Avarga Limited
and its subsidiary corporations

Condensed Interim financial statements
For the six months ended 30 June 2026

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Group		
		6 months ended 30 June 2026	6 months ended 30 June 2025	Increase / (decrease)
	Note	S$'000	S$'000	%
Continuing operations				
Revenue	4	719,012	787,174	(9)
Cost of sale		(637,667)	(705,997)	(10)
Gross profit		81,345	81,177	-
Other (losses)/gains, net				
- Interest income – bank deposits		103	1,722	(94)
- Loss allowance on trade receivables, net		(86)	(482)	(82)
- Others		(917)	(21,009)	(96)
Distribution expenses		(15,325)	(15,162)	1
Selling and administrative expenses		(34,395)	(34,810)	(1)
Finance expenses		(2,776)	(2,678)	4
Profit before income tax	6	27,949	8,758	219
Income tax expense	7	(7,291)	(7,165)	2
Profit from continuing operations		20,658	1,593	1,197
Discontinued operations				
Profit from discontinued operations, net of tax	13	1,030	1,714	(40)
Net Profit		21,688	3,307	556
Other comprehensive loss:				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation				
- Losses		(2,642)	(9,933)	(73)
Items that will not be reclassified subsequently to profit or loss:				
Financial assets, at FVOCI				
- Fair value losses – equity investments		(911)	-	100
Currency translation differences arising from consolidation				
- Losses		(995)	(4,111)	(76)
Other comprehensive loss, net of tax		(4,548)	(14,044)	(68)
Total comprehensive income/(loss)		17,140	(10,737)	nm
Net profit/(loss) attributable to:				
Equity holders of the Company				
- Continuing operations		14,687	(4,329)	nm
- Discontinued operations		1,030	1,714	(40)
		15,717	(2,615)	nm
Non-controlling interests		5,971	5,922	1
		21,688	3,307	556
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company		12,164	(12,548)	nm
Non-controlling interests		4,976	1,811	175
		17,140	(10,737)	nm
Earnings per share ("EPS") for profit/(loss) attributable to equity holders of the Company				
Basic/Diluted EPS (Cents per share) [A]				
- Continuing operations		16.17	(4.76)	
- Discontinued operations		1.13	1.89	

nm - not meaningful

[A] The calculation of earnings per ordinary share was based on weighted average number of shares 90,831,335 (First Half 2025: 90,831,335) in issue during the period.

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

		Group		Company	
		30/06/2026	31/12/2025	30/06/2026	31/12/2025
	Note	S$'000	S$'000	S$'000	S$'000
ASSETS					
Current Assets					
Inventories		169,694	177,494	-	-
Trade receivables		190,185	108,769	-	-
Other receivables		1,944	5,822	93,580	94,019
Prepaid operating expenses		3,889	3,771	21	21
Derivatives financial instruments		93	-	-	-
Income tax recoverable		3,469	3,043	-	-
Cash and cash equivalents		77,976	82,134	2,819	4,151
Total Current Assets		447,250	381,033	96,420	98,191
Non-current Assets					
Property, plant and equipment		118,066	109,456	620	763
Investments in subsidiary corporations		-	-	12,018	12,018
Financial assets, at fair value through profit or loss (“FVPL”)	9	10,623	10,587	-	-
Financial assets, at fair value through other comprehensive income (“FVOCI”)	10	6,671	7,595	-	-
Long term inventory**		4,573	4,487	-	-
Goodwill on consolidation		19,245	19,840	-	-
Intangible assets		34	153	-	-
Deferred income tax assets		5,208	1,758	-	-
Total Non-current Assets		164,420	153,876	12,638	12,781
Total Assets		**611,670**	**534,909**	**109,058**	**110,972**
LIABILITIES					
Current Liabilities					
Trade payables and accruals		(104,327)	(99,706)	(184)	(310)
Other payables		(203)	(91)	(164)	(51)
Derivatives financial instruments		-	(245)	-	-
Revolving credit facility	11	(55,337)	(10,626)	-	-
Lease liabilities	11	(7,029)	(6,355)	(167)	(164)
Total Current Liabilities		(166,896)	(117,023)	(515)	(525)
Non-current Liabilities					
Lease liabilities	11	(87,150)	(80,593)	(195)	(280)
Deferred gains		(1,661)	(1,768)	-	-
Deferred income tax liabilities		(7,715)	(4,417)	-	-
Total Non-current Liabilities		(96,526)	(86,778)	(195)	(280)
Total Liabilities		**(263,422)**	**(203,801)**	**(710)**	**(805)**
NET ASSETS		**348,248**	**331,108**	**108,348**	**110,167**
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	12	169,597	169,597	169,597	169,597
Treasury shares	12	(12,130)	(12,130)	(12,130)	(12,130)
Retained profits/(accumulated losses)		170,316	154,366	(49,193)	(47,374)
Other reserves		(59,412)	(55,626)	74	74
		268,371	256,207	108,348	110,167
Non-controlling interests		79,877	74,901	-	-
Total Equity		**348,248**	**331,108**	**108,348**	**110,167**

** Long term inventory relates to two properties which are held for development and future sale.

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

THE GROUP

Consolidated statement of changes in equity for the period ended 30 June 2026

	Share capital	Treasury shares	Retained profits	Capital reserve	Foreign currency translation reserve	Fair value reserve	Total reserves	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 January 2026	**169,597**	**(12,130)**	**154,366**	**458**	**(55,548)**	**(536)**	**(55,626)**	**74,901**	**331,108**
Profit for the financial period	-	-	15,717	-	-	-	-	5,971	21,688
Other comprehensive loss for the financial period	-	-	-	-	(2,642)	(911)	(3,553)	(995)	(4,548)
Total comprehensive income/(loss) for the financial period	-	-	15,717	-	(2,642)	(911)	(3,553)	4,976	17,140
Transfer upon disposal of financial assets, at FVOCI	-	-	(82)	-	-	82	82	-	-
Liquidation of a subsidiary corporation	-	-	315	(306)	(9)	-	(315)	-	-
Total transactions with owners, recognised directly in equity	-	-	233	(306)	(9)	82	(233)	-	-
Balance at 30 June 2026	**169,597**	**(12,130)**	**170,316**	**152**	**(58,199)**	**(1,365)**	**(59,412)**	**79,877**	**348,248**

Consolidated statement of changes in equity for the period ended 30 June 2025

	Share capital	Treasury shares	Retained profits	Capital reserve	Foreign currency translation reserve	Fair value reserve	Total reserves	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 January 2025	**169,597**	**(12,130)**	**250,310**	**808**	**(47,424)**	**-**	**(46,616)**	**124,043**	**485,204**
Profit/(loss) for the financial period	-	-	(2,615)	-	-	-	-	5,922	3,307
Other comprehensive loss for the financial period	-	-	-	-	(9,933)	-	(9,933)	(4,111)	(14,044)
Total comprehensive income/(loss) for the financial period	-	-	(2,615)	-	(9,933)	-	(9,933)	1,811	(10,737)
Acquisition of non-controlling interests without a change in control	-	-	-	(350)	-	-	(350)	(9,040)	(9,390)
Dividend paid by a subsidiary corporation to non-controlling interests	-	-	-	-	-	-	-	(43,293)	(43,293)
Total transactions with owners, recognised directly in equity	-	-	-	(350)	-	-	(350)	(52,333)	(52,683)
Balance at 30 June 2025	**169,597**	**(12,130)**	**247,695**	**458**	**(57,357)**	**-**	**(56,899)**	**73,521**	**421,784**

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

THE COMPANY

Statement of changes in equity for the period ended 30 June 2026

	Share capital	Treasury shares	Accumulated losses	Capital reserve	Total reserves	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 January 2026	**169,597**	**(12,130)**	**(47,374)**	**74**	**74**	**110,167**
Total comprehensive loss for the financial period	-	-	(1,819)	-	-	(1,819)
Balance at 30 June 2026	**169,597**	**(12,130)**	**(49,193)**	**74**	**74**	**108,348**

Statement of changes in equity for the period ended 30 June 2025

	Share capital	Treasury shares	(Accumulated losses)/ retained profits	Capital reserve	Total reserves	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance at 1 January 2025	**169,597**	**(12,130)**	**(47,495)**	**74**	**74**	**110,046**
Total comprehensive income for the financial period	-	-	109,384	-	-	109,384
Balance at 30 June 2025	**169,597**	**(12,130)**	**61,889**	**74**	**74**	**219,430**

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

		Group	
		6 months ended 30 June 2026	6 months ended 30 June 2025
	Note	S$'000	S$'000
Cash flows from operating activities			
Net profit from continuing operations		20,658	1,593
Net profit from discontinued operations	13	1,030	1,714
Net profit after income tax		21,688	3,307
Adjustments for:			
Income tax expenses		7,291	7,165
Depreciation of property, plant and equipment	6	6,064	5,993
Amortisation of intangible assets	6	116	902
Amortisation of deferred gain	6	(56)	(55)
Gain on disposal of property, plant and equipment	6	(8)	(351)
Changes in provisions		-	(32)
Loss allowance on trade receivables		86	194
Net fair value (gain)/loss on derivatives		(338)	257
Fair value (gain)/loss on financial assets, at FVPL	6	(103)	289
Interest income		(103)	(1,734)
Interest expenses	6	2,776	2,690
Unrealised currency translation losses/(gains)		3,889	(3,994)
Operating cash flows before working capital changes		41,302	14,631
Changes in working capital:			
Inventories		2,370	(21,918)
Trade receivables		(84,136)	(60,362)
Other receivables		3,878	3,533
Prepaid operating expenses		(435)	1,033
Trade payables and accruals		8,064	13,500
Other payables		112	1,055
Cash used in operations		(28,845)	(48,528)
Interest received		103	1,734
Interest paid		(2,449)	(1,734)
Income tax paid		(7,834)	(5,909)
Net cash used in operating activities		(39,025)	(54,437)
Cash flows from investing activities			
Purchase of property, plant and equipment		(6,790)	(2,499)
Proceeds from disposal of property, plant and equipment		8	381
Purchase of financial assets, at FVOCI		(3,373)	-
Proceeds from disposal of financial assets, at FVOCI		3,386	-
Net cash used in investing activities		(6,769)	(2,118)
Cash flows from financing activities			
Acquisition of non-controlling interest		-	(9,390)
Principal element of lease payments		(3,851)	(3,171)
Repayment of bank borrowings		-	(605)
Interest paid		-	(206)
Changes in revolving credit facility		45,031	76,510
Dividends paid by a subsidiary corporation to non-controlling interests		-	(43,293)
Net cash generated from in financing activities		41,180	19,845
Net decrease in cash and cash equivalents		(4,614)	(36,710)
Cash and cash equivalents at beginning of period		82,134	200,617
Effects of currency translation on cash and cash equivalents		456	(2,431)
Cash and cash equivalents at end of period		77,976	161,476
Cash and bank balances			
- Continuing operations		77,976	155,531
- Discontinued operations		-	5,945
		77,976	161,476

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Avarga Limited (the "Company") is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2026 comprise the Company and its subsidiaries (collectively, the "Group"). The principal activities of the Company are investment holding and providing management services. The principal activities of the Group are:

(a) Investment holding and portfolio investment; and
(b) Independent wholesale distributor of building products.

2. Basis of preparation

The condensed interim consolidated financial statements for the six months ended 30 June 2026 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last interim consolidated financial statements for the financial period ended 31 December 2025.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim consolidated financial statements are presented in Singapore dollar ("S$") which is the Company's functional currency and all values in the tables are rounded to the nearest thousand (S$'000) as indicated.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The adoption of the new and revised standards had no material financial impact on the financial statements of the Group.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial year ended 31 December 2025.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there is no instance of application of judgment which is expected to have a significant impact on the amounts recognised in the Group's condensed interim financial statements for six months period ended 30 June 2026.

3. Seasonal operations

The sales of the building products business of the Group, i.e. under Taiga Group are typically subject to seasonal variances that fluctuate in accordance with the normal home building season in Canada and the United States. Taiga generally experiences higher sales in the second and third quarters and reduced sales in the late fall and winter during its first and fourth quarters of each year, when home building activity is low due to the cold weather.

The Group's other businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment information

The Group's chief operating decision-maker ("CODM") comprises of the Executive Chairman, Chief Executive Officer, President, Investments and the heads of each business within each primary geographic segment. Management has determined the operating segments based on the reports reviewed by the CODM that are used to make strategic decisions, allocate resources, and assess performance.

The CODM considers the business from a business segment perspective. From a business segment perspective, the Group is organised into business units based on their products and services, and has two reportable operating segments.

(a) Wholesale distribution of building products in Canada, United States and overseas; and

(b) Others, which include corporate and investments segment.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

The CODM monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group income taxes are managed on a group basis and are not allocated to operating segments.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the statement of comprehensive income.

4.1 Reportable segments

The segment information provided to the CODM for the reportable segments are as follows:

Group

	Building Products		Others		Total for continuing operations	
	6 months ended 30 June 2026	6 months ended 30 June 2025	6 months ended 30 June 2026	6 months ended 30 June 2025	6 months ended 30 June 2026	6 months ended 30 June 2025
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Revenue:						
External customers	718,988	787,174	24	-	719,012	787,174
Results:						
Cost of sales	(637,667)	(705,997)	-	-	(637,667)	(705,997)
Finance expenses	(2,766)	(2,483)	(10)	(195)	(2,776)	(2,678)
Interest income	-	1,580	103	142	103	1,722
Depreciation	(5,894)	(5,765)	(170)	(125)	(6,064)	(5,890)
Amortisation of intangible assets	(116)	(902)	-	-	(116)	(902)
Withholding tax	-	-	-	(18,652)	-	(18,652)
Segment profit/(loss) before income tax	30,442	30,128	(2,493)	(21,370)	27,949	8,758

	Building Products		Others		Total		Adjustments and elimination		Note	Per Consolidated financial statements	
	30/06/2026	31/12/2025	30/06/2026	31/12/2025	30/06/2026	31/12/2025	30/06/2026	31/12/2025		30/06/2026	31/12/2025
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000		S$'000	S$'000
Assets:											
Additions to:-											
- Property, plant and equipment	19,923	7,118	-	527	19,923	7,645	-	-		19,923	7,645
Segment assets	581,188	505,269	21,805	24,839	602,993	530,108	8,677	4,801	A	611,670	534,909
Segment liabilities	254,674	196,877	1,033	2,507	255,707	199,384	7,715	4,417	B	263,422	203,801

4.1 Reportable segments (cont'd)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the condensed interim consolidated financial statements.

A The following items are added to segment assets to arrive at total assets reported in the condensed interim statement of financial position.

	Group	
	30/06/2026	**31/12/2025**
	S$'000	S$'000
Income tax recoverable	3,469	3,043
Deferred income tax assets	5,208	1,758
	8,677	4,801

B The following items are added to segment liabilities to arrive at total liabilities reported in the condensed interim statement of financial position.

	Group	
	30/06/2026	**31/12/2025**
	S$'000	S$'000
Deferred income tax liabilities	7,715	4,417
	7,715	4,417

The Group's revenue from its products and services are as follows: -

	Group	
	6 months ended 30 June 2026	**6 months ended 30 June 2025**
	S$'000	S$'000
Continuing operations		
Sales of building products	718,988	787,174
Dividend income	24	-
	719,012	787,174

The geographical information on the Group's revenue and non-current assets is not presented as it is not used for segmental reporting purposes.

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company as at 30 June 2026 and 31 December 2025:

	Group		Company	
	30/06/2026	**31/12/2025**	**30/06/2026**	**31/12/2025**
	S$'000	S$'000	S$'000	S$'000
Financial Assets				
Financial asset, at FVPL	10,623	10,587	-	-
Financial assets, at FVOCI	6,671	7,595	-	-
Cash and bank balances, trade and other receivables (Amortised cost)	270,105	196,725	96,399	98,170
Derivative financial instruments	93	-	-	-
	287,492	214,907	96,399	98,170
Financial Liabilities				
Trade and other payables, lease liabilities and borrowings (Amortised cost)	(248,476)	(191,830)	(710)	(805)
Derivative financial instruments	-	(245)	-	-
	(248,476)	(192,075)	(710)	(805)

6. Profit before income tax

6.1 Significant items

Profit for the period included the following:

	Group	
	6 months ended 30 June 2026	6 months ended 30 June 2025
	S$'000	S$'000
Continuing operations		
Interest income	103	1,722
Amortisation of deferred gain	56	55
Gain on disposal of property, plant and equipment	8	136
Interest expenses	(2,776)	(2,678)
- Lease liabilities and bank borrowings	(2,664)	(2,565)
- Amortisation of financing costs	(112)	(113)
Depreciation of property, plant and equipment	(6,064)	(5,890)
Amortisation of intangible assets	(116)	(902)
Inventories written down	(440)	(1,495)
Foreign exchange loss, net	(992)	(2,111)
Loss allowance on trade receivables	(86)	(482)
Net fair value loss on derivatives	(338)	(166)
Fair value gain/(loss) on financial assets, at FVPL (Note 9)	103	(289)
Withholding tax*	-	(18,652)
Discontinued operations		
Interest income	-	12
Gain on disposal of property, plant and equipment	-	215
Interest expenses – Lease liabilities and bank borrowings	-	(12)
Depreciation of property, plant and equipment	-	(103)
Foreign exchange gain, net	-	207
Write back of allowance on trade receivables	-	288
Reversal of provision for gas take-or-pay charges**	1,030	-

*Withholding tax arose from dividends paid by the Company's Canadian subsidiary corporation to the Company's Singapore subsidiary corporation and remitted to the Canadian tax authority.

**The write-back relates to the reversal of part of the provision previously recognised for outstanding gas take-or-pay charges following a settlement agreement reached with the gas utility provider during the financial period.

6.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of comprehensive income are:

	Group	
	6 months ended 30 June 2026	6 months ended 30 June 2025
	S$'000	S$'000
Continuing operations		
Current income tax expense	(7,283)	(7,506)
Deferred tax income	(8)	341
	(7,291)	(7,165)

8. Net Asset Value

	Group		Company	
	30/06/2026	**31/12/2025**	**30/06/2026**	**31/12/2025**
	S$	S$	S$	S$
Net asset value per ordinary share	2.95	2.82	1.19	1.21

As at the end of the reporting period, the number of ordinary shares of the Group used for the above calculation had been adjusted to exclude treasury shares.

9 Financial assets, at FVPL

	Group	
	30/06/2026	**31/12/2025**
	S$'000	S$'000
Beginning of financial period	10,587	11,374
Fair value gain/(loss) (Note 6.1)	103	(210)
Currency translation differences	(67)	(577)
End of financial period	10,623	10,587
Non-current		
Non-listed securities:		
- Equity securities – Private Asian Real Estate Fund	8,436	8,332
- Debt securities – Private Guaranteed Bond	2,187	2,255
	10,623	10,587

The instruments are all mandatorily measured at fair value through profit or loss.

The investment in a private guaranteed bond bears an interest rate of 8% per annum, along with a share of revenues maturing on 29 December 2026.

10. Financial assets, at FVOCI

	Group	
	30/06/2026	**31/12/2025**
	S$'000	S$'000
Beginning of financial period	7,595	-
Additions	3,373	8,131
Disposals	(3,386)	-
Fair value losses	(911)	(536)
End of financial period	6,671	7,595
Non-current assets		
Listed equity securities	6,671	7,595

The Group has elected to measure these equity securities at FVOCI due to the Group's intention to hold these equity instruments for long-term capital appreciation.

10.1 Fair value measurement

The table below presents assets and liabilities recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:
(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
(c) inputs for the asset or liability that are not based on observables market data (unobservable inputs) (Level 3).

	Level 1	**Level 2**	**Level 3**
	S$'000	S$'000	S$'000
Group			
30 June 2026			
Financial assets			
FVPL	-	2,187	8,436
FVOCI	6,671	-	-
Derivative financial instruments	-	93	-
31 December 2025			
Financial assets			
FVPL	-	2,255	8,332
FVOCI	7,595	-	-
Financial liabilities			
Derivative financial instruments	-	(245)	-

11. Group's borrowings and debt securities

	Group	
	30/06/2026	**31/12/2025**
	S$'000	S$'000
Secured borrowings		
Repayable within one year	62,366	16,981
Repayable after one year	87,150	80,593
	149,516	97,574

Security granted
The Group's secured borrowings comprise a revolving credit facility of S$55,337,000 (2025: S$10,626,000) and lease liabilities of S$94,179,000 (2025: S$86,948,000).

The revolving credit facility is secured by a first perfected security interest in all real and personal property of Taiga Building Products Ltd ("**Taiga**") and certain of its subsidiary corporations.

Lease liabilities of the Group are effectively secured over the right-of-use assets.

Revolving credit facility
On 21 December 2022, Taiga entered into a new C$250 million senior secured revolving credit facility (the "**Facility**") with a syndicate of lenders led by Bank of Montreal and including Scotiabank, Bank of America, TD Bank and CIBC. The Facility bear interest at variable rates plus variable margin, is secured by a first perfected security interest in all real and personal property of Taiga and certain of its subsidiary corporations, and matures on 20 December 2027. Taiga's ability to borrow under the Facility is based upon a defined percentage of accounts receivable and inventories.

12. Share capital and treasury shares

	Group and Company			
	Number of shares		**Amount**	
	Issue share capital	**Treasury shares**	**Share capital**	**Treasury shares**
	'000	'000	S$'000	S$'000
Balance as at 1 January 2026 and 30 June 2026	95,014	(4,183)	169,597	(12,130)
Balance as at 1 January 2025 and 31 December 2025	95,014	(4,183)	169,597	(12,130)

12. Share capital and treasury shares (Continued)

The Company has no outstanding convertibles as at 30 June 2026 and 30 June 2025.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2026 and 30 June 2025.

As at 30 June 2026, the issued and paid-up capital excluding treasury shares comprised 90,831,335 (31 December 2025: 90,831,335) ordinary shares.

As at 30 June 2026, the number of treasury shares represented 4.61% (30 June 2025: 4.61%) of the total number of issued shares excluding treasury shares.

As at 30 June 2026, there were no sales, transfers, cancellation and/or use of treasury shares and subsidiary holdings.

13. Discontinued operations

(a) Cessation of Paper Mill Business

On 24 November 2024, the Company announced that the paper manufacturing operations carried out by its wholly-owned subsidiary corporation, UPP Pulp & Paper (M) Sdn. Bhd. ("**UPP Malaysia**"), ceased after 31 December 2024 following the expiry of the gas supply contract for its plant in Ijok, Selangor. Accordingly, UPP Malaysia's financial results for the six month period ended 30 June 2025 were presented as "Discontinued operations" in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations.

Discontinued operations reported for the six month period ended 30 June 2026 comprised post-discontinuation adjustments arising from the reversal of part of the provision previously recognised for outstanding gas take-or-pay charges following a settlement agreement reached with the gas utility provider.

(i) The results of the discontinued operations of UPP Malaysia were as follows:

Financial performance	**6 months ended 30 June 2026** S$'000	**6 months ended 30 June 2025** S$'000
Revenue		
- Sales of paper products	-	3,400
Cost of sale	-	(3,492)
Gross profit/(loss)	-	(92)
Other gains - net	1,030	2,905
Other operating expenses	-	(1,099)
Profit before income tax	1,030	1,714
Income tax expense	-	-
Net profit for the year	1,030	1,714
Basic/Diluted earnings per share – Cents per share	1.13	1.89

(ii) The impact of the discontinued operations on the cash flow of the Group was as follows:

Cash flow	**6 months ended 30 June 2026** S$'000	**6 months ended 30 June 2025** S$'000
Net cash (used in)/from operating activities	(318)	1,190
Net cash from investing activities	-	214
Net cash used in financing activities	-	(635)
Total cash flows (used in)/provided by discontinued operations	(318)	769

F. OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of Avarga Limited and its subsidiaries as at 30 June 2026 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the group

(a) <u>Group financial performance by business segments</u>

<u>Overview</u>

For 1H2026, the Group reported a net profit of S$21.7 million, an increase of S$18.4 million or 556% from S$3.3 million in 1H2025. The significant increase was primarily attributable to a withholding tax expense of S$18.6 million recognised in 1H2025, which was paid to the Canadian tax authority on dividends declared and paid by Avarga's Canadian subsidiary to its Singapore subsidiary. Excluding this withholding tax expense, the Group's net profit would have been broadly comparable for both reporting periods at approximately S$22 million.

Based on the segment information, the building products business is the only active operating segment of the Group.

(i) <u>Continuing operations – Building Products Business (Taiga)</u>

<u>Revenue, Gross Margin and Pre-tax profit</u>

The Group‘s revenue from building product business for 1H2026 was S$719.0 million, compared to S$787.2 million for 1H2025. Gross profit remained stable at S$81 million for 1H2026, compared with the corresponding period last year. Gross profit margin improved from 10.3% for 1H2025 to 11.3% for 1H2026.

The decrease in revenue of S$68.2 million was primarily attributable to lower average pricing and lower sales volume. Despite the decline in revenue, gross profit remained stable and gross profit margin improved, mainly due to lower cost of goods sold, which helped offset the impact of reduced net sales.

<u>Other (losses)/gains, net</u>

Other (losses)/gains for 1H2026 mainly comprised a foreign exchange loss of S$1.0 million (1H2025: S$2.1 million), primarily arising from the translation of intercompany receivables denominated in Canadian dollars, and interest income of S$0.1 million (1H2025: S$1.7 million). In addition, no withholding tax was recognised in 1H2026, compared with S$18.6 million in 1H2025, which was payable to the Canadian tax authority on dividends declared and paid by Avarga's Canadian subsidiary to its Singapore subsidiary.

<u>Expenses</u>

Distribution expenses were S$15.3 million and S$15.2 million for 1H2026 and 1H2025 respectively.

Selling and administrative expenses were S$34.4 million and S$34.8 million for 1H2026 and 1H2025 respectively.

Finance expenses for 1H2026 were S$2.8 million as compared to S$2.7 million in the same period last year. The increase was primarily due to the resumption of borrowings under the Taiga’s revolving credit facility resulting from its dividend payment in June 2025.

(ii) <u>Discontinued operations</u>

Discontinued operations in 1H2026 comprised a net profit after tax of approximately S$1.0 million, arising from post-discontinuation adjustments relating to the paper mill business. The adjustment primarily related to the reversal of a provision for gas take-or-pay charges recognised in a prior year.

In 1H2025, discontinued operations comprised a net profit after tax of approximately S$1.7 million, contributed by the Group's paper mill business.

(b) Review of Statement of Financial Position

The Group's total assets increased from S$534.9 million as at 31 December 2025 to S$611.7 million as at 30 June 2026.

Property, plant and equipment increased to S$118.1 million as at 30 June 2026 from S$109.5 million as at 31 December 2025, primarily due to capital additions of S$19.9 million during the current period, partially offset by depreciation charge of S$6.1 million. Included with property, plant and equipment were right-of-use assets with net book value of S$82.6 million as at 30 June 2026, after depreciation charge of S$3.9 million for the period.

Trade receivables increased to S$190.2 million as at 30 June 2026 compared to S$108.8 million as at 31 December 2025, primarily due to selling of larger quantities of products by Taiga during the peak seasons.

Total liabilities of the Group increased to S$263.4 million as at 30 June 2026 from S$203.8 million as at 31 December 2025. The increase was primarily attributable to higher drawdowns under the Group's revolving credit facility.

The Group's working capital was S$280.4 million as at 30 June 2026 compared to S$264.0 million as at 31 December 2025.

The Group's total equity as at 30 June 2026 amounted to S$348.2 million (31 December 2025: S$331.1 million).

(c) Review of Statement of Cash Flows

Cash flows from operating activities used cash of S$39.0 million for 1H2026 compared to S$54.4 million for the same period last year. The change between the comparative periods was primarily due to changes in non-cash working capital, particularly due to movement in accounts receivable, inventories and account payables and accruals.

Investing activities used cash of S$6.8 million for 1H2026 compared to S$2.1 million for the same period last year. The higher net cash outflow was primarily attributable to increased purchases of property, plant and equipment during the current period.

Financing activities generated net cash of S$41.2 million for 1H2026 compared to S$19.8 million for the same period last year. The net cash inflows in both periods were mainly attributable to movements in the revolving credit facility. The increase in net cash inflow in 1H2026 was mainly due to the absence of cash outflows relating to the acquisition of non-controlling interest and dividends paid by a subsidiary to non-controlling interests, which offset the cash inflows from the revolving credit facility in 1H2025.

Overall, the net decrease in cash and cash equivalents for 1H2026 was S$4.6 million.

As at 30 June 2026, the Group's cash and cash equivalents was S$78.0 million.

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual result

No forecast was previously provided.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Taiga's financial performance is primarily dependent on the residential construction, renovation and repairs markets in North America. These markets are affected by the strength or weakness in the general economy and as such are influenced by interest rates and other general market indicators. Taiga caters to both the primary housing and renovation markets. Taiga's primary and secondary markets are Canada and the United States respectively.

In Canada, according to the Canada Mortgage and Housing Corporation ("CMHC") in its 2026 Housing Market Outlook, housing starts in Canada are projected to range between 243,000 and 247,000 units in 2026 compared to 259,000 units in 2025. In the United States, the National Association of Home Builders reported in July 2026 that housing starts are forecasted to total 1,349,000 units in the 2026 calendar year compared to 1,356,000 units in calendar year 2025.

5. Dividend information

(a) 1st Half period ended 30 June 2026

Any dividend declared for the current financial period reported on? No

(d) 1st Half period ended 30 June 2025

Any dividend declared for the current financial period reported on?

Name of dividend	Tax-exempt one tier
Dividend type	Interim
Dividend amount per Share (in S$)	1.20
Tax rate	-

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

(e) If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision

In view of the highly volatile and uncertain global operating environment, no dividend has been recommended for the current reporting period, as it is crucial for the Group to conserve its cash resources to sustain its business operations, to meet its financial commitments and retain the cash in the Group for its future growth.

6. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

7. Confirmation that the issuer has produced undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

8. Negative assurance confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of the Company hereby confirm that to the best of their knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six month period ended 30 June 2026 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Tong Kooi Ong
Executive Chairman

Tong Ian
Chief Executive Officer

8 August 2026