

SYNERGY HOUSE BERHAD

(Registration No: 202101025778 (1426078 - V))

UNAUDITED INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2025

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

	Individual Quarter 3-Month Ended		Cumulative Quarter 6-Month Ended	
	Current Year Quarter 30.06.2025 RM'000	Preceding Year Corresponding Quarter 30.06.2024 RM'000	Current Year To-Date 30.06.2025 RM'000	Preceding Year Corresponding Period 30.06.2024 RM'000
Revenue	68,961	77,354	157,047	161,031
Operating expenses	(67,551)	(87,428)	(153,176)	(159,787)
Other income	1,253	4,558	3,208	6,456
Finance costs	(873)	(901)	(1,903)	(1,858)
Profit before tax	1,790	(6,417)	5,176	5,842
Income tax (expense)/income	(752)	1,652	(1,693)	(1,594)
Profit/(Loss) after tax for the financial period	1,038	(4,765)	3,483	4,248
Other comprehensive income:				
<i>Items that may or may not be reclassified subsequently to profit or loss</i>				
Foreign currency translation	9	-	16	-
Total other comprehensive income for the financial period	9	-	16	-
Total comprehensive income for the financial period	1,047	(4,765)	3,499	4,248
Profit after tax attributable to owner of the company	1,038	(4,765)	3,483	4,248
Total comprehensive income attributable to owner of the company	1,047	(4,765)	3,499	4,248
Earnings per ordinary share (sen) ⁽²⁾				
- Basic/Diluted earnings per ordinary shares (sen)	0.21	(0.95)	0.70	0.85

(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 30 June 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 30.06.2025 RM'000	Audited as at 31.12.2024 RM'000
Assets		
Non-current assets		
Property, plant and equipment	15,251	16,010
Right-of-use assets	23,281	22,170
Investment properties	28,000	28,000
Total non-current assets	<u>66,532</u>	<u>66,180</u>
Current assets		
Inventories	67,183	71,178
Trade receivables	40,310	56,884
Other receivables, deposits and prepayments	9,988	5,478
Derivative assets	-	270
Current tax assets	7,097	5,293
Short-term investment	22,685	29,779
Deposits with licensed banks	5,865	17,736
Cash and bank balances	17,136	28,373
Total current assets	<u>170,264</u>	<u>214,991</u>
Total assets	<u>236,796</u>	<u>281,171</u>
Equity and liabilities		
Equity		
Share capital	67,419	67,419
Reserves	59,793	59,994
Total equity	<u>127,212</u>	<u>127,413</u>
Non-current liabilities		
Bank borrowings	23,274	24,240
Lease liabilities	1,480	581
Deferred tax liabilities	663	663
Total non-current liabilities	<u>25,417</u>	<u>25,484</u>
Current liabilities		
Trade payables	37,827	45,245
Other payables and accruals	17,830	17,818
Bank borrowings	27,661	63,141
Lease liabilities	849	528
Derivative liabilities	-	1,542
Total current liabilities	<u>84,167</u>	<u>128,274</u>
Total liabilities	<u>109,584</u>	<u>153,758</u>
Total equity and liabilities	<u>236,796</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 30 June 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	
At 1 January 2024	67,419	(31,788)	7,655	-	57,533	100,819
Profit after tax for the financial period	-	-	-	-	4,248	4,248
Total comprehensive income for the financial period	-	-	-	-	4,248	4,248
Distributions to owners of the Company:-						
- Dividends	-	-	-	-	(3,000)	(3,000)
At 30 June 2024	67,419	(31,788)	7,655	-	58,781	102,067
At 1 January 2025	67,419	(31,788)	13,911	-	77,871	127,413
Profit after tax for the financial period	-	-	-	-	3,483	3,483
Foreign currency translation	-	-	-	16	-	16
Total comprehensive income for the financial period	-	-	-	16	3,483	3,499
Distributions to owners of the Company:						
- Dividends	-	-	-	-	(3,700)	(3,700)
At 30 June 2025	67,419	(31,788)	13,911	16	77,654	127,212

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 30.06.2025 RM'000	Preceding Year Corresponding Period 30.06.2024 RM'000
Cash flows for operating activities		
Profit before tax	5,176	5,842
Adjustments for:		
Depreciation of property, plant and equipment	985	877
Depreciation of right-of-use assets	552	353
Fair value loss gains on derivative	-	(60)
Allowance for impairment loss on trade receivable	879	13,398
Trade credit insurance receivable	-	(3,150)
Inventories written off	-	550
Property, plant and equipment written off	473	-
Unrealised (gain)/loss on foreign exchange	(363)	(1,288)
Interest expenses	1,903	1,801
Interest income	(713)	(561)
Operating profit before working capital changes	8,892	17,762
Changes in working capital:		
Inventories	3,995	(8,390)
Trade and other receivables	9,935	8,814
Trade and other payables	(7,025)	(2,402)
Cash generated from operations	15,797	15,784
Interest received	713	561
Tax paid	(3,497)	(5,728)
Tax refunded	-	121
Net cash from operating activities	13,013	10,738
Cash flows for investing activities		
Reversal to right-of use assets	-	(468)
Purchase of property, plant and equipment	(699)	(3,106)
Net decrease/(increase) in fixed deposit pledged	(129)	6,914
Net cash (for)/from investing activities	(828)	3,340
Cash flows from financing activities		
Dividends paid	(3,700)	(8,000)
Drawdown of borrowings (net)	(36,449)	3,811
Interest paid	(1,902)	(1,800)
Repayment of lease liabilities (net)	(443)	663
Net cash for financing activities	(42,494)	(5,326)
Net (decrease)/increase in cash and cash equivalents	(30,309)	8,752
Effects of foreign exchange differences	(21)	(358)
Cash and cash equivalents at beginning of period	75,151	34,766
Cash and cash equivalents at end of period	44,821	43,160

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

(1)

	Current Year To- Date 30.06.2025 RM'000	Preceding Year Corresponding Period 30.06.2024 RM'000
Cash and cash equivalents comprise the following:		
Short-term investment ⁽²⁾	22,685	25,671
Deposits with licensed banks	5,865	8,292
Cash and bank balances	17,136	14,175
	<u>45,686</u>	<u>48,138</u>
Less:		
Deposits pledged to licensed banks	(865)	(4,978)
	<u>44,821</u>	<u>43,160</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	: Presentation and Disclosure in Financial Statements	1 January 2027
MFRS 19	: Subsidiaries without Public Accountability: Disclosures	1 January 2027

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 principal business operations of the Group have historically shown moderate seasonality, where the revenue of the Group is generally lower at the first half of the calendar year due to festive periods and lower demand in United States of America.

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 6-Month Ended	
	Current Year Quarter 30.06.2025 RM'000	Preceding Year Corresponding Quarter 30.06.2024 RM'000	Current Year To-Date 30.06.2025 RM'000	Preceding Year Corresponding Period 30.06.2024 RM'000
United States of America	43,216	39,702	92,189	81,635
United Kingdom	17,590	29,151	43,376	58,268
United Arab Emirates	4,008	3,383	8,722	12,239
Malaysia	2,401	2,694	5,948	4,940
Asia (excluding Malaysia)	-	681	-	1,323
Others	1,746	1,743	6,812	2,626
Total	68,961	77,354	157,047	161,031

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

Synergy House (“Hong Kong”) Limited (“SHHK”) was incorporated in Hong Kong on 8 January 2025, and is an indirect wholly owned subsidiary of the Group.. SHHK is currently dormant. The intended principal activity of SHHK is to act as an agent to Synergy House Furniture Sdn Bhd in Hong Kong (“HK”). The incorporation of SHHK will not have any material impact on the earnings and net assets of the Group for the financial year ending 31 December 2025.

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 30 June 2025, a nominal amount of RM50.4 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 30.06.2025	As at 30.06.2024
	RM’000	RM’000
Property, plant and equipments	615	-

A15 Significant Related Party Transactions

	Individual Quarter 3-Month Ended		Cumulative Quarter 6-Month Ended	
	Unaudited 30.06.2025 RM’000	Unaudited 30.06.2024 RM’000	Unaudited 30.06.2025 RM’000	Unaudited 30.06.2024 RM’000
Holding company				
Dividend paid	-	-	2,738	5,920
Companies in which certain directors have substantial financial interest				
Rental expenses	29	26	52	52

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 6-Month Ended			
	30.06.2025 RM'000	30.06.2024 RM'000	Variance		30.06.2025 RM'000	30.06.2024 RM'000	Variance	
			RM'000	%			RM'000	%
Revenue								
B2B segment	26,866	35,498	(8,632)	(24.3)	63,752	75,512	(11,760)	(15.6)
B2C segment	42,095	41,856	239	0.6	93,295	85,519	7,776	9.1
Total	68,961	77,354	(8,393)	(10.9)	157,047	161,031	(3,984)	(2.5)
Profit/(Loss) before tax	1,790	(6,417)	8,207	127.9	5,176	5,842	(666)	(11.4)

The Group recorded a revenue of RM69.0 million for the current financial quarter ended 30 June 2025, decreased by RM8.4 million or 10.9% 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 RM26.9 million which is a decrease of 24.3% as compared to the corresponding financial quarter in the prior year of RM35.5 million due to the lower revenue contributed from United Kingdom (“UK”) nevertheless, it partly recovered by higher revenue contributed by United State of America (“USA”). Despite the external headwinds, the B2C segment posted modest growth of 0.6%, recorded RM42.1 million, as compared to the corresponding financial quarter in the prior year of RM41.9 million due to higher sales from the B2C segment in UK.

The Group recorded a profit before tax (“PBT”) of RM1.8 million for the current financial quarter as compared to loss before tax (“LBT”) of RM6.4 million in the corresponding financial quarter in the prior year, the improved in PBT was primarily attributed to:

- (a) The absence of the one-off net provision for doubtful debts of RM10.3 million, which was made in the corresponding period of the previous year. The improvement reflects the Group's strengthened efforts in trade receivables management and proactive credit control management.

However, the improvement in PBT was partly offset by the following factors:

- (a) The weighted average exchange rate for USD/MYR has declined from 4.7331 in the corresponding period of the previous year to 4.3412 in the current quarter, representing a drop of approximately 8.3%. This affected the Group's reported revenue in Ringgit Malaysia, as sales denominated in foreign currencies remained stable, the translation into Ringgit Malaysia resulted in lower reported revenue
- (b) The Group recorded a net foreign exchange loss of RM2.0 million in the current financial quarter, compared to a loss of RM0.9 million in the same quarter last year, The RM1.0 million variance was primarily due to the Ringgit strengthened against the USD.
- (c) Write off for professional costs incurred from initial planned development of vacant land belonging to the Company of RM0.4 million.

Overall for 2QFY2025, the Group's revenue were impacted mainly by the B2B segment in UK region whereby the Group's B2B customers faces competitions from e-commerce sellers in the region leading to tougher competition and result in lower B2B sales. Positively, the B2C business segment continues to grow in 2QFY2025 despite the 8% decline in weighted average exchange rate and also through higher volume sold. The performance of the Group in key platforms such as Wayfair in the USA and UK continue to be encouraging with growth of 21% in Wayfair USA and 51% in Wayfair UK comparing 2QFY2025 and 2QFY2024 which is offset partially by the lower sales in other platforms mainly due to re-alignment of our sales operations and also advertisement review in Amazon.

For the financial year to date, the Group recorded a revenue of RM157.0 million, representing a decrease of RM4.0 million or 2.5% as compared with the corresponding period in prior year. Notably, the Group has been shifting its focus towards the B2C segments which recorded an increase in revenue of RM7.8 million or 9.1% year-on-year. The Group recorded a PBT of RM5.2 million, reflecting a slight decline of RM0.6 million as compared to RM5.8 million in the same period last year. This was mainly due to a decrease in revenue by RM4.0 million and a decrease in other income by RM3.4 million mainly arising from the absence of a one-off trade credit insurance recovery of RM3.2 million recorded in the prior year.

However, the adverse impact on PBT was partially mitigated by a decrease in operating expenses by RM6.6 million, mainly attributable to absence of a one-off provision for doubtful debts of RM13.4 million recognised in the prior year and was partly offset by,

- (i) A net foreign exchange loss of RM3.1 million recorded in the current financial year to date, compared to foreign exchange gain in the corresponding period last year. This was mainly due to the appreciation of the RM against USD, with the weighted average exchange rate for USD/MYR has declined from 4.6991 in the corresponding period last year to 4.4160 in the current financial year to date, representing a decrease of approximately 6.0%. Despite the decrease in weighted average foreign exchange, the Group's B2C continue to show higher volume of sales;
- (ii) A general provision for doubtful debts of RM0.9 million provided in immediate preceding quarter; and
- (iii) Higher operating expenses of RM2.7 million mainly arising from increased manpower costs and depreciation arising from strategic investments in Information Technology ("IT"). These investments include the implementation of Robotics Process Automation ("RPA"), Artificial Intelligence ("AI") tools, and enhancements to the existing Enterprise Resource Planning ("ERP") system.

These IT investments are intended to improve operational efficiency and support the Group's long-term growth strategy and enable scalability for current and future business needs while maintaining on optimised workforce. The Group views these initiatives as essential to fostering sustainable growth and strengthening its competitive position in the market.

B2 Comparison with Immediate Preceding Quarter

	Individual Quarter 3-Month Ended		Variance	
	30.06.2025 RM'000	31.03.2025 RM'000	RM'000	%
Revenue				
B2B segment	26,866	36,886	(10,020)	(27.2)
B2C segment	42,095	51,200	(9,105)	(17.8)
Total	68,961	88,086	(19,125)	(21.7)
Profit before tax	1,791	3,386	(1,595)	(47.1)

The Group's revenue for the current financial quarter ended 30 June 2025, declined by approximately RM19.1 million or 21.7% to RM69.0 million compared to RM88.1 million recorded in the preceding financial quarter ended 31 March 2025. The decline was observed across both the B2B and B2C segments.

The B2B segment reported a lower revenue was primarily driven by continued uncertainty arising from USA tariff-related developments which affect both demand and shipment planning. The B2C segment also recorded a revenue decline mainly due to the summer season in US started towards the late period of Q2, shifting consumer spending to outdoor furniture and other necessities, thereby softening demand for the Group's core product categories. Generally, revenue from the B2C business segment in the second quarter is lower as compared to other periods and will improve towards the third and fourth quarter due to various holiday seasons and sales period.

In tandem with the lower revenue, the Group's PBT decreased by RM1.6 million to RM1.8 million, compared to RM3.4 million in the preceding financial quarter. However, this was partially cushioned by lower operating costs. The Group adopted a leaner operating model, including a 3% reduction in headcount to 242 compared to previous quarter, reflecting ongoing cost optimisation initiatives amongst other activities being carried by the Group.

In addition, the Group has reduced its advertisement spending by approximately RM0.7 million through its review of advertisement effectiveness. While this has resulted in lower sales volume, the Group managed to increase the effectiveness of its advertisement spent whereby each advertisement spent generated higher returns in sales for certain platforms.

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, shipment planning and inventory monitoring. Certain vendors have also commenced generating sales via the Wayfair platform during the quarter under review.

The Group remains strategically focused on sustainable growth and long-term value creation. Looking ahead, the Group is cautiously optimistic about the prospects of the global furniture e-commerce market and is committed to strengthening its operational resilience, expanding market presence, and enhancing overall profitability. In line with this commitment, the Group will continue to scrutinise platform-level performance and reallocate resources to better-performing marketplaces to optimise returns.

In addition, the Group plans to deepen the integration of advanced technologies, including artificial intelligence ("AI") and robotic process automation ("RPA"), to streamline internal processes, enhance scalability, and support data-driven decision-making. Leveraging AI and market intelligence tools will also enable the Group to stay ahead of evolving consumer trends, increase operational efficiency, and further refine its product offerings.

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 6-Month Ended	
	Current Year Quarter 30.06.2025 RM'000	Preceding Year Corresponding Quarter 30.06.2024 RM'000	Current Year To- Date 30.06.2025 RM'000	Preceding Year Corresponding Period 30.06.2024 RM'000
Malaysia income tax:				
Current income tax expense	752	(1,652)	1,693	1,594
	<u>752</u>	<u>(1,652)</u>	<u>1,693</u>	<u>1,594</u>
Effective tax rate	42.0% ⁽¹⁾	25.7%	32.7% ⁽¹⁾	27.3%

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

There were no other corporate proposals announced by the Company but not completed as at the date of this report.

B7 Group Borrowings and Debt Securities

The Group's borrowings as at 30 June 2025 are as follows:

	Unaudited as at 30.06.2025 RM'000	Audited as at 31.12.2024 RM'000
Non-current		
<u>Secured</u>		
Bank borrowings	23,274	24,240
<u>Unsecured</u>		
Lease liabilities	1,480	581
	<u>24,754</u>	<u>24,821</u>
Current		
<u>Secured</u>		
Bank borrowings	27,661	63,141
<u>Unsecured</u>		
Lease liabilities	849	528
	<u>28,510</u>	<u>63,669</u>
Total borrowings	<u>53,264</u>	<u>88,490</u>

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

	Amount denominated in foreign currency		Amount denominated in foreign currency	
	As at 30.06.2025 '000	As at 30.06.2025 RM'000	As at 31.12.2024 '000	As at 31.12.2024 RM'000
USD	-	-	567	2,528
RM	-	53,264	-	85,962
Total	-	53,264	567	88,490

B8 Derivatives

The Group's outstanding derivatives as at 30 June 2025 are as follows:

	Unaudited As at 30.06.2025			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 6-Month Ended	
	Current Year Quarter 30.06.2025	Preceding Year Corresponding Quarter 30.06.2024	Current Year To-Date 30.06.2025	Preceding Year Corresponding Period 30.06.2024
Profit after tax	1,038	(4,765)	3,483	4,248
Number of ordinary shares	500,000	500,000	500,000	500,000
Basic/Diluted EPS ⁽¹⁾	0.21	(0.95)	0.70	0.85

Notes:

- (1) *Basic/Diluted EPS is calculated based on the Company's total number of 500,000,000 ordinary shares as at 30 June 2025 (as at 30 June 2024: 500,000,000 shares).*
- (2) *Basic EPS and diluted EPS are the same as the Company does not have any outstanding convertible securities 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 6-Month Ended	
	Current Year Quarter 30.06.2025 RM'000	Preceding Year Corresponding Quarter 30.06.2024 RM'000	Current Year To-Date 30.06.2025 RM'000	Preceding Year Corresponding Period 30.06.2024 RM'000
Depreciation of property, plant and equipment	490	496	985	877
Depreciation of right-of-use assets	276	149	552	353
Unrealised loss/(gain) on foreign exchange	897	401	(363)	(1,288)
Realised loss on foreign exchange	1,080	494	2,729	572
Interest expenses	873	845	1,903	1,801
Allowance for impairment loss on trade receivable	-	13,398	879	13,398
Trade credit insurance receivable	-	(3,150)	-	(3,150)
Inventory written off	-	550	-	550
Interest income	(318)	(297)	(713)	(561)

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****13 August 2025**