets	(484)	(807)
Property, plant and equipment written off	3,248	3,748
Inventories (reversal)/written down	(304,746)	146,525
Impairment allowances made for the financial year:		
- hire-purchase receivables	39,086,684	34,891,737
- trade receivables	314,170	304,752
Dividend from financial assets at fair value through other comprehensive income	(124,700)	-
Interest expense	13,885,566	11,519,353
Interest on lease liabilities	305,388	181,016
Interest income	(386,478)	(334,202)
Income from short term funds	(1,031,321)	(575,994)
Unrealised loss/(gain) on foreign exchange	10,839	(13,957)
Share of (profit)/loss of associate	-	(26,195)
Operating profit before working capital changes	<u>84,286,309</u>	<u>82,134,728</u>
Changes in working capital:		
Inventories	145,178	(249,207)
Other assets	1,510,497	(2,130,100)
Hire purchase receivables	(55,057,233)	(109,050,145)
Financing receivables	(18,990)	(39,764)
Trade receivables	3,165,749	(2,949,772)
Other receivables, deposits and prepayments	(875,393)	(319,249)
Trade payables	(1,486,622)	(73,406)
Other payables and accruals	(1,665,163)	(103,263)
	(54,281,977)	(114,914,906)
Cash (used in)/generated from operations	<u>30,004,332</u>	<u>(32,780,178)</u>
Tax paid	(7,534,272)	(2,899,812)
Tax refunded	996,274	-
Net cash (used in)/from operating activities	<u>23,466,334</u>	<u>(35,679,990)</u>

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 31 December 2025
(The figures have not been audited.)

	9 months ended	
	31.12.2025	31.12.2024
	RM	RM
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(1,072,093)	(786,224)
Proceeds from disposal of property, plant and equipment	21,250	-
Dividend from financial assets at fair value through other comprehensive income	124,700	-
Interest received	386,478	334,202
Income received from short term funds	1,031,321	575,994
Net cash (used in)/from investing activities	491,656	123,972
<u>Cash flows from financing activities</u>		
Net drawdown/(repayment) of term loans	-	(2,298,000)
Net drawdown/(repayment) of fixed loan	282,539	-
Net drawdown/(repayment) of block discounting payables	(2,273,455)	45,100,637
Net drawdown/(repayment) of revolving credit	(4,000,000)	-
Interest paid	(13,878,699)	(11,768,429)
Repayment of lease liabilities	(1,397,239)	(1,054,442)
Dividend paid	(11,293,243)	(22,740,423)
Purchase of treasury shares	(16,024,723)	-
Net cash from/(used in) financing activities	(48,584,820)	7,239,343
Net (decrease)/increase in cash and cash equivalents during the financial period	(24,626,830)	(28,316,675)
Effects of fair value changes on cash and cash equivalents	18,258	(292,277)
Cash and cash equivalents as at beginning of financial year	62,321,542	77,863,867
Cash and cash equivalents as at end of financial period	37,712,970	49,254,915
<u>Composition of cash and cash equivalents</u>		
Deposits, cash and bank balances	36,150,521	20,401,059
Bank overdraft	(23,700,000)	(19,733,477)
Short term funds	25,262,449	48,587,333
	37,712,970	49,254,915

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2025)

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))

Notes to the Interim Financial Statements

for the third quarter ended 31 December 2025

A1 Accounting Policies And Basis Of Preparation

The interim financial statements have been prepared in accordance with MFRS 134: *Interim Financial Reporting* and Chapter 9 Part K of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements are unaudited and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2025, which had been prepared in accordance with Malaysian Financial Reporting Standards (MFRS).

The accounting policies adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2025 except for the adoption of new MFRSs, amendments and IC interpretations that are mandatory for the Group for the financial year beginning or after 1 April 2025.

On 1 April 2025, the following amendment of the MFRS Framework was adopted by the Group.

Title	Effective Date
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025

Application of the above amendment does not have an impact on the financial statements of the Group.

A2 Seasonal and Cyclical Factors

Generally, the Group's revenue will benefit from higher consumer spendings around festive seasons in Malaysia.

A3 Unusual Items due to Their Nature, Size or Incidence

There were no unusual items that may affect the amount stated in the interim financial statements during the financial year ended 31 December 2025.

A4 Change in Estimates

There were no changes in estimates that had any material effect for the financial period ended 31 December 2025.

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))

Notes to the Interim Financial Statements

for the third quarter ended 31 December 2025

A5 Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the financial period ended 31 December 2025.

Save as disclosed below, there were no issuance, repurchases, resale and repayment of debt and equity securities and share cancellations during the financial period ended 31 December 2025.

During current quarter, the Company had acquired 6,950,000 of its issued ordinary shares for a total consideration of RM7,780,755 from the open market at an average price of RM1.12 per share. The share repurchased were held as treasury shares.

As at the end of the financial period, the number of treasury shares held was 14,230,000 shares at an average cost of RM1.13 per share. The remaining number of outstanding shares was 440,578,456 shares.

A6 Dividend Paid in Current Financial Period

On 24 June 2025, the Company had paid a second interim single tier dividend of 2.50 sen per share in respect of the financial year ended 31 March 2025, the dividend amounting to RM11.29 million.

A7 Segmental Reporting

	Hire Purchase Financing RM	Furniture RM	Consolidated RM
<u>Quarter Ended 31 December 2025</u>			
Revenue (External)	33,407,144	17,834,757	51,241,901
Other income	472,127	162,992	635,119
Cost of inventories sold	-	(11,443,094)	(11,443,094)
Depreciation of PPE & right-of-use assets	(377,911)	(453,795)	(831,706)
Impairment allowance	(11,881,420)	138,348	(11,743,072)
Other expenses	(7,886,151)	(4,758,642)	(12,644,793)
Finance costs	(4,567,207)	(116,925)	(4,684,132)
Profit before tax	9,166,582	1,363,641	10,530,223
<u>Quarter Ended 31 December 2024</u>			
Revenue (External)	32,667,698	18,679,578	51,347,276
Other income	569,026	43,567	612,593
Cost of inventories sold	-	(12,235,360)	(12,235,360)
Depreciation of PPE & right-of-use assets	(347,679)	(285,827)	(633,506)
Impairment allowance	(10,983,052)	(127,449)	(11,110,501)
Other expenses	(7,418,156)	(4,626,629)	(12,044,785)
Finance costs	(4,072,696)	(26,471)	(4,099,167)
Share of Results of Associates, Net of Tax	-	15,724	15,724
Profit before tax	10,415,141	1,437,133	11,852,274

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))

Notes to the Interim Financial Statements

for the third quarter ended 31 December 2025

	Hire Purchase Financing RM	Furniture RM	Consolidated RM
<u>9 Months Ended 31 December 2025</u>			
Revenue (External)	99,712,554	49,653,516	149,366,070
Other income	1,864,662	204,460	2,069,122
Cost of inventories sold	-	(31,333,276)	(31,333,276)
Depreciation of PPE & right of use assets	(1,084,471)	(1,183,755)	(2,268,226)
Impairment allowance	(35,524,254)	(264,770)	(35,789,024)
Other expenses	(22,814,823)	(14,739,451)	(37,554,274)
Finance costs	(13,961,889)	(229,065)	(14,190,954)
Profit before tax	28,191,779	2,107,659	30,299,438
Segment assets	813,240,204	81,516,135	894,756,339
Segment liabilities	399,996,873	12,258,656	412,255,529
<u>9 Months Ended 31 December 2024</u>			
Revenue (External)	95,139,175	48,525,452	143,664,627
Other income	2,081,044	85,432	2,166,476
Cost of inventories sold	-	(31,762,948)	(31,762,948)
Depreciation of PPE & right-of-use assets	(1,013,166)	(809,903)	(1,823,069)
Impairment allowance	(31,604,503)	(291,301)	(31,895,804)
Other expenses	(21,865,887)	(12,885,815)	(34,751,702)
Finance costs	(11,619,809)	(80,560)	(11,700,369)
Share of Results of Associates, Net of Tax	-	26,195	26,195
Profit before tax	31,116,854	2,806,552	33,923,406
Segment assets	806,707,479	69,995,451	876,702,930
Segment liabilities	385,592,762	5,193,201	390,785,963

A8 Subsequent Events

On 8 January 2026, the Company had paid a single-tier interim dividend of 2.00 sen per share for the financial year ended 31 March 2026 amounting to RM8.82 million.

Other than above, there was no material event subsequent to the current quarter.

A9 Changes in the Composition of the Group

Saved as disclosed below, there were no changes in the composition of the Group, including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations during the financial period ended 31 December 2025.

During current financial period, Tat Lian Holding Sdn. Bhd. ("TLHSB"), an associate of ELK-Desa Furniture Sdn Bhd ("EDF"), a wholly owned subsidiary of the Group, remained under members' voluntary liquidation. In relation to the liquidation, EDF had received a distribution in specie on 18 April 2025, comprising 4,057,985 ordinary shares in Unico Holdings Berhad ("UHB"). As a result, the Group derecognised its investment in TLHSB. The liquidation does not have a material impact on the Group's financial position or performance. There were no further developments during the quarter.

As at 31 December 2025, EDF owns 4.99% equity interest in UHB. As the Group does not have significant influence over UHB, the investment is accounted for as a financial asset under MFRS 9 – Financial Instruments, and has been irrevocably designated at fair value through other comprehensive income (FVOCI).

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))

Notes to the Interim Financial Statements

for the third quarter ended 31 December 2025

A10 Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities and assets for the Group as at 31 December 2025.

A11 Capital Commitments

There were no material capital commitments for the purchase of property, plant and equipment as at the end of the financial period ended 31 December 2025.

A12 Related Party Disclosures

There was no significant related party transaction during the financial period ended 31 December 2025.

B1 Review of Performance**YEAR TO DATE AND CURRENT QUARTER (FY2026-Q3 vs FY2025-Q3)**

GROUP	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				9 months ended			
	31.12.2025	31.12.2024	RM	%	31.12.2025	31.12.2024	RM	%
Revenue	51,241,901	51,347,276	(105,375)	0%	149,366,070	143,664,627	5,701,443	4%
Profit before interest and tax	15,214,355	15,951,441	(737,086)	-5%	44,490,392	45,623,775	(1,133,383)	-2%
Profit before taxation	10,530,223	11,852,274	(1,322,051)	-11%	30,299,438	33,923,406	(3,623,968)	-11%

GROUP	As at		Variance	Variance
	31.12.2025	31.12.2024		
	RM	RM	RM	%
Hire Purchase Receivables	732,396,395	715,907,588	16,488,807	2%
Bank Borrowings	371,982,368	363,462,111	8,520,257	2%

The Group's revenue for the quarter decreased marginally to RM51.24 million due to lower contribution from furniture segment. The Group's profit before tax for the quarter decreased by 11% to RM10.53 million mainly due to lower contribution from hire purchase.

Hire purchase receivables as at 31 December 2025 stood at RM732.40 million, which is 2% higher than the previous year that is in line with the Group's strategy to grow its hire purchase receivables moderately.

The Group's bank borrowings increased by 2% to support the increased hire purchase receivables. Nevertheless, the Group's gearing remains at a manageable level of 0.77 times as compared to 0.75 times in last year comparative quarter.

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))

Notes to the Interim Financial Statements

for the third quarter ended 31 December 2025

HIRE PURCHASE SEGMENT	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				9 months ended			
	31.12.2025	31.12.2024	RM	%	31.12.2025	31.12.2024	RM	%
Revenue	33,407,144	32,667,698	739,446	2%	99,712,554	95,139,175	4,573,379	5%
Profit before interest and tax	13,733,789	14,487,837	(754,048)	-5%	42,153,668	42,736,663	(582,995)	-1%
Profit before taxation	9,166,582	10,415,141	(1,248,559)	-12%	28,191,779	31,116,854	(2,925,075)	-9%

Revenue increased by 2% to RM33.41 million mainly due to increase in hire purchase portfolio.

Impairment allowance increased by 8% to RM11.88 million. Credit loss charge (i.e. impairment allowance over average net hire purchase receivables) increased from 1.50% to 1.57%. The higher impairment allowance and credit loss charge was mainly due to the higher losses from repossessed vehicles in current quarter.

Net impaired loans ratio increased from 1.12% as at 30 September 2025 to 1.32% as at 31 December 2025 due to higher impaired loan accounts.

Cost to income ratio stood at 28% during the quarter as compared to 27% in the previous corresponding quarter. Finance cost increased by 12% to RM4.57 million mainly due to the higher borrowings to support the increased hire purchase receivables.

The profit before tax decreased by 12% to RM9.17 million mainly due to higher impairment allowances during the quarter.

FURNITURE SEGMENT	Individual Quarter		Variance	Variance	Cumulative Quarter		Variance	Variance
	3 months ended				9 months ended			
	31.12.2025	31.12.2024	RM	%	31.12.2025	31.12.2024	RM	%
Revenue	17,834,757	18,679,578	(844,821)	-5%	49,653,516	48,525,452	1,128,064	2%
Profit before interest and tax	1,480,566	1,463,604	16,962	1%	2,336,724	2,887,112	(550,388)	-19%
Profit before taxation	1,363,641	1,437,133	(73,492)	-5%	2,107,659	2,806,552	(698,893)	-25%

Revenue decreased by 5% to RM17.83 million mainly due to lower export sales as compared to the previous corresponding quarter. Gross profit margin (after deducting shipping and transportation cost) is relatively stable at 29% in current quarter.

The segment recorded a reversal of impairment allowance of RM0.14 million, compared with an impairment allowance of RM0.13 million in the previous corresponding quarter, mainly due to improved repayment performance from furniture dealers.

The segment recorded a lower profit before tax of RM1.36 million mainly due to lower contribution from furniture sales in the period.

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))

Notes to the Interim Financial Statements

for the third quarter ended 31 December 2025

YEAR-TO-DATE (FY2026 YTD vs FY2025 YTD)

The Group's revenue increased by 4% to RM149.37 million mainly due to higher contribution from both hire purchase and furniture segments. However, the Group's profit before tax decreased by 11% to RM30.30 million mainly due to impairment allowances incurred by HP segment.

Hire Purchase Segment

Revenue increased by 5% to RM99.71 million mainly due to increase in hire purchase portfolio.

Impairment allowance increased by 12% to RM35.52 million. Credit loss charge (i.e. impairment allowance over average net hire purchase receivables) increased from 4.72% to 4.75%. The higher impairment allowance and credit loss charge were mainly due to higher losses from repossessed vehicles during this financial period.

The net impaired loans ratio increased from 0.60% as at 31 March 2025 to 1.32% as at 31 December 2025 due to higher impaired loan accounts.

Cost to income ratio stood at 27% in both financial periods.

Finance cost increased by 20% to RM13.96 million due to higher borrowings to support the increased hire purchase receivables.

Despite increase in revenue, profit before tax for the nine (9) months period decreased by 9% from RM31.12 million to RM28.19 million mainly due to higher impairment allowances and finance costs.

Furniture Segment

Revenue increased by 2% to RM49.65 million mainly due to higher domestic furniture sales in this financial period as compared to the previous corresponding period. Gross profit margin (after deducting shipping and transportation cost) increased from 28% to 29%.

Impairment allowance decreased to RM0.26 million mainly due to better repayment from furniture dealers in this financial period as compared to the previous corresponding period.

Other expenses increased by 16% to RM15.92 million mainly due to higher selling, distribution and operating costs which was in line with the increase in furniture sales.

The segment recorded a lower profit before tax of RM2.11 million for the nine (9) months period ended 31 December 2025 mainly due to higher operating expenses.

B2 Comparison of Results with Preceding Quarter

GROUP	Current	Immediate	Variance	Variance
	Quarter	Preceding Quarter		
	31.12.2025	30.09.2025		
	RM	RM	RM	%
Revenue	51,241,901	48,878,151	2,363,750	5%
Profit before interest and tax	15,214,355	15,985,771	(771,416)	-5%
Profit before taxation	10,530,223	11,186,098	(655,875)	-6%
Hire purchase receivables	732,396,395	729,844,722	2,551,673	0%
Bank borrowings	371,982,368	368,248,607	3,733,761	1%

The Group's profit before tax for the current quarter of RM10.53 million was lower as compared to RM11.19 million of the immediate preceding quarter mainly due to a lower profit contribution from hire purchase segment in the current quarter.

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))

Notes to the Interim Financial Statements

for the third quarter ended 31 December 2025

B3 Prospects and Outlook

In accordance with Bank Negara Malaysia's ("BNM") Quarterly Bulletin for the third quarter of 2025, the Malaysian economy expanded by 5.2%, driven by sustained domestic demand and higher net exports. Household spending was supported by positive labour market conditions, income-related policy measures, and cash assistance programmes. Investment activity was underpinned by continued capital expansion by both private and public sectors. On the external front, net exports registered higher growth as export growth outpaced import growth. On the supply side, growth was led by the services and manufacturing sectors.

Headline inflation remained stable at 1.3%, while core inflation increased to 2%. In particular, electricity and diesel prices were lower during the quarter, in line with the recent electricity tariff restructuring and moderate global cost conditions. Inflation pervasiveness, measured by the share of CPI items registering monthly price increases. Domestically, Malaysia's positive economic growth prospects, supported by the Government's commitment to domestic structural reforms and fiscal sustainability, will continue to provide support to the ringgit.

Looking at the collections trends in the past few quarters, we acknowledge emerging pressures in collections and recovery activities, particularly due to rising living costs and easy access of non-bank consumer credit (e.g. Buy Now Pay Later "BnPL"), affecting the repayment ability of customers.

Moving forward, we are paying very close attention to emerging macroeconomic risks. These include uncertainties in global trade, with rising shipping costs possibly impacting cost of living. While some of these costs may be temporarily offset by lower priced products entering our market, we also have to be mindful of how the influx of these products impact local players.

Volatility in global financial markets could also affect consumer sentiment. Moreover, in the automotive sector, the aggressive pricing strategy by Chinese vehicle manufacturers is beginning to alter the competitive landscape, forcing downward price adjustments on all vehicles. This trend could influence overall demand patterns and residual values of vehicles, with implications for credit risk and asset recovery in our hire purchase segment.

In FY2026, ELK-Desa remains committed to sustainable growth, focusing on hire purchase portfolio within our niche and underserved market segment.

In the furniture segment, to further strengthen our competitive edge, our strategy remains focused on enhancing logistics and product variety across all geographical locations in Malaysia, specifically reinforcing our wholesale presence in Sabah and Sarawak.

In view of the sectoral headwinds, it is challenging to maintain previous year's performance. However, the Board of Directors remains confident in the Group's resilience and its ability to deliver long-term value to shareholders and stakeholders.

B4 Profit Forecasts

The Group did not issue any profit forecasts for the period under review.

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))

Notes to the Interim Financial Statements

for the third quarter ended 31 December 2025

B5 Taxation

Tax charge for the quarter and financial period ended 31 December 2025 are set out below:

	3 months ended 31.12.2025 RM	9 months ended 31.12.2025 RM
(a) Income Tax	3,970,268	10,535,568
(b) Deferred Taxation	<u>(1,127,358)</u>	<u>(2,940,122)</u>
	<u>2,842,910</u>	<u>7,595,446</u>
Effective tax rate	27%	25%

The effective tax rate of the Group for the current quarter ended 31 December 2025 was higher than the statutory tax rate mainly due to certain expenses which were not deductible for tax purposes.

B6 Status of Corporate Proposals Announced but Not Completed

There were no corporate proposals announced for the Group as at the reporting date.

B7 Group Borrowings & Debt Securities

The Group did not have any borrowings or debt securities that were denominated in foreign currency.

Borrowings	As at 31.12.2025 RM	As at 31.12.2024 RM
Block Discounting Payables - within 1 year	104,926,232	97,161,585
(Fixed rate and secured) - later than 1 year	225,065,018	226,567,049
	329,991,250	323,728,634
Fixed Loan - within 1 year	291,118	-
(Floating rate and secured) - later than 1 year	-	-
	291,118	-
Bank overdraft (Floating rate and secured)	23,700,000	19,733,477
Revolving Credit (Floating rate and secured)	18,000,000	20,000,000
Total Borrowings	<u>371,982,368</u>	<u>363,462,111</u>
Gearing ratio (times)	0.77	0.75

B8 Changes in Material Litigation

There was no material litigation against the Group as at the reporting date.

B9 Dividend

There was no dividend proposed in the current quarter and the previous corresponding quarter.

Year-to-date ("YTD") dividend for the financial period ended 31 December 2025 is 2.00 sen per ordinary share (YTD FY2025: 2.00 sen per share).

ELK-DESA RESOURCES BERHAD (Company No: 198901002858 (180164-X))

Notes to the Interim Financial Statements

for the third quarter ended 31 December 2025

B10 Earnings Per Share

Basic earnings per share was calculated by dividing the Group's net profit by the weighted average number of ordinary shares in issue during the financial period.

	Quarter ended 31.12.2025	Quarter ended 31.12.2024	Year to date 31.12.2025	Year to date 31.12.2024
Profit for the period attributable to owners of the Company (RM)	7,687,313	8,842,622	22,703,992	25,240,909
Weighted average number of ordinary shares (units)	444,774,001	454,808,456	449,016,211	454,808,456
Basic earnings per ordinary share (sen)	1.73	1.94	5.06	5.55

Diluted earnings per share is equivalent to the basic earnings per share as the Group has no dilutive potential ordinary shares during the current and prior financial years.

B11 Audit Report For The Preceding Annual Financial Statements

The audited financial statements of the Group for the preceding financial year ended 31 March 2025 was not qualified.

B12 Notes to the Statement of Comprehensive Income

	3 months ended 31.12.2025 RM	9 months ended 31.12.2025 RM
Profit before taxation is arrived at after charging:		
Interest expense	4,543,462	13,885,566
Interest on lease liabilities	140,670	305,388
Unrealised fair value (gain) / loss on short term funds	(56,559)	(18,258)
Inventories (reversal) / written down	137,237	(304,746)
And crediting :		
Interest	392,932	1,417,799
Unrealised foreign exchange gain / (loss)	6,970	(10,839)
Realised foreign exchange gain / (loss)	(62,024)	(226,792)