

SYNERGY HOUSE BERHAD

(Registration No: 202101025778 (1426078 - V))

UNAUDITED INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2025

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

	Individual Quarter 3-Month Ended		Cumulative Quarter 9-Month Ended	
	Current Year Quarter 30.09.2025 RM'000	Preceding Year Corresponding Quarter 30.09.2024 RM'000	Current Year To-Date 30.09.2025 RM'000	Preceding Year Corresponding Period 30.09.2024 RM'000
Revenue	73,137	113,982	230,184	275,013
Operating expenses	(72,477)	(99,416)	(225,653)	(259,203)
Other income	858	1,997	4,066	8,453
Finance costs	(722)	(998)	(2,625)	(2,856)
Profit before tax	796	15,565	5,972	21,407
Income tax income/(expense)	1,978	(4,565)	285	(6,159)
Profit after tax for the financial period	2,774	11,000	6,257	15,248
Other comprehensive expense:				
<i>Items that may or may not be reclassified subsequently to profit or loss</i>				
Foreign currency translation	(20)	-	(4)	-
Total other comprehensive expense for the financial period	(20)	-	(4)	-
Total comprehensive income for the financial period	2,754	11,000	6,253	15,248
Profit after tax attributable to owner of the company	2,774	11,000	6,257	15,248
Total comprehensive income attributable to owner of the company	2,754	11,000	6,253	15,248

Earnings per ordinary share (sen) ⁽²⁾

- Basic/Diluted earnings per ordinary shares (sen)	0.55	2.20	1.25	3.05
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(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 September 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 30.09.2025 RM'000	Audited as at 31.12.2024 RM'000
Assets		
Non-current assets		
Property, plant and equipment	15,148	16,010
Right-of-use assets	23,153	22,170
Investment properties	28,000	28,000
Total non-current assets	<u>66,301</u>	<u>66,180</u>
Current assets		
Inventories	86,872	71,178
Trade receivables	41,615	56,884
Other receivables, deposits and prepayments	4,170	5,478
Derivative assets	6	270
Current tax assets	10,353	5,293
Short-term investment	22,676	29,779
Deposits with licensed banks	328	17,736
Cash and bank balances	25,301	28,373
Total current assets	<u>191,321</u>	<u>214,991</u>
Total assets	<u>257,622</u>	<u>281,171</u>
Equity and liabilities		
Equity		
Share capital	67,419	67,419
Reserves	62,547	59,994
Total equity	<u>129,966</u>	<u>127,413</u>
Non-current liabilities		
Bank borrowings	22,774	24,240
Lease liabilities	1,345	581
Deferred tax liabilities	663	663
Total non-current liabilities	<u>24,782</u>	<u>25,484</u>
Current liabilities		
Trade payables	51,302	45,245
Other payables and accruals	17,789	17,818
Bank borrowings	32,854	63,141
Lease liabilities	929	528
Derivative liabilities	-	1,542
Total current liabilities	<u>102,874</u>	<u>128,274</u>
Total liabilities	<u>127,656</u>	<u>153,758</u>
Total equity and liabilities	<u>257,622</u>	<u>281,171</u>
Net assets per share (RM)	0.26 ⁽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 September 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	-	-	-	-	15,248	15,248
Total comprehensive income for the financial period	-	-	-	-	15,248	15,248
Distributions to owners of the Company:-						
- Dividends	-	-	-	-	(3,000)	(3,000)
At 30 September 2024	67,419	(31,788)	7,655	-	69,781	113,067
At 1 January 2025	67,419	(31,788)	13,911	-	77,871	127,413
Profit after tax for the financial period	-	-	-	-	6,257	6,257
Foreign currency translation	-	-	-	(4)	-	(4)
Total comprehensive income for the financial period	-	-	-	(4)	6,257	6,253
Distributions to owners of the Company:						
- Dividends	-	-	-	-	(3,700)	(3,700)
At 30 September 2025	67,419	(31,788)	13,911	(4)	80,428	129,966

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 30.09.2025 RM'000	Preceding Year Corresponding Period 30.09.2024 RM'000
Cash flows for operating activities		
Profit before tax	5,972	21,407
Adjustments for:		
Depreciation of property, plant and equipment	1,455	1,363
Depreciation of right-of-use assets	836	568
Fair value gains on derivative	(1,279)	(10,886)
Allowance for impairment loss on trade receivable	970	13,398
Trade credit insurance receivable	-	(3,150)
Inventories written off	147	550
Unrealised loss on foreign exchange	853	5,448
Interest expenses	2,625	2,856
Interest income	(968)	(822)
Operating profit before working capital changes	10,611	30,732
Changes in working capital:		
Inventories	(15,841)	(25,830)
Trade and other receivables	18,967	9,268
Trade and other payables	1,322	17,131
Cash generated from operations	15,059	31,301
Interest received	968	822
Tax paid	(4,775)	(8,954)
Tax refunded	-	121
Net cash from operating activities	11,252	23,290
Cash flows for investing activities		
Reversal to right-of use assets	-	(468)
Purchase of property, plant and equipment	(592)	(3,592)
Net decrease in fixed deposit pledged	408	6,868
Net cash from investing activities	(184)	2,808
Cash flows from financing activities		
Dividends paid	(3,700)	(8,000)
(Repayment)/drawdown of borrowings (net)	(31,805)	13,059
Interest paid	(2,573)	(2,856)
Repayment of lease liabilities (net)	(654)	619
Net cash (for)/from financing activities	(38,732)	2,822
Net (decrease)/increase in cash and cash equivalents	(27,664)	28,920
Effects of foreign exchange differences	490	(2,308)
Cash and cash equivalents at beginning of period	75,151	34,766
Cash and cash equivalents at end of period	47,977	61,378

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

(1)

	Current Year To- Date 30.09.2025 RM'000	Preceding Year Corresponding Period 30.09.2024 RM'000
Cash and cash equivalents comprise the following:		
Short-term investment ⁽²⁾	22,676	25,470
Deposits with licensed banks	328	8,077
Cash and bank balances	25,301	32,855
	<u>48,305</u>	<u>66,402</u>
Less:		
Deposits pledged to licensed banks	(328)	(5,024)
	<u>47,977</u>	<u>61,378</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-Jan-25
Amendments that are part of Annual Improvements – Volume 11	: Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1-Jan-26
	: Amendments to MFRS 7 Financial Instruments: Disclosures	1-Jan-26
	: Amendments to MFRS 9 Financial Instruments	1-Jan-26
	: Amendments to MFRS 10 Consolidated Financial Statements	1-Jan-26
	: Amendments to MFRS 107 Statement of Cash Flows	1-Jan-26
Amendments to MFRS 9 & 7	: Contracts Referencing Nature-dependent Electricity	1-Jan-26
Amendments to MFRS 9 & 7	: Classification and Measurement of Financial Instruments	1-Jan-26
MFRS 18	: Presentation and Disclosure in Financial Statements	1-Jan-27
MFRS 19	: Subsidiaries without Public Accountability: Disclosures	1-Jan-27
Amendments to MFRS 19	: Subsidiaries without Public Accountability: Disclosures	1-Jan-27

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 the absence of many festive periods and lower demand in United States of America (“USA”).

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 other than disclosed in Note B9.

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 9-Month Ended	
	Current Year Quarter 30.09.2025 RM'000	Preceding Year Corresponding Quarter 30.09.2024 RM'000	Current Year To-Date 30.09.2025 RM'000	Preceding Year Corresponding Period 30.09.2024 RM'000
USA	42,423	65,338	134,612	146,973
United Kingdom	21,190	33,774	64,566	92,042
United Arab Emirates	5,573	9,015	14,295	21,254
Malaysia	1,880	2,847	7,828	7,787
Asia (excluding Malaysia)	-	108	-	1,431
Others	2,071	2,900	8,883	5,526
Total	73,137	113,982	230,184	275,013

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

Save as disclosed in note B9, 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.

Synergy House AI Sdn Bhd ("**SHAI**") was incorporated in Malaysia on 11 July 2025 and is a direct wholly owned subsidiary of the Group. The intended principal activity of SHAI is principally involved in the business of partnering with oversea or local service providers for the marketing of information technology and artificial technology related services ("AI") and provision of related consultancy services. The incorporation of SHAI will not have any material impact on the earnings and net assets of the Group for the financial year ending 31 December 2025.

Synergy Germany GmbH ("**SGG**") was registered in Germany on 21 July 2025 and is an indirect wholly owned subsidiary of the Group. SGG is currently dormant. The intended principal activity of SGG is to act as an agent to Synergy House Furniture Sdn Bhd in Germany. The incorporation of SGG will not have any material impact on the earnings and net assets of the Group for the financial year ending 31 December 2025.

Save for the above, 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 September 2025, a nominal amount of RM55.2 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 30.09.2025	As at 30.09.2024
	RM'000	RM'000
Property, plant and equipments	589	-

A15 Significant Related Party Transactions

	Individual Quarter 3-Month Ended		Cumulative Quarter 9-Month Ended	
	Unaudited 30.09.2025 RM'000	Unaudited 30.09.2024 RM'000	Unaudited 30.09.2025 RM'000	Unaudited 30.09.2024 RM'000
Holding company				
Dividend paid	-	-	2,738	5,920
Companies in which certain directors have substantial financial interest				
Rental expenses	32	26	84	78

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 9-Month Ended			
	30.09.2025 RM'000	30.09.2024 RM'000	Variance RM'000	%	30.09.2025 RM'000	30.09.2024 RM'000	Variance RM'000	%
Revenue								
B2B segment	27,404	66,848	(39,444)	(59.0)	91,156	142,360	(51,204)	(36.0)
B2C segment	45,733	47,134	(1,401)	(3.0)	139,028	132,653	6,375	4.8
Total	73,137	113,982	(40,845)	(35.8)	230,184	275,013	(44,829)	(16.3)
Profit/(Loss) before tax	796	15,565	(14,769)	(94.9)	5,972	21,407	(15,435)	(72.1)

The Group recorded a revenue of RM73.1 million for the current financial quarter ended 30 September 2025, representing a decrease of RM40.8 million or 35.8% as compared with the corresponding financial quarter 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 RM27.4 million which is a decrease of 59.0% as compared to the corresponding financial quarter in the prior year of RM66.8 million. The decline was mainly attributable to softer demand as market sentiment continued to be affected by global economic uncertainty. Whereas the B2C segment posted a decrease of 3.0%, recorded RM45.7 million, as compared to the corresponding financial quarter in the prior year of RM47.1 million due to the reduced revenue contributions from Malaysia, France and Germany, partly offset by stronger sales from the B2C segment in USA as well as strengthening of the Ringgit Malaysia ("RM") against the USD. Despite the overall lower revenue from the B2C segment, the Group performance in Wayfair US and UK which is the main focus showed positive growth of 15% thereby signaling resilience despite challenging economic environment.

The Group recorded a profit before tax (“PBT”) of RM0.8 million for the current financial quarter as compared to profit before tax (“PBT”) of RM15.6 million in the corresponding financial quarter in the prior year, the decrease in PBT was primarily attributed to:

- (a) The decrease in PBT was in tandem with the lower revenue recorded during the quarter. The imposition of US import tariff in 2025 has resulted in lower B2B sales volume due to the uncertainties in the market and lower profitability in the B2C segment.
- (b) The strengthening of the (“RM”), with weighted average USD/MYR exchange rate appreciating from 4.5507 to 4.2253, an improvement of approximately 7.2%, adversely affected the Group’s export denominated revenue and margins;
- (c) The Group recorded a net foreign exchange loss of RM0.2 million in the current financial quarter, compared to a gain of RM2.3 million in the same quarter last year, the variance of RM2.5 million was primarily due to the RM strengthened against the USD;
- (d) The Group has also made a provision for the allowance of expected credit loss (“ECL”) amounting RM0.1 million, in accordance with MFRS 9 Financial Instruments, reflecting the Group’s commitment to sound financial practices and regulatory compliance. The Group continues to adopt 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; and
- (e) Higher operating expenses were mainly arising from increased manpower costs, an increase in depreciation arising from strategic investments in Information Technology (“IT”). These investments include the implementation of Robotics Process Automation (“RPA”), Artificial Intelligent (“AI”) tools, and enhancements to the existing Enterprise Resource Planning (“ERP”) system and implementation of Robotics Process Automation (“RPA”) and the expansion of the scope of the 8% Service Tax (“SST”) on the lease premises, effective from the 1 July 2025.

Overall for 3QFY2025, the Group's revenue was impacted mainly by the B2B segment in USA region due to uncertainties from the current economic environment. The B2C segment recorded a marginal decline in Q3 2025 despite higher overall volumes, primarily due to the shift in focus towards Wayfair which resulted in lower revenue generated from other platforms.

For the financial year to date, the Group recorded a revenue of RM230.2 million, representing a decrease of RM44.8 million or 16.3% as compared with the corresponding period in prior year. The decrease was mainly due to softer demand in the B2B segment arising from the uncertainties due to the tariffs. Nevertheless, the Group has been shifting its focus towards the B2C segment, which recorded an increase in revenue of RM6.4 million or 4.8% year-on-year, reflecting the Group’s strategic emphasis on consumer driven sales channels. For the 9 months ended 30 September 2025, the Group’s revenue generated from the Wayfair platform in US and UK was higher by 18% and 35% respectively comparing against the 30 September 2024. Despite the absence of one-off net provision of doubtful debts of RM10.2 million recorded in the prior year, the Group achieved a lower PBT of RM6.0 million compared to RM21.4 million in the corresponding period last year was mainly due to the following:

- (a) The decrease in PBT was in tandem with the lower revenue recorded during the period. The imposition of US import tariff in 2025 has resulted in lower B2B sales volume due to uncertainties in the market and lower profitability in the B2C segment for the current financial year to date;
- (b) The Group recorded a net foreign exchange loss of RM2.6 million in the current financial year to date, representing a variance of RM5.7 million compared to foreign exchange gain of approximately RM3.1 million in the corresponding period last year. This was mainly due to appreciation of the RM against USD, with the weighted average exchange rate for USD/MYR, appreciating from 4.6366 to 4.3530, an improvement of approximately 6.1% which adversely affected the Group’s export denominated revenue and margins;
- (c) A general provision for doubtful debts of RM1.0 million is provided in the current financial year, in line with the prudent accounting practices under MFRS 9; and
- (d) Higher operating expenses were mainly arising from increased manpower costs and depreciation arising from IT investments which 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	
	30.09.2025 RM'000	30.06.2025 RM'000	RM'000	%
Revenue				
B2B segment	27,404	26,866	538	2.0
B2C segment	45,733	42,095	3,638	8.6
Total	73,137	68,961	4,176	6.1
Profit before tax	796	1,790	(994)	(55.5)

The Group's revenue for the current financial quarter ended 30 September 2025, increased by approximately RM4.2 million or 6.1% to RM73.1 million compared to RM68.9 million recorded in the preceding financial quarter ended 30 June 2025. The increase was observed across both the B2B and B2C segments.

The B2B segment recorded slightly increased revenue in the current financial quarter by RM0.5 million which represents an increase of approximately 2.0% as compared to immediate preceding's financial quarter. The higher contribution is mainly from the UK and United Arab Emirates markets. The B2C segment recorded increased revenue in the current financial quarter by RM3.6 million which represents an increase of approximately 8.6% as compared to immediate preceding's financial quarter. The higher contribution is mainly from UK, USA and Canada markets, reflecting stronger seasonal demand leading up to the autumn sales period.

However, the Group's PBT decreased by RM1.0 million to RM0.8 million, compared to RM1.8 million in the preceding financial quarter. The lower PBT was mainly attributable to higher operating expenses related to enhancements of ERP, RPA systems and impact of U.S. import tariffs.

Despite the lower profitability, the Group remains committed to its digital transformation initiatives, with continued investment in ERP, RPA systems aimed at enhancing productivity, scalability and long-term operational efficiency.

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 potential to grow our market share is huge, the 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 the tariff situation will be a short term impact and we view that market prices will eventually be adjusted accordingly to pass on the cost to end consumers.

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 and the Group has started earning its commission income from these vendors.

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 9-Month Ended	
	Current Year Quarter 30.09.2025 RM'000	Preceding Year Corresponding Quarter 30.09.2024 RM'000	Current Year To-Date 30.09.2025 RM'000	Preceding Year Corresponding Period 30.09.2024 RM'000
Malaysia income tax:				
Current income tax expense	347	4,054	2,040	5,648
(Over)/under provision in prior year	(2,325)	511	(2,325)	511
	<u>(1,978)</u>	<u>4,565</u>	<u>(285)</u>	<u>6,159</u>
Effective tax rate ⁽¹⁾	43.6%	29.3%	34.2%	28.8%

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 September 2025 are as follows:

	Unaudited as at 30.09.2025 RM'000	Audited as at 31.12.2024 RM'000
Non-current		
<u>Secured</u>		
Bank borrowings	22,774	24,240
<u>Unsecured</u>		
Lease liabilities	1,345	581
	24,119	24,821
Current		
<u>Secured</u>		
Bank borrowings	32,854	63,141
<u>Unsecured</u>		
Lease liabilities	929	528
	33,783	63,669
Total borrowings	57,902	88,490

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

	Amount denominated in foreign currency As at 30.09.2025 '000	As at 30.09.2025 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	-	57,902	-	85,962
Total	-	57,902	567	88,490

B8 Derivatives

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

	Unaudited As at 30.09.2025			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	4,469	4,463	6	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

On 10 October 2025, Synergy House Furniture Sdn. Bhd. ("SHF"), a wholly owned subsidiary of the Company, received a notification that SHF has been named as the First Defendant in a civil suit filed by Leyo Holdings Sdn. Bhd. ("Leyo") in the High Court of Malaya at Kuala Lumpur (Suit No.: WA-22IP-103-10/2025). Two of SHF's appointed third-party manufacturers were named as the Second and Third Defendants.

The suit relates to allegations of patent and industrial design infringement and breach of a License Agreement dated 31 October 2023. Leyo has alleged that a total sum of RM2,873,324.55 is payable as at 2 September 2025, of which RM493,828.71 was invoiced to SHF and RM2,379,495.84 to the manufacturers. Leyo has also sought injunctive relief and other remedies.

On 14 October 2025, the Court dismissed Leyo's application for an ad interim injunction pending the inter partes hearing, which has been fixed on 5 November 2025 and was subsequently adjourned to 16 December 2025. SHF denies the allegations and intends to vigorously defend the suit and file a counterclaim.

The litigation is not expected to have any material effect on the earnings per share, net assets per share, gearing or substantial shareholders' shareholdings of the Group for the financial year ending 31 December 2025.

There were no other 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		Cumulative Quarter	
	3-Month Ended		9-Month Ended	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-Date	Preceding Year Corresponding Period
	30.09.2025	30.09.2024	30.09.2025	30.09.2024
Profit after tax (RM'000)	2,774	11,000	6,257	15,248
Number of ordinary shares ('000)	500,000	500,000	500,000	500,000
Basic/Diluted EPS ⁽¹⁾	0.55	2.20	1.25	3.05

Notes:

- (1) Basic/Diluted EPS is calculated based on the Company's total number of 500,000,000 ordinary shares as at 30 September 2025 (as at 30 September 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 9-Month Ended	
	Current Year Quarter 30.09.2025 RM'000	Preceding Year Corresponding Quarter 30.09.2024 RM'000	Current Year To-Date 30.09.2025 RM'000	Preceding Year Corresponding Period 30.09.2024 RM'000
Depreciation of property, plant and equipment	470	486	1,455	1,363
Depreciation of right-of-use assets	284	215	836	568
Unrealised gain on foreign exchange	(63)	(4,150)	(426)	(5,438)
Realised loss on foreign exchange	294	1,808	3,023	2,380
Interest expenses	722	1,056	2,625	2,856
Allowance for impairment loss on trade receivable	91	-	970	13,398
Trade credit insurance receivable	-	-	-	(3,150)
Inventory written off	147	-	147	550
Interest income	(255)	(261)	(968)	(822)

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

12 November 2025