

SYNERGY HOUSE BERHAD

(Registration No: 202101025778 (1426078 - V))

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2025

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ⁽¹⁾

| | Individual Quarter 3-Month Ended | | Cumulative Quarter 3-Month Ended | |
|---|---|--|---|---|
| | Current Year Quarter 31.03.2025 RM'000 | Preceding Year Corresponding Quarter 31.03.2024 RM'000 | Current Year To-Date 31.03.2025 RM'000 | Preceding Year Corresponding Period 31.03.2024 RM'000 |
| Revenue | 88,086 | 83,677 | 88,086 | 83,677 |
| Other income | 1,955 | 1,898 | 1,955 | 1,898 |
| Purchase of trading goods | (53,345) | (60,896) | (53,345) | (60,896) |
| Changes in inventories | (12,294) | 6,558 | (12,294) | 6,558 |
| Depreciation | (771) | (585) | (771) | (585) |
| Employee benefits | (5,430) | (4,634) | (5,430) | (4,634) |
| Finance cost | (1,030) | (956) | (1,030) | (956) |
| Other expense | (12,906) | (12,802) | (12,906) | (12,802) |
| Net impairment losses on financial assets | (879) | - | (879) | - |
| Profit before tax | 3,386 | 12,260 | 3,386 | 12,260 |
| Income tax expense | (941) | (3,247) | (941) | (3,247) |
| Profit after tax and total comprehensive income for the financial period | 2,445 | 9,013 | 2,445 | 9,013 |

Earnings per ordinary share (sen) ⁽²⁾

| | | | | |
|--|------|------|------|------|
| - Basic/Diluted earnings per ordinary shares (sen) | 0.49 | 1.80 | 0.49 | 1.80 |
|--|------|------|------|------|

(1) *The basis of preparation of the unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the accompanying explanatory notes attached to this interim financial report.*

(2) *Basic/Diluted earnings per share (“EPS”) is calculated based on the Company’s total number of 500,000,000 ordinary shares as at 31 March 2025 (as at 31 December 2024: 500,000,000 shares). Basic EPS and diluted EPS are the same as the Company has no dilutive potential ordinary shares as at the end of the current quarter and financial period under review.*

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ⁽¹⁾

| | Unaudited as at 31.03.2025 RM'000 | Audited as at 31.12.2024 RM'000 |
|---|--|--|
| Assets | | |
| Non-current assets | | |
| Property, plant and equipment | 16,088 | 16,010 |
| Investment Properties | 28,000 | 28,000 |
| Right-of-use assets | 22,200 | 22,170 |
| Total non-current assets | <u>66,288</u> | <u>66,180</u> |
| Current assets | | |
| Inventories | 58,884 | 71,178 |
| Trade receivables | 45,962 | 56,884 |
| Other receivables, deposits and prepayments | 8,537 | 5,478 |
| Derivative assets | - | 270 |
| Current tax assets | 6,451 | 5,293 |
| Short-term investment | 31,198 | 29,779 |
| Deposits with licensed banks | 770 | 17,736 |
| Cash and bank balances | 27,981 | 28,373 |
| Total current assets | <u>179,783</u> | <u>214,991</u> |
| Total assets | <u>246,071</u> | <u>281,171</u> |
| Equity and liabilities | | |
| Equity | | |
| Share capital | 67,419 | 67,419 |
| Reserves | 58,746 | 59,994 |
| Total equity | <u>126,165</u> | <u>127,413</u> |
| Non-current liabilities | | |
| Bank borrowings | 23,377 | 24,240 |
| Lease liabilities | 681 | 581 |
| Deferred tax liabilities | 663 | 663 |
| Total non-current liabilities | <u>24,721</u> | <u>25,484</u> |
| Current liabilities | | |
| Trade payables | 31,314 | 45,245 |
| Other payables and accruals | 15,261 | 17,818 |
| Bank borrowings | 48,100 | 63,141 |
| Lease liabilities | 510 | 528 |
| Derivative liabilities | - | 1,542 |
| Total current liabilities | <u>95,185</u> | <u>128,274</u> |
| Total liabilities | <u>119,906</u> | <u>153,758</u> |
| Total equity and liabilities | <u>246,071</u> | <u>281,171</u> |
| Net assets per share (RM) | 0.25 ⁽²⁾ | 0.25 ⁽²⁾ |

Notes:

- (1) *The basis of preparation of the unaudited Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the accompanying explanatory notes attached to this interim financial report.*
- (2) *Net assets per share is calculated based on the Company's number of 500,000,000 ordinary shares as at 31 March 2025 (as at 31 December 2024: 500,000,000 shares).*

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ⁽¹⁾

| | <i>Non-distributable</i> | | | <i>Distributable</i> | | Total equity RM'000 |
|---|--------------------------|-------------------------------|----------------------------|---------------------------------|-------------------------|-------------------------------|
| | Share capital | Reorganisation reserve | Revaluation reserve | Foreign exchange Reserve | Retained profits | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| At 1 January 2024 | 67,419 | (31,788) | 7,655 | - | 57,533 | 100,819 |
| Profit after tax for the financial period | - | - | - | - | 9,013 | 9,013 |
| Total comprehensive income for the financial period | - | - | - | - | 9,013 | 9,013 |
| Distributions to owners of the Company:- | | | | | | |
| - Dividends | - | - | - | - | (3,000) | (3,000) |
| At 31 March 2024 | 67,419 | (31,788) | 7,655 | - | 63,546 | 106,832 |
| At 1 January 2025 | 67,419 | (31,788) | 13,911 | - | 77,871 | 127,413 |
| Profit after tax for the financial period | - | - | - | 7 | 2,445 | 2,452 |
| Total comprehensive income for the financial period | - | - | - | 7 | 2,445 | 2,452 |
| Distributions to owners of the Company: | | | | | | |
| - Dividends | - | - | - | - | (3,700) | (3,700) |
| At 31 March 2025 | 67,419 | (31,788) | 13,911 | 7 | 76,616 | 126,165 |

Note:

(1) *The basis of preparation of the unaudited Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the accompanying explanatory notes attached to this interim financial report.*

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS ⁽¹⁾

| | Current Year To- Date 31.03.2025 RM'000 | Preceding Year Corresponding Period 31.03.2024 RM'000 |
|---|--|--|
| Cash flows for operating activities | | |
| Profit before tax | 3,386 | 12,260 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 495 | 381 |
| Depreciation of right-of-use assets | 276 | 204 |
| Dividend income from short-term deposits | (306) | (97) |
| Fair value loss on derivative | - | 66 |
| Allowance for impairment loss on trade receivable | 879 | - |
| Unrealised gain on foreign exchange | (1,260) | (1,689) |
| Interest expenses | 1,030 | 956 |
| Interest income | (89) | (167) |
| Operating profit before working capital changes | 4,411 | 11,914 |
| Changes in working capital: | | |
| Inventories | 12,294 | (6,558) |
| Trade and other receivables | 6,207 | 26,890 |
| Trade and other payables | (15,858) | (3,326) |
| Cash generated from operations | 7,054 | 28,920 |
| Interest received | 89 | 167 |
| Tax paid | (2,098) | (1,369) |
| Net cash from operating activities | 5,045 | 27,718 |
| Cash flows for investing activities | | |
| Dividend income received from short-term investments | 306 | 97 |
| Reversal to right-of use assets | - | 224 |
| Purchase of property, plant and equipment | (572) | (1,966) |
| Net cash for investing activities | (266) | (1,645) |
| Cash flows from financing activities | | |
| Dividends paid | (3,700) | (8,000) |
| Net (increase)/decrease in fixed deposit pledged | (34) | 2,274 |
| Net movements of loans and borrowings | (15,920) | 498 |
| Interest paid | (1,011) | (815) |
| Repayment of lease liabilities (net) | (224) | (148) |
| Net cash for financing activities | (20,889) | (6,191) |
| Net (decrease)/increase in cash and cash equivalents | (16,110) | 19,882 |
| Effects of foreign exchange differences | 138 | (964) |
| Cash and cash equivalents at beginning of period | 75,151 | 34,766 |
| Cash and cash equivalents at end of period | 59,179 | 53,684 |

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

(1)

| | Current Year To- Date 31.03.2025 RM'000 | Preceding Year Corresponding Period 31.03.2024 RM'000 |
|--|--|--|
| Cash and cash equivalents comprise the following: | | |
| Short-term investment ⁽²⁾ | 31,198 | 24,256 |
| Deposits with licensed banks | 770 | 9,641 |
| Cash and bank balances | 27,981 | 28,963 |
| | <u>59,949</u> | <u>62,860</u> |
| Less: | | |
| Deposits pledged to licensed banks | (770) | (9,176) |
| | <u>59,179</u> | <u>53,684</u> |

Notes:

- (1) *The basis of preparation of the unaudited Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the accompanying explanatory notes attached to this interim financial report.*
- (2) *The short-term investment represents the money market funds at fair value. The money market funds represent investment in highly liquid money market instruments and deposits with financial institutions in Malaysia which are redeemable with five (5) day notice at known amounts of cash and are subject to an insignificant risk of changes in value.*

PART A – EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A1 Basis of Preparation

The interim financial statements of Synergy House Berhad (“**Synergy**” or the “**Company**”) and its subsidiaries (“**Group**”) are unaudited and have been prepared in accordance with MFRS 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“**MASB**”) and Chapter 9.22 and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

The condensed consolidated interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2024. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant for an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2024.

A2 Significant Accounting Policies

The significant accounting policies and presentations adopted for the interim financial statements are consistent with those adopted as disclosed in the Group’s annual audited financial statements for the financial year ended 31 December 2024.

The Group has not applied in advance the following accounting standards and/or interpretation (including the consequential amendments, if any) that have been issued by the MASB but are not yet effective for the financial year ended 31 December 2024:

| MFRSs and/or Interpretations Committee (“IC”) Interpretations (Including the Consequential Amendments) | | Effective Date |
|---|---|-----------------------|
| Amendments to MFRS 10 and MFRS 128 | : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |
| Amendments to MFRS 121 | : The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability | 1 January 2025 |
| Amendments that are part of Annual Improvements – Volume 11 | : Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards | 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 10 Consolidated Financial Statements | 1 January 2026 |
| Amendments to MFRS 9 & 7 | : Amendments to MFRS 107 Statement of Cash Flows | 1 January 2026 |
| | : Contracts Referencing Nature-dependent Electricity | 1 January 2026 |
| | : Presentation and Disclosure in Financial Statements | 1 January 2027 |
| MFRS 18 | : Subsidiaries without Public Accountability: Disclosures | 1 January 2027 |
| MFRS 19 | | |

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group.

A3 Auditors’ Report

There was no qualification on the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

A4 Seasonal and Cyclical Factors

The business operations of the Company are not materially affected by any seasonal or cyclical factors during the current financial quarter and current financial year-to-date.

A5 Extraordinary and Exceptional Items

There were no extraordinary and exceptional items of unusual nature affecting the assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and the current financial year-to-date.

A6 Material Changes in Estimates

There were no material changes in estimates that have a material effect on the current financial quarter and current financial year-to-date.

A7 Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter and current financial year-to-date.

A8 Dividends Paid

The second interim single tier dividend of 0.74 sen per ordinary share amounting to approximately RM3.7 million for the financial year ended 31 December 2024 was declared on 28 February 2025 and was paid on 27 March 2025.

A9 Segmental Reporting

The Group is principally engaged in the design, development and sale of ready-to-assemble (“RTA”) home furniture. RTA home furniture is a form of furniture where furniture parts are flat-packed form for ease of storage and transportation. RTA home furniture requires customers to assemble themselves upon purchase.

Segmental assets are not presented, as all non-current assets are located in Malaysia. Segmental revenue is presented based on geographical location of the customers as follows:

| | Individual Quarter 3-Month Ended | | Cumulative Quarter 3-Month Ended | |
|---------------------------|---|--|---|---|
| | Current Year Quarter 31.03.2025 RM'000 | Preceding Year Corresponding Quarter 31.03.2024 RM'000 | Current Year To-Date 31.03.2025 RM'000 | Preceding Year Corresponding Period 31.03.2024 RM'000 |
| Asia (excluding Malaysia) | 4,714 | 10,006 | 4,714 | 10,006 |
| Oceania | 407 | 166 | 407 | 166 |
| Europe | 27,762 | 28,855 | 27,762 | 28,855 |
| North America | 51,656 | 42,404 | 51,656 | 42,404 |
| Malaysia | 3,547 | 2,246 | 3,547 | 2,246 |
| Total | 88,086 | 83,677 | 88,086 | 83,677 |

A10 Valuation of property, plant and equipment and investment properties

(a) Property, plant and equipment under the revaluation model

The Group revalues its properties comprising land and building every 3-5 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

There were no material changes in valuation of the property, plant and equipment in the current quarter under review as compared to the financial year ended 31 December 2024.

(b) Investment properties

The Group adopts the fair value model for its investment properties. Investment properties are measured initially at cost and subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise. There were no material changes in valuation of investment properties in the current quarter under review as compared to the financial year ended 31 December 2024.

A11 Material Events after the End of the Reporting Period

There were no material events subsequent to the end of the current financial quarter which have not been reflected in this interim financial report as at the date of this report.

A12 Changes in the Composition of the Group

There were no other material changes in the composition of the Group for the current financial period and the financial year-to-date.

A13 Contingent Liabilities

As at 31 March 2025, a nominal amount of RM91.9 million (as at 31 December 2024: RM87.2 million) relating to corporate guarantees has been provided by the Company to banks for its subsidiaries' loans and borrowings.

A14 Capital Commitments

Capital commitments not provided for in the financial statements are as follows:-

| | As at 31.03.2025 | As at 31.03.2024 |
|--------------------------------|-----------------------------|-----------------------------|
| | RM'000 | RM'000 |
| Property, plant and equipments | <u>1,123</u> | <u>-</u> |

A15 Significant Related Party Transactions

| | Individual Quarter 3-Month Ended | | Cumulative Quarter 3-Month Ended | |
|---|---|--|---|--|
| | Unaudited 31.03.2025 RM'000 | Unaudited 31.03.2024 RM'000 | Unaudited 31.03.2025 RM'000 | Unaudited 31.03.2024 RM'000 |
| Holding company | | | | |
| Dividend paid | 2,738 | 5,920 | 2,738 | 5,920 |
| Companies in which certain directors have substantial financial interest | | | | |
| Rental expenses | <u>23</u> | <u>26</u> | <u>23</u> | <u>26</u> |

PART B - ADDITIONAL INFORMATION REQUIRED BY APPENDIX 9B OF THE LISTING REQUIREMENTS

B1 Review of Group's Performance

The table below illustrates the Group's performance review for current quarter and financial period against the preceding year corresponding quarter and financial period:

| | Individual Quarter 3-Month Ended | | | | Cumulative Quarter 3-Month Ended | | | |
|--------------------------|-------------------------------------|----------------------|----------------|---------------|-------------------------------------|----------------------|----------------|---------------|
| | 31.03.2025 RM'000 | 31.03.2024 RM'000 | Variance | | 31.03.2025 RM'000 | 31.03.2024 RM'000 | Variance | |
| | | | RM'000 | % | | | RM'000 | % |
| Revenue | | | | | | | | |
| B2B segment | 36,886 | 40,014 | (3,128) | -7.8% | 36,886 | 40,014 | (3,128) | -7.8% |
| B2C segment | 51,200 | 43,663 | 7,537 | 17.3% | 51,200 | 43,663 | 7,537 | 17.3% |
| Total | 88,086 | 83,677 | 4,409 | 5.3% | 88,086 | 83,677 | 4,409 | 5.3% |
| Profit before tax | 3,386 | 12,260 | (8,874) | -72.4% | 3,386 | 12,260 | (8,874) | -72.4% |

The Group recorded a revenue of RM88.1 million for the current financial quarter ended 31 March 2025, increased by RM4.4 million or 5.3% as compared with the corresponding financial period in prior year. The Group generates its revenue from both the business-to-business ("B2B") and the business-to-consumer ("B2C") market segments. The B2B segment recorded a revenue of RM36.9 million which is a decrease of 7.8% as compared to the corresponding financial quarter in the prior year of RM40.0 million. Despite strong performance in North America, overall growth in the Group's B2B segment was moderated by softer contributions from Europe and certain Asian markets. The decline was primarily attributed to market sensitivity following the inauguration of the U.S. President in January, which led many businesses to adopt a "wait-and-see" approach and temporarily pause their ordering activities. The B2C segment recorded a revenue of RM51.2 million which is an increase of 17.3% as compared to the corresponding financial quarter in the prior year of RM43.7 million due to higher sales from the B2C segment in North America, Europe and Malaysia.

The Group recorded a profit before tax ("PBT") of RM3.4 million for the current financial quarter as compared to PBT of RM12.3 million in the corresponding financial quarter in the prior year. The decline in PBT mainly due to the following:-

- (a) The weighted average exchange rate for USD/MYR has declined from 4.6689 in the corresponding period of the previous year to 4.4787 in the current quarter, representing a decrease of approximately 4.1%. This affected the Group's reported revenue in Ringgit Malaysia, as sales denominated in foreign currencies remained consistent but translated values were lower due to strengthening of Ringgit Malaysia (RM) to US Dollar ("USD").
- (b) The Group recorded a net foreign exchange loss of RM0.4 million in the current financial quarter, representing a variance of RM2.0 million compared to a foreign exchange gain of RM1.6 million in the corresponding quarter of the previous year. This change was mainly attributable to a lower foreign exchange rate closing in the current quarter, which was approximately 6% weaker compared to the same period last year.
- (c) The depreciation and employee remunerations which constitutes to the majority of the Group's fixed operating expenses increased by RM1.0 million, representing approximately a 19.2% rise as compared to the same period last year. This increase was mainly due to higher operational expenses arising from higher manpower cost and the Group's strategic investment in Information Technology ("IT"), including the implementation Robotics Process Automation ("RPA"), Artificial Intelligence ("AI") tools and enhancements to the existing Enterprise Resource Planning ("ERP") system. These investments are designed to enhance operational efficiency, drive for long-term business growth and support both current and future needs while maintaining an optimised headcount. The Group consider these initiatives are essential for fostering sustainable growth and enhancing its competitive position in the market. As for the manpower cost, the Group had a headcount of 250 employees as at 31 March 2025 as compared to 194 employees as at 31 March 2024. The Group has the optimum headcount currently to cater for its business requirement whereby the headcount of 250 is equivalent to the headcount as at 31 December 2024.

- (d) The Group has made a provision for the allowance of expected credit loss (“ECL”) amounting RM0.8 million, in accordance with MFRS 9 Financial Instruments, reflecting the Group’s commitment to sound financial practices and regulatory compliance. The Group took a proactive approach in managing receivables to ensure the Group remains well-positioned for future growth, with continued monitoring and assessment of the recoverability of outstanding amounts to maintain strong financial health.

B2 Comparison with Immediate Preceding Quarter

| | Individual Quarter 3-Month Ended | | Variance | |
|--------------------------|-------------------------------------|----------------------|----------|--------|
| | 31.03.2025 RM’000 | 31.12.2024 RM’000 | RM’000 | % |
| Revenue | | | | |
| B2B segment | 36,886 | 56,062 | (19,176) | -34.2% |
| B2C segment | 51,200 | 61,343 | (10,143) | -16.5% |
| Total | <u>88,086</u> | <u>117,405</u> | (29,319) | -25.0% |
| Profit before tax | 3,386 | 8,368 | (4,982) | -59.5% |

The Group’s revenue for the current financial quarter ended 31 March 2025 decreased by approximately RM29.3 million or 25.0% to RM88.1 million compared to RM117.4 million in the preceding financial quarter ended 31 December 2024. The Group’s B2B segment was moderated by softer contributions from Europe and certain Asian markets. The decline was primarily attributed to market sensitivity following the inauguration of the U.S. President in January, which led many businesses to adopt a “wait-and-see” approach. This resulted the B2B business segment of the Group recorded a lower revenue in the current financial quarter by RM19.2 million, which represents a decrease of approximately 34.2% as compared to immediate preceding’s financial quarter. The lower contribution is mainly from the Europe and Middle East markets.

On the other hand, the B2C segment had recognised a lower revenue due to post-holidays slowdown, particularly in North America and Europe which lead to the Group recorded a lower revenue in the current financial quarter by RM10.1 million which represents a decrease of approximately 16.5% as compared to immediate preceding’s financial quarter. Traditionally, the B2C segment records its highest sales towards the end of the calendar year.

The Group recorded a decrease in PBT by RM5.0 million as compared to immediate preceding financial quarter’s profit before tax of RM8.4 million. This was mainly due to the lower sales volume in the current quarter ended 31 March 2025 as compared to the quarter ended 31 December 2024.

B3 Prospects

The Group intends to focus on the following future plans and business strategies for the future growth and expansion of its business:

- (i) to continue growing the Group’s B2C segment with the following strategies:
 - (a) expansion of customer reach through listing and selling products on additional third party e-commerce platforms as well as existing platforms, explore new product categories and higher price range and penetration to new countries;
 - (b) enhancement of revenue through more advertisements and promotions; and
 - (c) leverage more on technology and artificial intelligence (AI) to obtain the latest and updated information on evolving market trends as well as improving efficiency in expanding the B2C sales segment. This includes amongst others, subscription of market intelligence software to keep abreast of the latest market trends and demands for home furniture.
- (ii) to continue to expand the Group’s range of home furniture through continuous design and development efforts including home furnitures at a higher price range.

The Group is cautiously optimistic on the potential of the global furniture e-commerce market. While the market share is huge, the recent tariff imposed by the United States of America (“USA”) has resulted in temporary uncertainties in the global market. The Group views this in a cautiously optimistic manner whereby closest competition for furniture exporters to the USA which is China has a higher tariff rate as compared to Malaysia, thereby reducing their price competitiveness and hence should be favorable for Malaysian exporters in the long run. The Group has also commenced various activities to mitigate the impact of the tariff such as reviewing its prices in the e-commerce platform and negotiating cost reduction with its suppliers throughout the supply chain. The Group will continue monitoring the situation as we view that there are still plenty of inventories in the market prior to the tariff imposition before any other sellers make any significant changes to their selling price in the e-commerce platform.

The Group believes that with its strategies, it can effectively capitalise on this potential and expand its market share. The Group also views that the current strategies being implemented will positively contribute to the long-term growth and expansion of its B2C segment.

Despite the ongoing global economic challenges, the Group anticipates a lesser impact on its business, given that its home furniture products are priced affordably. Moreover, the Group is well positioned in the B2C sales segment, having established a robust presence on third-party e-commerce platforms in the USA, UK and Canada while continuing the progress in expansion in France and Germany.

The Group is working on growing the e-commerce enabler project which is the collaboration with Wayfair and onboarding of vendors after concluding the inaugural cross border e-commerce conference as per the announcement made on Bursa Securities on 3 July 2024. Currently, the Group is at various stages of collaboration with the vendors who have signed up including the product development stage, registration with logistics providers, and commenced shipping out the containers to overseas.

B4 Profit Forecast

The Group did not issue any profit forecasts or guarantees during the current financial quarter under review and the financial year to-date.

B5 Taxation

| | Individual Quarter 3-Month Ended | | Cumulative Quarter 3-Month Ended | |
|----------------------------|---|--|--|---|
| | Current Year Quarter 31.03.2025 RM'000 | Preceding Year Corresponding Quarter 31.03.2024 RM'000 | Current Year To- Date 31.03.2025 RM'000 | Preceding Year Corresponding Period 31.03.2024 RM'000 |
| Malaysia income tax: | | | | |
| Current income tax expense | 941 | 3,247 | 941 | 3,247 |
| | <u>941</u> | <u>3,247</u> | <u>941</u> | <u>3,247</u> |
| Effective tax rate | 27.8% ⁽¹⁾ | 26.5% | 27.8% ⁽¹⁾ | 26.5% |

Note:

(1) The Group's effective tax rate in the current financial quarter under review was higher than the statutory tax rate of 24% mainly due to certain expenses are not tax deductible.

B6 Status of Corporate Proposals

Save for the employees' share option scheme (“ESOS” or “Scheme”) which was completed on 24 January 2025 as per the Company's announcement in Bursa Malaysia Securities Berhad, there are no other corporate proposals announced by the Company at the date of this report.

B7 Group Borrowings and Debt Securities

The Group's borrowings as at 31 March 2025 are as follows:

| | Unaudited as at 31.03.2025 RM'000 | Audited as at 31.12.2024 RM'000 |
|-------------------------|--|--|
| Non-current | | |
| <u>Secured</u> | | |
| Bank borrowings | 23,377 | 24,240 |
| <u>Unsecured</u> | | |
| Lease liabilities | 681 | 581 |
| | <u>24,058</u> | <u>24,821</u> |
| Current | | |
| <u>Secured</u> | | |
| Bank borrowings | 48,100 | 63,141 |
| <u>Unsecured</u> | | |
| Lease liabilities | 510 | 528 |
| | <u>48,610</u> | <u>63,669</u> |
| Total borrowings | <u>72,668</u> | <u>88,490</u> |

Included in the Group's borrowings are foreign currency denominated borrowings as follows:

| | Amount denominated in foreign currency As at 31.03.2025 '000 | As at 31.03.2025 RM'000 | Amount denominated in foreign currency As at 31.12.2024 '000 | As at 31.12.2024 RM'000 |
|-------|---|--|---|--|
| USD | - | - | 567 | 2,528 |
| RM | - | 72,668 | - | 85,962 |
| Total | <u>-</u> | <u>72,668</u> | <u>567</u> | <u>88,490</u> |

B8 Derivatives

The Group's outstanding derivatives as at 31 March 2025 are as follows:

| | Unaudited As at 31.03.2025 | | | Audited As at 31.12.2024 | | |
|---|---|----------------------------------|--|---|----------------------------------|--|
| | Contract/ notional amount RM'000 | Fair value RM'000 | Fair value change amount RM'000 | Contract/ notional amount RM'000 | Fair value RM'000 | Fair value change amount RM'000 |
| Forward foreign exchange contracts - Less than 1 year | - | - | - | 48,726 | 49,999 | (1,273) |

The Group uses forward foreign exchange contracts to manage some of its transaction exposure associated with foreign currency fluctuations.

There have been no other significant changes in respect of the following:

- (i) the credit risk, market risk and liquidity risk associated with the derivatives;
- (ii) the cash requirements of the derivatives;
- (iii) the policies in place for mitigating or controlling the risks associated with the derivatives; and
- (iv) the related accounting policies.

B9 Material Litigation

There were no material litigations pending as at the date of this interim financial report.

B10 Earnings Per Share

The basic and diluted EPS for the current and cumulative quarter is computed as follows:

| | | Individual Quarter 3-Month Ended | | Cumulative Quarter 3-Month Ended | |
|----------------------------------|----------|-------------------------------------|--|-------------------------------------|---|
| | | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year To-Date | Preceding Year Corresponding Period |
| | | 31.03.2025 | 31.03.2024 | 31.03.2025 | 31.03.2024 |
| Profit after tax | (RM'000) | 2,445 | 9,013 | 2,445 | 9,013 |
| Number of ordinary shares | ('000) | 500,000 | 500,000 | 500,000 | 500,000 |
| Basic/Diluted EPS ⁽¹⁾ | (sen) | 0.49 | 1.80 | 0.49 | 1.80 |

Notes:

- (1) Basic/Diluted EPS is calculated based on the Company's total number of 500,000,000 ordinary shares as at 31 March 2025 (as at 31 March 2024: 500,000,000 shares).
- (2) Basic EPS and diluted EPS are the same as the Company has no dilutive potential ordinary shares as at the end of the current quarter and financial period under review.

B11 Notes to the Statement of Profit and Loss and Other Comprehensive Income

Profit before tax has been arrived at after (crediting) / charging:

| | Individual Quarter 3-Month Ended | | Cumulative Quarter 3-Month Ended | |
|---|-------------------------------------|--|-------------------------------------|---|
| | Current Year Quarter | Preceding Year Corresponding Quarter | Current Year To-Date | Preceding Year Corresponding Period |
| | 31.03.2025 RM'000 | 31.03.2024 RM'000 | 31.03.2025 RM'000 | 31.03.2024 RM'000 |
| Depreciation of property, plant and equipment | 495 | 381 | 495 | 381 |
| Depreciation of right-of-use assets | 276 | 204 | 276 | 204 |
| Unrealised gain on foreign exchange | (1,260) | (1,689) | (1,260) | (1,689) |
| Realised loss on foreign exchange | 1,649 | 77 | 1,649 | 77 |
| Interest expenses | 1,030 | 956 | 1,030 | 956 |
| Allowance for impairment loss on trade receivable | 879 | - | 879 | - |
| Interest income | (89) | (167) | (89) | (167) |
| Dividend income from short-term investment | (306) | (97) | (306) | (97) |

Save as disclosed above, the other disclosure items as required under paragraph 16 of Appendix 9B of the Listing Requirements are not applicable.

B12 Dividend

The Board of Directors of the Company did not declare or recommend any dividend during the current financial quarter.

BY ORDER OF THE BOARD

SYNERGY HOUSE BERHAD

28 May 2025